CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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 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, 2015, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison schedules 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.

Implementation of New Accounting Standard

As described in Notes 13 and 16 to the financial statements, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios – retirement plan, schedule of contributions – 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 budgetary comparison schedules, combining and individual fund financial statements, community development block grant schedules, and special purpose local option sales tax schedule 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, and special purpose local option sales tax schedule 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 30, 2016 on our consideration of the 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

Columbia, South Carolina
June 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $ 19,008,064 (net position). Of this amount, $ 12,246,601 is invested in capital assets (net of related debt), $ 1,684,641 is restricted for specific purposes, and $ 5,076,822 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position decreased by $ 1,202,648. This decrease was primarily due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No.* 27, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No.* 68, resulting in a decrease to the City's net position of $ 1,202,513. Total revenues of the City's governmental and business-type activities totaled $ 12,120,951, whereas expenses totaled $ 12,121,086.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 4,024,992, a decrease of $ 68,602 in comparison with the prior year. Of this total amount, $ 1,616,915 is unassigned, $ 8,259 is assigned by management for specific purposes, and $ 1,645,761 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 $ 754,057.

- The net position of the City's enterprise funds (business - type activities) totaled $ 6,246,423. Of this amount $ 2,499,816 is invested in capital assets (net of related debt) and $ 3,746,607 (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 of resources and liabilities/deferred inflows of resources 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, community services, and interest on long-term debt. The business-type activities of the City include a gas utility and solid waste disposal operation.

(Continued)

The government-wide financial statements can be found on pages 13 - 14 of this report.

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 eleven 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 and Employment Incentive Program (EIP) Loan Fund. Data for the other nine 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 15 - 20 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 Fund and Solid Waste Fund, both of which are considered to be major funds of the City. 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 21 - 24 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'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 25 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 - 55 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $ 19,008,064 as of December 31, 2015.

A large portion of the City's net position (64 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 $ 5,076,822 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's net position.

NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 4,421,474	$ 4,594,566	$ 5,113,262	$ 5,084,907	$ 9,534,736	$ 9,679,473
Capital assets, net	10,072,393	10,324,238	2,499,816	2,434,879	12,572,209	12,759,117
Total assets	14,493,867	14,918,804	7,613,078	7,519,786	22,106,945	22,438,590
Deferred outflows of resources	117,900	-	61,275	-	179,175	-
Long-term liabilities outstanding	1,482,241	666,185	691,857	231,653	2,174,098	897,838
Other liabilities	257,301	365,735	689,693	928,552	946,994	1,294,287
Total liabilities	1,739,542	1,031,920	1,381,550	1,160,205	3,121,092	2,192,125
Deferred inflows of resources	110,584	35,753	46,380	-	156,964	35,753
Net position						
Net investment in capital assets	9,746,785	9,823,678	2,499,816	2,434,879	12,246,601	12,258,557
Restricted	1,684,641	2,503,902	-	-	1,684,641	2,503,902
Unrestricted	1,330,215	1,523,551	3,746,607	3,924,702	5,076,822	5,448,253
Total net position	$ 12,761,641	$ 13,851,131	$ 6,246,423	$ 6,359,581	$ 19,008,064	$ 20,210,712

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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	$ 431,578	$ 425,724	$ 8,032,676	$ 10,761,236	$ 8,464,254	$ 11,186,960
Operating grants/ contributions	109,320	91,138	-	72,088	109,320	163,226
Capital grants/ contributions	114,386	812,696	273,077	-	387,463	812,696
General revenues						
Property taxes	639,804	653,867	-	-	639,804	653,867
Other taxes	2,398,125	2,404,870	-	-	2,398,125	2,404,870
Other	112,233	88,603	9,752	13,413	121,985	102,016
Total revenues	3,805,446	4,476,898	8,315,505	10,846,737	12,120,951	15,323,635
Expenses						
General government	564,764	552,291	-	-	564,764	552,291
Public safety	2,106,391	2,109,662	-	-	2,106,391	2,109,662
Public works	707,926	744,173	-	-	707,926	744,173
Housing and development	510,845	1,386,817	-	-	510,845	1,386,817
Health and welfare	420	420	-	-	420	420
Culture and recreation	461,479	472,915	-	-	461,479	472,915
Community services	83,262	76,734	-	-	83,262	76,734
Interest on long-term debt	9,033	10,474	-	-	9,033	10,474
Gas utility	-	-	6,471,618	8,983,195	6,471,618	8,983,195
Solid waste	-	-	1,205,348	1,287,757	1,205,348	1,287,757
Total expenses	4,444,120	5,353,486	7,676,966	10,270,952	12,121,086	15,624,438
Increase (decrease) in net position before transfers	(638,674)	(876,588)	638,539	575,785	(135)	(300,803)
Transfers	338,887	511,296	(338,887)	(511,296)	-	-
Increase (decrease) in net position	(299,787)	(365,292)	299,652	64,489	(135)	(300,803)
Net position, beginning of year, as originally reported	13,851,131	14,216,423	6,359,581	6,295,092	20,210,712	20,511,515
Implementation effect of GASB Statement Nos. 68 and 71	(789,703)	-	(412,810)	-	(1,202,513)	-
Net position, beginning of year, as restated	13,061,428	14,216,423	5,946,771	6,295,092	19,008,199	20,511,515
Net position, end of year	$ 12,761,641	$ 13,851,131	$ 6,246,423	$ 6,359,581	$ 19,008,064	$ 20,210,712

Revenues from governmental activities decreased $ 671,452 in 2015. The decrease in revenue is primarily attributable to a decrease in capital grant funds and contributions totaling $ 698,310 and a decrease in property and other taxes totaling $ 20,808. Charges for services, operating grants/contributions, and other revenues increased by $ 5,854, $ 18,182, and $ 23,630, respectively.

(Continued)

Total expenses for governmental activities decreased by $ 909,366 in 2015 which represents a decrease of approximately 17% from 2014. Expenses for general government and community services exceeded 2014 amounts by $ 19,001 whereas expenses for public safety, public works, housing and development, culture and recreation, and interest on long-term debt were $ 928,367 less than 2014 amounts. The significant decrease in housing and development expenses is attributable to the completion of various capital projects in 2014.

Total revenues from business-type activities decreased by $ 2,531,232 and total expenses from business-type activities decreased by $ 2,593,986 in 2015. These changes are primarily attributable to a decrease in gas sales and related purchases of gas as a result of climatic changes.

Financial Analysis of the Government's Funds

The City 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, 2015, governmental funds reported combined ending fund balances of $ 4,024,992, a decrease of $ 68,602 in comparison with 2014. Unassigned fund balance at year-end was $ 1,616,915 whereas the remainder of fund balance $ 2,408,077 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. At the end of the current year, total fund balance of the General Fund was $ 1,641,255, of which $ 1,616,915 is unassigned and $ 24,340 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, 2015, fund balance represented approximately 42 percent of total General Fund expenditures.

Special Revenue Funds

The City 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, 2015, total major special revenue fund balance was $ 1,443,943 and total nonmajor special revenue fund balance was $ 814,726.

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 six capital project funds during the current year. They are the Airport Capital Projects Fund, 2014 CDBG Multi-Activity Projects Fund, Transportation Enhancement Act (TEA) Grant Fund, Local Maintenance & Improvement Grant (LMIG) Fund, TIA SPLOST Fund, and the SPLOST Fund. All capital project funds are reported as nonmajor governmental funds. As of December 31, 2015, total fund balance of the nonmajor capital projects funds was $ 125,068.

Proprietary Funds

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

(Continued)

Unrestricted net position of the Gas Fund at the end of the year totaled $ 3,788,631. The Solid Waste Fund is reporting a deficit of $ 42,024 in unrestricted net position as of year-end. This deficit balance is the result of the change in accounting principles related to the implementation of GASB Statement Nos. 68 and 71.

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, 2015, actual revenues were less than budgetary estimates by $ 66,161 and actual expenditures were $ 105,239 less than appropriated amounts. Actual expenditures for all departments and governmental activities were under budget for 2015. The City funds a portion of its General Fund budget with transfers from the Gas Fund. During the year, budgetary estimates for transfers in exceeded actual transfers by $ 67,997 and actual transfers out were $ 16,980 less than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2015. Expenditures and other financing uses exceeded revenues and other financing sources by $ 11,939.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, totaled $ 12,572,209 (net of accumulated depreciation). This investment in capital assets includes, land, site-improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Major capital asset additions during the year include installation of a high pressure gas main totaling $ 270,353, street resurfacing and drainage totaling $ 166,529, purchase of service trucks and patrol cars totaling $ 147,878, improvements to the fire department training facility totaling $ 35,186, and other additions totaling $ 70,144.

