CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

CITY OF THOMSON, GEORGIA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

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elliott davis decosimo

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomson, Georgia (the "City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 the aggregate remaining fund

information of the City as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Employment Incentive Program Loan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress – retirement plan, and schedule of funding progress - other post-employment benefits plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison schedules, combining and individual fund financial statements, community development block grant schedules, and special purpose local option sales tax schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements.

The budgetary comparison schedules, combining and individual fund financial statements, community development block grant schedules, special purpose local option sales tax schedule, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, combining and individual fund financial statements, community development block grant schedules, special purpose local option sales tax schedule, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2015 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Elliott Davis Decosimo, LLC

Augusta, Georgia
June 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $ 20,210,712 (net position). Of this amount, $ 12,258,557 is invested in capital assets (net of related debt), $ 2,503,902 is restricted for specific purposes, and $ 5,448,253 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position decreased by $ 300,803. Total revenues of the City's governmental and business type activities totaled $ 15,323,635, whereas expenses totaled $ 15,624,438.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 4,093,594, a decrease of $ 111,724 in comparison with the prior year. Of this total amount, $ 1,732,714 is unassigned, $ 14,556 is assigned by management for specific purposes, and $ 1,541,079 is restricted by external agreements to be used for specific purposes. Nonspendable fund balance, representing prepaid items and the long-term portion of notes receivable totaled $ 805,245.

- The net position of the City's enterprise funds (business - type activities) totaled $ 6,359,581. Of this amount $ 2,434,879 is invested in capital assets (net of related debt) and $ 3,924,702 (unrestricted net position) 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's basic financial statements. The City'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's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between assets/deferred outflows and liabilities/deferred inflows reported as *net position*. Over time, increases or decreases in net position 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 City's net position changed during the most recent fiscal year. All changes in net position 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 maintains thirteen 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, and the Airport Capital Projects Fund. Data for 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 - 19 of this report.

Proprietary funds. The City 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's various functions. The City 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 20 - 23 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 24 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 26 - 51 of this report.

(Continued)

Government-Wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by $ 20,210,712 as of December 31, 2014.

A large portion of the City's net position (61 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.

Unrestricted net position, totaling $ 5,448,253 at year-end, 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 position.

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 4,594,566	$ 5,003,380	$ 5,084,907	$ 5,171,628	$ 9,679,473	$ 10,175,008
Capital assets, net	10,324,238	10,484,436	2,434,879	2,327,507	12,759,117	12,811,943
Total assets	14,918,804	15,487,816	7,519,786	7,499,135	22,438,590	22,986,951
Long-term liabilities outstanding	666,185	622,884	231,653	187,826	897,838	810,710
Other liabilities	365,735	619,567	928,552	1,016,217	1,294,287	1,635,784
Total liabilities	1,031,920	1,242,451	1,160,205	1,204,043	2,192,125	2,446,494
Deferred inflows of resources	35,753	28,942	-	-	35,753	28,942
Net position						
Net investment in capital assets	9,823,678	9,838,742	2,434,879	2,327,507	12,258,557	12,166,249
Restricted	2,503,902	2,664,699	-	-	2,503,902	2,664,699
Unrestricted	1,523,551	1,712,982	3,924,702	3,967,585	5,448,253	5,680,567
Total net position	$ 13,851,131	$ 14,216,423	$ 6,359,581	$ 6,295,092	$ 20,210,712	$ 20,511,515

At the end of the current year, the City is able to report positive balances in all classifications of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

(Continued)

The following table provides a summary of the changes in net position:

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	$ 425,724	$ 351,150	$ 10,761,236	$ 9,211,345	$ 11,186,960	$ 9,562,495
Operating grants/ contributions	91,138	63,943	72,088	-	163,226	63,943
Capital grants/ contributions	812,696	1,702,032	-	-	812,696	1,702,032
General revenues						
Property taxes	653,867	651,880	-	-	653,867	651,880
Other taxes	2,404,870	2,289,958	-	-	2,404,870	2,289,958
Other	88,603	66,831	13,413	17,621	102,016	84,452
Total revenues	4,476,898	5,125,794	10,846,737	9,228,966	15,323,635	14,354,760
Expenses						
General government	552,291	583,649	-	-	552,291	583,649
Public safety	2,109,662	2,034,931	-	-	2,109,662	2,034,931
Public works	744,173	682,855	-	-	744,173	682,855
Housing and development	1,386,817	977,563	-	-	1,386,817	977,563
Health and welfare	420	420	-	-	420	420
Culture and recreation	472,915	459,888	-	-	472,915	459,888
Community services	76,734	37,735	-	-	76,734	37,735
Interest on long-term debt	10,474	12,253	-	-	10,474	12,253
Gas utility	-	-	8,983,195	7,541,538	8,983,195	7,541,538
Solid waste disposal	-	-	1,287,757	1,249,591	1,287,757	1,249,591
Total expenses	5,353,486	4,789,294	10,270,952	8,791,129	15,624,438	13,580,423
Increase (decrease) in net position before transfers	(876,588)	336,500	575,785	437,837	(300,803)	774,337
Transfers	511,296	307,600	(511,296)	(307,600)	-	-
Increase (decrease) in net position	(365,292)	644,100	64,489	130,237	(300,803)	774,337
Net position 1/1/14	14,216,423	13,572,323	6,295,092	6,164,855	20,511,515	19,737,178
Net position 12/31/14	$ 13,851,131	$ 14,216,423	$ 6,359,581	$ 6,295,092	$ 20,210,712	$ 20,511,515

Revenues from governmental activities decreased $ 648,896 in 2014. The decrease in revenue is primarily attributable to a decrease in capital grant funds and contributions totaling $ 889,336. Charges for services, operating grants/contributions, property and other taxes, and other revenues increased by $ 74,574, $ 27,195 $ 116,899, and $ 21,772, respectively.

Total expenses for governmental activities increased by $ 564,192 in 2014 which represents an increase of approximately 12% over 2013. Expenses for public safety, public works, housing and development, culture and recreation, and community services exceeded 2013 amounts by $ 597,329 whereas expenses for general government and interest on long-term debt were $ 33,137 less than 2013 amounts. The significant increase in housing and development expenses is attributable to the transfer of completed construction projects to the Water Sewer Commission and McDuffie County, as well as, the expensing of non-capital cost incurred as part of the overall capital projects. Costs of this nature totaled $ 472,753 in 2014.

(Continued)

Total revenues from business-type activities increased by $ 1,617,771 and total expenses from business-type activities increased by $ 1,479,823 in 2014. These changes are primarily attributable to an increase in gas sales and related purchases of gas as a result of climatic changes.

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'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, assigned and unassigned 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, 2014, governmental funds reported combined ending fund balances of $ 4,093,594, a decrease of $ 111,724 in comparison with 2013. Unassigned fund balance at year end was $ 1,732,714 whereas the remainder of fund balance $ 2,360,880 is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been dedicated or identified for a specific purpose.

General Fund

The General Fund is the chief operating fund of the City of Thomson. At the end of the current year, total fund balance of the General Fund was $ 1,754,553, of which $ 1,732,714 is unassigned and $ 21,839 is nonspendable. As a measure of General Fund liquidity, it may be useful to compare fund balance to total fund expenditures. As of December 31, 2014, fund balance represented 46 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. The Police Condemnation and Forfeiture Fund is restricted for use in law enforcement. The EIP Loan Fund is considered to be a major fund, whereas the HODAG, UDAG, and Police Condemnation and Forfeiture Funds are considered to be nonmajor funds. As of December 31, 2014, total major special revenue fund balance was $ 1,419,646 and total nonmajor special revenue fund balance was $ 818,808.

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 eight capital project funds during the current year. They are the Airport Capital Projects Fund, the 2008 Community Home Investment Program Fund, 2011 CDBG Multi-Activity Projects Fund, 2014 CDBG Multi-Activity Projects Fund, Transportation Enhancement Act (TEA) Grant Fund, Local Maintenance & Improvement Grant (LMIG), TIA SPLOST Fund, and the SPLOST Fund. The Airport Capital Projects Fund is reported as a major fund whereas all other capital project funds are reported as nonmajor governmental funds. As of December 31, 2014, the Airport Capital Projects Fund reported a fund balance of $ 14,556, whereas total fund balance of the nonmajor capital projects funds was $ 86,031.

Proprietary Funds

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

Unrestricted net position of the gas utility at the end of the year totaled $ 3,766,083, and that of the solid waste disposal operation totaled $ 158,619.

(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.

For the year ended December 31, 2014, actual revenues were less than budgetary estimates by $11,735 and actual expenditures were $ 35,517 less than appropriated amounts. Actual expenditures for all departments and governmental activities were under budget for 2014. The City funds a portion of its General Fund budget with transfers from the Gas Utility Fund. During the year, budgetary estimates for transfers in exceeded actual transfers by $ 18,893 and actual transfers out were $ 1,454 more than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2014. Expenditures and other financing uses exceeded revenues and other financing sources by $ 23,565.

Capital Assets

The City of Thomson's investment in capital assets for its governmental and business-type activities as of December 31, 2014, totaled $ 12,759,117 (net of accumulated depreciation). 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 renovations to the railroad depot totaling $ 1,150,612, drainage projects totaling $ 391,379, parking lot, walkways and street lighting totaling $ 542,892, street resurfacing totaling $ 299,427, purchase of service trucks totaling $ 259,821, airport improvements totaling $ 105,490, relocation of industrial gas meters totaling $ 48,198, improvements to the fire department training facility totaling $ 32,325, and other additions totaling $ 50,973.

As of December 31, 2014, construction in progress totaled $ 101,681, which includes $ 1,500 for revitalization of local residential neighborhoods, $ 41,839 for airport improvements, and $ 58,342 for gas line expansion and system improvements.

