CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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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, 2019, 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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of 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 October 23, 2020 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.



Thomson, Georgia
October 23, 2020

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, 2019.

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 $ 22,195,780 (net position). Of this amount, $ 14,816,237 is invested in capital assets (net of related debt), $ 2,301,988 is restricted for specific purposes, and $ 5,077,555 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $ 1,663,987. Total revenues of the City's governmental and business-type activities totaled $ 14,280,826, whereas expenses totaled $ 12,616,839.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 4,850,422, an increase of $ 220,383 in comparison with the prior year. Of this total amount, $ 2,517,273 is unassigned, $ 40,053 is assigned by management for specific purposes, $ 50,961 is committed by the Mayor and Council for specific purposes, and $ 1,457,676 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 $ 784,459.

- The net position of the City's enterprise funds (business - type activities) totaled $ 6,310,065. Of this amount, $ 2,600,733 is invested in capital assets (net of related debt) and $ 3,709,332 (unrestricted net position) may be used to meet the City's obligations to citizens and creditors.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

(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 12 - 13 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, Employment Incentive Program (EIP) Loan Fund, Airport Capital Project Fund, and 2017 CDBG Capital Project Fund. Data for the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 - 19 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Gas 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 20 - 23 of this report.

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

The basic fiduciary fund financial statement can be found on page 24 of this report.

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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 26 - 56 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 $ 22,195,780 as of December 31, 2019.

A large portion of the City's net position (67 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 $ 5,077,555 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 5,303,644	$ 5,018,342	$ 5,397,759	$ 5,634,757	$ 10,701,403	$ 10,653,099
Capital assets, net	12,446,361	10,976,958	2,739,473	3,090,903	15,185,834	14,067,861
Total assets	17,750,005	15,995,300	8,137,232	8,725,660	25,887,237	24,720,960
Deferred outflows of resources	199,224	196,430	104,036	103,847	303,260	300,277
Current liabilities	326,469	259,088	903,172	1,263,909	1,229,641	1,522,997
Non-current liabilities	1,684,743	1,599,006	1,021,955	1,068,809	2,706,698	2,667,815
Total liabilities	2,011,212	1,858,094	1,925,127	2,332,718	3,936,339	4,190,812
Deferred inflows of resources	52,302	210,014	6,076	88,618	58,378	298,632
Net position						
Net investment in capital assets	12,215,504	10,748,592	2,600,733	2,861,223	14,816,237	13,609,815
Restricted	2,301,988	2,233,397	-	-	2,301,988	2,233,397
Unrestricted	1,368,223	1,141,633	3,709,332	3,546,948	5,077,555	4,688,581
Total net position	$ 15,885,715	$ 14,123,622	$ 6,310,065	$ 6,408,171	$ 22,195,780	$ 20,531,793

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

(Continued)

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

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	$ 390,740	$ 379,254	$ 8,022,727	$ 9,445,230	$ 8,413,467	$ 9,824,484
Operating grants/ contributions	195,973	167,766	-	-	195,973	167,766
Capital grants/ contributions	1,826,837	982,378	-	-	1,826,837	982,378
General revenues						
Property taxes	867,551	862,111	-	-	867,551	862,111
Other taxes	2,684,088	2,551,546	-	-	2,684,088	2,551,546
Other	200,465	111,028	92,445	44,463	292,910	155,491
Total revenues	6,165,654	5,054,083	8,115,172	9,489,693	14,280,826	14,543,776
Expenses						
General government	625,111	647,068	-	-	625,111	647,068
Public safety	2,182,566	1,959,049	-	-	2,182,566	1,959,049
Public works	887,552	791,909	-	-	887,552	791,909
Housing and development	468,544	610,194	-	-	468,544	610,194
Culture and recreation	340,354	479,944	-	-	340,354	479,944
Community services	210,552	75,662	-	-	210,552	75,662
Interest on long-term debt	4,858	5,949	-	-	4,858	5,949
Gas utility	-	-	6,557,167	7,488,380	6,557,167	7,488,380
Solid waste	-	-	1,340,135	1,307,162	1,340,135	1,307,162
Total expenses	4,719,537	4,569,775	7,897,302	8,795,542	12,616,839	13,365,317
Change in net position before transfers	1,446,117	484,308	217,870	694,151	1,663,987	1,178,459
Transfers	315,976	254,027	(315,976)	(254,027)	-	-
Change in net position	1,762,093	738,335	(98,106)	440,124	1,663,987	1,178,459
Net position, beginning of year	14,123,622	13,385,287	6,408,171	5,968,047	20,531,793	19,353,334
Net position, end of year	$ 15,885,715	$ 14,123,622	$ 6,310,065	$ 6,408,171	$ 22,195,780	$ 20,531,793