As of December 31, 2015, construction in progress totaled $ 69,167, which includes $ 62,567 for revitalization of local residential neighborhoods and $ 6,600 for gas system improvements.

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

Debt Administration

The City 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, 2015 was $ 288,757. Principal and interest payments on the note payable in 2015 were $ 32,620 and $ 9,033, respectively.

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

(Continued)

Economic Factors

Major revitalization projects to the downtown area 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 trees 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 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 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.

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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 2,865,810	$ 4,096,527	$ 6,962,337
Investments	329,539	-	329,539
Receivables			
Taxes-net	78,344	-	78,344
Notes-net	874,998	-	874,998
Accounts-net	-	913,861	913,861
Interest	5,591	3,075	8,666
Intergovernmental	248,222	6,925	255,147
Other	6,703	14,550	21,253
Inventories	-	31,645	31,645
Prepaids	24,340	34,606	58,946
Internal balances	(12,073)	12,073	-
Capital assets, net of accumulated depreciation			
Land	971,923	128,782	1,100,705
Site improvements	3,623,639	-	3,623,639
Buildings and improvements	2,242,305	165,420	2,407,725
Machinery and equipment	251,860	2,199,014	2,450,874
Infrastructure	2,920,099	-	2,920,099
Construction in progress	62,567	6,600	69,167
Total assets	14,493,867	7,613,078	22,106,945
Deferred Outflows of Resources			
Deferred outflows related to pension	117,900	61,275	179,175
Liabilities			
Accounts payable	90,439	434,384	524,823
Accrued liabilities	77,473	109,630	187,103
Customer deposits	-	137,356	137,356
Intergovernmental payables	35,034	8,323	43,357
Unearned revenues	18,579	-	18,579
Accrued interest payable	2,166	-	2,166
Noncurrent liabilities			
Due within one year	33,610	-	33,610
Due in more than one year	305,653	-	305,653
Net pension liability	780,613	408,047	1,188,660
Net OPEB obligation	395,975	283,810	679,785
Total liabilities	1,739,542	1,381,550	3,121,092
Deferred Inflows of Resources			
Subsequent year revenues	21,860	-	21,860
Deferred inflows related to pension	88,724	46,380	135,104
Total deferred inflows of resources	110,584	46,380	156,964
Net Position			
Net investment in capital assets	9,746,785	2,499,816	12,246,601
Restricted for:			
Public safety	1,061	-	1,061
Public works	116,635	-	116,635
Housing and development	1,566,945	-	1,566,945
Unrestricted	1,330,215	3,746,607	5,076,822
Total net position	$ 12,761,641	$ 6,246,423	$ 19,008,064

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, 2015

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	$ 564,764	$ 24,590	$ -	$ -	$ (540,174)	$ -	$ (540,174)
Public safety	2,106,391	251,020	52,216	-	(1,803,155)	-	(1,803,155)
Public works	707,926	-	-	61,566	(646,360)	-	(646,360)
Housing and development	510,845	126,901	57,104	52,820	(274,020)	-	(274,020)
Health and welfare	420	-	-	-	(420)	-	(420)
Culture and recreation	461,479	-	-	-	(461,479)	-	(461,479)
Community services	83,262	29,067	-	-	(54,195)	-	(54,195)
Interest on long-term debt	9,033	-	-	-	(9,033)	-	(9,033)
Total governmental activities	4,444,120	431,578	109,320	114,386	(3,788,836)	-	(3,788,836)
Business-type activities:							
Gas Utility	6,471,618	6,900,290	-	273,077	-	701,749	701,749
Solid Waste	1,205,348	1,132,386	-	-	-	(72,962)	(72,962)
Total business-type activities	7,676,966	8,032,676	-	273,077	-	628,787	628,787
Total primary government	$ 12,121,086	$ 8,464,254	$ 109,320	$ 387,463	(3,788,836)	628,787	(3,160,049)
General revenues							
Property taxes					639,804	-	639,804
Motor vehicle taxes					22,392	-	22,392
Motor vehicle title advalorem taxes					105,448	-	105,448
Mobile home taxes					4,730	-	4,730
Payment in lieu of taxes					14,142	-	14,142
Sales taxes					1,137,508	-	1,137,508
Franchise taxes					433,738	-	433,738
Insurance premium taxes					390,263	-	390,263
Financial institution taxes					37,552	-	37,552
Alcoholic beverage taxes					119,030	-	119,030
Occupation taxes					53,702	-	53,702
Intangible taxes					7,253	-	7,253
Transfer taxes					2,567	-	2,567
Railroad equipment taxes					312	-	312
Excise tax on energy					69,488	-	69,488
Interest income					51,484	8,380	59,864
Insurance claims					35,444	1,372	36,816
Other revenues					25,305	-	25,305
Transfers					338,887	(338,887)	-
Total general revenues and transfers					3,489,049	(329,135)	3,159,914
Change in net position					(299,787)	299,652	(135)
Net position, beginning of year, as originally reported					13,851,131	6,359,581	20,210,712
Implementation effect of GASB Statement Nos. 68 and 71					(789,703)	(412,810)	(1,202,513)
Net position, beginning of year, as restated					13,061,428	5,946,771	19,008,199
Net position, end of year					$ 12,761,641	$ 6,246,423	$ 19,008,064

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

CITY OF THOMSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Employment Incentive Program Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,606,739	$ 600,936	$ 656,639	$ 2,864,314
Investments	87,100	-	242,439	329,539
Receivables (net of allowance for uncollectibles)				
Taxes	78,344	-	-	78,344
Notes-current	-	125,275	20,006	145,281
Notes-long-term	-	715,903	13,814	729,717
Interest	-	1,829	40	1,869
Other	3,491	-	3,212	6,703
Intergovernmental receivables	117,366	-	50,660	168,026
Interfund receivables	6,379	-	18,787	25,166
Prepaids	24,340	-	-	24,340
Total assets	$ 1,923,759	$ 1,443,943	$ 1,005,597	$ 4,373,299
LIABILITIES				
Accounts payable	$ 33,792	$ -	$ 52,923	$ 86,715
Accrued liabilities	71,294	-	-	71,294
Intergovernmental payables	34,600	-	434	35,034
Interfund payables	22,312	-	12,446	34,758
Unearned revenues	18,579	-	-	18,579
Total liabilities	180,577	-	65,803	246,380
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	80,067	-	-	80,067
Subsequent year revenues	21,860	-	-	21,860
Total deferred inflows of resources	101,927	-	-	101,927
FUND BALANCES				
Nonspendable	24,340	715,903	13,814	754,057
Restricted for:				
Public safety	-	-	1,061	1,061
Public works	-	-	116,635	116,635
Housing and development	-	728,040	800,025	1,528,065
Assigned to:				
Housing and development	-	-	8,259	8,259
Unassigned	1,616,915	-	-	1,616,915
Total fund balances	1,641,255	1,443,943	939,794	4,024,992
Total liabilities, deferred inflows of resources, and fund balances	$ 1,923,759	$ 1,443,943	$ 1,005,597	$ 4,373,299

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, 2015

Total fund balances - governmental funds	$ 4,024,992
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	5,944,185
Building and improvements	3,090,285
Machinery and equipment	3,407,612
Infrastructure	3,960,346
Construction in progress	62,567
Accumulated depreciation	(7,420,517)
Total capital assets - governmental activities	10,016,401
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.	(22,301)
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	80,196
Interest receivable	3,722
Property taxes	80,067
Total unavailable revenues	163,985
Deferred outflows of resources are not current assets or financial resources and, therefore, are not reported in the funds. Deferred outflows or resources consist of:	
Deferred outflows related to pension	106,275
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	(2,166)
Accrued compensated absences	(50,506)
Long-term debt	(288,757)
Net pension liability	(709,648)
Net OPEB obligation	(395,975)
Total liabilities	(1,447,052)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. Deferred inflows or resources consist of:	
Deferred inflows related to pension	(80,659)
Net position of governmental activities	$ 12,761,641