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

Debt Administration

The City of Thomson entered into a capital lease agreement in 2012 totaling $ 90,453 to purchase three police cruisers. Principal and interest payments on the leases in 2014 were $ 30,143 and $ 853, respectively. The lease was paid off in 2014.

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, 2014 was $ 321,377. Principal and interest payments on the note payable in 2014 were $ 31,660 and $ 10,237, respectively.

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

(Continued)

Economic Factors

The City has completed several major revitalization projects in recent years in the downtown area. These projects have greatly enhanced the City's streetscape, by adding additional parking, creating wider pedestrian walkways, improving accessibility, providing better lighting, and allowing for the planting of tress and other foliage. The Chamber of Commerce, local businesses, and other organizations have been pro-active in promoting activities in the revitalized areas. The improvements to the downtown district, promotion of the area, and the availability of City revolving loan funds and façade grants for qualifying businesses have fostered a renewed interest to locate and do business in the downtown area. The renewed interest is evidenced by the number of newly established businesses in the downtown area over the last two years.

The City continues to seek funding from Federal and State sources to assist in the revitalization and redevelopment of blighted areas within the City. The Georgia Department of Community Affairs awarded the City a Community Development Block Grant on September 5, 2014 totaling $ 500,000. These funds, along with local matching funds totaling $ 145,749, will be used for street improvements, flood and drainage facilities, and replacement of sewer systems in low-to-moderate income neighborhoods.

The City and a regional business have partnered to establish a compressed natural gas (CNG) distribution point along the Interstate-20 corridor. This project will allow for the fueling of commercial trucks and passenger vehicles fueled by CNG. The business will purchase all CNG from the City's Gas Utility Fund. While this technology is fairly new to commercial fleets and the general public, it has been utilized by municipalities and local governments for many years and proven to be a viable alternative fuel. With implementation of this project and the continued expansion of CNG fueled vehicles, management believes this project will provide a positive impact on gas revenues.

The Thomson-McDuffie Regional Airport continues to play a vital role in promoting economic development in the region. This is most evident during the week of the Masters Golf Tournament held each April in Augusta, Georgia. Federal, State, and local funding have been combined over the years to provide for advanced take-off and landing systems, weather warning systems, runway lighting and pavement, hanger facilities, and a new terminal building. These improvements and easy access to Interstate-20 and surrounding communities have made the Airport a destination for many corporate executives. The City and County are currently in the process of updating the Airport Layout Plan (ALP) and planning for future improvements to the Airport.

Request for Information

This financial report is designed to provide a general overview of the City'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, P.O. Box 1017, Thomson, Georgia 30824.

BASIC FINANCIAL STATEMENTS

CITY OF THOMSON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,833,903	$ 3,627,730	$ 6,461,633
Investments	341,826	-	341,826
Receivables			
Taxes-net	71,467	-	71,467
Notes-net	893,366	-	893,366
Accounts-net	-	1,294,836	1,294,836
Interest	3,657	3,806	7,463
Intergovernmental	426,405	28,910	455,315
Other	6,703	28,394	35,097
Inventories	-	65,599	65,599
Prepaid items	21,839	31,032	52,871
Internal balances	(4,600)	4,600	-
Capital assets net of accumulated depreciation			
Land	971,923	128,782	1,100,705
Site improvements	3,771,255	-	3,771,255
Buildings and improvements	2,320,557	175,893	2,496,450
Machinery and equipment	300,999	2,071,862	2,372,861
Infrastructure	2,916,165	-	2,916,165
Construction in progress	43,339	58,342	101,681
Total assets	$ 14,918,804	$ 7,519,786	$ 22,438,590
Liabilities			
Accounts payable	$ 214,890	$ 679,076	$ 893,966
Accrued liabilities	77,189	122,931	200,120
Customer deposits	-	122,250	122,250
Intergovernmental payables	12,832	4,295	17,127
Unearned revenues	25,794	-	25,794
Accrued interest payable	2,410	-	2,410
Noncurrent liabilities			
Due within one year	32,620	-	32,620
Due in more than one year	346,093	-	346,093
Net OPEB obligation	320,092	231,653	551,745
Total liabilities	1,031,920	1,160,205	2,192,125
Deferred Inflows of Resources			
Subsequent year revenues	35,753	-	35,753
Net Position			
Net investment in capital assets	9,823,678	2,434,879	12,258,557
Restricted for:			
Public safety	1,711	-	1,711
Public works	85,857	-	85,857
Housing and development	2,416,334	-	2,416,334
Unrestricted	1,523,551	3,924,702	5,448,253
Total net position	$ 13,851,131	$ 6,359,581	$ 20,210,712

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, 2014

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 Position: Primary Government: Governmental Activities	Net Revenue (Expenses) and Changes in Net Position: Primary Government: Business-type Activities	Net Revenue (Expenses) and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 552,291	$ 33,324	$ -	$ -	$ (518,967)	$ -	$ (518,967)
Public safety	2,109,662	294,789	40,962	-	(1,773,911)	-	(1,773,911)
Public works	744,173	-	-	148,637	(595,536)	-	(595,536)
Housing and development	1,386,817	86,971	50,176	664,059	(585,611)	-	(585,611)
Health and welfare	420	-	-	-	(420)	-	(420)
Culture and recreation	472,915	-	-	-	(472,915)	-	(472,915)
Community services	76,734	10,640	-	-	(66,094)	-	(66,094)
Interest on long-term debt	10,474	-	-	-	(10,474)	-	(10,474)
Total governmental activities	5,353,486	425,724	91,138	812,696	(4,023,928)	-	(4,023,928)
Business-type activities:							
Gas Utility	8,983,195	9,626,763	-	-	-	643,568	643,568
Solid Waste	1,287,757	1,134,473	72,088	-	-	(81,196)	(81,196)
Total business-type activities	10,270,952	10,761,236	72,088	-	-	562,372	562,372
Total primary government	$ 15,624,438	$ 11,186,960	$ 163,226	$ 812,696	(4,023,928)	562,372	(3,461,556)
General revenues							
Property taxes					653,867	-	653,867
Motor vehicle taxes					31,204	-	31,204
Motor vehicle title advalorem taxes					97,604	-	97,604
Mobile home taxes					3,097	-	3,097
Payment in lieu of taxes					14,142	-	14,142
Sales taxes					1,228,562	-	1,228,562
Franchise taxes					421,659	-	421,659
Insurance premium taxes					365,300	-	365,300
Financial institution taxes					33,644	-	33,644
Alcoholic beverage taxes					102,792	-	102,792
Occupation taxes					52,057	-	52,057
Intangible taxes					4,812	-	4,812
Transfer taxes					1,419	-	1,419
Railroad equipment taxes					288	-	288
Excise tax on energy					48,290	-	48,290
Interest income					-	8,451	8,451
Insurance claims					900	4,962	5,862
Other revenues					87,703	-	87,703
Transfers					511,296	(511,296)	-
Total general revenues and transfers					3,658,636	(497,883)	3,160,753
Change in net position					(365,292)	64,489	(300,803)
Net position, begining of year					14,216,423	6,295,092	20,511,515
Net position, end of year					$ 13,851,131	$ 6,359,581	$ 20,210,712

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

CITY OF THOMSON, GEORGIA
BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Employment Incentive Program Loan Fund	Airport Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,647,967	$ 553,561	$ 26,719	$ 604,810	$ 2,833,057
Investments	99,387	-	-	242,439	341,826
Receivables (net of allowance for uncollectibles)					
Taxes	71,467	-	-	-	71,467
Notes-current	-	101,671	-	8,289	109,960
Notes-long-term	-	763,077	-	20,329	783,406
Interest	-	1,337	-	49	1,386
Other	3,491	-	3,212	-	6,703
Intergovernmental receivables	149,620	-	168,817	12,393	330,830
Interfund receivables	5,755	-	4,919	26,325	36,999
Prepaid items	21,839	-	-	-	21,839
Total assets	$ 1,999,526	$ 1,419,646	$ 203,667	$ 914,634	$ 4,537,473
LIABILITIES, DEFFERED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 25,968	$ -	$ 179,067	$ 7,827	$ 212,862
Accrued liabilities	71,119	-	-	-	71,119
Intergovernmental payables	12,832	-	-	-	12,832
Interfund payables	27,127	-	10,044	1,968	39,139
Unearned revenues	25,794	-	-	-	25,794
Total liabilities	162,840	-	189,111	9,795	361,746
Deferred Inflows of Resources					
Unavailable revenue-property taxes	46,380	-	-	-	46,380
Subsequent year revenues	35,753	-	-	-	35,753
Total deferred inflows of resources	82,133	-	-	-	82,133
Fund Balances					
Nonspendable	21,839	763,077	-	20,329	805,245
Restricted for:					
Public safety	-	-	-	1,711	1,711
Public works	-	-	-	85,857	85,857
Housing and development	-	656,569	-	796,942	1,453,511
Assigned to:					
Housing and development	-	-	14,556	-	14,556
Unassigned	1,732,714	-	-	-	1,732,714
Total fund balances	1,754,553	1,419,646	14,556	904,839	4,093,594
Total liabilities, deferred inflows, and fund balances	$ 1,999,526	$ 1,419,646	$ 203,667	$ 914,634	$ 4,537,473

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 POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total fund balances - governmental funds	$ 4,093,594
Amounts reported for governmental activities in the statement of net position 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	971,923
Site improvements	5,914,684
Building and improvements	3,090,285
Machinery and equipment	3,357,611
Infrastructure	3,793,818
Construction in progress	43,339
Accumulated depreciation	(6,915,130)
Total capital assets - governmental activities	10,256,530
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 position.	57,996
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 unavialable in the funds. These revenues consist of:	
Intergovernmental receivables	95,575
Interest receivable	2,271
Property taxes	46,380
Total unavailable revenues	144,226
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	(2,410)
Accrued compensated absences	(57,336)
Long-term debt including capital leases and notes payable	(321,377)
Net OPEB obligation	(320,092)
Total long-term liabilities	(701,215)
Net position of governmental activities	$ 13,851,131