Revenues from governmental activities increased $ 1,111,571 in 2019. The increase in revenues is attributable to increases in charges for services totaling $ 11,486, operating grants/contributions totaling $ 28,207, capital grants/contributions totaling $ 844,459, property taxes totaling $ 5,440, other taxes totaling $ 132,542, and other revenues totaling $ 89,437.

(Continued)

Total expenses for governmental activities increased by $ 149,762 in 2019 which represents an increase of approximately 3% from 2018. Expenses for public safety, public works, and community services were $ 454,050 more than 2018 amounts whereas expenses for general government, housing and development, culture and recreation, and interest on long-term debt were $ 304,288 less than 2018 amounts.

Total revenues from business-type activities decreased by $ 1,374,521 and total expenses from business-type activities decreased by $ 898,240 in 2019. Most of the decrease in revenues and expenses is attributable to a decrease in gas operating revenues of $ 1,280,907 and related gas purchases of $ 1,022,329. In addition, the City received operating grants in 2018 from the U.S. Department of Homeland Security Federal Emergency Agency totaling $ 93,205. No FEMA funding was received in 2019.

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, 2019, governmental funds reported combined ending fund balances of $ 4,850,422, an increase of $ 220,383 in comparison with 2018. Unassigned fund balance at year-end was $ 2,517,273 whereas the remainder of fund balance of $ 2,333,149 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 $ 2,541,031, of which $ 2,517,273 is unassigned and $ 23,758 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, 2019, 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, 2019, total major special revenue fund balance was $ 1,412,509 and total nonmajor special revenue fund balance was $ 717,768.

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, Renaissance Strategic Visioning and Planning (RSVP) Capital Project Fund, Local Maintenance & Improvement Grant (LMIG) Capital Project Fund, TIA SPLOST Capital Project Fund, and the SPLOST Capital Project Fund. The Airport Capital Project Fund and 2017 CDBG Capital Project Fund are considered to be major funds, whereas the other capital project funds are all reported as nonmajor governmental funds. As of December 31, 2019, total fund balance of the major capital project funds was $ 14,755 and total fund balance of nonmajor capital project funds was $ 164,359.

(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 $ 3,804,107. The Solid Waste Fund is reporting a deficit of $ 94,775 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, 2019, actual revenues were less than budgetary estimates by $ 17,817 and actual expenditures were $ 141,124 less than appropriated amounts. Actual expenditures for all departments and governmental activities were under budget for 2019. 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 $ 109,685 and actual transfers out were $ 403 less than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2019. Revenues and other financing sources exceeded expenditures and other financing uses by $ 11,785.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, totaled $ 15,185,834 (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 drainage facilities totaling $ 209,315, airport crack sealing, remarking, and obstruction removal totaling $ 419,995, gas meter replacement totaling $ 10,168, equipment purchases totaling $ 36,047, and vehicle purchases totaling $ 81,402.

