CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

elliott davis

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, 2018, 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 of Thomson, Georgia as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons 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 Note 15 to the financial statements, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinion is 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 the net pension liability and related ratios – retirement plan, schedule of contributions – retirement plan, and schedule of changes in the total OPEB liability and related ratios – other postemployment 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 individual and combining fund financial statements, community development block grants schedules, and special purpose local option sales tax schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual and combining fund financial statements, community development block grants schedules, special purpose local option sales tax schedule, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 individual and combining fund financial statements, community development block grants schedules, special purpose local option sales tax schedule, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 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, LLC

Columbia, South Carolina
June 28, 2019

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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, 2018.

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 $ 20,531,793 (net position). Of this amount, $ 13,609,815 is invested in capital assets (net of related debt), $ 1,430,421 is restricted for specific purposes, and $ 5,491,557 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $ 1,178,459. Total revenues of the City's governmental and business-type activities totaled $ 14,543,776, whereas expenses totaled $ 13,365,317.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 4,630,039, an increase of $ 138,862 in comparison with the prior year. Of this total amount, $ 2,375,643 is unassigned, $ 21,277 is assigned by management for specific purposes, $ 35,581 is committed by the Mayor and Council for specific purposes, and $ 1,372,403 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 $ 825,135.

- The net position of the City's enterprise funds (business - type activities) totaled $ 6,408,171. Of this amount, $ 2,861,223 is invested in capital assets (net of related debt) and $ 3,546,948 (unrestricted net position) may be used to meet the City's obligations to citizens and creditors.

- Effective January 1, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard significantly changed the City's accounting for other postemployment benefits. As a result of this change in accounting principle, the City was required to restate beginning net position as of January 1, 2018.

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).

(Continued)

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, 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.

The government-wide financial statements can be found on pages 14 - 15 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 fifteen individual governmental funds. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and Employment Incentive Program (EIP) Loan Fund. Data for the other thirteen 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 16 - 21 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 22 - 25 of this report.

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

The basic fiduciary fund financial statement can be found on page 26 of this report.

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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 27 - 59 of this report.

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 $ 20,531,793 as of December 31, 2018.

A large portion of the City's net position (66 percent) is comprised of the City's investment in capital assets (e.g., land, buildings, site improvements, 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 $ 5,491,557 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 5,018,342	$ 4,943,427	$ 5,634,757	$ 4,900,282	$ 10,653,099	$ 9,843,709
Capital assets, net	10,976,958	10,457,242	3,090,903	3,245,588	14,067,861	13,702,830
Total assets	15,995,300	15,400,669	8,725,660	8,145,870	24,720,960	23,546,539
Deferred outflows of resources	196,430	157,989	103,847	83,692	300,277	241,681
Current liabilities	259,088	303,996	1,263,909	1,004,250	1,522,997	1,308,246
Non-current liabilities	1,599,006	1,660,745	1,068,809	1,105,331	2,667,815	2,766,076
Total liabilities	1,858,094	1,964,741	2,332,718	2,109,581	4,190,812	4,074,322
Deferred inflows of resources	210,014	87,287	88,618	23,877	298,632	111,164
Net position						
Net investment in capital assets	10,748,592	10,168,400	2,861,223	2,927,081	13,609,815	13,095,481
Restricted	1,430,421	1,619,445	-	-	1,430,421	1,619,445
Unrestricted	1,944,609	1,718,785	3,546,948	3,169,023	5,491,557	4,887,808
Total net position	$ 14,123,622	$ 13,506,630	$ 6,408,171	$ 6,096,104	$ 20,531,793	$ 19,602,734

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

	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	$ 379,254	$ 362,100	$ 9,445,230	$ 8,613,708	$ 9,824,484	$ 8,975,808
Operating grants/ contributions	167,766	161,132	-	-	167,766	161,132
Capital grants/ contributions	982,378	218,112	-	-	982,378	218,112
General revenues						
Property taxes	862,111	833,362	-	-	862,111	833,362
Other taxes	2,551,546	2,427,013	-	-	2,551,546	2,427,013
Other	111,028	70,600	44,463	85,108	155,491	155,708
Total revenues	5,054,083	4,072,319	9,489,693	8,698,816	14,543,776	12,771,135
Expenses						
General government	647,068	776,459	-	-	647,068	776,459
Public safety	1,959,049	1,904,736	-	-	1,959,049	1,904,736
Public works	791,909	746,219	-	-	791,909	746,219
Housing and development	610,194	241,698	-	-	610,194	241,698
Culture and recreation	479,944	448,588	-	-	479,944	448,588
Community services	75,662	81,971	-	-	75,662	81,971
Interest on long-term debt	5,949	7,007	-	-	5,949	7,007
Gas utility	-	-	7,488,380	7,229,482	7,488,380	7,229,482
Solid waste	-	-	1,307,162	1,281,379	1,307,162	1,281,379
Total expenses	4,569,775	4,206,678	8,795,542	8,510,861	13,365,317	12,717,539
Change in net position before transfers	484,308	(134,359)	694,151	187,955	1,178,459	53,596
Transfers	254,027	293,202	(254,027)	(293,202)	-	-
Change in net position	738,335	158,843	440,124	(105,247)	1,178,459	53,596
Net position, beginning of year, as originally reported	13,506,630	13,038,501	6,096,104	6,001,023	19,602,734	19,039,524
Implementation effect of GASB Statement No. 75	(121,343)	-	(128,057)	-	(249,400)	-
Prior period restatement	-	309,286	-	200,328	-	509,614
Net position, beginning of year, as restated	13,385,287	13,347,787	5,968,047	6,201,351	19,353,334	19,549,138
Net position, end of year	$ 14,123,622	$ 13,506,630	$ 6,408,171	$ 6,096,104	$ 20,531,793	$ 19,602,734

Revenues from governmental activities increased $ 981,764 in 2018. The increase in revenues is attributable to increases in charges for services totaling $ 17,154, operating grants/contributions totaling $ 6,634, capital grants/contributions totaling $ 764,266, property taxes totaling $ 28,749, other taxes totaling $ 124,533, and other revenues totaling $ 40,428.

(Continued)

Total expenses for governmental activities increased by $ 363,097 in 2018 which represents an increase of approximately 9% from 2017. Expenses for public safety, public works, housing and development, and culture and recreation were $ 499,855 more than 2017 amounts whereas expenses for general government, community services, and interest on long-term debt were $ 136,758 less than 2017 amounts.

Total revenues from business-type activities increased by $ 790,877 and total expenses from business-type activities increased by $ 284,681 in 2018. Most of the increase in revenues and expenses is attributable to an increase in gas operating revenues of $ 746,913 and related gas purchases of $ 281,991. In addition, the City also received operating grants in 2018 from the U.S. Department of Homeland Security Federal Emergency Agency totaling $ 93,205.

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, 2018, governmental funds reported combined ending fund balances of $ 4,630,039, an increase of $ 138,862 in comparison with 2017. Unassigned fund balance at year-end was $ 2,375,643 whereas the remainder of fund balance of $ 2,254,396 is nonspendable, restricted, committed 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 $ 2,397,802, of which $ 2,375,643 is unassigned and $ 22,159 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, 2018, fund balance represented approximately 62 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, 2018, total major special revenue fund balance was $ 1,400,613 and total nonmajor special revenue fund balance was $ 705,324.

Capital Project Funds

The City uses capital project funds to account for the acquisition and construction of major capital facilities that are not financed by proprietary funds. The City maintained ten capital project funds during the current year. They are the Airport Capital Project Fund, 2016, 2017, and 2018 CDBG Capital Projects Fund, 2016 CHIP Grant Capital Project Fund, Monument Capital Project Fund, Transportation Enhancement Act (TEA) Grant Capital Project Fund, Local Maintenance & Improvement Grant (LMIG) Capital Project Fund, TIA SPLOST Capital Project Fund, and the SPLOST Capital Project Fund. All capital project funds are reported as nonmajor governmental funds. As of December 31, 2018, total fund balance of the nonmajor capital projects funds was $ 126,300.

(Continued)

Proprietary Funds

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

Unrestricted net position of the Gas Fund at the end of the year totaled $ 3,563,666. The Solid Waste Fund is reporting a deficit of $ 16,718 in unrestricted net position as of year-end.

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 revenues 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, 2018, actual revenues were less than budgetary estimates by $ 9,067 and actual expenditures were $ 271,930 less than appropriated amounts. Actual expenditures for all departments and governmental activities were under budget for 2018. 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 $ 199,780 and actual transfers out were $ 999 more than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2018. Revenues and other financing sources exceeded expenditures and other financing uses by $ 61,432.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018, totaled $ 14,067,861 (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 street resurfacing and improvements totaling $ 439,967, stormwater and drainage facilities totaling $ 270,471, gas main replacement totaling $ 104,170, equipment purchases totaling $ 157,177, vehicle purchases totaling $ 76,961, building improvements totaling $ 57,734, and other additions totaling $ 51,852.

As of December 31, 2018, construction in progress totaled $ 300,949, which includes $ 115,025 for obstruction mitigation, obstruction removal, and crack sealing and remarking at the airport, $ 78,450 for preliminary engineering on the 2017 CDBG multi-activity project, and $ 107,474 in expenses associated with the 2016 CHIP Grant capital project.

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, 2018 was $ 184,837. Principal and interest payments on the note payable in 2018 were $ 35,680 and $ 6,217, respectively.

The City entered into a capital lease with the Georgia Municipal Authority during 2016 to fund the purchase of various equipment in the City's Gas and Solid Waste Funds. Total funding under the lease was $ 324,443. Total principal outstanding at December 31, 2018 was $ 150,694. Principal and interest paid on the capital lease in 2018 were $ 64,238 and $ 4,878, respectively.

(Continued)

The City entered into a capital lease with Regions Equipment Finance Corporation during 2017 to fund the purchase of a new garbage truck for solid waste operations. Total funding under the lease was $ 125,688. Total principal outstanding at December 31, 2018 was $ 78,986. Principal and interest paid on the capital lease in 2018 were $ 24,589 and $ 1,847, respectively.