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, 2014

	General	Employment Incentive Program Loan Fund	Airport Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 2,971,596	$ -	$ -	$ 135,135	$ 3,106,731
Licenses and permits	21,436	-	-	-	21,436
Intergovernmental	161,033	-	218,184	641,148	1,020,365
Charges for services	3,000	-	-	-	3,000
Fines and forfeitures	273,019	-	-	5,670	278,689
Interest income	2,707	21,887	-	823	25,417
Rents	52,537	-	36,738	-	89,275
Cemetary lot sales	18,700	-	-	-	18,700
Insurance claims	900	-	-	-	900
Other	58,754	-	25,255	3,469	87,478
Total revenues	3,563,682	21,887	280,177	786,245	4,651,991
EXPENDITURES					
Current					
General government	585,600	-	-	-	585,600
Public safety	1,978,044	-	-	6,001	1,984,045
Public works	563,721	-	-	3,641	567,362
Health and welfare	420	-	-	-	420
Community services	47,308	-	-	-	47,308
Culture and recreation	450,731	-	-	-	450,731
Housing and development	95,550	-	130,586	298,103	524,239
Debt service					
Principal	61,803	-	-	-	61,803
Interest	11,090	-	-	-	11,090
Capital outlay					
Public safety	40,201	-	-	-	40,201
Public works	3,539	-	-	314,766	318,305
Housing and development	-	-	91,900	592,007	683,907
Total expenditures	3,838,007	-	222,486	1,214,518	5,275,011
Excess (deficiency) of revenues over expenditures	(274,325)	21,887	57,691	(428,273)	(623,020)
OTHER FINANCING SOURCES (USES)					
Transfers in	391,552	-	53,905	122,777	568,234
Transfers out	(55,565)	-	-	(1,373)	(56,938)
Total other financing sources (uses)	335,987	-	53,905	121,404	511,296
NET CHANGE IN FUND BALANCES	61,662	21,887	111,596	(306,869)	(111,724)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	1,692,891	1,397,759	(97,040)	1,211,708	4,205,318
FUND BALANCES, END OF YEAR	$ 1,754,553	$ 1,419,646	$ 14,556	$ 904,839	$ 4,093,594

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, 2014

Net change in fund balances - total governmental funds	$ (111,724)
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	1,132,733
Depreciation expense	(521,191)
Noncapital portion of construction in progress completed during the year	(706,993)
County portion of airport construction in progress	(86,053)
Excess of depreciation expense and other adjustments over capital outlay	(181,504)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Changes in these amounts are as follows:	
Interest receivable decreased by this amount in 2014.	(25,530)
Intergovernmental receivables increased by this amount in 2014.	5,186
Unearned revenues decreased by this amount in 2014 .	(53,180)
Net change in revenues not providing current financial resources	(73,524)
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 position. Transactions related to long-term debt during the year were as follows:	
Principal payments on long-term debt	61,803
Net decrease in long-term debt	61,803
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 2014.	(1,929)
Accrued interest payable decreased by this amount in 2014.	616
Net OPEB obligation increased by this in 2014.	(73,992)
Net change in expenses not requiring the use of current financial resources	(75,305)
An internal service fund is used by management to charge the costs of vehicle 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	14,962
Change in net position of governmental activities	$ (365,292)

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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes	$ 2,872,324	$ 2,930,817	$ 2,915,071	$ (15,746)
Licenses and permits	17,000	21,500	21,556	56
Intergovernmental	169,036	287,236	284,680	(2,556)
Charges for services	4,500	4,500	3,000	(1,500)
Fines and forfeitures	245,800	273,800	273,019	(781)
Use of money and property	93,697	75,197	74,544	(653)
Other	20,100	20,750	30,195	9,445
Total revenues	3,422,457	3,613,800	3,602,065	(11,735)
EXPENDITURES				
Current				
General government	610,343	613,419	589,696	(23,723)
Public safety	1,989,842	2,051,035	2,043,659	(7,376)
Public works	538,228	695,402	693,691	(1,711)
Health and welfare	420	420	420	-
Community services	132,739	153,789	153,223	(566)
Culture and recreation	334,091	334,391	334,353	(38)
Housing and development	144,640	147,390	145,287	(2,103)
Total expenditures	3,750,303	3,995,846	3,960,329	(35,517)
Deficiency of revenues under expenditures	(327,846)	(382,046)	(358,264)	(23,782)
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year unassigned fund balance	75,000	27,000	-	(27,000)
Transfers in	300,346	410,446	391,553	(18,893)
Transfers out	(47,500)	(55,400)	(56,854)	1,454
Total other financing sources (uses)	327,846	382,046	334,699	(47,347)
CHANGE IN FUND BALANCE	$ -	$ -	(23,565)	$ (23,565)
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(86,085)	
Payables and other liabilities			171,312	
Total reconciliation to GAAP basis			85,227	
FUND BALANCE, BEGINNING OF YEAR			1,692,891	
FUND BALANCE, END OF YEAR			$ 1,754,553	

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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 21,561	$ 21,561
Available for loans	481,794	481,794	518,275	36,481
Total revenues	481,794	481,794	539,836	58,042
EXPENDITURES				
Loans made	481,794	481,794	85,000	(396,794)
Total expenditures	481,794	481,794	85,000	(396,794)
CHANGE IN FUND BALANCE	$ -	$ -	454,836	$ 454,836
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(432,949)	
Total reconciliation to GAAP basis			(432,949)	
FUND BALANCE, BEGINNING OF YEAR			1,397,759	
FUND BALANCE, END OF YEAR			$ 1,419,646	

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

CITY OF THOMSON, GEORGIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets				
Cash	$ 3,530,853	$ 96,877	$ 3,627,730	$ 846
Accounts receivable-net	1,143,020	151,816	1,294,836	-
Interest receivable	3,806	-	3,806	-
Other receivables	28,394	-	28,394	-
Intergovernmental receivables	7,017	21,893	28,910	-
Interfund receivables	10,044	5,678	15,722	-
Inventories	65,599	-	65,599	-
Prepaid expenses	16,724	14,308	31,032	-
Total current assets	4,805,457	290,572	5,096,029	846
Noncurrent assets				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	370,396	50,968	421,364	39,806
Machinery and equipment	6,148,756	1,350,779	7,499,535	102,640
Construction in progress	58,342	-	58,342	-
Less accumulated depreciation	(4,591,164)	(1,081,980)	(5,673,144)	(74,738)
Total capital assets, net of accumulated depreciation	2,115,112	319,767	2,434,879	67,708
Total noncurrent assets	2,115,112	319,767	2,434,879	67,708
Total assets	6,920,569	610,339	7,530,908	68,554
LIABILITIES AND NET POSITION				
Liabilities				
Current liabilities				
Accounts payable	672,019	7,057	679,076	2,028
Accrued liabilities	90,625	32,306	122,931	6,070
Customer deposits	122,250	-	122,250	-
Intergovernmental payables	-	4,295	4,295	-
Interfund payables	11,122	-	11,122	2,460
Total current liabilities	896,016	43,658	939,674	10,558
Noncurrent liabilities				
Net OPEB obligation	143,358	88,295	231,653	-
Total noncurrent liabilities	143,358	88,295	231,653	-
Total liabilities	1,039,374	131,953	1,171,327	10,558
Net Position				
Net investment in capital assets	2,115,112	319,767	2,434,879	67,708
Unrestricted	3,766,083	158,619	3,924,702	(9,712)
Total net position	$ 5,881,195	$ 478,386	$ 6,359,581	$ 57,996

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 POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 9,155,820	$ 1,109,813	$ 10,265,633	$ 238,609
Intergovernmental revenues	-	72,088	72,088	-
Refunds from suppliers	377,887	-	377,887	-
Penalties	47,031	23,645	70,676	-
Other	46,025	1,015	47,040	338
Total operating revenues	9,626,763	1,206,561	10,833,324	238,947
OPERATING EXPENSES				
Purchases	7,336,658	284,288	7,620,946	-
Personnel services and benefits	726,560	647,335	1,373,895	168,256
Professional and technical services	140,197	13,278	153,475	135
Repairs and maintenance	172,565	83,232	255,797	7,415
Other purchased services	106,845	78,702	185,547	17,784
Supplies	172,856	106,541	279,397	20,950
Intergovernmental	120,424	-	120,424	-
Depreciation	188,854	66,992	255,846	8,715
Bad debts	11,213	5,375	16,588	-
Other	7,023	2,014	9,037	730
Total operating expenses	8,983,195	1,287,757	10,270,952	223,985
Operating income (loss)	643,568	(81,196)	562,372	14,962
NON-OPERATING REVENUES (EXPENSES)				
Interest income	8,451	-	8,451	-
Insurance claims	-	4,962	4,962	-
Total non-operating revenues (expenses)	8,451	4,962	13,413	-
Income (loss) before transfers	652,019	(76,234)	575,785	14,962
TRANSFERS IN (OUT)				
Transfers in	-	242,279	242,279	-
Transfers out	(746,855)	(6,720)	(753,575)	-
CHANGE IN NET POSITION	(94,836)	159,325	64,489	14,962
NET POSITION, BEGINNING OF YEAR	5,976,031	319,061	6,295,092	43,034
NET POSITION, END OF YEAR	$ 5,881,195	$ 478,386	$ 6,359,581	$ 57,996