As of December 31, 2019, construction in progress totaled $ 1,621,802, which includes $ 1,035,814 for engineering and construction costs on the 2017 CDBG multi-activity project, $ 443,037 for engineering and construction costs on the 2018 CDBG multi-activity project, and $ 142,951 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, 2019 was $ 148,074. Principal and interest payments on the note payable in 2019 were $ 36,763 and $ 5,134, 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, 2019 was $ 84,840. Principal and interest paid on the capital lease in 2019 were $ 65,854 and $ 3,393, 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, 2019 was $ 53,900. Principal and interest paid on the capital lease in 2019 were $ 25,086 and $ 1,351, 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 has established the Downtown Renaissance Strategic Visioning and Planning Process (RSVP) which is funded in part by private donations from those who have a stake in the future development of the downtown area. The RSVP is both a downtown master planning process and a downtown planning document that illustrates the community's vision for the future and provides the steps to get there. Through a robust public input process that seeks the participation of all community members, the RSVP will assist City leaders and community partners in prioritizing top downtown issues and establishing a consensus around what must be achieved to further enhance downtown development and activities.

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 Kenneth Usry, Mayor, City of Thomson, P.O. Box 1017, Thomson, Georgia 30824.

BASIC FINANCIAL STATEMENTS

CITY OF THOMSON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 3,068,979	$ 4,044,486	$ 7,113,465
Investments	517,367	-	517,367
Receivables:			
Taxes-net	397,581	-	397,581
Notes-net	919,581	-	919,581
Accounts-net	-	1,036,936	1,036,936
Interest	14,967	18,945	33,912
Intergovernmental	359,891	5,957	365,848
Other	6,703	189,260	195,963
Inventories	-	63,160	63,160
Prepaids	23,758	33,832	57,590
Internal balances	(5,183)	5,183	-
Capital assets, net of accumulated depreciation:			
Land	1,046,110	128,782	1,174,892
Site improvements	3,350,536	-	3,350,536
Buildings and improvements	2,246,835	144,929	2,391,764
Machinery and equipment	273,220	2,465,762	2,738,982
Infrastructure	3,907,858	-	3,907,858
Construction in progress	1,621,802	-	1,621,802
Total assets	17,750,005	8,137,232	25,887,237
Deferred Outflows of Resources			
Deferred outflows related to pension plan	199,224	104,036	303,260
Liabilities			
Accounts payable	160,344	491,052	651,396
Accrued liabilities	103,157	125,083	228,240
Customer deposits	-	183,627	183,627
Intergovernmental payables	21,980	10,174	32,154
Unearned revenues	2,000	-	2,000
Accrued interest payable	1,110	-	1,110
Noncurrent liabilities:			
Due within one year	37,878	93,236	131,114
Due in more than one year	158,616	45,504	204,120
Net pension liability	1,049,063	548,368	1,597,431
Total OPEB liability	477,064	428,083	905,147
Total liabilities	2,011,212	1,925,127	3,936,339
Deferred Inflows of Resources			
Subsequent year revenues	40,192	-	40,192
Deferred inflows related to pension plan	12,110	6,076	18,186
Total deferred inflows of resources	52,302	6,076	58,378
Net Position			
Net investment in capital assets	12,215,504	2,600,733	14,816,237
Restricted for:			
Public safety	3,310	-	3,310
Public works	105,363	-	105,363
Housing and development	2,193,315	-	2,193,315
Unrestricted	1,368,223	3,709,332	5,077,555
Total net position	$ 15,885,715	$ 6,310,065	$ 22,195,780