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, 2015

	General Fund	Employment Incentive Program Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 2,882,680	$ -	$ 136,941	$ 3,019,621
Licenses and permits	55,955	-	-	55,955
Intergovernmental	171,604	-	177,737	349,341
Charges for services	5,140	-	-	5,140
Fines and forfeitures	230,018	-	4,502	234,520
Interest income	3,414	24,297	22,322	50,033
Rents	70,964	-	41,549	112,513
Cemetary lot sales	23,450	-	-	23,450
Insurance claims	35,444	-	-	35,444
Other	17,642	-	7,046	24,688
Total revenues	3,496,311	24,297	390,097	3,910,705
EXPENDITURES				
Current				
General government	588,736	-	-	588,736
Public safety	2,003,138	-	5,152	2,008,290
Public works	536,870	-	-	536,870
Health and welfare	420	-	-	420
Community services	38,758	-	-	38,758
Culture and recreation	441,316	-	-	441,316
Housing and development	111,459	-	193,610	305,069
Debt service				
Principal	32,620	-	-	32,620
Interest	9,277	-	-	9,277
Capital outlay				
Public safety	108,957	-	-	108,957
Public works	7,790	-	166,529	174,319
Housing and development	-	-	73,562	73,562
Total expenditures	3,879,341	-	438,853	4,318,194
Excess (deficiency) of revenues over expenditures	(383,030)	24,297	(48,756)	(407,489)
OTHER FINANCING SOURCES (USES)				
Transfers in	338,887	-	69,155	408,042
Transfers out	(69,155)	-	-	(69,155)
Total other financing sources (uses)	269,732	-	69,155	338,887
NET CHANGE IN FUND BALANCES	(113,298)	24,297	20,399	(68,602)
FUND BALANCES, BEGINNING OF YEAR	1,754,553	1,419,646	919,395	4,093,594
FUND BALANCES, END OF YEAR	$ 1,641,255	$ 1,443,943	$ 939,794	$ 4,024,992

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, 2015

Net change in fund balances - total governmental funds	$	(68,602)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays 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 outlays		359,336
Loss on disposition of capital assets		(4,954)
Depreciation expense		(552,672)
Noncapital portion of construction in progress completed during the year		(41,839)
Excess of depreciation expense and other adjustments over capital outlay		(240,129)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Changes in these amounts are as follows:		
Interest receivable increased by this amount in 2015.		1,451
Intergovernmental receivables decreased by this amount in 2015.		(15,379)
Unearned revenues increased by this amount in 2015 .		33,687
Net change in revenues not providing current financial resources		19,759
The issuance of long-term debt (e.g., notes payable) 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		32,620
Net decrease in long-term debt		32,620
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued compensated absences decreased by this amount in 2015.		6,830
Accrued interest payable decreased by this amount in 2015.		244
Net pension liability, deferred inflows and outflows related to pension decreased by this amount in 2015.		34,878
Net OPEB obligation increased by this amount in 2015.		(75,883)
Net change in expenses not requiring the use of current financial resources		(33,931)
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 loss included within governmental activities		(9,504)
Change in net position of governmental activities	$	(299,787)

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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes	$ 2,916,650	$ 3,001,264	$ 2,946,333	$ (54,931)
Licenses and permits	21,500	57,000	55,955	(1,045)
Intergovernmental	154,510	172,010	171,604	(406)
Charges for services	5,600	5,600	5,140	(460)
Fines and forfeitures	265,800	230,800	230,018	(782)
Use of money and property	84,297	133,297	132,218	(1,079)
Other	21,100	25,100	17,642	(7,458)
Total revenues	3,469,457	3,625,071	3,558,910	(66,161)
EXPENDITURES				
Current				
General government	631,577	628,480	586,673	(41,807)
Public safety	2,113,020	2,135,166	2,106,458	(28,708)
Public works	562,020	544,950	539,451	(5,499)
Health and welfare	420	420	420	-
Community services	130,698	148,833	144,660	(4,173)
Culture and recreation	338,087	338,087	323,983	(14,104)
Housing and development	145,519	144,819	133,871	(10,948)
Total expenditures	3,921,341	3,940,755	3,835,516	(105,239)
Excess (deficiency) of revenues over expenditures	(451,884)	(315,684)	(276,606)	(39,078)
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year unassigned fund balance	125,000	-	-	-
Transfers in	406,884	406,884	338,887	(67,997)
Transfers out	(80,000)	(91,200)	(74,220)	(16,980)
Total other financing sources (uses)	451,884	315,684	264,667	(51,017)
CHANGE IN FUND BALANCE	$ -	$ -	(11,939)	$ (11,939)
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(22,821)	
Payables and other liabilities			(78,538)	
Total reconciliation to GAAP basis			(101,359)	
FUND BALANCE, BEGINNING OF YEAR			1,754,553	
FUND BALANCE, END OF YEAR			$ 1,641,255	

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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 23,805	$ 23,805
Available for loans	550,365	550,365	553,561	3,196
Total revenues	550,365	550,365	577,366	27,001
EXPENDITURES				
Loans made	550,365	550,365	75,000	(475,365)
Total expenditures	550,365	550,365	75,000	(475,365)
CHANGE IN FUND BALANCE	$ -	$ -	502,366	$ 502,366
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(478,069)	
Total reconciliation to GAAP basis			(478,069)	
FUND BALANCE, BEGINNING OF YEAR			1,419,646	
FUND BALANCE, END OF YEAR			$ 1,443,943	

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, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets				
Cash	$ 3,983,364	$ 113,163	$ 4,096,527	$ 1,496
Accounts receivable-net	765,140	148,721	913,861	-
Interest receivable	3,075	-	3,075	-
Intergovernmental receivables	1,578	5,347	6,925	-
Other receivables	14,550	-	14,550	-
Interfund receivables	10,044	5,493	15,537	-
Inventories	31,645	-	31,645	-
Prepaids	18,659	15,947	34,606	-
Total current assets	4,828,055	288,671	5,116,726	1,496
Noncurrent assets				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	370,396	50,968	421,364	39,806
Machinery and equipment	6,521,245	1,370,111	7,891,356	102,640
Construction in progress	6,600	-	6,600	-
Less accumulated depreciation	(4,787,745)	(1,160,541)	(5,948,286)	(86,454)
Total capital assets, net of accumulated depreciation	2,239,278	260,538	2,499,816	55,992
Total noncurrent assets	2,239,278	260,538	2,499,816	55,992
Total assets	7,067,333	549,209	7,616,542	57,488
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	35,100	26,175	61,275	11,625
Total assets and deferred outflows of resources	7,102,433	575,384	7,677,817	69,113
LIABILITIES				
Current liabilities				
Accounts payable	419,290	15,094	434,384	3,724
Accrued liabilities	78,434	31,196	109,630	6,179
Customer deposits	137,356	-	137,356	-
Intergovernmental payables	2,459	5,864	8,323	-
Interfund payables	3,464	-	3,464	2,481
Total current liabilities	641,003	52,154	693,157	12,384
Noncurrent liabilities				
Net pension liability	230,635	177,412	408,047	70,965
Net OPEB obligation	176,672	107,138	283,810	-
Total noncurrent liabilities	407,307	284,550	691,857	70,965
Total liabilities	1,048,310	336,704	1,385,014	83,349
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	26,214	20,166	46,380	8,065
Total liabilities and deferred inflows of resources	1,074,524	356,870	1,431,394	91,414
NET POSITION				
Net investment in capital assets	2,239,278	260,538	2,499,816	55,992
Unrestricted	3,788,631	(42,024)	3,746,607	(78,293)
Total net position	$ 6,027,909	$ 218,514	$ 6,246,423	$ (22,301)