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, 2014

	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	$ 9,586,846	$ 1,111,138	$ 10,697,984	$ 238,947
Intergovernmental revenues	-	72,088	72,088	-
Payments to suppliers and others	(8,054,831)	(601,324)	(8,656,155)	(49,118)
Payments to employees	(693,720)	(623,056)	(1,316,776)	(166,680)
Net cash provided (used) by operating activities	838,295	(41,154)	797,141	23,149
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	28,944	42,500	71,444	-
Transfers to other funds	(332,233)	(6,720)	(338,953)	-
Net cash provided (used) by noncapital financing activities	(303,289)	35,780	(267,509)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance claims	-	4,962	4,962	-
Purchase and construction of capital assets	(146,449)	(216,769)	(363,218)	(30,021)
Transfers from other funds	-	199,779	199,779	-
Transfers to other funds	(406,795)	-	(406,795)	-
Net cash used by capital and related financing activities	(553,244)	(12,028)	(565,272)	(30,021)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	7,459	-	7,459	-
Net cash provided by investing activities	7,459	-	7,459	-
Net decrease in cash and cash equivalents	(10,779)	(17,402)	(28,181)	(6,872)
Cash and cash equivalents, beginning of year	3,541,632	114,279	3,655,911	7,718
Cash and cash equivalents, end of year	$ 3,530,853	$ 96,877	$ 3,627,730	$ 846

(Continued)

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	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 (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ 643,568	$ (81,196)	$ 562,372	$ 14,962
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	188,854	66,992	255,846	8,715
Other post employment benefits (OPEB)	25,280	18,547	43,827	-
(Increase) decrease in current assets				
Accounts receivable	48,788	(10,906)	37,882	-
Intergovernmental receivables	(7,017)	(7,054)	(14,071)	-
Other receivables	(10,594)	-	(10,594)	-
Interfund receivables	-	2,327	2,327	-
Inventory	6,281	-	6,281	-
Prepaid expenses	(575)	(595)	(1,170)	-
Increase (decrease) in current liabilities				
Accounts payable	6,783	(13,504)	(6,721)	(2,104)
Accrued liabilities	406	3,405	3,811	1,118
Customer deposits	(65,585)	-	(65,585)	-
Intergovernmental payables	-	(19,170)	(19,170)	-
Interfund payables	2,106	-	2,106	458
Total adjustments	194,727	40,042	234,769	8,187
Net cash provided (used) by operating activities	$ 838,295	$ (41,154)	$ 797,141	$ 23,149

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, 2014

	Police Surcharge Fund
ASSETS	
Cash	$ 21
Total assets	$ 21
LIABILITIES	
Intergovernmental payables	$ 21
Total liabilities	$ 21

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.

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 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 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 (the primary government) and its component unit. The component unit is included in the City's reporting entity because of the significance of its operational or financial relationship 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.

The Downtown Development Authority does not maintain a bank account and does not have any assets or liabilities; accordingly, the Statement of Net Position 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, 2014.

The City 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.

(Continued)

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 Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. 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 a special revenue fund used to account for the financial activities related to the City's EIP revolving loan program. The EIP Loan Fund is not being funded with federal or state grant funds.

Airport Capital Projects Fund - The Airport Capital Projects Fund is used to account for funds received and expended for capital improvements and maintenance at the 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.

The City has elected to follow GAAP prescribed by GASB and all Financial Accounting Standard Board (FASB) standards issued prior to November 30, 1989 for its business-type activities and enterprise funds. Subsequent to this date, the City accounts for its proprietary funds of the primary government as prescribed by GASB.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Gas Utility and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds include costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and 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 funds held in a custodial nature.

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. The City Council adopted the 2014 annual appropriated budgets for the City's general, enterprise, and special revenue funds on November 14, 2013. 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 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. Property taxes and sales tax revenues collected in the current year are set-aside to fund the subsequent year's budget.

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 the Official Code of Georgia Annotated (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 Office of the State Treasurer 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. The City uses the allowance method for recording bad debt. The allowance for bad debt reserves for amounts owed from customers that have purchased services from the City and is determined by analysis of the year-end receivable balances for those accounts which the City believes will not be collected based on past history.

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.

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 position in the government-wide financials statements. Internal balances are eliminated in the government-wide financial statements.

Inventories

Inventories of supplies for all governmental funds 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 funds for December 31, 2014.

Inventories of the proprietary funds 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, 2014.

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 position in the government-wide financial statements and proprietary funds financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City does not have any reportable items in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City collects occupation taxes and beer and wine licenses that are permitted for use in the subsequent year. These revenues qualify for reporting in this category and are identified as subsequent year revenues on the government-wide statement of net position and on the governmental funds balance sheets. The City also reports unavailable revenue-property taxes in this category on the governmental funds balance sheets.

Net Position (Government-Wide Financial Statements)

The City's net position is classified as follows:

Net investment in capital assets: This represents the City's total investment in capital assets, net of debt related to those capital assets.

Restricted: This represents the net amount of assets subject to constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

Unrestricted: This represents the net amount of net position, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in any other category of net position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Governmental Funds Financial Statements)

The City requires the following actions to be taken for fund balance to be classified as "restricted", "committed", or "assigned":

Restricted - amounts that can be spent only for the specific purposes stipulated by external resource providers (i.e. grants, creditors), constitutionally, or through enabling legislation (i.e. legislation that creates a new revenue source and restricts its use). These restrictions may be changed or lifted only with the consent of the resource providers.

Committed - amounts that can be used only for the specific purpose determined by a formal action of City Council. Such commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally. The formal action must be taken before year-end, although the amount may not be determined until the subsequent period.

Assigned - amounts intended to be used by the City for specific purposes. City Council delegates the authority to classify fund balance as "assigned" to the City Administrator and his/her designee, the Chief Financial Officer. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

The City also uses "non-spendable" in its fund financial statements to classify fund balance amounts that are legally or contractually required and cannot be spent, or unassigned, which represents amounts not included in the other fund balance categories.

The City's policy for the order of expenditure of funds by fund classification is as follows: Future qualifying expenditures will first reduce restricted fund balance, followed by a reduction of unrestricted fund balance starting first with "committed", then "assigned", then "unassigned" as applicable when expenditures are incurred for purposes for which amounts in any of those fund balance classifications could be used.

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Fund

Actual revenues and other financing sources (budgetary basis) were $ 57,628 less than budgeted amounts whereas actual expenditures and other financing uses (budgetary basis) were $ 34,063 less than appropriated amounts resulting in net decrease in fund balance (budgetary basis) of $ 23,565. The budget shortfall was anticipated and was absorbed by prior year unassigned fund balance.

Expenditures for all City departments and functions were under appropriated amounts for the year.

Nonmajor Governmental Funds

The Housing Development Action Grant Fund and Urban Development Action Grant Fund are reporting decreases in fund balance for December 31, 2014 totaling $ 41,229 and $ 256,051, respectively. These decreases resulted from an increase in the allowance for uncollectible notes receivable. Some of these losses are expected to be recovered in future periods through foreclosure proceedings.

(Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The Police Condemnation Forfeiture Fund, 2008 CHIP Grant 6012 Fund, and TIA SPLOST Fund are reporting a decrease in fund balance of $ 331, $ 74, and $ 38,250, respectively. These decreases were funded with available fund balance.

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS

Deposits

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

The carrying amount of the City's deposits with financial institutions was $ 6,461,654 and the bank balance was $ 6,745,688 at December 31, 2014. Deposits of the City were fully collateralized as of year-end.

Collateralization of the City's deposits as of December 31, 2014 is as follows:

Amount insured by FDIC	$	56,720
Amount collateralized with securities held by the pledging financial institution's trust department or agent in the City's name		6,688,968
Total bank balance	$	6,745,688

Investments

At December 31, 2014, the City had the following investments:

Investments	Maturities		Fair Value	Credit Rating
Georgia Fund 1	Average of 23 days	$	99,387	AAA
Land	N/A		242,439	N/A
		$	341,826	

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 366 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, 2014, 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.

The City entered into an agreement with Camellia Partners on August 8, 2014 to settle an outstanding HODAG note receivable totaling $ 331,547. The agreement stipulated that the City would receive land and building located at 111 Main Street with a cost basis of $ 156,597 and a cash payment of $ 134,000. Camellia Partners was given a credit of $ 40,950 for land previously donated to the City in 2006 for construction of a parking lot. In addition, $ 26,160 in accrued interest on said note was forgiven. The City's intent is to deed the land and building to the McDuffie County Development Authority for sale or lease to a local business, accordingly this investment is expected to be temporary.

NOTE 4 - PROPERTY TAXES

Property taxes are billed and collected by the McDuffie County, Georgia Tax Commissioner and remitted to the City. Property taxes were levied on October 7, 2014 and were due on December 5, 2014. Property taxes became a lien on the first day of the levy year. Unpaid property taxes received within 60 days of year end are recognized and recorded as revenue (considered measurable and available), and property taxes unpaid 60 days after year end are recorded as unavailable revenue. An allowance is established for uncollectible amounts based on management's estimate.