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, 2019

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	$ 625,111	$ 53,448	$ 134,722	$ -	$ (436,941)	$ -	$ (436,941)
Public safety	2,182,566	188,437	-	-	(1,994,129)	-	(1,994,129)
Public works	887,552	-	-	85,989	(801,563)	-	(801,563)
Housing and development	468,544	122,934	61,251	1,740,848	1,456,489	-	1,456,489
Culture and recreation	340,354	-	-	-	(340,354)	-	(340,354)
Community services	210,552	25,921	-	-	(184,631)	-	(184,631)
Interest on long-term debt	4,858	-	-	-	(4,858)	-	(4,858)
Total governmental activities	4,719,537	390,740	195,973	1,826,837	(2,305,987)	-	(2,305,987)
Business-type activities:							
Gas utility	6,557,167	6,938,871	-	-	-	381,704	381,704
Solid waste	1,340,135	1,083,856	-	-	-	(256,279)	(256,279)
Total business-type activities	7,897,302	8,022,727	-	-	-	125,425	125,425
Total primary government	$ 12,616,839	$ 8,413,467	$ 195,973	$ 1,826,837	(2,305,987)	125,425	(2,180,562)
General revenues							
Property taxes					867,551	-	867,551
Motor vehicle taxes					9,981	-	9,981
Motor vehicle title advalorem taxes					113,570	-	113,570
Mobile home taxes					1,665	-	1,665
Payment in lieu of taxes					19,007	-	19,007
Sales taxes					1,291,287	-	1,291,287
Franchise taxes					400,235	-	400,235
Insurance premium taxes					516,346	-	516,346
Financial institution taxes					35,959	-	35,959
Alcoholic beverage taxes					132,475	-	132,475
Occupation taxes					66,172	-	66,172
Intangible taxes					10,135	-	10,135
Transfer taxes					4,716	-	4,716
Railroad equipment taxes					557	-	557
Excise tax on energy					81,983	-	81,983
Interest income					86,256	80,983	167,239
Insurance claims					43,597	9,287	52,884
Sales of surplus property					-	2,175	2,175
Other revenues					70,612	-	70,612
Transfers					315,976	(315,976)	-
Total general revenues and transfers					4,068,080	(223,531)	3,844,549
Change in net position					1,762,093	(98,106)	1,663,987
Net position, beginning of year					14,123,622	6,408,171	20,531,793
Net position, end of year					$ 15,885,715	$ 6,310,065	$ 22,195,780

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

CITY OF THOMSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Employment Incentive Program Loan Fund	Airport Capital Project Fund	2017 CDBG Capital Project Fud	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,932,374	$ 496,396	$ 25,654	$ 52	$ 606,476	$ 3,060,952
Investments	274,053	-	-	-	243,314	517,367
Receivables (net of allowance for uncollectibles):						
Taxes	397,581	-	-	-	-	397,581
Notes-current	-	156,977	-	-	1,903	158,880
Notes-long-term	-	757,451	-	-	3,250	760,701
Interest	-	1,685	-	-	11	1,696
Other	3,491	-	3,212	-	-	6,703
Intergovernmental receivables	161,866	-	23,538	-	79,209	264,613
Interfund receivables	11,148	-	6,628	-	18,498	36,274
Prepaids	23,758	-	-	-	-	23,758
Total assets	$ 2,804,271	$ 1,412,509	$ 59,032	$ 52	$ 952,661	$ 5,228,525
LIABILITIES						
Accounts payable	$ 54,695	$ -	$ 34,285	$ -	$ 68,566	$ 157,546
Accrued liabilities	88,449	-	-	-	-	88,449
Intergovernmental payables	21,980	-	-	-	-	21,980
Interfund payables	26,151	-	10,044	-	1,968	38,163
Unearned revenues	2,000	-	-	-	-	2,000
Total liabilities	193,275	-	44,329	-	70,534	308,138
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	29,773	-	-	-	-	29,773
Subsequent year revenues	40,192	-	-	-	-	40,192
Total deferred inflows of resources	69,965	-	-	-	-	69,965
FUND BALANCES						
Nonspendable	23,758	757,451	-	-	3,250	784,459
Restricted for:						
Public safety	-	-	-	-	3,310	3,310
Public works	-	-	-	-	87,896	87,896
Housing and development	-	655,058	-	52	711,360	1,366,470
Committed to:						
Housing and development	-	-		-	50,961	50,961
Assigned to:						
Housing and development	-	-	14,703	-	25,350	40,053
Unassigned	2,517,273	-	-	-	-	2,517,273
Total fund balances	2,541,031	1,412,509	14,703	52	882,127	4,850,422
Total liabilities, deferred inflows of resources, and fund balances	$ 2,804,271	$ 1,412,509	$ 59,032	$ 52	$ 952,661	$ 5,228,525