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, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 6,528,998	$ 1,109,680	$ 7,638,678	$ 203,287
Refunds from suppliers	334,843	-	334,843	-
Penalties	36,043	22,706	58,749	-
Other	406	-	406	617
Total operating revenues	6,900,290	1,132,386	8,032,676	203,904
OPERATING EXPENSES				
Purchases	4,804,881	292,643	5,097,524	-
Personnel services and benefits	746,172	604,420	1,350,592	168,811
Professional and technical services	162,381	14,515	176,896	149
Repairs and maintenance	133,994	55,847	189,841	4,311
Other purchased services	118,030	66,353	184,383	11,319
Supplies	179,092	80,033	259,125	16,702
Intergovernmental	113,448	-	113,448	-
Depreciation	196,581	78,561	275,142	11,716
Bad debts	1,428	3,222	4,650	-
Other	15,611	9,754	25,365	400
Total operating expenses	6,471,618	1,205,348	7,676,966	213,408
Operating income (loss)	428,672	(72,962)	355,710	(9,504)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	8,380	-	8,380	-
Insurance claims	1,372	-	1,372	-
Total non-operating revenues (expenses)	9,752	-	9,752	-
Income (loss) before transfers and capital contributions	438,424	(72,962)	365,462	(9,504)
TRANSFERS (OUT)				
Transfers out	(332,167)	(6,720)	(338,887)	-
CAPITAL CONTRIBUTIONS	273,077	-	273,077	-
CHANGE IN NET POSITION	379,334	(79,682)	299,652	(9,504)
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	5,881,195	478,386	6,359,581	57,996
Implementation effect of GASB Statement Nos. 68 and 71	(232,620)	(180,190)	(412,810)	(70,793)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	5,648,575	298,196	5,946,771	(12,797)
NET POSITION, END OF YEAR	$ 6,027,909	$ 218,514	$ 6,246,423	$ (22,301)

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, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 7,280,894	$ 1,148,805	$ 8,429,699	$ 203,904
Payments to suppliers and others	(5,731,844)	(511,178)	(6,243,022)	(31,185)
Payments to employees	(719,358)	(595,289)	(1,314,647)	(172,069)
Net cash provided by operating activities	829,692	42,338	872,030	650
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from insurance claims	331	-	331	-
Transfers to other funds	(182,237)	(6,720)	(188,957)	-
Net cash used for noncapital financing activities	(181,906)	(6,720)	(188,626)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance claims	1,041	-	1,041	-
Purchases and construction of capital assets	(320,747)	(19,332)	(340,079)	-
Capital contributions	273,077	-	273,077	-
Transfers to other funds	(157,757)	-	(157,757)	-
Net cash used for capital and related financing activities	(204,386)	(19,332)	(223,718)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	9,111	-	9,111	-
Net cash provided by investing activities	9,111	-	9,111	-
Net increase in cash and cash equivalents	452,511	16,286	468,797	650
Cash and cash equivalents, beginning of year	3,530,853	96,877	3,627,730	846
Cash and cash equivalents, end of year	$ 3,983,364	$ 113,163	$ 4,096,527	$ 1,496

(Continued)

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 428,672	$ (72,962)	$ 355,710	$ (9,504)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	196,581	78,561	275,142	11,716
Other pension related charges	(10,871)	(8,787)	(19,658)	(3,388)
Other post employment benefits (OPEB)	33,314	18,843	52,157	-
(Increase) decrease in current assets				
Accounts receivable	377,880	3,095	380,975	-
Intergovernmental receivables	5,439	16,546	21,985	-
Other receivables	13,844	-	13,844	-
Interfund receivables	-	185	185	-
Inventories	33,954	-	33,954	-
Prepaids	(1,935)	(1,639)	(3,574)	-
Increase (decrease) in current liabilities				
Accounts payable	(252,729)	8,037	(244,692)	1,696
Accrued liabilities	(12,191)	(1,110)	(13,301)	109
Customer deposits	15,106	-	15,106	-
Intergovernmental payables	2,459	1,569	4,028	-
Interfund payables	169	-	169	21
Total adjustments	401,020	115,300	516,320	10,154
Net cash provided by operating activities	$ 829,692	$ 42,338	$ 872,030	$ 650

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, 2015

	Police Surcharge Fund
ASSETS	
Cash	$ 18
Total assets	$ 18
LIABILITIES	
Intergovernmental payables	$ 18
Total liabilities	$ 18

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 Authority's 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, 2015.

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.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 EIP 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.

The City reports the following major enterprise funds:

Gas Fund - The Gas 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.

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

Additionally, the City reports the following other fund types:

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

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

Internal Service Fund - An internal service fund is used to account for the City's Vehicle Maintenance Fund. The Vehicle 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015 annual appropriated budgets for the City's general, enterprise, and special revenue funds on November 13, 2014. 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.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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" is a Standard & Poor's AAA rated investment pool which is managed by the Office of the State Treasurer to maintain principal stability. The pool is not registered with the SEC as an investment company and the State does not consider Georgia Fund 1 to be a 2a7-like pool. 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 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.

Prepaids

The City uses the allocation method for accounting for prepaids. When the allocation method is used to account for prepaids, 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. Prepaids 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 the governmental funds as of December 31, 2015.

Inventories of the proprietary funds are recorded at the lower of cost or market on a first-in, first-out basis.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

Capital assets, which include land, site improvements, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress, 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, 2015.

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

Site improvements	10-20 years
Buildings and improvements	25-40 years
Machinery and equipment	5-22 years
Infrastructure	40-50 years

Compensated Absences

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary funds Statement of Net 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 reports employer contributions to its pension plan made subsequent to the Plan's measurement date in this category on the government-wide and proprietary fund Statements of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Sheet. The City also reports unavailable revenue-property taxes in this category on the governmental funds Balance Sheet. In addition, the City reports deferred inflows of resources related to its pension plan in this category on the government-wide and proprietary fund Statements of Net Position.

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 assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in any other category of net position.

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 Finance Director. 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The General Fund is reporting a net decrease in fund balance totaling $ 113,298. This decrease was funded with available fund balance.

Actual revenues and other financing sources (budgetary basis) were $ 134,158 less than budgeted amounts whereas actual expenditures and other financing uses (budgetary basis) were $ 122,219 less than appropriated amounts resulting in net decrease in fund balance (budgetary basis) of $ 11,939. 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.

Solid Waste Fund and Internal Service Fund

The Solid Waste Fund and Internal Service Fund are reporting deficit balances in unrestricted net position totaling $ 42,024 and $ 78,293, respectively. These deficits are attributable to a change in accounting principles made pursuant to the implementation of GASB Statement Nos. 68 and 71.

In addition, the Solid Waste Fund and Internal Service Fund are reporting a decrease in net position totaling $ 79,682 and $ 9,504, respectively. This decrease is primarily attributable to depreciation expense which is a noncash operating expense.

Nonmajor Governmental Funds

The Urban Development Action Grant Loan Fund, Police Condemnation Forfeiture Fund, Airport Capital Project Fund, and LMIG Program Fund are reporting decreases in fund balance for December 31, 2015 totaling $ 4,092, $ 650, $ 6,297, and $ 34, 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.

(Continued)

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

The carrying amount of the City's deposits with financial institutions was $ 6,962,355 and the bank balance was $ 7,200,578 at December 31, 2015. Deposits of the City were fully collateralized as of year-end.

Collateralization of the City's deposits as of December 31, 2015 is as follows:

Amount insured by FDIC	$	43,709
Amount collateralized with securities held by the pledging financial institution's trust department or agent in the City's name		7,156,869
Total bank balance	$	7,200,578

Investments

At December 31, 2015, the City had the following investments:

Investments	Maturities		Fair Value	Credit Rating
Georgia Fund 1	36 day WAM	$	87,100	AAA
Land	N/A		242,439	N/A
		$	329,539	

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 subdivisions of the State of Georgia.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The "Georgia Fund 1" uses the weighted average maturity (WAM) method for reporting interest rate risk. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. In addition, the City does not invest in certificates of deposit with maturities greater than 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, 2015, no single issue investment exceeded 5% of total investments.

(Continued)

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

Land

The City purchased a house and parcel of land in conjunction with its Community Home Improvement Program (CHIP). The property was purchased for $ 85,842 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 acquire land and building located at 111 Main Street with a cost basis of $ 156,597.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 and 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 September 17, 2015 and were due on November 15, 2015. 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.