(Continued)

NOTE 4 - PROPERTY TAXES (Continued)

A summary of the 2014 tax levy follows:

2014 millage rate		5.368
Taxable digest	$	120,910,447
Gross tax levy	$	1,774,020
Less sales tax rollback		(1,074,534)
Net property taxes	$	699,486
Property taxes receivable	$	91,258
Less allowance for uncollectible amounts		(19,791)
Net property taxes receivable	$	71,467
Unavailable property tax revenue	$	46,380

NOTE 5 - NOTES RECEIVABLE

Notes receivable and the applicable allowances for uncollectible accounts as of December 31, 2014 are as follows:

Employment Incentive Program Loan Fund (EIP)		
5.00%, monthly payments of $ 707 (principal and interest), in bankruptcy, collateralized by equipment, accounts receivable, and inventory	$	39,628
Variable interest, monthly payments of $ 835 (principal plus interest), to 2024, collateralized by real estate		92,385
4.00%, monthly payments of $ 1,893 (principal and interest), to 2023, collateralized by equipment and accounts receivable		172,795
3.00%, monthly payments of $ 2,414 (principal and interest), to 2021, personally guaranteed by five owners		166,900
3.00%, monthly payments of $ 746, final payment of $ 34,476 (principal and interest), to 2017, collateralized by equipment, accounts receivable, and inventory		52,217
3.00%, monthly payments of $ 1,082 (principal and interest), to 2023, collateralized by real estate		89,673
3.00%, monthly payments of $ 1,448 (principal and interest), to 2023, collateralized by real estate		136,941
3.00%, monthly payments of $ 760, final payment of $ 44,875 (principal and interest), to 2023, collateralized by real estate		103,837

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

4.50%, monthly payments of $ 1,487 (principal and interest), to 2017, collateralized by real estate, furniture, fixtures, and equipment	50,000
	904,376
Less allowance for doubtful accounts	(39,628)
Total	864,748
Housing Development Action Grant Loan Fund (HODAG)	
3.50%, monthly payments of $ 69 (principal and interest), to 2016, collateralized by real estate	1,266
3.50%, monthly payments of $ 57 (principal and interest), to 2017, collateralized by real estate	2,521
3.50%, monthly payments of $ 46 (principal and interest), to 2017, collateralized by real estate	1,407
3.50%, monthly payments of $ 86 (principal and interest), to 2017, collateralized by real estate	2,482
3.00%, monthly payments of $ 112 (principal and interest), to 2023, collateralized by real estate	9,993
3.00%, monthly payments of $ 106 (principal and interest), to 2018, collateralized by real estate	4,847
3.00%, monthly payments of $ 24 (principal and interest), to 2018, collateralized by real estate	1,082
3.00%, monthly payments of $ 79 (principal and interest), to 2018, collateralized by real estate	3,679
3.00%, monthly payments of $ 30 (principal and interest), to 2018, collateralized by real estate	1,341
Total	28,618
Urban Development Action Grant Loan Fund (UDAG)	
6.00%, monthly payments of $ 808, (principal and interest), to 2014, collateralized by real estate	69,757
4.00%, interest only, in foreclosure, payment due immediately, collateralized by real estate	255,833
6.00%, monthly payments of $ 555, (principal and interest), in bankruptcy, collateralized by real estate	21,000
	346,590
Less allowance for doubtful accounts	(346,590)
Total	-
Grand Total	$ 893,366

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

Annual collections on notes receivable outstanding (net of allowances for doubtful accounts) as of December 31, 2014 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2015	$ 109,960	$ 24,364	$ 134,324
2016	113,411	21,600	135,011
2017	144,230	17,384	161,614
2018	90,305	14,008	104,313
2019	91,171	11,400	102,571
2020 thru 2024	344,289	21,534	365,823
	$ 893,366	$ 110,290	$ 1,003,656

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/2013	Additions	Deletions/ Transfers	Balance 12/31/2014
Governmental Activities				
Capital assets not being depreciated				
Land	$ 965,434	$ 6,489	$ -	$ 971,923
Construction in progress	2,249,872	999,890	(3,206,423)	43,339
Total capital assets not being depreciated	3,215,306	1,006,379	(3,206,423)	1,015,262
Capital assets being depreciated				
Site improvements	5,462,719	451,964	-	5,914,683
Buildings and improvements	1,947,154	1,182,937	-	3,130,091
Machinery and equipment	3,412,623	47,627	-	3,460,250
Infrastructure	2,906,593	887,224	-	3,793,817
Total capital assets being depreciated	13,729,089	2,569,752	-	16,298,841
Less accumulated depreciation				
Site improvements	(1,968,160)	(175,268)	-	(2,143,428)
Buildings and improvements	(746,069)	(63,465)	-	(809,534)
Machinery and equipment	(3,009,848)	(149,403)	-	(3,159,251)
Infrastructure	(735,882)	(141,770)	-	(877,652)
Total accumulated depreciation	(6,459,959)	(529,906)	-	(6,989,865)
Net capital assets being depreciated	7,269,130	2,039,846	-	9,308,976
Governmental activities capital assets-net	$ 10,484,436	$ 3,046,225	$ (3,206,423)	$ 10,324,238

The City records all expenditures related to capital projects as construction in progress until the project is completed. Various projects include expenditures that are non-capital in nature and/or are transferred to other local governments upon completion. These amounts are not capitalized by the City. Non-capitalized expenditures transferred from construction in progress totaled $ 367,263 and amounts transferred to the McDuffie County/City of Thomson Water Sewer Commission upon completion totaled $ 339,730 for the year ended December 31, 2014.

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

General government	$ 15,480
Public safety	124,355
Public works	176,680
Housing and development	153,066
Culture and recreation	22,184
Community services	29,426
Vehicle maintenance fund	8,715
Current year depreciation expense	$ 529,906

Business-type capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/2013	Additions	Deletions/ Transfers	Balance 12/31/2014
Business-type Activities				
Capital assets not being depreciated				
Land	$ 128,782	$ -	$ -	$ 128,782
Construction in progress	-	58,342	-	58,342
Total capital assets not being depreciated	128,782	58,342	-	187,124
Capital assets being depreciated				
Buildings and improvements	421,364	-	-	421,364
Machinery and equipment	7,194,659	304,876	-	7,499,535
Total capital assets being depreciated	7,616,023	304,876	-	7,920,899
Less accumulated depreciation				
Buildings and improvements	(234,999)	(10,472)	-	(245,471)
Machinery and equipment	(5,182,299)	(245,374)	-	(5,427,673)
Total accumulated depreciation	(5,417,298)	(255,846)	-	(5,673,144)
Net capital assets being depreciated	2,198,725	49,030	-	2,247,755
Business-type activities capital assets-net	$ 2,327,507	$ 107,372	$ -	$ 2,434,879

Depreciation expense on capital assets of the business-type activities was $ 255,846 for the year ended December 31, 2014.

Generally accepted accounting principles require that interest expenditures incurred during construction of assets be capitalized and concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceed interest earned on related interest-bearing borrowing. There was no construction period interest cost capitalized during the year ended December 31, 2014.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2014:

	Balance 12/31/2013	Additions	Deletions	Balance 12/31/2014
Governmental Activities				
Note payable	$ 353,037	$ -	$ (31,660)	$ 321,377
Capital leases	30,143	-	(30,143)	-
Accrued compensated absences	55,407	5,736	(3,807)	57,336
Total debt-governmental activities	$ 438,587	$ 5,736	$ (65,610)	$ 378,713

There was no short-term borrowing during the year ended December 31, 2014.

The following summarizes long-term debt outstanding at December 31, 2014:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Note payable, airport hanger	$ 500,000	3.00%	2023	$ 321,377	$ 32,620
	$ 500,000			321,377	32,620
Accrued compensated absences				57,336	-
Total-governmental activities				$ 378,713	$ 32,620

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, 2014 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2015	$ 32,620	$ 9,277	$ 41,897
2016	33,610	8,287	41,897
2017	34,630	7,267	41,897
2018	35,680	6,217	41,897
2019	36,763	5,134	41,897
2020 thru 2023	148,074	9,039	157,113
	$ 321,377	$ 45,221	$ 366,598

Capital Lease Obligation

The City's only capital lease obligation was paid off in 2014. The total cost of capital assets acquired under this lease totaled $ 90,453 and the related accumulated depreciation thereon totaled $ 45,227 as of December 31, 2014. Current year amortization of assets recorded under capital leases totaled $ 18,091 and is included with depreciation expense.

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2014, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
General fund	Gas fund	$ 3,295
General fund	Maintenance fund	2,460
HODAG loan fund	General fund	5,191
UDAG loan fund	General fund	11,339
UDAG loan fund	HODAG loan fund	1,968
TEA Grant capital projects fund	Gas fund	7,827
Airport capital projects fund	General fund	4,919
Gas fund	Airport capital projects fund	10,044
Solid waste fund	General fund	5,678
		$ 52,721

Amounts due to the General Fund totaling $ 5,755 represent 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 due to the TEA Grant Fund totaling $ 7,827 represent local matching funds for the capital project.

Amounts due to the Airport Capital Projects Fund totaling $ 4,919 represent the City's portion of operating expenses for December 2014 and grant matching funds for capital improvements.

Amounts due to the Gas Fund totaling $ 10,044 represent amounts paid by the Gas Fund for engineering and construction expenses on various capital projects. The Gas Fund will be reimbursed by the respective capital projects as funds become available.

Amounts due to the Solid Waste Fund totaling $ 5,678 represent prior year capital contributions from the Gas Fund that were deposited in the General Fund.

Interfund transfers

	Transfer In				
Transfer Out	General Fund	Airport Fund	Nonmajor Governmental Funds	Solid Waste Fund	Total Transfers Out
General fund	$ -	$ 53,905	$ 1,660	$ -	$ 55,565
Nonmajor governmental funds	1,373	-	-	-	1,373
Gas fund	383,459	-	121,117	242,279	746,855
Solid waste fund	6,720	-	-	-	6,720
	$ 391,552	$ 53,905	$ 122,777	$ 242,279	$ 810,513

(Continued)

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

The City funds its General Fund capital budget with transfers from the Gas Fund. Capital assets funded with transfers from the Gas Fund during 2014 totaled $ 93,726. The Gas Fund also funds a portion of administrative salaries, related employment benefits, and other operating costs. Transfers from the Gas Fund to fund these costs totaled $ 241,733. In addition, the Gas and Solid Waste funds reimburse the General Fund for a portion of the City's occupancy costs of the joint government complex. Reimbursements for occupancy costs from the Gas Fund and Solid Waste funds totaled $ 48,000 and $ 6,720, respectively. Various capital project funds transferred remaining cash balances after completion of the capital project to the General Fund. Transfers of residual cash balances from capital project funds totaled $ 1,373.

The General Fund provides funding to the Airport Capital Projects Fund for local matching of capital grants and airport maintenance. Total transfers for airport capital projects and maintenance was $ 53,905.

The General Fund provided the initial cash deposit of $ 100 to establish a bank account and $ 1,500 for the grant application for the 2014 CDBG Capital Projects Fund. The General Fund also provided grant matching funds totaling $ 60 for the 2011 CDBG Capital Projects Fund.