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

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 City has been awarded two Community Development Block Grants (CDBG) totaling $ 1,750,000 and a Community Home Investment Program (CHIP) grant totaling $ 611,184. These funds, along with local matching funds totaling $ 382,874, will be used for street improvements, flood and drainage facilities, replacement of sewer systems, and housing assistance to qualifying homeowners 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 2,939,773	$ 3,748,369	$ 6,688,142
Investments	376,699	-	376,699
Receivables:			
Taxes-net	410,793	-	410,793
Notes-net	938,339	-	938,339
Accounts-net	-	1,528,448	1,528,448
Interest	14,912	21,866	36,778
Intergovernmental	317,456	10,518	327,974
Other	6,703	214,796	221,499
Inventories	-	70,770	70,770
Prepaids	22,159	31,498	53,657
Internal balances	(8,492)	8,492	-
Capital assets, net of accumulated depreciation:			
Land	1,046,110	128,782	1,174,892
Site improvements	3,106,930	-	3,106,930
Buildings and improvements	2,333,491	155,576	2,489,067
Machinery and equipment	270,731	2,806,545	3,077,276
Infrastructure	3,918,747	-	3,918,747
Construction in progress	300,949	-	300,949
Total assets	15,995,300	8,725,660	24,720,960
Deferred Outflows of Resources			
Deferred outflows related to pension plan	196,430	103,847	300,277
Liabilities			
Accounts payable	100,847	843,853	944,700
Accrued liabilities	88,011	142,071	230,082
Customer deposits	-	173,142	173,142
Intergovernmental payables	30,081	13,903	43,984
Unearned revenues	2,000	-	2,000
Accrued interest payable	1,386	-	1,386
Noncurrent liabilities:			
Due within one year	36,763	90,940	127,703
Due in more than one year	201,456	138,740	340,196
Net pension liability	800,136	416,901	1,217,037
Total OPEB liability	597,414	513,168	1,110,582
Total liabilities	1,858,094	2,332,718	4,190,812
Deferred Inflows of Resources			
Subsequent year revenues	43,892	-	43,892
Deferred inflows related to pension plan	166,122	88,618	254,740
Total deferred inflows of resources	210,014	88,618	298,632
Net Position			
Net investment in capital assets	10,748,592	2,861,223	13,609,815
Restricted for:			
Public safety	1,262	-	1,262
Public works	83,926	-	83,926
Housing and development	1,345,233	-	1,345,233
Unrestricted	1,944,609	3,546,948	5,491,557
Total net position	$ 14,123,622	$ 6,408,171	$ 20,531,793

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, 2018

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	$ 647,068	$ 35,920	$ 130,449	$ -	$ (480,699)	$ -	$ (480,699)
Public safety	1,959,049	150,682	-	-	(1,808,367)	-	(1,808,367)
Public works	791,909	-	-	241,183	(550,726)	-	(550,726)
Housing and development	610,194	159,352	37,317	741,195	327,670	-	327,670
Culture and recreation	479,944	-	-	-	(479,944)	-	(479,944)
Community services	75,662	33,300	-	-	(42,362)	-	(42,362)
Interest on long-term debt	5,949	-	-	-	(5,949)	-	(5,949)
Total governmental activities	4,569,775	379,254	167,766	982,378	(3,040,377)	-	(3,040,377)
Business-type activities:							
Gas utility	7,488,380	8,219,778	-	-	-	731,398	731,398
Solid waste	1,307,162	1,225,452	-	-	-	(81,710)	(81,710)
Total business-type activities	8,795,542	9,445,230	-	-	-	649,688	649,688
Total primary government	$ 13,365,317	$ 9,824,484	$ 167,766	$ 982,378	(3,040,377)	649,688	(2,390,689)
General revenues							
Property taxes					862,111	-	862,111
Motor vehicle taxes					13,519	-	13,519
Motor vehicle title advalorem taxes					112,758	-	112,758
Mobile home taxes					2,809	-	2,809
Payment in lieu of taxes					19,090	-	19,090
Sales taxes					1,170,717	-	1,170,717
Franchise taxes					397,106	-	397,106
Insurance premium taxes					485,454	-	485,454
Financial institution taxes					32,217	-	32,217
Alcoholic beverage taxes					137,696	-	137,696
Occupation taxes					69,933	-	69,933
Intangible taxes					10,182	-	10,182
Transfer taxes					3,900	-	3,900
Railroad equipment taxes					504	-	504
Excise tax on energy					95,661	-	95,661
Interest income					46,767	39,909	86,676
Insurance claims					4,348	4,554	8,902
Other revenues					59,913	-	59,913
Transfers					254,027	(254,027)	-
Total general revenues and transfers					3,778,712	(209,564)	3,569,148
Change in net position					738,335	440,124	1,178,459
Net position, beginning of year, as originally reported					13,506,630	6,096,104	19,602,734
Implementation effect of GASB Statement No. 75					(121,343)	(128,057)	(249,400)
Net position, beginning of year, as restated					13,385,287	5,968,047	19,353,334
Net position, end of year					$ 14,123,622	$ 6,408,171	$ 20,531,793

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

CITY OF THOMSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Employment Incentive Program Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,907,769	$ 466,197	$ 564,210	$ 2,938,176
Investments	133,385	-	243,314	376,699
Receivables (net of allowance for uncollectibles):				
Taxes	410,793	-	-	410,793
Notes-current	-	133,504	1,859	135,363
Notes-long-term	-	798,250	4,726	802,976
Interest	-	2,662	13	2,675
Other	3,491	-	3,212	6,703
Intergovernmental receivables	147,845	-	70,412	218,257
Interfund receivables	8,564	-	20,822	29,386
Prepaids	22,159	-	-	22,159
Total assets	$ 2,634,006	$ 1,400,613	$ 908,568	$ 4,943,187
LIABILITIES				
Accounts payable	$ 37,473	$ -	$ 60,032	$ 97,505
Accrued liabilities	76,326	-	-	76,326
Intergovernmental payables	25,181	-	4,900	30,081
Interfund payables	22,982	-	12,012	34,994
Unearned revenues	2,000	-	-	2,000
Total liabilities	163,962	-	76,944	240,906
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	28,350	-	-	28,350
Subsequent year revenues	43,892	-	-	43,892
Total deferred inflows of resources	72,242	-	-	72,242
FUND BALANCES				
Nonspendable	22,159	798,250	4,726	825,135
Restricted for:				
Public safety	-	-	1,262	1,262
Public works	-	-	69,187	69,187
Housing and development	-	602,363	699,591	1,301,954
Committed to:				
Housing and development	-	-	35,581	35,581
Assigned to:				
Housing and development	-	-	21,277	21,277
Unassigned	2,375,643	-	-	2,375,643
Total fund balances	2,397,802	1,400,613	831,624	4,630,039
Total liabilities, deferred inflows of resources, and fund balances	$ 2,634,006	$ 1,400,613	$ 908,568	$ 4,943,187

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, 2018

Total fund balances - governmental funds	$ 4,630,039
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	1,046,110
Site improvements	5,950,374
Building and improvements	3,426,424
Machinery and equipment	3,452,393
Infrastructure	5,528,754
Construction in progress	300,949
Accumulated depreciation	(8,751,247)
Total capital assets, net of accumulated depreciation - governmental activities	10,953,757
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.	(62,893)
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 unavailable in the funds. These revenues consist of:	
Intergovernmental receivables	99,199
Interest receivable	12,237
Property taxes	28,350
Total unavailable revenues	139,786
Deferred outflows of resources are not current assets or financial resources and, therefore, are not reported in the funds. Deferred outflows of resources consist of:	
Deferred outflows related to pension plan	178,333
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	(1,386)
Accrued compensated absences	(53,382)
Long-term debt	(184,837)
Net pension liability	(725,785)
Total OPEB liability	(597,414)
Total liabilities	(1,562,804)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. Deferred inflows of resources consist of:	
Deferred inflows related to pension plan	(152,596)
Net position of governmental activities	$ 14,123,622

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, 2018

	General Fund	Employment Incentive Program Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 3,290,183	$ -	$ 141,717	$ 3,431,900
Licenses and permits	33,871	-	-	33,871
Intergovernmental	130,449	-	1,018,144	1,148,593
Charges for services	2,500	-	-	2,500
Fines and forfeitures	132,401	-	381	132,782
Interest income	13,830	26,882	2,069	42,781
Rents	75,197	-	98,984	174,181
Cemetary lot sales	35,920	-	-	35,920
Other	59,408	-	-	59,408
Total revenues	3,773,759	26,882	1,261,295	5,061,936
EXPENDITURES				
Current:				
General government	689,269	-	-	689,269
Public safety	1,994,022	-	405	1,994,427
Public works	561,978	-	34,314	596,292
Community services	30,244	-	-	30,244
Culture and recreation	459,781	-	-	459,781
Housing and development	76,218	381	119,695	196,294
Debt service:				
Principal	35,680	-	-	35,680
Interest	6,217	-	-	6,217
Capital outlay:				
Public works	-	-	373,089	373,089
Housing and development	-	-	800,156	800,156
Total expenditures	3,853,409	381	1,327,659	5,181,449
Excess (deficiency) of revenues over (under) expenditures	(79,650)	26,501	(66,364)	(119,513)
OTHER FINANCING SOURCES (USES)				
Insurance claims	4,348	-	-	4,348
Transfers in	254,101	-	38,417	292,518
Transfers out	(38,417)	-	(74)	(38,491)
Total other financing sources (uses)	220,032	-	38,343	258,375
NET CHANGE IN FUND BALANCES	140,382	26,501	(28,021)	138,862
FUND BALANCES, BEGINNING OF YEAR	2,257,420	1,374,112	859,645	4,491,177
FUND BALANCES, END OF YEAR	$ 2,397,802	$ 1,400,613	$ 831,624	$ 4,630,039

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, 2018

Net change in fund balances - total governmental funds	$	138,862
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		1,334,258
Depreciation expense		(533,679)
County portion of airport construction in progress		(32,603)
Water and Sewer Commission portion of CDBG construction in progress		(238,902)
Excess of capital outlay over depreciation expense and other adjustments		529,074
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 2018.		3,947
Intergovernmental receivables increased by this amount in 2018.		12,305
Unearned property tax revenues decreased by this amount in 2018.		(30,548)
Net change in revenues not providing current financial resources		(14,296)
The issuance of long-term debt (e.g., notes payable and capital leases 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		35,680
Net decrease in long-term debt		35,680
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 increased by this amount in 2018.		(6,058)
Accrued interest payable decreased by this amount in 2018.		268
Net pension liability, deferred outflows and inflows related to pension decreased by this amount in 2018.		22,707
Total OPEB liability decreased by this amount in 2018.		42,514
Net change in expenses not requiring the use of current financial resources		59,431
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		(10,416)
Change in net position of governmental activities	$	738,335