A summary of the 2015 tax levy follows:

2015 millage rate		5.368
Taxable digest	$	120,808,342
Gross tax levy	$	1,748,190
Less sales tax rollback		(1,072,468)
Net property taxes	$	675,722
Property taxes receivable	$	102,002
Less allowance for uncollectible amounts		(23,658)
Net property taxes receivable	$	78,344
Unavailable revenue-property tax	$	80,067

NOTE 5 - NOTES RECEIVABLE

Notes receivable and the applicable allowances for uncollectible accounts as of December 31, 2015 are as follows:

Employment Incentive Program Loan Fund (EIP)		
Variable interest, monthly payments of $ 835 (principal plus interest), to 2024, collateralized by real estate	$	82,365
4.00%, monthly payments of $ 1,893 (principal and interest), to 2023, collateralized by equipment and accounts receivable		159,423
3.00%, monthly payments of $ 2,414 (principal and interest), to 2021, personally guaranteed by five owners		142,607
3.00%, monthly payments of $ 746, final payment of $ 34,476 (principal and interest), to 2017, collateralized by equipment, accounts receivable, and inventory		46,493
3.00%, monthly payments of $ 991, final payment of $ 46,640 (principal and interest), to 2018, collateralized by real and personal property		74,187
3.00%, monthly payments of $ 1,082 (principal and interest), to 2023, collateralized by real estate		79,241
3.00%, monthly payments of $ 1,448 (principal and interest), to 2023, collateralized by real estate		123,484
3.00%, monthly payments of $ 760, final payment of $ 44,875 (principal and interest), to 2023, collateralized by real estate		97,753
4.50%, monthly payments of $ 1,487 (principal and interest), to 2017, collateralized by real estate, furniture, fixtures, and equipment		35,625
Total		841,178
Housing Development Action Grant Loan Fund (HODAG)		
3.50%, monthly payments of $ 69 (principal and interest), to 2016, collateralized by real estate		608
3.50%, monthly payments of $ 57 (principal and interest), to 2017, collateralized by real estate		2,211
3.50%, monthly payments of $ 46 (principal and interest), to 2017, collateralized by real estate		894
3.50%, monthly payments of $ 86 (principal and interest), to 2017, collateralized by real estate		1,473

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

3.00%, monthly payments of $ 112 (principal and interest), to 2023, collateralized by real estate	8,934
3.00%, monthly payments of $ 106 (principal and interest), to 2018, collateralized by real estate	4,278
3.00%, monthly payments of $ 24 (principal and interest), to 2018, collateralized by real estate	763
3.00%, monthly payments of $ 79 (principal and interest), to 2018, collateralized by real estate	3,472
3.00%, monthly payments of $ 30 (principal and interest), to 2018, collateralized by real estate	1,059
0.00%, one payment on or before December 31, 2016, guaranteed by Housing Authority	10,128
Total	33,820
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	288,632
	358,389
Less allowance for doubtful accounts	(358,389)
Total	-
Grand Total	$ 874,998

Annual collections on notes receivable outstanding (net of allowances for doubtful accounts) as of December 31, 2015 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2016	$ 145,281	$ 25,561	$ 170,842
2017	153,122	19,110	172,232
2018	141,122	14,772	155,894
2019	91,184	11,428	102,612
2020	93,835	8,750	102,585
2021 thru 2024	250,454	12,838	263,292
	$ 874,998	$ 92,459	$ 967,457

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/2014	Additions	Deletions/ Transfers	Balance 12/31/2015
Governmental Activities				
Capital assets not being depreciated				
Land	$ 971,923	$ -	$ -	$ 971,923
Construction in progress	43,339	61,067	(41,839)	62,567
Total capital assets not being depreciated	1,015,262	61,067	(41,839)	1,034,490
Capital assets being depreciated				
Site improvements	5,914,683	29,502	-	5,944,185
Buildings and improvements	3,130,091	-	-	3,130,091
Machinery and equipment	3,460,250	102,238	(52,236)	3,510,252
Infrastructure	3,793,817	166,529	-	3,960,346
Total capital assets being depreciated	16,298,841	298,269	(52,236)	16,544,874
Less accumulated depreciation				
Site improvements	(2,143,428)	(177,118)	-	(2,320,546)
Buildings and improvements	(809,534)	(78,252)	-	(887,786)
Machinery and equipment	(3,159,251)	(146,423)	47,282	(3,258,392)
Infrastructure	(877,652)	(162,595)	-	(1,040,247)
Total accumulated depreciation	(6,989,865)	(564,388)	47,282	(7,506,971)
Net capital assets being depreciated	9,308,976	(266,119)	(4,954)	9,037,903
Governmental activities capital assets-net	$ 10,324,238	$ (205,052)	$ (46,793)	$ 10,072,393

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 $ 41,839 for the year ended December 31, 2015. No amounts were transferred to the McDuffie County/City of Thomson Water and Sewer Commission.

The City disposed of capital assets with a net book value of $ 4,954. Proceeds and insurance claims associated with this disposition totaled $ 19,227, resulting in a net gain of $ 14,273.

Depreciation expense was charged to functions as follows:

General government	$ 14,264
Public safety	128,596
Public works	181,104
Housing and development	164,041
Culture and recreation	20,163
Community services	44,504
Vehicle maintenance fund	11,716
Current year depreciation expense	$ 564,388

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Business-type capital asset activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/2014	Additions	Deletions/ Transfers	Balance 12/31/2015
Business-type Activities				
Capital assets not being depreciated				
Land	$ 128,782	$ -	$ -	$ 128,782
Construction in progress	58,342	218,611	(270,353)	6,600
Total capital assets not being depreciated	187,124	218,611	(270,353)	135,382
Capital assets being depreciated				
Buildings and improvements	421,364	-	-	421,364
Machinery and equipment	7,499,535	391,821	-	7,891,356
Total capital assets being depreciated	7,920,899	391,821	-	8,312,720
Less accumulated depreciation				
Buildings and improvements	(245,471)	(10,473)	-	(255,944)
Machinery and equipment	(5,427,673)	(264,669)	-	(5,692,342)
Total accumulated depreciation	(5,673,144)	(275,142)	-	(5,948,286)
Net capital assets being depreciated	2,247,755	116,679	-	2,364,434
Business-type activities capital assets-net	$ 2,434,879	$ 335,290	$ (270,353)	$ 2,499,816

Depreciation expense on capital assets of the business-type activities was $ 275,142 for the year ended December 31, 2015.

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 exceeds interest earned on related interest-bearing borrowing. There was no construction period interest cost capitalized during the year ended December 31, 2015.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2015:

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Governmental Activities				
Note payable	$ 321,377	$ -	$ (32,620)	$ 288,757
Accrued compensated absences	57,336	8,689	(15,519)	50,506
Total debt-governmental activities	$ 378,713	$ 8,689	$ (48,139)	$ 339,263

There was no short-term borrowing during the year ended December 31, 2015.

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

The following summarizes long-term debt outstanding at December 31, 2015:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Note payable, airport hanger	$ 500,000	3.00%	2023	$ 288,757	$ 33,610
	$ 500,000			288,757	33,610
Accrued compensated absences				50,506	-
Total-governmental activities				$ 339,263	$ 33,610

Note Payable

On January 30, 2007, the City 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, 2015 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
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	37,878	4,019	41,897
2021 thru 2023	110,196	5,019	115,215
	$ 288,757	$ 35,943	$ 324,700

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 $ 63,317 as of December 31, 2015. 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, 2015, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
General Fund	Gas Fund	$ 3,464
General Fund	Maintenance Fund	2,481
General Fund	Airport Capital Projects Fund	434
HODAG Loan Fund	General Fund	5,191
UDAG Loan Fund	General Fund	11,339
UDAG Loan Fund	HODAG Loan Fund	1,968
Airport Capital Projects Fund	General Fund	289
Gas Fund	Airport Capital Projects Fund	10,044
Solid Waste Fund	General Fund	5,493
		$ 40,703

Amounts due to the General Fund totaling $ 5,945 represent unapplied employee insurance withholding, whereas the $ 434 due from the Airport Capital Projects Fund represents a refund of grant matching funds.

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 Airport Capital Projects Fund totaling $ 289 represent the City's portion of operating expenses for December 2015.

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 $ 5,493 represent prior year capital contributions from the Gas Fund that were deposited in the General Fund.

Interfund transfers

	Transfer In		
Transfer Out	General Fund	Nonmajor Governmental Funds	Total Transfers Out
General fund	$ -	$ 69,155	$ 69,155
Gas fund	332,167	-	332,167
Solid waste fund	6,720	-	6,720
	$ 338,887	$ 69,155	$ 408,042

(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 2015 totaled $ 149,930. 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 $ 134,237. 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.

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 $ 60,908.

The General Fund provided grant matching funds totaling $ 8,247 for the 2014 CDBG Capital Projects Fund.