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, 2019

Total fund balances - governmental funds	$ 4,850,422
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	6,370,369
Building and improvements	3,426,424
Machinery and equipment	3,486,016
Infrastructure	5,738,069
Construction in progress	1,621,802
Accumulated depreciation	(9,261,633)
Total capital assets, net of accumulated depreciation - governmental activities	12,427,157
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.	(71,742)
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	95,278
Interest receivable	13,271
Property taxes	29,773
Total unavailable revenues	138,322
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	178,084
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	(1,110)
Accrued compensated absences	(48,420)
Long-term debt	(148,074)
Net pension liability	(950,897)
Total OPEB liability	(477,064)
Total liabilities	(1,625,565)
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	(10,963)
Net position of governmental activities	$ 15,885,715

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, 2019

	General Fund	Employment Incentive Program Loan Fund	Airport Capital Project Fund	2017 CDBG Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 3,399,275	$ -	$ -	$ -	$ 154,862	$ 3,554,137
Licenses and permits	32,211	-	-	-	-	32,211
Intergovernmental	134,722	-	645,841	957,364	564,503	2,302,430
Charges for services	13,038	-	-	-	-	13,038
Fines and forfeitures	169,689	-	-	-	2,548	172,237
Interest income	41,965	34,175	226	-	8,551	84,917
Donations from private sources	-	-	-	-	25,350	25,350
Rents	67,818	-	41,030	-	22,996	131,844
Cemetary lot sales	41,410	-	-	-	-	41,410
Other	70,044	-	-	-	-	70,044
Total revenues	3,970,172	34,175	687,097	957,364	778,810	6,427,618
EXPENDITURES						
Current:						
General government	721,317	-	-	-	-	721,317
Public safety	2,086,571	-	-	-	500	2,087,071
Public works	669,907	-	-	-	14,264	684,171
Community services	165,134	-	-	-	-	165,134
Culture and recreation	320,191	-	-	-	-	320,191
Housing and development	109,312	22,279	131,173	-	19,334	282,098
Debt service:						
Principal	36,763	-	-	-	-	36,763
Interest	5,134	-	-	-	-	5,134
Capital outlay:						
Public works	-	-	-	-	209,315	209,315
Housing and development	-	-	619,736	957,364	478,514	2,055,614
Total expenditures	4,114,329	22,279	750,909	957,364	721,927	6,566,808
Excess (deficiency) of revenues over (under) expenditures	(144,157)	11,896	(63,812)	-	56,883	(139,190)
OTHER FINANCING SOURCES (USES)						
Insurance claims	22,260	-	21,337	-	-	43,597
Transfers in	301,027	-	35,901	-	15,000	351,928
Transfers out	(35,901)	-	-	-	(51)	(35,952)
Total other financing sources (uses)	287,386	-	57,238	-	14,949	359,573
NET CHANGE IN FUND BALANCES	143,229	11,896	(6,574)	-	71,832	220,383
FUND BALANCES, BEGINNING OF YEAR	2,397,802	1,400,613	21,277	52	810,295	4,630,039
FUND BALANCES, END OF YEAR	$ 2,541,031	$ 1,412,509	$ 14,703	$ 52	$ 882,127	$ 4,850,422

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, 2019

Net change in fund balances - total governmental funds		$ 220,383
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	2,338,200	
Depreciation expense	(559,830)	
County portion of airport construction in progress	(304,970)	
Excess of capital outlay over depreciation expense and other adjustments		1,473,400
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 2019.	1,034	
Intergovernmental receivables decreased by this amount in 2019.	(3,921)	
Unearned property tax revenues increased by this amount in 2019.	1,423	
Net change in revenues not providing current financial resources		(1,464)
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	36,763	
Net decrease in long-term debt		36,763
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued compensated absences decreased by this amount in 2019.	4,962	
Accrued interest payable decreased by this amount in 2019.	276	
Net pension liability, deferred outflows and inflows related to pension increased by this amount in 2019.	(83,728)	
Total OPEB liability decreased by this amount in 2019.	120,350	
Net change in expenses not requiring the use of current financial resources		41,860
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		(8,849)
Change in net position of governmental activities		$ 1,762,093