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, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes	$ 3,158,886	$ 3,202,106	$ 3,193,567	$ (8,539)
Licenses and permits	32,500	34,100	33,948	(152)
Intergovernmental	131,043	131,043	130,449	(594)
Charges for services	4,500	2,500	2,500	-
Fines and forfeitures	200,500	132,700	132,401	(299)
Use of money and property	111,327	124,927	124,806	(121)
Other	29,600	51,481	52,119	638
Total revenues	3,668,356	3,678,857	3,669,790	(9,067)
EXPENDITURES				
Current:				
General government	694,209	729,420	688,628	(40,792)
Public safety	2,005,964	2,006,241	1,978,379	(27,862)
Public works	746,642	714,789	561,348	(153,441)
Community services	111,771	136,369	134,606	(1,763)
Culture and recreation	349,513	348,248	348,244	(4)
Housing and development	189,064	166,472	118,404	(48,068)
Total expenditures	4,097,163	4,101,539	3,829,609	(271,930)
Deficiency of revenues under expenditures	(428,807)	(422,682)	(159,819)	(262,863)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	5,000	4,348	(652)
Transfers in	453,807	453,882	254,102	(199,780)
Transfers out	(30,000)	(36,200)	(37,199)	999
Total other financing sources (uses)	428,807	422,682	221,251	(201,431)
CHANGE IN FUND BALANCE	$ -	$ -	61,432	$ 61,432
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			41,446	
Payables and other liabilities			37,504	
Total reconciliation to GAAP basis			78,950	
FUND BALANCE, BEGINNING OF YEAR			2,257,420	
FUND BALANCE, END OF YEAR			$ 2,397,802	

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, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 25,693	$ 25,693
Available for loans	656,988	656,988	606,850	(50,138)
Total revenues	656,988	656,988	632,543	(24,445)
EXPENDITURES				
Loans made	656,988	656,988	347,337	(309,651)
Housing and development	-	-	381	381
Total expenditures	656,988	656,988	347,718	(309,270)
Excess of revenues over expenditures	-	-	284,825	284,825
CHANGE IN FUND BALANCE	$ -	$ -	284,825	$ 284,825
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(258,324)	
Total reconciliation to GAAP basis			(258,324)	
FUND BALANCE, BEGINNING OF YEAR			1,374,112	
FUND BALANCE, END OF YEAR			$ 1,400,613	

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

CITY OF THOMSON, GEORGIA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2018

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash	$ 3,599,045	$ 149,324	$ 3,748,369	$ 1,597
Accounts receivable-net	1,380,932	147,516	1,528,448	-
Interest receivable	21,866	-	21,866	-
Intergovernmental receivables	-	10,518	10,518	-
Other receivables	214,796	-	214,796	-
Interfund receivables	10,044	4,128	14,172	-
Inventories	70,770	-	70,770	-
Prepaids	16,980	14,518	31,498	-
Total current assets	5,314,433	326,004	5,640,437	1,597
Noncurrent assets:				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	384,338	59,891	444,229	39,806
Machinery and equipment	7,385,564	1,641,410	9,026,974	102,640
Less accumulated depreciation	(5,258,276)	(1,250,806)	(6,509,082)	(119,245)
Total capital assets, net of accumulated depreciation	2,640,408	450,495	3,090,903	23,201
Total noncurrent assets	2,640,408	450,495	3,090,903	23,201
Total assets	7,954,841	776,499	8,731,340	24,798
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension plan	59,862	43,985	103,847	18,097
Total assets and deferred outflows of resources	8,014,703	820,484	8,835,187	42,895
LIABILITIES				
Current liabilities:				
Accounts payable	822,197	21,656	843,853	3,342
Accrued liabilities	114,728	27,343	142,071	11,685
Customer deposits	173,142	-	173,142	-
Intergovernmental payables	3,435	10,468	13,903	-
Interfund payables	5,680	-	5,680	2,884
Current portion of capital lease payable	15,394	75,546	90,940	-
Total current liabilities	1,134,576	135,013	1,269,589	17,911
Noncurrent liabilities:				
Capital lease payable	19,833	118,907	138,740	-
Net pension liability	235,307	181,594	416,901	74,351
Total OPEB liability	405,133	108,035	513,168	-
Total noncurrent liabilities	660,273	408,536	1,068,809	74,351
Total liabilities	1,794,849	543,549	2,338,398	92,262
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	51,007	37,611	88,618	13,526
Total liabilities and deferred inflows of resources	1,845,856	581,160	2,427,016	105,788
NET POSITION				
Net investment in capital assets	2,605,181	256,042	2,861,223	23,201
Unrestricted	3,563,666	(16,718)	3,546,948	(86,094)
Total net position	$ 6,168,847	$ 239,324	$ 6,408,171	$ (62,893)

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, 2018

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 7,993,185	$ 1,106,317	$ 9,099,502	$ 208,683
Refunds from suppliers	188,346	-	188,346	-
Penalties	38,247	24,700	62,947	-
Intergovernmental	-	93,205	93,205	-
Other	-	1,230	1,230	505
Total operating revenues	8,219,778	1,225,452	9,445,230	209,188
OPERATING EXPENSES				
Purchases	5,688,613	285,793	5,974,406	-
Personnel services and benefits	744,475	577,672	1,322,147	162,688
Professional and technical services	174,884	16,920	191,804	-
Repairs and maintenance	180,197	90,381	270,578	12,185
Other purchased services	157,788	66,410	224,198	14,837
Supplies	129,126	80,964	210,090	20,466
Intergovernmental	139,003	-	139,003	-
Depreciation	253,247	163,105	416,352	9,358
Bad debts	2,121	3,482	5,603	-
Other	17,801	16,902	34,703	109
Total operating expenses	7,487,255	1,301,629	8,788,884	219,643
Operating income (loss)	732,523	(76,177)	656,346	(10,455)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	39,462	447	39,909	39
Insurance claims	4,554	-	4,554	-
Interest expense	(1,125)	(5,533)	(6,658)	-
Total non-operating revenues (expenses)	42,891	(5,086)	37,805	39
Income (loss) before transfers	775,414	(81,263)	694,151	(10,416)
TRANSFERS IN (OUT)				
Transfers in	-	95,430	95,430	-
Transfers out	(341,897)	(7,560)	(349,457)	-
Net transfers in (out)	(341,897)	87,870	(254,027)	-
CHANGE IN NET POSITION	433,517	6,607	440,124	(10,416)
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY REPORTED	5,897,112	198,992	6,096,104	(52,477)
Implementation effect of GASB Statement No. 75	(161,782)	33,725	(128,057)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	5,735,330	232,717	5,968,047	(52,477)
NET POSITION, END OF YEAR	$ 6,168,847	$ 239,324	$ 6,408,171	$ (62,893)

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, 2018

	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	$ 7,995,173	$ 1,133,580	$ 9,128,753	$ 209,188
Intergovernmental operating grant	-	93,205	93,205	-
Payments to suppliers and others	(6,294,536)	(545,980)	(6,840,516)	(47,265)
Payments to employees	(746,822)	(585,681)	(1,332,503)	(162,828)
Net cash provided by (used for) operating activities	953,815	95,124	1,048,939	(905)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(159,609)	(7,560)	(167,169)	-
Net cash used for noncapital financing activities	(159,609)	(7,560)	(167,169)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance claims	4,554	-	4,554	-
Purchases and construction of capital assets	(221,069)	(40,598)	(261,667)	-
Payments on long-term debt	(15,016)	(73,811)	(88,827)	-
Interest paid	(1,141)	(5,585)	(6,726)	-
Transfers from other funds	-	95,430	95,430	-
Transfers to other funds	(182,288)	-	(182,288)	-
Net cash used for capital and related financing activities	(414,960)	(24,564)	(439,524)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	25,420	447	25,867	39
Net cash provided by investing activities	25,420	447	25,867	39
Net increase (decrease) in cash and cash equivalents	404,666	63,447	468,113	(866)
Cash and cash equivalents, beginning of year	3,194,379	85,877	3,280,256	2,463
Cash and cash equivalents, end of year	$ 3,599,045	$ 149,324	$ 3,748,369	$ 1,597

(Continued)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	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 (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ 732,523	$ (76,177)	$ 656,346	$ (10,455)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	253,247	163,105	416,352	9,358
Other pension related charges	(7,606)	(5,979)	(13,585)	(3,330)
Other post employment benefits (OPEB)	(12,210)	(3,257)	(15,467)	-
(Increase) decrease in current assets				
Accounts receivable	(250,522)	(2,203)	(252,725)	-
Intergovernmental receivables	2,736	7,018	9,754	-
Other receivables	9,756	-	9,756	-
Interfund receivables	-	1,328	1,328	-
Inventories	(25,509)	-	(25,509)	-
Prepaids	1,851	1,425	3,276	-
Increase (decrease) in current liabilities				
Accounts payable	214,738	11,070	225,808	332
Accrued liabilities	15,669	(101)	15,568	2,833
Customer deposits	15,546	-	15,546	-
Intergovernmental payables	1,796	(1,105)	691	-
Interfund payables	1,800	-	1,800	357
Total adjustments	221,292	171,301	392,593	9,550
Net cash provided by (used for) operating activities	$ 953,815	$ 95,124	$ 1,048,939	$ (905)

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, 2018

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

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

B. The Financial Reporting Entity

The City was originally chartered on August 19, 1927 and was rechartered on March 15, 1973. Under the charter, the citizens elect the Mayor at large and five City 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 City 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 City 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 Downtown Development Authority is a legally separate entity, its board members are appointed by the City, and the City is able to impose its 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 of Georgia. 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 these 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, 2018.

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 these financial statements.

D. Basic Financial Statements

The basic financial statements consist of the government-wide financial statements, fund financial statements, and 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 governmental 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 2018 annual appropriated budgets for the City’s general, enterprise, and special revenue funds on December 14, 2017. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Under Georgia State law, appropriations lapse at year-end.