NOTE 9 - NET POSITION

Net position of the government-wide and proprietary fund financial statements represents the difference in assets and deferred outflows of resources less liabilities and deferred inflows of resources. Amounts reported for net investment in capital assets and restricted net position at December 31, 2015 are as follows:

	Governmental Activities	Business-type Activities
Net Investment in Capital Assets		
Primary government	$ 10,016,401	$ 2,499,816
Internal service fund	55,992	-
Less note payable	(288,757)	-
Less construction and retainage payables	(36,851)	-
Total net investment in capital assets	$ 9,746,785	$ 2,499,816
Restricted For		
Public Safety		
Police Condemnation Fund	$ 1,061	
Total Public Safety	$ 1,061	
Public Works		
TIA SPLOST Fund	$ 116,582	
LMIG Program Fund	53	
Total Public Works	$ 116,635	
Housing and Development		
EIP Revolving Loan Fund	$ 729,728	
HODAG Revolving Loan Fund	459,924	
UDAG Revolving Loan fund	340,268	
2014 CDBG 5703	14,398	
TEA Grant Fund	74	
Airport Capital Projects Fund	22,553	
Total Housing and Development	$ 1,566,945	

NOTE 10 - 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 (the "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 exercise direct control over the Commission, which is administered by the board.

GASB Statement No. 14, *The Financial Reporting Entity*, 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 to 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 Purpose 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.

(Continued)

NOTE 10 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Financial information regarding the Commission's financial statements as of and for the year ended December 31, 2015 is summarized as follows:

Operating revenues	$	4,307,240
Depreciation and amortization expense	$	1,345,893
Operating loss	$	531,259
Change in net position	$	244,670
Capital asset additions	$	1,266,236
Capital asset deletions	$	15,292
Net working capital	$	1,969,078
Total assets	$	40,490,110
Deferred outflows of resources	$	98,588
Revenue bonds and other long-term liabilities	$	10,892,315
Deferred inflows of resources	$	66,544
Total net position	$	28,889,339

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

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

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, 2015, 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 No. 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 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 No. 14 the Land Bank Authority is a related organization and not a component unit of the City.

NOTE 11 - 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 12 - 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 13 - RETIREMENT PLAN

Plan Description

The City of Thomson Retirement Plan (the "Plan"), is a defined benefit pension plan affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). Contributions made by the City are pooled with contributions made by other members of GMEBS for investment purposes; the City does not own any securities on its own. There are no employer or related party securities or loans included in plan assets. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, The Burgess Building, 201 Pryor Street, SW, Atlanta, GA 30303, or by calling (404) 688-0472.

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

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

Benefits Provided

As provided by State law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the Plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All full-time employees of the City and the McDuffie County/City of Thomson Water and Sewer Commission, excluding elected officials, working at least twenty hours per week, are eligible to participate immediately. Benefits are fully vested after ten years of service. Normal retirement age is 65 with a minimum of five years of service, and early retirement is age 55 with a minimum of ten years total credited service. Monthly benefits are based on (a) the average annual earnings paid to a participant during any consecutive five year period preceding actual date of retirement in which the earnings were highest and (b) total years of service.

As of July 1, 2015, the last valuation date, there were 195 participants consisting of the following:

Retired participants and beneficiaries currently receiving benefits	56
Terminated vested participants entitled to but not yet receiving benefits	44
Active participants-vested	63
Active participants-not vested	32
Total number of participants	195

Contributions

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). GMEBS has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable State funding standards. Employees do not contribute to the Plan.

NOTE 13 - RETIREMENT PLAN (Continued)

For 2015, the City's contribution to the Plan totaled $ 238,900, or 11.56% of covered-employee payroll. This contribution was equal to the recommended annual contribution determined as part of the July 1, 2014 actuarial valuation.

Net Pension Liability

Effective January 1, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No.* 68, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

The City's net pension liability was measured as of March 31, 2015.

Actuarial Assumptions. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.75%, on going basis, based on long-term expected rate of return on pension plan investments
Projected salary increases	3.25%, plus service based merit increases
Inflation	3.25%
Cost of living adjustments	0.00%

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

Mortality rates for the July 1, 2015 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	50.00%	5.95%
International equity	15.00%	6.45%
Fixed income	25.00%	1.55%
Real estate	10.00%	3.75%
Cash	0.00%	0.00%
Total	100.00%	

* Rates shown are net of the 3.25% assumed rate of inflation

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed the City contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2015 were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balances at March 31, 2014	$ 5,578,534	$ 4,177,567	$ 1,400,967
Changes for the year:			
Service cost	103,502	-	103,502
Interest	420,728	-	420,728
Differences between expected and actual experience	(55,422)	-	(55,422)
Contributions-employer	-	256,230	(256,230)
Contributions-employee	-	-	-
Net investment income	-	403,968	(403,968)
Benefit payments, including refunds of employee contributions	(299,574)	(299,574)	-
Administrative expense	-	(10,258)	10,258
Other	(31,175)	-	(31,175)
Net changes	138,059	350,366	(212,307)
Balances at March 31, 2015	$ 5,716,593	$ 4,527,933	$ 1,188,660

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's Net Pension Liability	$ 1,873,033	$ 1,188,660	$ 609,739

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2015 and the current sharing pattern of costs between employer and employee.

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued GMEBS financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the City recognized pension expense of $ 179,027. The City reported the following deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2015:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 179,175	$ -
Difference between expected and actual experience	-	44,336
Changes of assumptions	-	24,940
Net difference between projected and actual earnings on pension plan investments	-	65,828
Total	$ 179,175	$ 135,104

Contributions made subsequent to the measurement date totaling $ 179,175 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ending December 31,				
	2016	2017	2018	2019	Total
Fiscal Year Inflows					
Demographic	$ 11,084	$ 11,084	$ 11,084	$ 11,084	$ 44,336
Assumption change	6,235	6,235	6,235	6,235	24,940
Investment	16,457	16,457	16,457	16,457	65,828
Total	$ 33,776	$ 33,776	$ 33,776	$ 33,776	$ 135,104

Changes in Methods and Assumptions

As a result of the plan change to provide immediate participation for employees, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's unfunded liability due to this change is minimal and has been treated as a difference between expected and actuarial experience.

As a result of the new administrative fee structure, the administrative expense assumption changed as follows:

	Current	Prior
Base fee	$ 6,500	$ 5,000
Per active and terminated vested participant	$ 54	$ 50
Per retiree and beneficiary	$ 66	$ 50
Percentage of the market value of the assets	0.06%	0.05%

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

Based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014, the following assumptions were changed in this valuation:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest reduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70. If retirement is not available at a given age or a participant does not meet the Plan's service criteria to retire at a given age, no retirement is assumed at that age.

- The inflation assumption was decreased from 3.50% to 3.25%

- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees.

NOTE 14 - 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 City 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 two retired employees that received benefits during 2015.

(Continued)

NOTE 14 - 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, 2015 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	$ 56,650	$ 30,127	$ 13,353	$ 100,130
Amortization of UAAL*	18,177	8,666	5,199	32,042
Annual required contribution (ARC)	74,827	38,793	18,552	132,172
Interest on net obligation	1,056	473	291	1,820
Annual OPEB costs	75,883	39,266	18,843	133,992
Contributions made	-	(5,952)	-	(5,952)
	75,883	33,314	18,843	128,040
Net OPEB obligation-beginning of year	320,092	143,358	88,295	551,745
Net OPEB obligation-end of year	$ 395,975	$ 176,672	$ 107,138	$ 679,785

* Unfunded Actuarial Accrued Liabilities (UAAL) 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
2013	$ 123,203	2.35%	$ 433,926
2014	$ 123,600	4.68%	$ 551,745
2015	$ 133,992	4.44%	$ 679,785

(Continued)

NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2015, was as follows:

	Governmental Activities	Business-type Activities		
	General Fund	Gas Fund	Solid Waste Fund	Total
Actuarial accrued liability	$ 514,941	$ 245,504	$ 147,292	$ 907,737
Actuarial value of plan assets	-	-	-	-
Unfunded actuarial accrued liability	$ 514,941	$ 245,504	$ 147,292	$ 907,737
Funded ratio	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 1,502,951	$ 491,181	$ 344,166	$ 2,338,298
Unfunded actuarial accrued liability as a percentage of covered payroll	34.26%	49.98%	42.80%	38.82%

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 10% health care trend inflation rate for 2015 and decreases .333% each year until 2017, then 0.005% decrease in 2018, and thereafter a 5.0% rate was assumed.