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, 2019

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Taxes	$ 3,233,447	$ 3,277,247	$ 3,258,072	$ (19,175)
Licenses and permits	35,500	32,500	31,811	(689)
Intergovernmental	134,722	134,722	134,722	-
Charges for services	3,100	13,200	13,038	(162)
Fines and forfeitures	175,250	170,525	169,689	(836)
Use of money and property	139,117	149,497	147,288	(2,209)
Other	33,450	61,913	67,167	5,254
Total revenues	3,754,586	3,839,604	3,821,787	(17,817)
EXPENDITURES				
Current:				
General government	715,449	760,491	722,695	(37,796)
Public safety	2,041,483	2,101,541	2,065,352	(36,189)
Public works	660,441	690,605	667,918	(22,687)
Community services	143,684	177,700	177,119	(581)
Culture and recreation	324,075	322,078	320,979	(1,099)
Housing and development	208,066	190,401	147,629	(42,772)
Total expenditures	4,093,198	4,242,816	4,101,692	(141,124)
Deficiency of revenues under expenditures	(338,612)	(403,212)	(279,905)	(123,307)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	22,300	22,260	(40)
Prior year fund balance	-	2,200	-	(2,200)
Transfers in	372,612	410,712	301,027	(109,685)
Transfers out	(39,000)	(32,000)	(31,597)	(403)
Total other financing sources (uses)	338,612	403,212	291,690	(111,522)
CHANGE IN FUND BALANCE	$ -	$ -	11,785	$ 11,785
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(752)	
Payables and other liabilities			132,196	
Total reconciliation to GAAP basis			131,444	
FUND BALANCE, BEGINNING OF YEAR			2,397,802	
FUND BALANCE, END OF YEAR			$ 2,541,031	

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, 2019

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 35,152	$ 35,152
Available for loans	466,898	466,898	466,197	(701)
Total revenues	466,898	466,898	501,349	34,451
EXPENDITURES				
Loans made	466,898	466,898	130,000	(336,898)
Housing and development	-	-	22,279	22,279
Total expenditures	466,898	466,898	152,279	(314,619)
Excess of revenues over expenditures	-	-	349,070	349,070
CHANGE IN FUND BALANCE	$ -	$ -	349,070	$ 349,070
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(337,174)	
Total reconciliation to GAAP basis			(337,174)	
FUND BALANCE, BEGINNING OF YEAR			1,400,613	
FUND BALANCE, END OF YEAR			$ 1,412,509	

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, 2019

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash	$ 3,970,184	$ 74,302	$ 4,044,486	$ 8,027
Accounts receivable-net	887,253	149,683	1,036,936	-
Interest receivable	18,945	-	18,945	-
Intergovernmental receivables	-	5,957	5,957	-
Other receivables	189,260	-	189,260	-
Interfund receivables	10,044	2,993	13,037	-
Inventories	63,160	-	63,160	-
Prepaids	18,267	15,565	33,832	-
Total current assets	5,157,113	248,500	5,405,613	8,027
Noncurrent assets:				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	384,338	59,891	444,229	39,806
Machinery and equipment	7,365,964	1,675,792	9,041,756	102,640
Less accumulated depreciation	(5,480,648)	(1,394,646)	(6,875,294)	(123,242)
Total capital assets, net of accumulated depreciation	2,398,436	341,037	2,739,473	19,204
Total noncurrent assets	2,398,436	341,037	2,739,473	19,204
Total assets	7,555,549	589,537	8,145,086	27,231
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension plan	59,783	44,253	104,036	21,140
Total assets and deferred outflows of resources	7,615,332	633,790	8,249,122	48,371
LIABILITIES				
Current liabilities:				
Accounts payable	473,058	17,994	491,052	2,798
Accrued liabilities	106,106	18,977	125,083	14,708
Customer deposits	183,627	-	183,627	-
Intergovernmental payables	2,487	7,687	10,174	-
Interfund payables	7,854	-	7,854	3,294
Current portion of capital lease payable	15,813	77,423	93,236	-
Total current liabilities	788,945	122,081	911,026	20,800
Noncurrent liabilities:				
Capital lease payable	4,019	41,485	45,504	-
Net pension liability	310,992	237,376	548,368	98,166
Total OPEB liability	325,366	102,717	428,083	-
Total noncurrent liabilities	640,377	381,578	1,021,955	98,166
Total liabilities	1,429,322	503,659	1,932,981	118,966
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	3,299	2,777	6,076	1,147
Total liabilities and deferred inflows of resources	1,432,621	506,436	1,939,057	120,113
NET POSITION				
Net investment in capital assets	2,378,604	222,129	2,600,733	19,204
Unrestricted	3,804,107	(94,775)	3,709,332	(90,946)
Total net position	$ 6,182,711	$ 127,354	$ 6,310,065	$ (71,742)