The budgets are prepared essentially on the cash basis, rather than in accordance with generally accepted accounting principles. 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 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, and 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. New Accounting Pronouncements

During June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 75 requires governments to report a liability on the face of the financial statements for the unfunded portion of the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a *net OPEB liability*—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their *proportionate share of the collective OPEB liability* for all entities participating in the cost-sharing plan.

- Governments that do not provide OPEB through a trust that meets specified criteria will report the *total OPEB liability* related to their employees.

Statement No. 75 carries forward from Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments.

Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new required supplementary information includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.
Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances—called special funding situations – Statement No. 75 requires these governments to recognize in their financial statements a share of the other government's net OPEB liability.

The provisions of this Statement became effective for financial statements for periods beginning after June 15, 2017. Management implemented the provisions of this Statement in the City's financial statements as of and for the year ended December 31, 2018.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2019. Earlier application is encouraged. Management is currently evaluating the potential effects of this Statement on the City's financial statements.

During April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for financial statement periods beginning after June 15, 2018. Earlier application is encouraged. Management is currently evaluating the potential effects of this Statement on the City's financial statements.

During June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2019. Earlier application is encouraged. Management implemented the provisions of this Statement in its financial statements as of and for the year ended December 31, 2018. These provisions had no effect on these financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During June 2018, the GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2018. Earlier application is encouraged. The City will implement the requirements of this Statement when it becomes effective. Management is currently evaluating the potential effects of this Statement on the City's financial statements.

I. 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.

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 AAAf 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 of Georgia 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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, is determined by an 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, 2018.

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

Capital Assets and Depreciation

Capital assets, which include 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 acquisition value on the date donated. Infrastructure acquired prior to June 30, 1980 is not reported.

Major outlay for capital assets and improvements not completed as of year-end are capitalized as construction in progress. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 government-wide Statement of Net Position and the proprietary fund Statement of Fund Net Position.

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 pension plan's measurement date, the difference between expected and actual experience on pension plan demographic and economic changes, and assumption changes in this category on the government-wide and proprietary fund Statements of Net Position.

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 for the net difference between expected and actual experience on pension plan demographic changes, assumption changes, and the net difference between projected and actual earnings on pension plan investments on the government-wide and proprietary fund Statements of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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/expenditures during the reporting period. Actual results could vary from the estimates that were recorded.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Fund

Actual revenues and other financing sources (budgetary basis) were $ 209,499 less than budgeted amounts whereas actual expenditures and other financing uses (budgetary basis) were $ 270,931 less than appropriated amounts resulting in a net increase in fund balance (budgetary basis) of $ 61,432. Expenditures for all City departments and functions were under appropriations 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 $ 16,718 and $ 86,094, respectively. These deficits are attributable to noncurrent liabilities related to the funds' net pension liability and total OPEB liabilities.

In addition, the Internal Service Fund is reporting a decrease in net position totaling $ 10,416. 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 and Forfeiture Fund, 2016 CDBG Capital Project Fund, TEA Grant Capital Project Fund, and TIA SPLOST Capital Project Fund are reporting decreases in fund balance for December 31, 2018 totaling $ 4,932, $ 24, $ 49, $ 74, and $ 24,237, respectively. These decreases were funded with available fund balance.

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS

Deposits

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

The carrying amount of the City's deposits with financial institutions was $ 6,688,163 and the bank balance was $ 6,945,315 at December 31, 2018. Deposits of the City were fully collateralized as of year-end.

Collateralization of the City's deposits as of December 31, 2018 is as follows:

Amount insured by FDIC	$	353,437
Amount collateralized with securities held by the pledging financial institution's trust department or agent in the City's name		6,591,878
Total bank balance	$	6,945,315

(Continued)

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

Investments

At December 31, 2018, the City had the following investments:

Investments	Maturities	Fair Value	Credit Rating
Georgia Fund 1	21 day WAM	$ 133,385	AAAf
Land	N/A	243,314	N/A
		$ 376,699	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements as of December 31, 2018 include its investment in land (Level 3 inputs).

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 365 days from date of purchase.

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

Concentration of credit risk is the risk that the City will place no limit on the amount they invest in any one issuer. At December 31, 2018, no single issue investment exceeded 5% of total investments.

Land

The City purchased a house and parcel of land in conjunction with its Community Home Improvement Program (CHIP). The property, and additional costs related thereto, was funded by the City's Housing Development Action Grant (HODAG) Revolving Loan Fund and is recorded in that fund. Total investment in the property as of December 31, 2018 was $ 86,717. 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, 2017 and were due on November 15, 2017. 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 2018 tax levy follows:

2018 millage rate		6.857
Taxable digest	$	125,265,765
Gross tax levy	$	1,868,347
Less sales tax rollback		(990,000)
Net property taxes	$	878,347
Property taxes receivable	$	117,104
Less allowance for uncollectible amounts		(15,156)
Net property taxes receivable	$	101,948
Unavailable revenue-property tax	$	28,350

NOTE 5 - NOTES RECEIVABLE

Notes receivable and the applicable allowances for uncollectible accounts as of December 31, 2018 are as follows:

Employment Incentive Program Loan Fund (EIP)		
4.00%, monthly payments of $ 1,893 (principal and interest), to 2023, collateralized by equipment and accounts receivable	$	110,480
3.00%, monthly payments of $ 2,414 (principal and interest), to 2021, personally guaranteed by five owners		65,203
3.00%, monthly payments of $ 1,155, final payment of $ 89,387 (principal and interest), to 2020, collateralized by equipment, accounts receivable, and inventory		112,748
3.00%, monthly payments of $ 1,082 (principal and interest), to 2022, collateralized by real estate		46,000
3.00%, monthly payments of $ 1,448 (principal and interest), to 2023, collateralized by real estate		83,092

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

4.50%, monthly payments of $ 1,487 (principal and interest), to 2018, collateralized by real estate, furniture, fixtures, and equipment	2,011
2.50%, monthly payments of $ 2,828 (principal and interest), to 2024, collateralized by real estate, furniture, fixtures, and equipment	243,523
3.00%, monthly payments of $ 1,485 (principal and interest), to 2033, collateralized by real estate	213,103
3.00%, monthly payments of $ 1,686 (principal and interest), to 2028, collateralized by real estate	168,342
	1,044,502
Less allowance for uncollectible accounts	(112,748)
Total	931,754
Housing Development Action Grant Loan Fund (HODAG)	
3.50%, monthly payments of $ 57 (principal and interest), to 2020, collateralized by real estate	1,028
3.00%, monthly payments of $ 112 (principal and interest), to 2023, collateralized by real estate	5,557
3.00%, monthly payments of $ 106 (principal and interest), to 2021, collateralized by real estate	3,798
3.00%, monthly payments of $ 79 (principal and interest), to 2021, collateralized by real estate	3,400
	13,783
Less allowance for uncollectible accounts	(7,198)
Total	6,585
Urban Development Action Grant Loan Fund (UDAG)	
6.00%, monthly payments of $ 808, (principal and interest), to 2014, collateralized by real estate	69,757
	69,757
Less allowance for uncollectible accounts	(69,757)
Total	-
Grand Total	$ 938,339

The City uses the allowance method for recording bad debts attributable to its notes receivable. The allowance for uncollectible accounts is determined by an analysis of the year-end receivable balances for those accounts which the City believes will not be collected based on past history.

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

Annual collections on notes receivable outstanding (net of allowances for uncollectible accounts) as of December 31, 2018 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	$ 135,363	$ 26,737	$ 162,100
2020	133,648	22,102	155,750
2021	117,905	18,163	136,068
2022	108,427	14,760	123,187
2023	101,068	11,580	112,648
2024 thru 2028	261,859	27,339	289,198
2029 thru 2033	80,069	6,045	86,114
	$ 938,339	$ 126,726	$ 1,065,065

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deletions/ Transfers	Balance 12/31/2018
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,046,110	$ -	$ -	$ 1,046,110
Construction in progress	134,861	898,226	(732,138)	300,949
Total capital assets not being depreciated	1,180,971	898,226	(732,138)	1,347,059
Capital assets being depreciated				
Site improvements	5,950,374	-	-	5,950,374
Buildings and improvements	3,411,137	57,734	(2,641)	3,466,230
Machinery and equipment	3,438,878	128,493	(12,338)	3,555,033
Infrastructure	4,818,316	710,438	-	5,528,754
Total capital assets being depreciated	17,618,705	896,665	(14,979)	18,500,391
Less accumulated depreciation				
Site improvements	(2,669,756)	(173,688)	-	(2,843,444)
Buildings and improvements	(1,048,027)	(87,353)	2,641	(1,132,739)
Machinery and equipment	(3,219,884)	(76,756)	12,338	(3,284,302)
Infrastructure	(1,404,767)	(205,240)	-	(1,610,007)
Total accumulated depreciation	(8,342,434)	(543,037)	14,979	(8,870,492)
Net capital assets being depreciated	9,276,271	353,628	-	9,629,899
Governmental activities capital assets-net	$ 10,457,242	$ 1,251,854	$ (732,138)	$ 10,976,958

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. The City transferred capital assets, totaling $ 238,902, from its completed CDBG capital project to the McDuffie County/City of Thomson, Georgia Water and Sewer Commission in 2018.

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

General government	$ 10,628
Public safety	71,254
Public works	212,851
Housing and development	173,365
Culture and recreation	20,163
Community services	45,418
Internal service fund	9,358
Current year depreciation expense	$ 543,037

Business-type capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deletions/ Transfers	Balance 12/31/2018
Business-type Activities				
Capital assets not being depreciated				
Land	$ 128,782	$ -	$ -	$ 128,782
Total capital assets not being depreciated	128,782	-	-	128,782
Capital assets being depreciated				
Buildings and improvements	444,229	-	-	444,229
Machinery and equipment	8,765,307	261,667	-	9,026,974
Total capital assets being depreciated	9,209,536	261,667	-	9,471,203
Less accumulated depreciation				
Buildings and improvements	(277,749)	(10,904)	-	(288,653)
Machinery and equipment	(5,814,981)	(405,448)	-	(6,220,429)
Total accumulated depreciation	(6,092,730)	(416,352)	-	(6,509,082)
Net capital assets being depreciated	3,116,806	(154,685)	-	2,962,121
Business-type activities capital assets-net	$ 3,245,588	$ (154,685)	$ -	$ 3,090,903

Depreciation expense on capital assets of the business-type activities was $ 416,352 for the year ended December 31, 2018.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2018:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Governmental Activities				
Note payable	$ 220,517	$ -	$ (35,680)	$ 184,837
Accrued compensated absences	47,324	10,068	(4,010)	53,382
Total debt-governmental activities	$ 267,841	$ 10,068	$ (39,690)	$ 238,219
Business-type Activities				
Capital leases	$ 318,507	$ -	$ (88,827)	$ 229,680
Total debt-business-type activities	$ 318,507	$ -	$ (88,827)	$ 229,680

There was no short-term borrowing during the year ended December 31, 2018.