NOTE 15 – COMMITMENTS AND SUBSEQUENT EVENTS

Commitments

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. The total cost of this project is estimated to be $ 645,749. Construction is currently underway on this project.

The City has committed to upgrade its cathodic protection for gas distribution systems. The total cost of this project is expected to be $ 100,000 and will be funded with gas revenues. Construction on the project is expected to be completed in 2016.

(Continued)

NOTE 15 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

As of December 31, 2015, 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	$ 62,667	$ 583,082
Cathodic protection upgrade for gas mains	6,600	93,400
	$ 69,267	$ 676,482

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 30, 2016, the date the financial statements were available for issuance.

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 13 above, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, as well as, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. The new standards significantly changed the City's accounting for pension amounts. As a result of this change in accounting principle, the City was required to restate beginning net position as of January 1, 2015 for the following:

Governmental Activities	
General Fund	
Net pension liability, beginning balance	$ (735,573)
Deferred outflows of resources related to pensions, beginning balance	117,488
Deferred inflows of resources related to pensions, beginning balance	(100,825)
Net effect on beginning net position	(718,910)
Internal Service Fund	
Net pension liability, beginning balance	(73,558)
Deferred outflows of resources related to pensions, beginning balance	12,847
Deferred inflows of resources related to pensions, beginning balance	(10,082)
Net effect on beginning net position	(70,793)
Total net effect on beginning net position-Governmental Activities	$ (789,703)

(Continued)

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Business-Type Activities

Gas Fund		
Net pension liability, beginning balance	$	(239,060)
Deferred outflows of resources related to pensions, beginning balance		39,209
Deferred inflows of resources related to pensions, beginning balance		(32,769)
Net effect on beginning net position		(232,620)
Solid Waste Fund		
Net pension liability, beginning balance		(183,894)
Deferred outflows of resources related to pensions, beginning balance		28,910
Deferred inflows of resources related to pensions, beginning balance		(25,206)
Net effect on beginning net position		(180,190)
Total net effect on beginning net position-Business-Type Activities	$	(412,810)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
RETIREMENT PLAN

	2015
Total Pension Liability	
Service cost	$ 103,502
Interest	420,728
Differences between expected and actual experience	(55,422)
Changes of assumptions	(31,175)
Benefit payments, including refunds of employee contributions	(299,574)
Net change in total pension liability	138,059
Total pension liability, beginning	5,578,534
Total pension liability, ending (a)	5,716,593
Plan Fiduciary Net Position	
Contributions-employer	256,230
Net investment income	403,968
Benefit payments, including refunds of employee contributions	(299,574)
Administrative expenses	(10,258)
Net change in fiduciary net position	350,366
Plan fiduciary net position, beginning	4,177,567
Plan fiduciary net position, ending (b)	4,527,933
Net pension liability, ending (a)-(b)	$ 1,188,660
Plan's fiduciary net position as a percentage of the total pension liability	79.21%
Covered employee payroll	$ 2,161,671
Net pension liability as a percentage of covered payroll	54.99%

Notes to the Schedule:

(1) Historical information prior to the implementation of GASB Statement Nos. 67/68 is not required. The schedule will present 10 years of information as it is accumulated.

CITY OF THOMSON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
RETIREMENT PLAN

	2015
Actuarially determined contribution	$ 238,900
Contributions in relation to the actuarially determined contribution	238,900
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 2,161,671
Conributions as a percentage of covered emloyee payroll	11.56%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	July 1, 2014
Cost Method	Projected Unit Credit
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted if necessary, to be within 20% of market value.
Assumed Rate of Return	7.75%
Projected Salary Increases	3.25%
Cost of Living Adjustments	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies, with a net effective amortization period of 10 years

(2) The schedule will present 10 years of information as it is accumulated.

CITY OF THOMSON, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
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%
2012	2013	889,466	-	889,466	0.00%	2,200,193	40.43%
2012	2014	889,466	-	889,466	0.00%	2,126,415	41.83%
2015	2015	907,737	-	907,737	0.00%	2,338,298	38.82%

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

INDIVIDUAL AND COMBINING FUND STATEMENTS

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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes				
Property tax	$ 819,486	$ 785,000	$ 766,875	$ (18,125)
Intangible tax	5,000	7,000	6,924	(76)
Railroad equipment tax	300	300	312	12
Real estate transfer tax	1,300	2,400	2,372	(28)
Franchise tax	416,000	438,000	433,738	(4,262)
Local option sales tax	1,079,064	1,079,064	1,050,000	(29,064)
Alcoholic beverage tax	100,000	120,000	119,030	(970)
Energy excise tax	34,000	70,000	68,445	(1,555)
Occupation tax	52,000	54,000	53,703	(297)
Insurance premium tax	355,000	391,000	390,263	(737)
Financial institution tax	35,000	37,500	37,552	52
Penalties and interest	5,500	3,000	2,977	(23)
Payment in lieu of taxes	14,000	14,000	14,142	142
Total taxes	2,916,650	3,001,264	2,946,333	(54,931)
Licenses and Permits				
Alcoholic beverage licenses	13,000	13,000	12,500	(500)
Building permits	8,500	44,000	43,455	(545)
Total licenses and permits	21,500	57,000	55,955	(1,045)
Intergovernmental				
State government	-	10,200	10,000	(200)
Local government	35,000	42,300	42,216	(84)
Water sewer joint venture	119,510	119,510	119,388	(122)
Total intergovernmental	154,510	172,010	171,604	(406)
Charges for Services				
Fire protection fees	4,500	4,500	4,000	(500)
Election qualifying fees	1,100	1,100	1,140	40
Total charges for services	5,600	5,600	5,140	(460)
Fines and Forfeitures				
Police court fines	265,800	230,800	230,018	(782)
Total fines and forfeitures	265,800	230,800	230,018	(782)
Use of Money and Property				
Interest income	3,400	3,400	3,400	-
Rents	56,897	70,397	69,924	(473)
Reimbursements for damaged property	4,000	35,500	35,444	(56)
Cemetary lot sales	20,000	24,000	23,450	(550)
Total use of money and property	84,297	133,297	132,218	(1,079)
Other				
Miscellaneous	21,100	25,100	17,642	(7,458)
Total other	21,100	25,100	17,642	(7,458)
Total revenues	3,469,457	3,625,071	3,558,910	(66,161)

(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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
EXPENDITURES				
General government				
Mayor and Council	53,866	52,566	50,200	(2,366)
Voter registration	15,000	13,800	13,768	(32)
General administration	548,311	547,714	508,305	(39,409)
Tax commissioner	12,000	12,000	12,000	-
Tax assessor	2,400	2,400	2,400	-
Total general government	631,577	628,480	586,673	(41,807)
Public safety				
Police	1,188,498	1,244,134	1,229,057	(15,077)
Fire	903,834	870,344	856,713	(13,631)
Animal shelter	20,688	20,688	20,688	-
Total public safety	2,113,020	2,135,166	2,106,458	(28,708)
Public works				
Street department	562,020	544,950	539,451	(5,499)
Total public works	562,020	544,950	539,451	(5,499)
Health and welfare				
Health department	420	420	420	-
Total health and welfare	420	420	420	-
Community services				
Senior citizen center	80,433	80,433	77,322	(3,111)
Community centers	25,940	39,100	38,052	(1,048)
Transportation services	24,325	29,300	29,286	(14)
Total community services	130,698	148,833	144,660	(4,173)
Culture and recreation				
Recreation	255,987	255,987	241,883	(14,104)
Library	82,100	82,100	82,100	-
Total culture and recreation	338,087	338,087	323,983	(14,104)
Housing and development				
Planning and zoning	47,306	47,306	39,086	(8,220)
Code enforcement	49,516	48,816	46,110	(2,706)
Economic development	41,897	41,897	41,897	-
CSRA Regional Commission	6,800	6,800	6,778	(22)
Total housing and development	145,519	144,819	133,871	(10,948)
Total expenditures	3,921,341	3,940,755	3,835,516	(105,239)

(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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
Excess (deficiency) of revenues over expenditures	(451,884)	(315,684)	(276,606)	(39,078)
OTHER FINANCING SOURCES (USES)				
Appropriation of prior year unassigned fund balance	125,000	-	-	-
Transfers in	406,884	406,884	338,887	(67,997)
Transfers out	(80,000)	(91,200)	(74,220)	(16,980)
Total other financing sources (uses)	451,884	315,684	264,667	(51,017)
CHANGE IN FUND BALANCE	$ -	$ -	$ (11,939)	$ (11,939)

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.