The Gas Fund transferred $ 121,117 to the TEA Grant Capital Projects Fund to provide additional funds for the project.

Solid Waste Fund capital asset purchases and operations are supplemented with transfers from the Gas Fund. Total transfers to the Solid Waste Fund for capital purchases and operations totaled $ 242,279.

NOTE 9 - UNEARNED REVENUES AND DEFERRED INFLOWS OF RESOURCES

As of December 31, 2014, unearned revenues reported in the fund financial statements, totaled $ 25,794 and represent grant revenues received that have not been earned as of year-end.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports property taxes unpaid sixty days after year-end and collections on subsequent year occupation tax and alcohol licenses in this category in the fund financial statements. In the government-wide financial statements the City only reports subsequent year revenues in this category. As of December 31, 2014, unavailable revenue-property taxes totaled $ 46,380 and subsequent year revenues totaled $ 35,753.

NOTE 10 - NET POSITION

Net position of the government-wide and proprietary fund financial statements represent the difference between assets and liabilities. Reported amounts for net investment in capital assets and restricted net position are as follows at December 31, 2014:

	Governmental Activities	Business-type Activities
Net Investment in Capital Assets		
Primary government	$ 10,256,530	$ 2,434,879
Internal service fund	67,708	-
Less note payable	(321,377)	-
Less construction and retainage payables	(179,183)	-
Total net investment in capital assets	$ 9,823,678	$ 2,434,879
Restricted For		
Public Safety		
Police Condemnation Fund	$ 1,711	
Total Public Safety	$ 1,711	
Public Works		
TIA SPLOST Fund	$ 85,770	
LMIG Program Fund	87	
Total Public Works	$ 85,857	
Housing and Development		
EIP Revolving Loan Fund	$ 1,419,646	
HODAG Revolving Loan Fund	472,971	
UDAG Revolving Loan fund	344,360	
2014 CDBG 5703	100	
TEA Grant Fund	7,901	
Airport Capital Projects Fund	171,356	
Total Housing and Development	$ 2,416,334	

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS

McDuffie County/City of Thomson Water and Sewer Commission

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

(Continued)

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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

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

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

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

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

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

Financial information regarding the Commission's financial statements as of and for the year ended December 31, 2014 is summarized as follows:

Operating revenues	$	4,281,122
Depreciation and amortization expense	$	1,330,699
Operating loss	$	(548,477)
Change in net position	$	(355,066)
Capital asset additions	$	617,211
Capital asset deletions	$	-
Net working capital	$	2,130,996
Total assets	$	40,723,679
Deferred outflows of resources	$	33,575
Revenue bonds and other long-term liabilities	$	10,728,262
Total net position	$	29,239,268

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

McDuffie County/City of Thomson Water Sewer Commission
C/O City of Thomson
P. O. Box 1017
Thomson, Georgia 30824

(Continued)

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

CSRA Regional Commission

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 Commission (RC) and is required to pay annual dues thereto. During the year ended December 31, 2014, the City paid $ 6,778 in such dues. Membership in a RC is required by OCGA Section 50-8-34 that provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements may be obtained from:

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

Housing Authority

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

Thomson-McDuffie Land Bank Authority

The City of Thomson and McDuffie County, Georgia entered into an intergovernmental agreement to form the Thomson-McDuffie Land Bank Authority in accordance with OCGA Section 48-4-60. The Land Bank Authority is a legally separate entity having a board originally appointed by the City and County. The City is not able to impose its will upon the Land Bank Authority and a financial benefit/burden relationship does not exist between them. Accordingly, based upon the criteria in GASB Statement 14 the Land Bank Authority is a related organization and not a component unit of the City.

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

From time to time the City is involved in litigation arising in the normal course of business. Currently, several related claims against the City are in early stages of litigation. A loss, if any, arising from these claims cannot be reasonably estimated.

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.

For those risks covered by insurance, claims did not exceed coverage during the past three years.

NOTE 14 - RETIREMENT PLAN

The City participates in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer retirement system that acts as a common investment and administrative agent for cities in the State of Georgia.

Actuarial valuations are done as of July 1 of each year and are based on a twelve month period. Payment of the recommended contribution to the Plan, as determined in the July 1 valuation, will begin January 1 of the following year.

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 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.

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 20 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 July 1, 2014, the most recent valuation date, there were eighty-seven active participants, fifty-six retirees and beneficiaries receiving benefits, and forty-one terminated participants with deferred vested benefits. There were no employer or related party securities or loans included in plan assets.

Summary of Significant Accounting Policies and Plan Asset Matters

The Pension Plan's financial statements are prepared on the accrual basis of accounting. Contributions are recognized as revenue in the period in which employees provide services. 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.

Annual Pension Cost

For 2014, the annual pension cost of $ 352,660 for the Plan was equal to the recommended annual contribution. The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 7.75% investment rate of return, (b) projected salary increases of 3.5%, attributable to merit and seniority, (c) expected annual inflation rate of 3.5%, (d) no cost of living adjustments, and (e) 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 is 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.

The following schedule of employer contributions and schedule of funding progress for the Plan include employees of the City and the McDuffie County/City of Thomson, Georgia Water and Sewer Commission.

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

Schedule of Employer Contributions

Fiscal Year	Annual Pension Cost (APC)	% APC Funded	Net Pension Obligation
2012	$ 325,620	100%	None
2013	$ 339,395	100%	None
2014	$ 352,660	100%	None

Schedule of Funding Progress for the Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial 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)
07/01/12	$ 5,969,848	$ 6,784,233	$ 814,385	88.00%	$ 3,059,653	26.62%
07/01/13	$ 6,295,351	$ 7,165,820	$ 870,469	87.85%	$ 3,146,402	27.67%
07/01/14	$ 6,630,940	$ 7,501,329	$ 870,389	88.40%	$ 3,011,032	28.91%

The Schedule of Funding Progress - Retirement Plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description, Contribution Information and Funding Policies

In addition to providing pension benefits, the City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The Retiree Health Plan provides certain health and dental care benefits for certain retired employees as per a personnel policy adopted December 7, 1992 and affirmed by resolution of mayor and council on November 8, 2012. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Benefit provisions are established and amended solely at the discretion of the elected City Council. The Retiree Health Plan does not issue a publicly available report.

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. There were four retired employees that received benefits during 2014.

(Continued)

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City's annual OPEB cost and the net OPEB obligation for December 31, 2014 was as follows (information prior to 2009 is not available since the actuarial valuation was first performed as of December 31, 2008):

	Governmental Activities	Business-type Activities		
	General Fund	Gas Fund	Solid Waste Fund	Total
Employer normal costs	$ 55,542	$ 21,056	$ 14,173	$ 90,771
Amortization of UAAL	17,638	9,615	4,144	31,397
Annual required contribution (ARC)	73,180	30,671	18,317	122,168
Interest on net obligation	812	390	230	1,432
Annual OPEB costs	73,992	31,061	18,547	123,600
Contributions made	-	(5,781)	-	(5,781)
	73,992	25,280	18,547	117,819
Net OPEB obligation-beginning of year	246,100	118,078	69,748	433,926
Net OPEB obligation-end of year	$ 320,092	$ 143,358	$ 88,295	$ 551,745

* 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 are as follows:

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2012	$ 122,822	6.28%	$ 313,615
2013	$ 123,203	2.35%	$ 433,926
2014	$ 123,600	4.68%	$ 551,745

(Continued)

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2014, was as follows:

	Governmental Activities	Business-type Activities		
	General Fund	Gas Fund	Solid Waste Fund	Total
Actuarial accrued liability	$ 499,680	$ 272,386	$ 117,400	$ 889,466
Actuarial value of plan assets	-	-	-	-
Unfunded actuarial accrued liability	$ 499,680	$ 272,386	$ 117,400	$ 889,466
Funded ratio	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 1,389,834	$ 418,531	$ 318,050	$ 2,126,415
Unfunded actuarial accrued liability as a percentage of covered payroll	35.95%	65.08%	36.91%	41.83%

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. The Schedule of Funding Progress - Other Post Employment Benefits Plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the 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 closed period. The actuarial assumptions included 0.33% rate of investment return. The valuation assumes a 7.5% health care trend inflation rate for 2014 and decreases 1.0% each year until 2015, then 0.5% decrease in 2016 and 2017, and thereafter a 5.0% rate was assumed.

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS

Commitments

On January 23, 2014 the City was awarded an Airport Improvement Grant totaling $ 81,938 to update the Airport Layout Plan. Local funds committed to this project total $ 4,312 for a total estimated project cost of $ 86,250. The City's allocated portion of federal and local fund total $ 40,969 and $ 2,156, respectively.

On September 5, 2014 the City was awarded a Community Development Block Grant (CDBG) for multi-activities totaling $ 500,000. 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 $ 645,749. This project is currently in the design stage.

(Continued)

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

The City committed to install a high pressure gas main and make other improvements to its existing gas distribution network to facilitate the installation of a compressed natural gas (CNG) distribution point at a local travel center. Funding will be provided by the City and the local business. Construction on this project began in October 2014 and was completed in May 2015.

As of December 31, 2014, amounts spent to date and the estimated remaining commitments on these projects are as follows:

Project Description	Spent To Date	Remaining Commitment
2014 CDBG Multi-Activities Grant	$ 1,500	$ 644,249
Airport Layout Plan Update	41,839	1,286
High pressure gas main-CNG distribution point	58,342	178,136
	$ 101,681	$ 823,671

Subsequent Events

The completed update of the Airport Layout Plan indicates that certain obstructions exist and mandated right-of-way clearances are not met in some areas of the runway. The Federal Aviation Administration and Georgia Department of Transportation require that these issues be resolved. The City is currently developing an Airport Obstruction Removal Project to resolve this matter. The Project will require a complete survey of property boundaries, the removal of trees, and acquisition of additional rights-of-way. It is contemplated that the project will impact land currently owned by the City, as well as, some private land owners. Total costs of the Project cannot be reasonably estimated since the Project is in the early stages of implementation.