The following summarizes long-term debt outstanding at December 31, 2018:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Note payable, airport hanger	$ 500,000	3.00%	2023	$ 184,837	$ 36,763
	$ 500,000			184,837	36,763
Accrued compensated absences				53,382	-
Total-governmental activities				$ 238,219	$ 36,763
Business-type Activities					
Capital lease	$ 324,443	2.69%	2021	$ 150,694	$ 65,854
Capital lease	125,688	2.00%	2022	78,986	25,086
Total-business-type activities	$ 450,131			$ 229,680	$ 90,940

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 made during July 2023. Annual requirements to amortize the note payable outstanding as of December 31, 2018 to maturity are as follows:

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Year Ending December 31,	Principal	Interest	Total
2019	$ 36,763	$ 5,134	$ 41,897
2020	37,878	4,019	41,897
2021	39,027	2,870	41,897
2022	40,211	1,686	41,897
2023	30,958	465	31,423
	$ 184,837	$ 14,174	$ 199,011

Capital Lease Obligations

On February 26, 2016, the City, in conjunction with the McDuffie County/City of Thomson, Georgia Water and Sewer Commission, entered into a capital lease with the Georgia Municipal Association to purchase equipment and service vehicles. The lease was subsequently assigned and transferred to Branch Banking & Trust Company. Original terms of the lease required 20 quarterly payments, including principal and interest at 2.21%, beginning May 26, 2016 with the final payment being due February 26, 2021. Effective February 26, 2018 and in accordance with the Master Lease Agreement, the stated interest rate was increased to 2.69% due to the enactment of recent tax laws that changed the federal corporate tax rate. The City's proportionate share of lease proceeds totaled $ 324,443. The City's revised quarterly payments are $ 17,312 as of February 26, 2018.

On February 6, 2017, the City entered into a capital lease with Regions Equipment Finance Corporation to purchase a new garbage truck. Terms of the lease require 60 monthly payments, including principal and interest at 2.00% beginning March 6, 2017 with the final payment being due February 6, 2022.

Future minimum lease payments to maturity are as follows:

Year Ending December 31,	Business-type Activities
2019	$ 95,685
2020	95,685
2021	43,749
2022	2,203
Total minimum lease payments	237,322
Less amount representing interest	(7,642)
Present value of minimum lease payments	$ 229,680

Total cost of assets acquired under capital leases and accumulated depreciation, thereon, were as follows as of December 31, 2018:

Asset	Business-type Activities
Machinery and equipment	$ 465,130
Less accumulated depreciation	(201,210)
Total	$ 263,920

Current year amortization of assets recorded under capital leases totaled $ 90,539 for business-type activities and is included within depreciation expense.

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2018, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
General Fund	Gas Fund	$ 5,680
General Fund	Internal Service Fund	2,884
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	2,324
Gas Fund	Airport Capital Projects Fund	10,044
Solid Waste Fund	General Fund	4,128
		$ 43,558

Amounts due to the General Fund totaling $ 8,564 represent unapplied employee insurance withholdings, from the Gas and Internal Service 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 $ 2,324 represent the City's portion of operating expenses for December 2018.

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

Amounts due to the Solid Waste Fund totaling $ 4,128 represent prior year capital contributions from the Gas Fund that were deposited in the General Fund.

Interfund transfers

	Transfer In			
Transfer Out	General Fund	Solid Waste Fund	Nonmajor Governmental Funds	Total Transfers Out
General fund	$ -	$ -	$ 38,417	$ 38,417
Gas fund	246,467	95,430	-	341,897
Solid waste fund	7,560	-	-	7,560
Nonmajor governmental funds	74	-	-	74
	$ 254,101	$ 95,430	$ 38,417	$ 387,948

(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 2018 totaled $ 86,858. 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 $ 105,609. 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 $ 54,000 and $ 7,560, respectively. The TEA Grant Capital Project Fund transferred its remaining cash balance, of $ 74, to the General Fund to reimburse the General Fund its original contribution to open the TEA Grant bank account.

The City funds a portion of its Solid Waste capital budget with transfers from the Gas Fund. Capital assets funded with transfers from the Gas Fund during 2018 totaled $ 95,430.

The City funds one-half of the operations, maintenance, and capital costs of the regional airport. Transfers to the Airport Capital Project Fund totaled $ 37,317. In addition, the General Fund provided funds totaling $ 1,100 to open bank accounts for the 2017 and 2018 CDBG Capital Projects Funds.

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, 2018 are as follows:

	Governmental Activities	Business-type Activities
Net Investment in Capital Assets		
Primary government	$ 10,953,757	$ 3,090,903
Internal service fund	23,201	-
Less note payable and capital lease	(184,837)	(229,680)
Less construction and retainage payables	(43,529)	-
Total net investment in capital assets	$ 10,748,592	$ 2,861,223
Restricted For		
Public Safety		
Police Condemnation and Forfeiture Fund	$ 1,262	
Total Public Safety	$ 1,262	
Public Works		
TIA SPLOST Capital Project Fund	$ 83,876	
LMIG Capital Project Fund	50	
Total Public Works	$ 83,926	

(Continued)

NOTE 9 - NET POSITION (Continued)

Housing and Development		
EIP Revolving Loan Fund	$	603,873
HODAG Revolving Loan Fund		455,042
UDAG Revolving Loan Fund		244,319
2016 CDBG Capital Project Fund		51
2017 CDBG Capital Project Fund		52
2018 CDBG Capital Project Fund		100
2016 CHIP Grant Capital Project Fund		32,115
Airport Capital Projects Fund		9,681
Total Housing and Development	$	1,345,233

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 (the "County") 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 the County. 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 billings 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.

(Continued)

NOTE 10 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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

Financial information regarding the Commission's financial statements as of and for the year ended December 31, 2018 is summarized as follows:

Operating revenues	$	5,236,564
Depreciation and amortization expense	$	1,381,366
Operating income	$	189,695
Change in net position	$	240,599
Capital asset additions	$	797,677
Capital asset deletions	$	-
Net working capital	$	3,251,413
Total assets	$	39,391,013
Deferred outflows of resources	$	141,017
Long-term liabilities	$	9,641,931
Deferred inflows of resources	$	118,591
Total net position	$	28,879,238

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 State 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, 2018, 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 the State of 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 Council. 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.

(Continued)

NOTE 10 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Thomson-McDuffie Land Bank Authority

The City and County 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 of Georgia 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 Georgia 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 sixty-five (65) with a minimum of five years of service, and early retirement is age fifty-five (55) with a minimum of ten years of total credited service. Monthly benefits are based on (a) the average annual earnings paid to a participant during any consecutive five year period preceding the actual date of retirement in which the earnings were highest and (b) the total years of service.

As of July 1, 2018, the last valuation date, there were 208 participants consisting of the following:

Retired participants and beneficiaries currently receiving benefits	65
Terminated vested participants entitled to but not yet receiving benefits	61
Active participants-vested	54
Active participants-not vested	28
Total number of participants	208

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.

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

For 2018, the City's contribution to the Plan totaled $ 225,240, or 11.20% of covered-employee payroll. This contribution was equal to the recommended annual contribution determined as part of the July 1, 2017 actuarial valuation.

Net Pension Liability

The City's net pension liability was measured as of March 31, 2018.

Actuarial Assumptions. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.50%, on going basis, based on long-term expected rate of return on pension plan investments
Projected salary increases	2.75%, plus service based merit increases
Inflation	2.75%
Cost of living adjustments	0.00%

The mortality and economic actuarial assumptions used in the July 1, 2018 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, 2018 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 Plan's target asset allocation as of March 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	45.00%	6.71%
International equity	20.00%	7.71%
Real estate	10.00%	5.21%
Global fixed income	5.00%	3.36%
Domestic fixed income	20.00%	2.11%
Cash	0.00%	0.00%
Total	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on these assumptions, the 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, 2018 were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balances at March 31, 2017	$ 6,211,227	$ 4,826,156	$ 1,385,071
Changes for the year:			
Service cost	100,576	-	100,576
Interest	474,529	-	474,529
Differences between expected and actual experience	(38,201)	-	(38,201)
Contributions-employer	-	218,992	(218,992)
Contributions-employee	-	-	-
Net investment income	-	602,227	(602,227)
Benefit payments, including refunds of employee contributions	(403,329)	(403,329)	-
Administrative expense	-	(15,539)	15,539
Other	100,742	-	100,742
Net changes	234,317	402,351	(168,034)
Balances at March 31, 2018	$ 6,445,544	$ 5,228,507	$ 1,217,037

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 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.50 percent) or 1 percent higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's Net Pension Liability	$ 1,953,827	$ 1,217,037	$ 593,381

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, 2018 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 the Pension Plan. For the year ended December 31, 2018, the City recognized pension expense of $ 189,066. The City reported the following deferred outflows of resources and deferred inflows of resources related to the Plan as of December 31, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 171,516	$ -
Difference between expected and actual experience	53,204	54,415
Changes of assumptions	75,557	5,947
Net difference between projected and actual earnings on pension plan investments	-	194,378
Total	$ 300,277	$ 254,740

Contributions made subsequent to the measurement date totaling $ 171,516 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

	Year Ending December 31,				
	2019	2020	2021	2022	Total
Fiscal Year Outflows					
Demographic	$ 26,602	$ 26,602	$ -	$ -	$ 53,204
Assumptions	25,186	25,186	25,185	-	75,557
Total	$ 51,788	$ 51,788	$ 25,185	$ -	$ 128,761
Fiscal Year Inflows					
Demographic	$ 35,721	$ 9,347	$ 9,347	$ -	$ 54,415
Assumptions	5,947	-	-	-	5,947
Investment	38,415	21,705	88,607	45,651	194,378
Total	$ 80,083	$ 31,052	$ 97,954	$ 45,651	$ 254,740

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

Changes in Methods and Assumptions

Based on the results of an actuarial study in September 2017, the following assumptions were changed in this valuation:

- The investment return assumption was reduced from 7.75% to 7.50%.
- The inflation assumption was reduced from 3.25% to 2.75%.
- The Social Security wage base increase assumption was reduced from 3.25% to 2.75% (if applicable).
- The salary increase rates were reduced by 0.50% for all years of service, consistent with the reduction in the inflation assumption.