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, 2019

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 6,717,642	$ 1,062,601	$ 7,780,243	$ 238,152
Refunds from suppliers	182,716	-	182,716	-
Penalties	38,513	20,601	59,114	-
Other	-	654	654	568
Total operating revenues	6,938,871	1,083,856	8,022,727	238,720
OPERATING EXPENSES				
Purchases	4,666,284	318,485	4,984,769	-
Personnel services and benefits	836,519	608,465	1,444,984	207,092
Professional and technical services	171,811	18,893	190,704	42
Repairs and maintenance	180,048	99,279	279,327	5,362
Other purchased services	165,526	67,066	232,592	15,942
Supplies	154,570	72,839	227,409	16,739
Intergovernmental	113,017	-	113,017	-
Depreciation	252,140	143,840	395,980	3,997
Bad debts	3,948	4,091	8,039	-
Other	12,551	3,358	15,909	350
Total operating expenses	6,556,414	1,336,316	7,892,730	249,524
Operating income (loss)	382,457	(252,460)	129,997	(10,804)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	79,689	1,294	80,983	305
Insurance claims	7,333	1,954	9,287	-
Sales of surplus property	1,025	1,150	2,175	1,650
Interest expense	(753)	(3,819)	(4,572)	-
Total non-operating revenues (expenses)	87,294	579	87,873	1,955
Income (loss) before transfers	469,751	(251,881)	217,870	(8,849)
TRANSFERS IN (OUT)				
Transfers in	-	148,996	148,996	-
Transfers out	(455,887)	(9,085)	(464,972)	-
Net transfers in (out)	(455,887)	139,911	(315,976)	-
CHANGE IN NET POSITION	13,864	(111,970)	(98,106)	(8,849)
NET POSITION, BEGINNING OF YEAR	6,168,847	239,324	6,408,171	(62,893)
NET POSITION, END OF YEAR	$ 6,182,711	$ 127,354	$ 6,310,065	$ (71,742)

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, 2019

	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	$ 7,452,019	$ 1,082,159	$ 8,534,178	$ 238,720
Payments to suppliers and others	(5,806,623)	(587,410)	(6,394,033)	(38,979)
Payments to employees	(882,982)	(600,202)	(1,483,184)	(195,266)
Net cash provided by (used for) operating activities	762,414	(105,453)	656,961	4,475
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	62,500	62,500	-
Transfers to other funds	(258,358)	(9,085)	(267,443)	-
Net cash provided by (used) for noncapital financing activities	(258,358)	53,415	(204,943)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance claims	7,333	1,954	9,287	-
Proceeds from sale of surplus property	1,025	1,150	2,175	1,650
Purchases and construction of capital assets	(10,168)	(34,382)	(44,550)	-
Payments on long-term debt	(15,395)	(75,545)	(90,940)	-
Interest paid	(793)	(3,951)	(4,744)	-
Transfers from other funds	-	86,496	86,496	-
Transfers to other funds	(197,529)	-	(197,529)	-
Net cash used for capital and related financing activities	(215,527)	(24,278)	(239,805)	1,650
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	82,610	1,294	83,904	305
Net cash provided by investing activities	82,610	1,294	83,904	305
Net increase (decrease) in cash and cash equivalents	371,139	(75,022)	296,117	6,430
Cash and cash equivalents, beginning of year	3,599,045	149,324	3,748,369	1,597
Cash and cash equivalents, end of year	$ 3,970,184	$ 74,302	$ 4,044,486	$ 8,027