In preparing these financial statements, the City's management has evaluated events and transactions for potential recognition or disclosure through June 18, 2015, the date the financial statements were available for issuance.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA
SCHEDULE OF FUNDING PROGRESS
RETIREMENT PLAN

Funded Status and Funding Progress

The funded status of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial 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)
01/01/05	$ 3,794,735	$ 4,305,729	$ 510,994	88.13%	$ 2,610,741	19.57%
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%
07/01/10	$ 5,384,062	$ 6,137,390	$ 753,328	87.73%	$ 3,128,809	24.08%
07/01/11	$ 5,660,066	$ 6,439,099	$ 779,033	87.90%	$ 2,992,897	26.03%
07/01/12	$ 5,969,848	$ 6,784,233	$ 814,385	88.00%	$ 3,059,653	26.62%
07/01/13	$ 6,295,351	$ 7,165,820	$ 870,469	87.85%	$ 3,146,402	27.67%
07/01/14	$ 6,630,940	$ 7,501,329	$ 870,389	88.40%	$ 3,011,032	28.91%

See the notes to the financial statements for the actuarial methods and significant assumptions used to determine the funded status of the plan.

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

Funded Status and Funding Progress

The funded status of the plan is as follows:

Valuation Date	Fiscal Year Ended	Actuarial Accrued Liability (AAL) (a)	Accrued Value of Plan Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
2009	2009	$ 369,253	$ -	$ 369,253	0.00%	$ 1,996,184	18.50%
2009	2010	607,788	-	607,788	0.00%	2,221,704	27.36%
2009	2011	607,788	-	607,788	0.00%	2,126,529	28.58%
2012	2012	889,466	-	889,466	0.00%	2,201,447	40.40%
2013	2013	889,466	-	889,466	0.00%	2,200,193	40.43%
2013	2014	889,466	-	889,466	0.00%	2,126,415	41.83%

See the notes to the financial statements for the actuarial methods and significant assumptions used to determine the funded status of the plan.

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INDIVIDUAL AND COMBINING FUND STATEMENTS

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GENERAL FUND

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

CITY OF THOMSON, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes				
Property tax	$ 796,682	$ 818,000	$ 806,064	$ (11,936)
Intangible tax	8,500	5,400	5,364	(36)
Railroad equipment tax	300	300	288	(12)
Real estate transfer tax	1,000	1,600	1,566	(34)
Franchise tax	447,000	423,825	421,660	(2,165)
Local option sales tax	1,052,842	1,052,842	1,052,842	-
Alcoholic beverage tax	103,000	103,000	102,792	(208)
Energy excise tax	20,000	47,800	47,745	(55)
Occupation tax	56,000	52,100	52,057	(43)
Insurance premium tax	335,000	365,300	365,300	-
Financial institution tax	35,000	35,000	33,644	(1,356)
Penalties and interest	3,000	11,650	11,607	(43)
Payment in lieu of taxes	14,000	14,000	14,142	142
Total taxes	2,872,324	2,930,817	2,915,071	(15,746)
Licenses and Permits				
Alcoholic beverage licenses	10,000	13,000	13,100	100
Building permits	7,000	8,500	8,456	(44)
Total licenses and permits	17,000	21,500	21,556	56
Intergovernmental				
State government	-	127,200	127,187	(13)
Local government	50,000	41,000	40,962	(38)
Water sewer joint venture	119,036	119,036	116,531	(2,505)
Total intergovernmental	169,036	287,236	284,680	(2,556)
Charges for Services				
Fire protection fees	4,500	4,500	3,000	(1,500)
Total charges for services	4,500	4,500	3,000	(1,500)
Fines and Forfeitures				
Police court fines	245,800	273,800	273,019	(781)
Total fines and forfeitures	245,800	273,800	273,019	(781)
Use of Money and Property				
Interest income	2,800	2,800	2,707	(93)
Rents	66,897	52,397	52,237	(160)
Reimbursements for damaged property	4,000	1,000	900	(100)
Cemetary lot sales	20,000	19,000	18,700	(300)
Total use of money and property	93,697	75,197	74,544	(653)
Other				
Miscellaneous	20,100	20,750	30,195	9,445
Total other	20,100	20,750	30,195	9,445
Total revenues	3,422,457	3,613,800	3,602,065	(11,735)

(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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
EXPENDITURES				
General government				
Mayor and Council	55,666	55,066	53,046	(2,020)
Voter registration	5,000	5,000	5,000	-
General administration	535,277	538,953	517,250	(21,703)
Tax commissioner	12,000	12,000	12,000	-
Tax assessor	2,400	2,400	2,400	-
Total general government	610,343	613,419	589,696	(23,723)
Public safety				
Police	1,103,698	1,193,350	1,187,848	(5,502)
Fire	868,144	839,685	837,811	(1,874)
Animal shelter	18,000	18,000	18,000	-
Total public safety	1,989,842	2,051,035	2,043,659	(7,376)
Public works				
Street department	538,228	695,402	693,691	(1,711)
Total public works	538,228	695,402	693,691	(1,711)
Health and welfare				
Health department	420	420	420	-
Total health and welfare	420	420	420	-
Community services				
Senior citizen center	80,433	80,433	80,433	-
Community centers	27,465	48,515	47,949	(566)
Transportation services	24,841	24,841	24,841	-
Total community services	132,739	153,789	153,223	(566)
Culture and recreation				
Recreation	255,687	255,987	255,949	(38)
Library	78,404	78,404	78,404	-
Total culture and recreation	334,091	334,391	334,353	(38)
Housing and development				
Planning and zoning	48,648	48,648	48,648	-
Code enforcement	47,295	50,045	47,964	(2,081)
Economic development	41,897	41,897	41,897	-
CSRA Rural Development	6,800	6,800	6,778	(22)
Total housing and development	144,640	147,390	145,287	(2,103)
Total expenditures	3,750,303	3,995,846	3,960,329	(35,517)

(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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
Deficiency of revenues over expenditures	(327,846)	(382,046)	(358,264)	(23,782)
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year unassigned fund balance	75,000	27,000	-	(27,000)
Transfers in	300,346	410,446	391,553	(18,893)
Transfers out	(47,500)	(55,400)	(56,854)	1,454
Total other financing sources (uses)	327,846	382,046	334,699	(47,347)
CHANGE IN FUND BALANCE	$ -	$ -	$ (23,565)	$ (23,565)

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.

Housing Development Action Grant Loan Fund - This fund was established to account for the activities of the City's HODAG revolving loan fund for urban redevelopment and housing. The HODAG Loan Fund is not being funded with federal or state grant funds.

Urban Development Action Grant Loan Fund - This fund was established to account for the activities of the City's UDAG revolving loan fund for urban redevelopment and housing. The UDAG Loan Fund is not being funded with federal or state grant funds.

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.

2008 CHIP Grant Fund - This fund was 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.

2011 and 2014 CDBG Multi-Activity Project Funds - These funds were established to account for Community Development Block Grant funds (awarded in the City's name) that are used for redevelopment of local neighborhoods.

TEA Grant Fund - This fund was established to account for proceeds from the Georgia Department of Transportation Enhancement Grant Program to fund streetscape and pedestrian safety improvements and stabilization of the historic depot in the downtown area of the City.

LMIG Program Fund - This fund was established to account for proceeds from the Georgia Department of Transportation Local Maintenance and Improvement Grant Program to fund street maintenance and improvements.

TIA SPLOST Fund - This fund was established to account for proceeds from the Transportation Investment Act special purpose local option sales tax to provide funding for road and street maintenance, paving, and other related costs.

SPLOST 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, 2014

	Special Revenue				
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation Forfeiture	2008 CHIP Grant 6012	2011 CDBG 5380
ASSETS					
Cash and cash equivalents	$ 198,408	$ 331,053	$ 1,711	$ -	$ -
Investments	242,439	-	-	-	-
Receivables (net of allowance for uncollectibles)					
Notes-current	8,289	-	-	-	-
Notes-long-term	20,329	-	-	-	-
Interest	49	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Interfund receivables	5,191	13,307	-	-	-
Total assets	$ 474,705	$ 344,360	$ 1,711	$ -	$ -
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Interfund payables	1,968	-	-	-	-
Total liabilities	1,968	-	-	-	-
FUND BALANCES					
Nonspendable	20,329	-	-	-	-
Restricted for:					
Public safety	-	-	1,711	-	-
Public works	-	-	-	-	-
Housing and development	452,408	344,360	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	472,737	344,360	1,711	-	-
Total liabilities and fund balances	$ 474,705	$ 344,360	$ 1,711	$ -	$ -

(Continued)

Capital Projects						
2014 CDBG 5703	TEA Grant Capital Project Fund	LMIG Program Fund	TIA SPLOST	SPLOST	Total Nonmajor Governmental Funds
$ 100	$ 74	$ 87	$ 73,377	$ -	$ 604,810
-	-	-	-	-	242,439
-	-	-	-	-	8,289
-	-	-	-	-	20,329
-	-	-	-	-	49
-	-	-	12,393	-	12,393
-	7,827	-	-	-	26,325
$ 100	$ 7,901	$ 87	$ 85,770	$ -	$ 914,634
$ -	$ 7,827	$ -	$ -	$ -	$ 7,827
-	-	-	-	-	1,968
-	7,827	-	-	-	9,795
-	-	-	-	-	20,329
-	-	-	-	-	1,711
-	-	87	85,770	-	85,857
100	74	-	-	-	796,942
-	-	-	-	-	-
100	74	87	85,770	-	904,839
$ 100	$ 7,901	$ 87	$ 85,770	$ -	$ 914,634