There were no other changes in methods or assumptions.

Benefit Changes

There were no changes to Plan benefits during the year ended December 31, 2018.

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Effective January 1, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the City's accounting for other postemployment benefits. The information disclosed below is presented in accordance with this new standard.

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 healthcare benefits for certain retired employees as per a personnel policy adopted December 7, 1992 and affirmed by resolution of the 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 of sixty-two (62) while working for the City, and have a minimum of twenty-five (25) years of full time service upon retirement. Benefits were also offered to eligible employees through a one-time Early Retirement Incentive Program (ERIP). To be eligible for benefits under the ERIP, employees had to have attained the age of fifty-five (55) as of January 1, 2016 with a minimum of twenty-eight (28) years of full time service. Qualification for benefits under the ERIP closed March 31, 2016. Benefits continue in effect until the retirees reach the age of sixty-five (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. The cost of these benefits is recognized as an expenditure on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

(Continued)

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

As of December 31, 2018, the last measurement date, there were 57 participants in the Retiree Health Plan consisting of the following:

Retired participants currently receiving benefits	4
Active participants	53
Total number of participants	57

There were three retired City employees and one retired McDuffie County/City of Thomson, Georgia Water and Sewer Commission employee that received benefits during 2018. Benefits paid on behalf of the City participants totaled $ 21,348 for the year ended December 31, 2018.

Total OPEB Liability

The City's proportionate share of its total OPEB liability is based on the City's proportionate share of eligible employees to total eligible employees of the City and Commission. For the year ended December 31, 2018, the City's proportionate share was seventy-nine percent (rounded). The City's total OPEB liability of $ 1,110,582 was measured as of December 31, 2018, and was determined by using the alternative measurement method for employers in plans with fewer than one hundred total plan members, as provided for in GASB Statement No. 75.

Actuarial Assumptions and Other Inputs. The total OPEB liability as of the December 31, 2018 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Projected salary increases	2.55%	
Discount rate	3.64%	
Heathcare cost trend rate	4.60%	for 2018, 4.70% for 2019, 4.80% for years 2020 through 2023, and 4.70% for 2024 and later years
Retiree's share of benefit-related costs	0.00%	of projected health insurance premiums for retirees

Projected salary increases were based on the Consumer Price Index-Urban Wage Earners and Clerical Workers CPI-W.

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index for the quarter ended December 31, 2018.

Mortality rates were based on the RP-2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

Employee turnover was derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

(Continued)

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the year ended December 31, 2018 were as follows:

	Governmental Activities	Business-type Activities		
	General Fund	Gas Fund	Solid Waste Fund	Total
Balance at December 31, 2017	$ 639,928	$ 417,344	$ 111,292	$ 1,168,564
Changes for the year:				
Service cost	29,537	17,041	4,544	51,122
Interest	23,201	13,385	3,569	40,155
Differences between expected and actual experience	(36,915)	(21,297)	(5,680)	(63,892)
Effect of assumption changes or inputs	(36,989)	(21,340)	(5,690)	(64,019)
Contributions-employer	(21,348)	-	-	(21,348)
Net changes	(42,514)	(12,211)	(3,257)	(57,982)
Balance at December 31, 2018	$ 597,414	$ 405,133	$ 108,035	$ 1,110,582

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the City, calculated using the discount rate of 3.64 percent, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.64 percent) or 1 percent higher (4.64 percent) than the current discount rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
City's Total OPEB Liability	$ 1,242,444	$ 1,110,582	$ 997,922

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the City, calculated using a healthcare cost trend rate of 4.60 percent, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percent lower (3.60 percent) or 1 percent higher (5.60 percent) than the current healthcare cost trend rate:

	1% Decrease (3.60%)	Current Healthcare Rate (4.60%)	1% Increase (5.60%)
City's Total OPEB Liability	$ 962,083	$ 1,110,582	$ 1,289,414

OPEB Expense

The City's total OPEB liability was last measured as of December 31, 2015. Since that date, there have been changes in the number of eligible employees and significant demographic and assumption changes that resulted in the City recognizing a negative OPEB expense of $ 57,982 for the year ended December 31, 2018.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

As described in Note 14 above, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As a result, The City's beginning net position as of January 1, 2018 was restated as follows:

	Government-Wide Statements		
	Governmental Activities	Business-type Activities	Proprietary Fund Statements
General Fund			
Implementation effect of GASB Statement No. 75	$ (121,343)	$ -	$ -
Gas Fund			
Implementation effect of GASB Statement No. 75	-	(161,782)	(161,782)
Solid Waste Fund			
Implementation effect of GASB Statement No. 75		33,725	33,725
Total prior period restatement	$ (121,343)	$ (128,057)	$ (128,057)

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS

Commitments

On November 15, 2017 the City was awarded a Community Development Block Grant (CDBG) for multi-activities totaling $ 1,000,000. Proceeds of this grant will be combined with local funds and used to revitalize blighted neighborhoods within the City. The revised total cost of this project is estimated to be $ 1,302,874. Construction has begun on this project.

On October 10, 2018 the City was awarded a Community Development Block Grant (CDBG) totaling $ 750,000. Proceeds from this grant will be combined with local funds and used to revitalize sewer facilities and improve flood and drainage facilities. The estimated total cost of this project is $ 830,000. This project is currently in the planning and engineering stage.

The City has been awarded a Community Home Investment Program (CHIP) grant totaling $ 611,184. Proceeds from this grant will be used to fund rehabilitation and new construction assistance to qualifying homeowners. The City has completed several rehabilitation projects and is continuing to accept grant applications for this program.

The City has been awarded an Airport Improvement Grant for obstruction mitigation and environmental assessment totaling $ 215,299. Proceeds of this grant will be combined with local funds to install obstruction lighting at the Thomson-McDuffie Regional Airport. The total cost of this project is estimated to be $ 227,198. Final engineering is being conducted on this project.

A second Airport Improvement Grant was awarded to the City for obstruction removal and design of an airfield crack seal and remarking project. Grant proceeds totaling $ 456,744 will be combined with local matching funds to complete this project which is estimated to cost $ 487,781. Preliminary engineering is being conducted on this project.

A third Airport Improvement Grant was awarded for the sealing and remarking of the airfield. Total grant funding for this project is $ 233,696 and local matching funds total $ 12,825. The total estimated project cost is $ 246,521. This project is currently in the design phase.

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

As of December 31, 2018, amounts spent to date and the estimated remaining commitments on these projects are as follows:

Project Description	Spent To Date	Remaining Commitment
2017 CDBG multi-activities grant	$ 78,450	$ 1,224,424
2018 CDBG multi-activities grant	-	830,000
2016 CHIP grant	107,474	503,710
Airport obstruction mitigation	43,273	183,925
Airport obstruction removal	176,802	310,979
Airport crack seal and remark	9,975	236,546
	$ 415,974	$ 3,289,584

Subsequent Events

In preparing these financial statements, the City's management has evaluated events and transactions for potential recognition or disclosure through June 28, 2019, the date the financial statements were available for issuance.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 100,576	$ 100,271	$ 111,210	$ 103,502
Interest	474,529	453,408	434,865	420,728
Differences between expected and actual experience	(38,201)	106,476	(61,962)	(55,422)
Changes of assumptions	-	-	53,372	(31,175)
Benefit payments, including refunds of employee contributions	(403,329)	(387,984)	(315,022)	(299,574)
Other	100,742	-	-	-
Net change in total pension liability	234,317	272,171	222,463	138,059
Total pension liability, beginning	6,211,227	5,939,056	5,716,593	5,578,534
Total pension liability, ending (a)	6,445,544	6,211,227	5,939,056	5,716,593
Plan Fiduciary Net Position				
Contributions-employer	218,992	221,170	234,918	256,230
Net investment income	602,227	559,398	12,857	403,968
Benefit payments, including refunds of employee contributions	(403,329)	(387,984)	(315,022)	(299,574)
Administrative expenses	(15,539)	(15,891)	(11,223)	(10,258)
Net change in fiduciary net position	402,351	376,693	(78,470)	350,366
Plan fiduciary net position, beginning	4,826,156	4,449,463	4,527,933	4,177,567
Plan fiduciary net position, ending (b)	5,228,507	4,826,156	4,449,463	4,527,933
Net pension liability, ending (a)-(b)	$ 1,217,037	$ 1,385,071	$ 1,489,593	$ 1,188,660
Plan's fiduciary net position as a percentage of the total pension liability	81.05%	77.69%	74.96%	79.21%
Covered employee payroll during the measurement period	$ 2,010,710	$ 1,967,917	$ 2,126,471	$ 2,161,671
Net pension liability as a percentage of covered payroll	60.53%	70.38%	70.05%	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

	2018	2017	2016	2015
Actuarially determined contribution	$ 225,240	$ 211,345	$ 219,664	$ 238,900
Contributions in relation to the actuarially determined contribution	225,240	211,345	219,664	240,097
Contribution deficiency (excess)	$ -	$ -	$ -	$ (1,197)
Covered employee payroll during the measurement period	$ 2,010,710	$ 1,967,917	$ 2,126,471	$ 2,161,671
Contributions as a percentage of covered employee payroll	11.20%	10.74%	10.33%	11.03%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	July 1, 2018
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	7.50%
Projected Salary Increases	2.75%
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) 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 CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS PLAN

	2018
Total OPEB Liability	
Service cost	$ 51,122
Interest	40,155
Differences between expected and actual experience	(63,892)
Changes of assumptions	(64,019)
Benefit payments	(21,348)
Net change in total OPEB liability	(57,982)
Total OPEB liability, beginning	1,168,564
Total OPEB liability, ending	$ 1,110,582
Covered employee payroll during the measurement period	$ 2,402,173
Total OPEB liability as a percentage of covered payroll	46.23%

Notes to the Schedule:

(1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

(2) See the notes to the financial statements for the actuarial methods and significant assumptions used to determine the total OPEB liability.