Airport Capital Project Fund - This fund was established to account for proceeds from federal and state grants funds, as well as, local funding for capital improvements, operations, and maintenance at the regional airport.

2014 CDBG Capital Project Fund - This fund was established to account for Community Development Block Grant funds (awarded in the City's name) that are used for redevelopment of local neighborhoods.

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 Option 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, 2015

	Special Revenue				
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	Airport Capital Project Fund	2014 CDBG Capital Project Fund
ASSETS					
Cash and cash equivalents	$ 193,875	$ 326,961	$ 1,061	$ 30,584	$ 100
Investments	242,439	-	-	-	-
Receivables (net of allowance for uncollectibles)					
Notes-current	20,006	-	-	-	-
Notes-long-term	13,814	-	-	-	-
Interest	40	-	-	-	-
Other	-	-	-	3,212	-
Intergovernmental receivables	-	-	-	23,711	14,298
Interfund receivables	5,191	13,307	-	289	-
Total assets	$ 475,365	$ 340,268	$ 1,061	$ 57,796	$ 14,398
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 38,625	$ 14,298
Intergovernmental payables	-	-	-	434	-
Interfund payables	1,968	-	-	10,478	-
Total liabilities	1,968	-	-	49,537	14,298
FUND BALANCES					
Nonspendable	13,814	-	-	-	-
Restricted for:					
Public safety	-	-	1,061	-	-
Public works	-	-	-	-	-
Housing and development	459,583	340,268	-	-	100
Assigned to:					
Housing and development	-	-	-	8,259	-
Total fund balances	473,397	340,268	1,061	8,259	100
Total liabilities and fund balances	$ 475,365	$ 340,268	$ 1,061	$ 57,796	$ 14,398

(Continued)

Capital Projects					
TEA Grant Capital Project Fund	LMIG Program Fund	TIA SPLOST Fund	SPLOST Fund	Total Nonmajor Governmental Funds
$ 74	$ 53	$ 103,931	$ -	$ 656,639
-	-	-	-	242,439
-	-	-	-	20,006
-	-	-	-	13,814
-	-	-	-	40
-	-	-	-	3,212
-	-	12,651	-	50,660
-	-	-	-	18,787
$ 74	$ 53	$ 116,582	$ -	$ 1,005,597
$ -	$ -	$ -	$ -	$ 52,923
-	-	-	-	434
-	-	-	-	12,446
-	-	-	-	65,803
-	-	-	-	13,814
-	-	-	-	1,061
-	53	116,582	-	116,635
74	-	-	-	800,025
-	-	-	-	8,259
74	53	116,582	-	939,794
$ 74	$ 53	$ 116,582	$ -	$ 1,005,597

CITY OF THOMSON, GEORGIA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue				
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	Airport Capital Project Fund	2014 CDBG Capital Project Fund
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	63,351	52,820
Fines and forfeitures	-	-	4,502	-	-
Interest income	660	21,662	-	-	-
Rents	-	-	-	41,549	-
Other revenues	-	7,046	-	-	-
Total revenues	660	28,708	4,502	104,900	52,820
EXPENDITURES					
Current					
Public safety	-	-	5,152	-	-
Housing and development	-	32,800	-	159,610	-
Capital outlay					
Public works	-	-	-	-	-
Housing and development	-	-	-	12,495	61,067
Total expenditures	-	32,800	5,152	172,105	61,067
Excess (deficiency) of revenues over expenditures	660	(4,092)	(650)	(67,205)	(8,247)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	60,908	8,247
Transfers out	-	-	-	-	-
Total other financing sources	-	-	-	60,908	8,247
Net change in fund balances	660	(4,092)	(650)	(6,297)	-
Fund balances, beginning of year	472,737	344,360	1,711	14,556	100
Fund balances, end of year	$ 473,397	$ 340,268	$ 1,061	$ 8,259	$ 100

(Continued)

Capital Projects					
TEA Grant Capital Project Fund	LMIG Program Fund	TIA SPLOST Fund	SPLOST Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 136,941	$ -	$ 136,941
-	61,566	-	-	177,737
-	-	-	-	4,502
-	-	-	-	22,322
-	-	-	-	41,549
-	-	-	-	7,046
-	61,566	136,941	-	390,097
-	-	-	-	5,152
-	-	1,200	-	193,610
-	61,600	104,929	-	166,529
-	-	-	-	73,562
-	61,600	106,129	-	438,853
-	(34)	30,812	-	(48,756)
-	-	-	-	69,155
-	-	-	-	-
-	-	-	-	69,155
-	(34)	30,812	-	20,399
74	87	85,770	-	919,395
$ 74	$ 53	$ 116,582	$ -	$ 939,794

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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 668	$ 668
Available for loans	199,893	199,893	198,408	(1,485)
Total revenues	199,893	199,893	199,076	(817)
EXPENDITURES				
Loans made	199,893	199,893	10,128	(189,765)
Housing and development	-	-	-	-
Total expenditures	199,893	199,893	10,128	(189,765)
CHANGE IN FUND BALANCE	$ -	$ -	188,948	$ 188,948
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(188,288)	
Total reconciliation to GAAP basis			(188,288)	
FUND BALANCE, BEGINNING OF YEAR			472,737	
FUND BALANCE, END OF YEAR			$ 473,397	

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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 21,662	$ 21,662
Other	-	-	7,046	7,046
Available for loans	331,706	331,706	331,053	(653)
Total revenues	331,706	331,706	359,761	28,055
EXPENDITURES				
Loans made	331,706	331,706	-	(331,706)
Housing and development	-	-	32,800	32,800
Total expenditures	331,706	331,706	32,800	(298,906)
CHANGE IN FUND BALANCE	$ -	$ -	326,961	$ 326,961
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(331,053)	
Total reconciliation to GAAP basis			(331,053)	
FUND BALANCE, BEGINNING OF YEAR			344,360	
FUND BALANCE, END OF YEAR			$ 340,268	

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, 2015

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Fines and forfeitures	$ 10,000	$ 10,000	$ 4,502	$ (5,498)
Total revenues	10,000	10,000	4,502	(5,498)
EXPENDITURES				
Public safety	10,000	10,000	5,152	(4,848)
Total expenditures	10,000	10,000	5,152	(4,848)
CHANGE IN FUND BALANCE	$ -	$ -	(650)	$ (650)
FUND BALANCE, BEGINNING OF YEAR			1,711	
FUND BALANCE, END OF YEAR			$ 1,061	

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, 2015

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Police Surcharge Fund				
Assets				
Cash	$ 21	$ 122,335	$ 122,338	$ 18
Total assets	$ 21	$ 122,335	$ 122,338	$ 18
Liabilities				
Intergovernmental payables	$ 21	$ 122,335	$ 122,338	$ 18
Total liabilities	$ 21	$ 122,335	$ 122,338	$ 18

OTHER SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA

COMMUNITY DEVELOPMENT BLOCK GRANTS

PROJECT COST SCHEDULE (CASH BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2015

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 14p-x-094-2-5703						
Contingency	C-022-00	$ 14,159	$ -	$ -	$ -	none
Sewer Facility	P-03J-02	177,068	-	2,060	2,060	none
Street Improvements	P-03K-01	65,268	-	3,459	3,459	none
Flood/Drainage	P-03K-02	213,505	-	-	-	none
Administration	A-21A-00	30,000	-	1,600	1,600	none
Preliminary Engineering		-	-	41,250	41,250	none
		$ 500,000	$ -	$ 48,369	$ 48,369	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, 2015

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, 2015

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	637,291	-	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	$ 1,169,824	$ -	$ 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 SECTION

elliott davis decosimo

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2016.

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

Columbia, South Carolina
June 30, 2016

CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:			Unmodified	
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	__X__	No
• Significant deficiency(ies) identified?	_____	Yes	__X__	None reported
Noncompliance material to financial statements noted?	_____	Yes	__X__	No
SECTION II. FINANCIAL STATEMENT FINDINGS	_____	Yes	__X__	None reported