CITY OF THOMSON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue				
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation Forfeiture	2008 CHIP Grant 6012	2011 CDBG 5380
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	34,769
Fines and forfeitures	-	-	5,670	-	-
Interest income	823	-	-	-	-
Other revenues	-	-	-	-	1,514
Total revenues	823	-	5,670	-	36,283
EXPENDITURES					
Current					
Public safety	-	-	6,001	-	-
Public works	-	-	-	-	-
Housing and development	42,052	256,051	-	-	-
Capital outlay					
Public works	-	-	-	-	-
Housing and development	-	-	-	-	6,154
Total expenditures	42,052	256,051	6,001	-	6,154
Excess (deficiency) of revenues over expenditures	(41,229)	(256,051)	(331)	-	30,129
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	60
Transfers out	-	-	-	(74)	(1,299)
Total other financing sources	-	-	-	(74)	(1,239)
Net change in fund balances	(41,229)	(256,051)	(331)	(74)	28,890
Fund balances, beginning of year	513,966	600,411	2,042	74	(28,890)
Fund balances, end of year	$ 472,737	$ 344,360	$ 1,711	$ -	$ -

(Continued)

Capital Projects					
2014 CDBG 5703	TEA Grant Capital Project Fund	LMIG Program Fund	TIA SPLOST	SPLOST	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 135,135	$ -	$ 135,135
-	311,433	145,098	-	149,848	641,148
-	-	-	-	-	5,670
-	-	-	-	-	823
-	1,955	-	-	-	3,469
-	313,388	145,098	135,135	149,848	786,245
-	-	-	-	-	6,001
-	-	-	3,641	-	3,641
-	-	-	-	-	298,103
-	-	145,022	169,744	-	314,766
1,500	434,505	-	-	149,848	592,007
1,500	434,505	145,022	173,385	149,848	1,214,518
(1,500)	(121,117)	76	(38,250)	-	(428,273)
1,600	121,117	-	-	-	122,777
-	-	-	-	-	(1,373)
1,600	121,117	-	-	-	121,404
100	-	76	(38,250)	-	(306,869)
-	74	11	124,020	-	1,211,708
$ 100	$ 74	$ 87	$ 85,770	$ -	$ 904,839

CITY OF THOMSON, GEORGIA

SCHEDULE 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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 881	$ 881
Available for loans	61,272	61,272	17,046	(44,226)
Total revenues	61,272	61,272	17,927	(43,345)
EXPENDITURES				
Loans made	61,272	61,272	-	(61,272)
Housing and development	-	-	42,052	42,052
Total expenditures	61,272	61,272	42,052	(19,220)
CHANGE IN FUND BALANCE	$ -	$ -	(24,125)	$ (24,125)
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(17,104)	
Total reconciliation to GAAP basis			(17,104)	
FUND BALANCE, BEGINNING OF YEAR			513,966	
FUND BALANCE, END OF YEAR			$ 472,737	

CITY OF THOMSON, GEORGIA

SCHEDULE 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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ -	$ -
Available for loans	335,540	335,540	335,540	-
Total revenues	335,540	335,540	335,540	-
EXPENDITURES				
Loans made	335,540	335,540	9,487	(326,053)
Housing and development	-	-	255,832	
Total expenditures	335,540	335,540	265,319	(326,053)
CHANGE IN FUND BALANCE	$ -	$ -	70,221	$ 326,053
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(326,272)	
Total reconciliation to GAAP basis			(326,272)	
FUND BALANCE, BEGINNING OF YEAR			600,411	
FUND BALANCE, END OF YEAR			$ 344,360	

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, 2014

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Fines and forfeitures	$ 15,000	$ 15,000	$ 5,670	$ (9,330)
Total revenues	15,000	15,000	5,670	(9,330)
EXPENDITURES				
Public safety	15,000	15,000	6,001	(8,999)
Total expenditures	15,000	15,000	6,001	(8,999)
CHANGE IN FUND BALANCE	$ -	$ -	(331)	$ (331)
FUND BALANCE, BEGINNING OF YEAR			2,042	
FUND BALANCE, END OF YEAR			$ 1,711	

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

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

DECEMBER 31, 2014

	Balance 12/31/13	Additions	Deletions	Balance 12/31/14
Police Surcharge Fund				
Assets				
Cash	$ 21	$ 149,577	$ 149,577	$ 21
Total assets	$ 21	$ 149,577	$ 149,577	$ 21
Liabilities				
Intergovernmental payables	$ 21	$ 149,577	$ 149,577	$ 21
Total liabilities	$ 21	$ 149,577	$ 149,577	$ 21

SUPPLEMENTARY SCHEDULES

CITY OF THOMSON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANTS

PROJECT COST SCHEDULE (CASH BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2014

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 11b-x-094-2-5380						
Property Acquisition	P-001-01	$ 3,558	$ 3,558	$ -	$ 3,558	none
Sewer Facility	P-03J-02	292,964	292,964	-	292,964	none
Flood/Drainage	P-03K-02	239,883	243,380	14,558	257,938	none
Pedestrian Walkway	P-03L-00	11,700	11,700	-	11,700	none
Rehab Private Property	H-14A-01	139,051	138,105	3,111	141,216	none
Recons Private Property	H-14A-02	79,244	79,244	-	79,244	none
Administration	A-21A-00	33,600	31,049	3,500	34,549	none
Preliminary Engineering		-	-	51,702	51,702	none
		$ 800,000	$ 800,000	$ 72,871	$ 872,871	none
Source of Other Funds: Local Match						
Grant Number 14p-x-094-2-5703						
Contingency	C-022-00	$ 14,159	$ -	$ -	$ -	none
Sewer Facility	P-03J-02	177,068	-	-	-	none
Street Improvements	P-03K-01	65,268	-	-	-	none
Flood/Drainage	P-03K-02	213,505	-	-	-	none
Administration	A-21A-00	30,000	-	1,500	1,500	none
		$ 500,000	$ -	$ 1,500	$ 1,500	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, 2014

Grant Number 11b-x-094-2-5380		
Total Program Year 2011 Funds Allocated to Recipient	$	800,000
Less: Total Program Year 2011 Funds Drawn by Recipient		800,000
Funds Still Available from Program Year 2011 Resources	$	-
Total Program Year 2011 Funds Drawn and Received by Recipient	$	800,000
Less: Funds Applied and Expended to Program Year 2011 Costs		800,000
Total Program Year 2011 Funds Held by Recipient	$	-
Grant Number 14p-x-094-2-5703		
Total Program Year 2014 Funds Allocated to Recipient	$	500,000
Less: Total Program Year 2014 Funds Drawn by Recipient		-
Funds Still Available from Program Year 2014 Resources	$	500,000
Total Program Year 2014 Funds Drawn and Received by Recipient	$	-
Less: Funds Applied and Expended to Program Year 2014 Costs		-
Total Program Year 2014 Funds Held by Recipient	$	-

CITY OF THOMSON, GEORGIA

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

FOR THE YEAR ENDED DECEMBER 31, 2014

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
SPLOST V 2009 - 2013						
Public Safety	$ 400,000	$ 350,000	$ 283,997	$ -	$ 283,997	81%
Roads/Transportation	700,000	637,291	487,443	149,848	637,291	100%
Airport	-	62,814	62,814	-	62,814	100%
Recreation	1,123,000	185,722	185,722	-	185,722	100%
Totals	$ 2,223,000	$ 1,235,827	$ 1,019,976	$ 149,848	$ 1,169,824	
SPLOST VI 2014 - 2019						
Building Improvements	$ 246,000	$ 246,000	$ -	$ -	$ -	0%
Public Safety	750,000	750,000	-	-	-	0%
Roads/Transportation	930,040	930,040	-	-	-	0%
Totals	$ 1,926,040	$ 1,926,040	$ -	$ -	$ -	

COMPLIANCE AND SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomson, Georgia (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Elliott Davis Decosimo, LLC

Augusta, Georgia
June 18, 2015

CITY OF THOMSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
State of Georgia Department of Community Affairs			
Community Development Block Grants/State's Program	14.228	11b-x-094-2-5380	$ 34,824
Total U.S. Department of Housing and Urban Development			34,824
U.S. Department of Transportation Federal Highway Administration			
Pass-through programs from:			
State of Georgia Department of Transportation			
Highway Planning and Construction	20.205	PI0008176	305,033
Highway Planning and Construction	20.205	PI0010822	3,539
Total Highway Planning and Construction			308,572
Total U.S. Department of Transportation Federal Highway Administration			308,572
U.S. Department of Transportation Federal Aviation Administration			
Pass-through programs from:			
State of Georgia Department of Transportation	20.106	APO14-9024-17 (195)	158,168
Total U.S. Department of Transportation Federal Aviation Administration			158,168
U.S Environmental Protection Agency			
Pass-through programs from:			
State of Georgia Department of Natural Resources	66.460	751-140087	16,953
Total U.S. Environmental Protection Agency			16,953
U.S. Department of Homeland Security Federal Emergency Management Agency			
Pass-through programs from:			
State of Georgia Emergency Management Agency	97.036	DR-4165-DR-GA	63,607
Total U.S. Department of Homeland Security Federal Emergency Management Agency			63,607
Total expenditures of federal awards			$ 582,124

See accompanying notes to schedule of expenditures of federal awards.

CITY OF THOMSON, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major program:

CFDA Number	Name of Federal Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs	$300,000
Auditee qualified as low-risk auditee?	Yes

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

CITY OF THOMSON, GEORGIA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

SUMMARY OF PRIOR AUDIT FINDINGS

There were no prior audit findings reported for the year ended December 31, 2013 which require a response in the December 31, 2014 financial statements.

elliott davis decosimo

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE ON EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133*

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

Report on Compliance for Each Major Federal Program

We have audited the City of Thomson, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Elliott Davis Decosimo, LLC

Augusta, Georgia
June 18, 2015

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