(3) Historical information prior to the implementation of GASB Statement No. 75 is not required. The schedule will present 10 years of information as it is accumulated.

INDIVIDUAL AND COMBINING FUND STATEMENTS

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GENERAL FUND

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

CITY OF THOMSON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes				
Property tax	$ 963,560	$ 972,460	$ 965,785	$ (6,675)
Intangible tax	9,000	9,800	9,795	(5)
Railroad equipment tax	320	320	504	184
Real estate transfer tax	2,000	4,000	3,928	(72)
Franchise tax	410,000	383,000	381,823	(1,177)
Local option sales tax	989,506	989,506	989,506	-
Alcoholic beverage tax	130,000	138,000	137,696	(304)
Energy excise tax	80,000	94,000	93,817	(183)
Occupation tax	64,000	70,100	69,933	(167)
Insurance premium tax	450,000	485,500	485,455	(45)
Financial institution tax	43,000	32,300	32,217	(83)
Penalties and interest	3,500	4,020	4,018	(2)
Payment in lieu of taxes	14,000	19,100	19,090	(10)
Total taxes	3,158,886	3,202,106	3,193,567	(8,539)
Licenses and Permits				
Alcoholic beverage licenses	12,000	15,000	14,900	(100)
Fireworks licenses	500	500	500	-
Building permits	20,000	18,600	18,548	(52)
Total licenses and permits	32,500	34,100	33,948	(152)
Intergovernmental				
Water and sewer joint venture	131,043	131,043	130,449	(594)
Total intergovernmental	131,043	131,043	130,449	(594)
Charges for Services				
Fire protection fees	4,500	2,500	2,500	-
Total charges for services	4,500	2,500	2,500	-
Fines and Forfeitures				
Police court fines	200,500	132,700	132,401	(299)
Total fines and forfeitures	200,500	132,700	132,401	(299)
Use of Money and Property				
Interest income	6,430	13,730	13,729	(1)
Rents	64,897	75,197	75,197	-
Cemetary lot sales	40,000	36,000	35,880	(120)
Total use of money and property	111,327	124,927	124,806	(121)
Other				
Miscellaneous	29,600	51,481	52,119	638
Total other	29,600	51,481	52,119	638
Total revenues	3,668,356	3,678,857	3,669,790	(9,067)

(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, 2018

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
EXPENDITURES				
General government				
Mayor and Council	59,325	59,825	55,229	(4,596)
Voter registration	7,559	13,559	13,462	(97)
General administration	612,131	640,842	604,743	(36,099)
Tax commissioner	13,075	13,075	13,075	-
Tax assessor	2,119	2,119	2,119	-
Total general government	694,209	729,420	688,628	(40,792)
Public safety				
Police	1,170,912	1,149,319	1,134,544	(14,775)
Fire	809,834	831,704	818,617	(13,087)
Animal shelter	25,218	25,218	25,218	-
Total public safety	2,005,964	2,006,241	1,978,379	(27,862)
Public works				
Street department	746,642	714,789	561,348	(153,441)
Total public works	746,642	714,789	561,348	(153,441)
Community services				
Senior citizen center	67,591	74,204	74,204	-
Community centers	34,100	32,225	30,462	(1,763)
Transportation services	10,080	29,940	29,940	-
Total community services	111,771	136,369	134,606	(1,763)
Culture and recreation				
Recreation	261,235	259,970	259,966	(4)
Library	88,278	88,278	88,278	-
Total culture and recreation	349,513	348,248	348,244	(4)
Housing and development				
Planning and zoning	85,342	77,100	68,075	(9,025)
Code enforcement	55,025	40,675	1,654	(39,021)
Economic development	41,897	41,897	41,897	-
CSRA Regional Commission	6,800	6,800	6,778	(22)
Total housing and development	189,064	166,472	118,404	(48,068)
Total expenditures	4,097,163	4,101,539	3,829,609	(271,930)

(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, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
Excess (deficiency) of revenues over (under) expenditures	(428,807)	(422,682)	(159,819)	(262,863)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	5,000	4,348	(652)
Transfers in	453,807	453,882	254,102	(199,780)
Transfers out	(30,000)	(36,200)	(37,199)	999
Total other financing sources (uses)	428,807	422,682	221,251	(201,431)
CHANGE IN FUND BALANCE	$ -	$ -	$ 61,432	$ 61,432

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 - The Airport Capital Project Fund is used to account for proceeds from federal and state grants, as well as, local funding for capital improvements, operations, and maintenance at the Thomson-McDuffie Regional Airport.

2016, 2017, and 2018 CDBG Capital Project Funds - These funds were established to account for Community Development Block Grant funds (awarded in the City's name) that are used for redevelopment of local neighborhoods.

2016 CHIP Grant Capital Project Fund - This fund was established to account for proceeds received from a Community Home Investment Program that are used to fund rehabilitation and new construction assistance to qualifying homeowners.

Monument Capital Project Fund - This fund was established to account for proceeds accumulated from various sources to commission and construct a statue in honor of a local musician.

TEA Grant Capital Project 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 Capital Project 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 Capital Project 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 Capital Project 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, 2018

	Special Revenue			Capital Projects										
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	Airport Capital Project Fund	2016 CDBG Capital Project Fund	2017 CDBG Capital Project Fund	2018 CDBG Capital Project Fund	2016 CHIP Grant Capital Project Fund	Monument Capital Project Fund	TEA Grant Capital Project Fund	LMIG Capital Project Fund	TIA SPLOST Capital Project Fund	SPLOST Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS														
Cash and cash equivalents	$ 206,608	$ 231,012	$ 1,262	$ 32,011	$ 51	$ 52	$ 100	$ 52	$ 35,581	$ -	$ 50	$ 57,431	$ -	$ 564,210
Investments	243,314	-	-	-	-	-	-	-	-	-	-	-	-	243,314
Receivables (net of allowance for uncollectibles):														
Notes-current	1,859	-	-	-	-	-	-	-	-	-	-	-	-	1,859
Notes-long-term	4,726	-	-	-	-	-	-	-	-	-	-	-	-	4,726
Interest	13	-	-	-	-	-	-	-	-	-	-	-	-	13
Other	-	-	-	3,212	-	-	-	-	-	-	-	-	-	3,212
Intergovernmental receivables	-	-	-	19,957	-	-	-	36,963	-	-	-	13,492	-	70,412
Interfund receivables	5,191	13,307	-	2,324	-	-	-	-	-	-	-	-	-	20,822
Total assets	$ 461,711	$ 244,319	$ 1,262	$ 57,504	$ 51	$ 52	$ 100	$ 37,015	$ 35,581	$ -	$ 50	$ 70,923	$ -	$ 908,568
LIABILITIES														
Accounts payable	$ -	$ -	$ -	$ 26,183	$ -	$ -	$ -	$ 32,063	$ -	$ -	$ -	$ 1,786	$ -	$ 60,032
Intergovernmental payables	-	-	-	-	-	-	-	4,900	-	-	-	-	-	4,900
Interfund payables	1,968	-	-	10,044	-	-	-	-	-	-	-	-	-	12,012
Total liabilities	1,968	-	-	36,227	-	-	-	36,963	-	-	-	1,786	-	76,944
FUND BALANCES														
Nonspendable	4,726	-	-	-	-	-	-	-	-	-	-	-	-	4,726
Restricted for:														
Public safety	-	-	1,262	-	-	-	-	-	-	-	-	-	-	1,262
Public works	-	-	-	-	-	-	-	-	-	-	50	69,137	-	69,187
Housing and development	455,017	244,319	-	-	51	52	100	52	-	-	-	-	-	699,591
Committed to:														
Housing and development	-	-	-	-	-	-	-	-	35,581	-	-	-	-	35,581
Assigned to:														
Housing and development	-	-	-	21,277	-	-	-	-	-	-	-	-	-	21,277
Total fund balances	459,743	244,319	1,262	21,277	51	52	100	52	35,581	-	50	69,137	-	831,624
Total liabilities and fund balances	$ 461,711	$ 244,319	$ 1,262	$ 57,504	$ 51	$ 52	$ 100	$ 37,015	$ 35,581	$ -	$ 50	$ 70,923	$ -	$ 908,568

CITY OF THOMSON, GEORGIA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue			Capital Projects										
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	Airport Capital Project Fund	2016 CDBG Capital Project Fund	2017 CDBG Capital Project Fund	2018 CDBG Capital Project Fund	2016 CHIP Grant Capital Project Fund	Monument Capital Project Fund	TEA Grant Capital Project Fund	LMIG Capital Project Fund	TIA SPLOST Capital Project Fund	SPLOST Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES														
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 141,717	$ -	$ 141,717
Intergovernmental	-	-	-	102,524	494,509	77,402	-	102,526	-	-	85,297	-	155,886	1,018,144
Fines and forfeitures	-	-	381	-	-	-	-	-	-	-	-	-	-	381
Interest income	940	709	-	42	-	-	-	-	112	-	-	266	-	2,069
Rents	-	58,368	-	40,616	-	-	-	-	-	-	-	-	-	98,984
Total revenues	940	59,077	381	143,182	494,509	77,402	-	102,526	112	-	85,297	141,983	155,886	1,261,295
EXPENDITURES														
Current:														
Public safety	-	-	405	-	-	-	-	-	-	-	-	-	-	405
Public works	-	-	-	-	-	-	-	-	-	-	-	34,314	-	34,314
Housing and development	142	12,860	-	106,662	-	-	-	-	31	-	-	-	-	119,695
Capital outlay:														
Public works	-	-	-	-	-	-	-	-	-	-	85,297	131,906	155,886	373,089
Housing and development	-	51,149	-	73,521	494,558	78,402	-	102,526	-	-	-	-	-	800,156
Total expenditures	142	64,009	405	180,183	494,558	78,402	-	102,526	31	-	85,297	166,220	155,886	1,327,659
Excess (deficiency) of revenues over (under) expenditures	798	(4,932)	(24)	(37,001)	(49)	(1,000)	-	-	81	-	-	(24,237)	-	(66,364)
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	37,317	-	1,000	100	-	-	-	-	-	-	38,417
Transfers out	-	-	-	-	-	-	-	-	-	(74)	-	-	-	(74)
Total other financing sources (uses)	-	-	-	37,317	-	1,000	100	-	-	(74)	-	-	-	38,343
Net change in fund balances	798	(4,932)	(24)	316	(49)	-	100	-	81	(74)	-	(24,237)	-	(28,021)
Fund balances, beginning of year	458,945	249,251	1,286	20,961	100	52	-	52	35,500	74	50	93,374	-	859,645
Fund balances, end of year	$ 459,743	$ 244,319	$ 1,262	$ 21,277	$ 51	$ 52	$ 100	$ 52	$ 35,581	$ -	$ 50	$ 69,137	$ -	$ 831,624

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, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 943	$ 943
Available for loans	193,446	193,446	162,115	(31,331)
Total revenues	193,446	193,446	163,058	(30,388)
EXPENDITURES				
Loans made	193,446	193,446	-	(193,446)
Housing and development	-	-	142	142
Total expenditures	193,446	193,446	142	(193,304)
Excess of revenues over expenditures	-	-	162,916	162,916
CHANGE IN FUND BALANCE	$ -	$ -	162,916	$ 162,916
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(162,118)	
Total reconciliation to GAAP basis			(162,118)	
FUND BALANCE, BEGINNING OF YEAR			458,945	
FUND BALANCE, END OF YEAR			$ 459,743	

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, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 709	$ 709
Rents	-	-	58,368	58,368
Available for loans	301,111	301,111	259,944	(41,167)
Total revenues	301,111	301,111	319,021	17,910
EXPENDITURES				
Loans made	301,111	301,111	-	(301,111)
Housing and development	-	-	64,009	64,009
Total expenditures	301,111	301,111	64,009	(237,102)
Excess of revenues over expenditures	-	-	255,012	255,012
CHANGE IN FUND BALANCE	$ -	$ -	255,012	$ 255,012
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(259,944)	
Total reconciliation to GAAP basis			(259,944)	
FUND BALANCE, BEGINNING OF YEAR			249,251	
FUND BALANCE, END OF YEAR			$ 244,319	

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, 2018

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Fines and forfeitures	$ 10,000	$ 10,000	$ 381	$ (9,619)
Total revenues	10,000	10,000	381	(9,619)
EXPENDITURES				
Public safety	10,000	10,000	405	(9,595)
Total expenditures	10,000	10,000	405	(9,595)
Deficiency of revenues under expenditures	-	-	(24)	(24)
CHANGE IN FUND BALANCE	$ -	$ -	(24)	$ (24)
FUND BALANCE, BEGINNING OF YEAR			1,286	
FUND BALANCE, END OF YEAR			$ 1,262	

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

FOR THE YEAR ENDED DECEMBER 31, 2018

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Police Surcharge Fund				
Assets				
Cash	$ 21	$ 79,689	$ 79,689	$ 21
Total assets	$ 21	$ 79,689	$ 79,689	$ 21
Liabilities				
Intergovernmental payables	$ 21	$ 79,689	$ 79,689	$ 21
Total liabilities	$ 21	$ 79,689	$ 79,689	$ 21

OTHER SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
PROJECT COST SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 16p-x-094-2-5884						
Water Facility	P-03J-01	$ 8,000	$ 8,000	$ 30,844	$ 38,844	none
Sewer Facility	P-03J-02	111,903	111,903	46,482	158,385	none
Street Improvements	P-03K-01	184,350	184,350	69,909	254,259	none
Flood/Drainage	P-03K-02	165,747	165,747	31,557	197,304	none
Administration	A-21A-00	30,000	30,000	48	30,048	none
Preliminary Engineering		-	-	53,298	53,298	none
		$ 500,000	$ 500,000	$ 232,138	$ 732,138	none
Source of Other Funds: Local Match						
Grant Number 17b-x-094-2-5962						
Contingency	C-022-00	$ 44,417	$ -	$ -	$ -	none
Water Facility	P-03J-01	76,600	-	-	-	none
Sewer Facility	P-03J-02	230,925	-	-	-	none
Flood/Drainage	P-03K-02	269,000	-	-	-	none
Rehabilitation of private property	H-14A-01	325,558	20,000	-	20,000	none
Administration	A-21A-00	53,500	4,902	1,048	5,950	none
Preliminary Engineering		-	-	52,500	52,500	none
		$ 1,000,000	$ 24,902	$ 53,548	$ 78,450	none
Source of Other Funds: Local Match						
Grant Number 18p-x-094-2-6033						
Contingency	C-022-00	$ 60,000	$ -	$ -	$ -	none
Sewer Facility	P-03J-02	443,000	-	-	-	none
Flood/Drainage	P-03K-02	202,000	-	-	-	none
Administration	A-21A-00	45,000	-	-	-	none
Preliminary Engineering		-	-	-	-	none
		$ 750,000	$ -	$ -	$ -	none
Source of Other Funds: Local Match						

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
SOURCE AND APPLICATION OF FUNDS SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

Grant Number 16p-x-094-2-5884	
Total Program Year 2016 Funds Allocated to Recipient	$ 500,000
Less: Total Program Year 2016 Funds Drawn by Recipient	500,000
Funds Still Available from Program Year 2016 Resources	$ -
Total Program Year 2016 Funds Drawn and Received by Recipient	$ 500,000
Less: Funds Applied and Expended to Program Year 2016 Costs	500,000
Total Program Year 2016 Funds Held by Recipient	$ -
Grant Number 17b-x-094-2-5962	
Total Program Year 2017 Funds Allocated to Recipient	$ 1,000,000
Less: Total Program Year 2017 Funds Drawn by Recipient	24,902
Funds Still Available from Program Year 2017 Resources	$ 975,098
Total Program Year 2017 Funds Drawn and Received by Recipient	$ 24,902
Less: Funds Applied and Expended to Program Year 2017 Costs	24,902
Total Program Year 2017 Funds Held by Recipient	$ -
Grant Number 18p-x-094-2-6033	
Total Program Year 2018 Funds Allocated to Recipient	$ 750,000
Less: Total Program Year 2018 Funds Drawn by Recipient	-
Funds Still Available from Program Year 2018 Resources	$ 750,000
Total Program Year 2018 Funds Drawn and Received by Recipient	$ -
Less: Funds Applied and Expended to Program Year 2018 Costs	-
Total Program Year 2018 Funds Held by Recipient	$ -

CITY OF THOMSON, GEORGIA

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

FOR THE YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
SPLOST VI 2014 - 2019						
Building Improvements	$ 246,000	$ 246,000	$ -	$ -	$ -	0%
Public Safety	750,000	750,000	-	-	-	0%
Roads/Transportation	930,040	930,040	21,695	155,886	177,581	19%
Totals	$ 1,926,040	$ 1,926,040	$ 21,695	$ 155,886	$ 177,581	

COMPLIANCE AND SINGLE AUDIT SECTION

CITY OF THOMSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
State of Georgia Department of Community Affairs			
Community Development Block Grants/State's Program	14.228	16p-x-094-2-5884	$ 492,460
Community Development Block Grants/State's Program	14.228	17b-x-094-2-5962	24,902
Total Community Development Block Grants/State's Program			517,362
Community Home Investment Program	14.239		102,526
Total Community Home Investment Program		2016-115	102,526
Total U.S. Department of Housing and Urban Development			619,888
U.S. Department of Transportation Federal Aviation Administration			
Pass-through programs from:			
State of Georgia Department of Transportation			
Airport Improvement Program	20.106	APO18-9031-19 (195)	48,259
Airport Improvement Program	20.106	APO19-9033-20 (165)	8,978
Total Airport Improvement Program			57,237
Total U.S. Department of Transportation Federal Aviation Administration			57,237
U.S. Department of Homeland Security Federal Emergency Management Agency			
Pass-through programs from:			
State of Georgia Emergency Management Agency			
Disaster Grants-Public Assistance	97.036	PA-04-GA-4338-PW-00169	3,720
Disaster Grants-Public Assistance	97.036	PA-04-GA-4338-PW-00657	55,947
Disaster Grants-Public Assistance	97.036	PA-04-GA-4338-PW-00664	19,494
Disaster Grants-Public Assistance	97.036	PA-04-GA-4338-PW00770	6,750
Total Disaster Grants-Public Assistance			85,911
Total U.S. Department of Homeland Security Federal Emergency Management Agency			85,911
Total expenditures of federal awards			$ 763,036

See accompanying notes to schedule of expenditures of federal awards.

CITY OF THOMSON, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Thomson, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - NONCASH AWARDS

The City of Thomson, Georgia did not receive any noncash federal awards during the year ended December 31, 2018.

NOTE 3 - INDIRECT COST RATE

The City of Thomson, Georgia has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

elliott davis

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, 2018, 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 28, 2019.

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, LLC

Columbia, South Carolina
June 28, 2019

elliott davis

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Thomson, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Elliott Davis, LLC

Columbia, South Carolina
June 28, 2019

CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? ____ Yes __X__ No

Identification of major federal programs:

CFDA #	Program / Cluster Name
14.228	Community Development Block Grant/State's Program

Dollar threshold used to distinguish between Type A and Type B programs $ 750,000

Auditee qualified as low-risk auditee? ____ Yes __X__ No

SECTION II. FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

CITY OF THOMSON, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

ITEM 2017-001: PRIOR PERIOD RESTATEMENTS

Condition: The City recognized revenues related to franchise taxes and gas rebates on the cash-basis of accounting instead of the accrual or modified-accrual basis of accounting.

Recommendation: We recommended that the City recognize all revenues when earned on its government-wide and proprietary fund financial statements, and when measurable and available on its governmental fund financial statements in order to comply with generally accepted accounting principles.

Current Status: Management recorded the prior period restatements in its financial statements as of and for the year ended December 31, 2017 and will continue to recognize all revenues using the accrual or modified-accrual basis of accounting.

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