(Continued)

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	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)	$ 382,457	$ (252,460)	$ 129,997	$ (10,804)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	252,140	143,840	395,980	3,997
Other pension related charges	28,056	20,680	48,736	8,393
Other post employment benefits (OPEB)	(79,767)	(5,318)	(85,085)	-
(Increase) decrease in current assets				
Accounts receivable	493,679	(2,167)	491,512	-
Intergovernmental receivables	-	4,561	4,561	-
Other receivables	25,536	-	25,536	-
Interfund receivables	-	1,135	1,135	-
Inventories	7,610	-	7,610	-
Prepaids	(1,287)	(1,047)	(2,334)	-
Increase (decrease) in current liabilities				
Accounts payable	(349,139)	(3,662)	(352,801)	(544)
Accrued liabilities	(8,582)	(8,234)	(16,816)	3,023
Customer deposits	10,485	-	10,485	-
Intergovernmental payables	(948)	(2,781)	(3,729)	-
Interfund payables	2,174	-	2,174	410
Total adjustments	379,957	147,007	526,964	15,279
Net cash provided by (used for) operating activities	$ 762,414	$ (105,453)	$ 656,961	$ 4,475

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, 2019

	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, 2019.

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, community services, culture and recreation, and housing and development.

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.

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.

2017 CDBG Capital Project Fund - The 2017 CDBG Capital Project Fund is used to account for proceeds from a Community Development Block Grant (CDBG) that are earmarked to fund a multi-infrastructure project in a low-to-moderate income neighborhood of the City.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2019 annual appropriated budgets for the City’s general, enterprise, and special revenue funds on December 13, 2018. 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements

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 June 15, 2021. 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, 2019. 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, 2020. 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 August 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, 2019. 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.

During May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. It defines a conduit debt obligation and specifies that all conduit debt obligations involve the issuer making a limited commitment and that some issuers extend additional commitments or voluntary commitments to support debt service in the event the third-party is, or will be, unable to do so. An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually, whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This Statement also addresses arrangements, often characterized as leases that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements. Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. Additional provisions apply based on 1) if title passes to the third-party obligor at the end of the arrangement, 2) if title does not pass to the third-party obligor and they have exclusive use of the entire capital asset during the arrangement, and 3) if title does not pass to the third-party obligor and they have exclusive use of only portions of the capital asset during the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The provisions of this Statement are effective for financial statement periods beginning after December 15, 2021. 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, 2019.

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, assumption changes, and the net difference between projected and actual earnings on pension plan investments 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 and economic changes 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 $ 129,742 less than budgeted amounts whereas actual expenditures and other financing uses (budgetary basis) were $ 141,527 less than appropriated amounts resulting in a net increase in fund balance (budgetary basis) of $ 11,785. Expenditures for all City departments and functions were under appropriations for the year.

Airport Capital Project Fund

The Airport Capital Project Fund is reporting a decrease in fund balance totaling $ 6,574. This decrease was funded with available fund balance.

Solid Waste Fund and Internal Service Fund

The Solid Waste Fund and Internal Service Fund are reporting deficit balances in unrestricted net position totaling $ 94,775 and $ 90,946, respectively. These deficits are attributable to noncurrent liabilities related to the funds' net pension liability and total OPEB liabilities.

In addition, the Solid Waste Fund and Internal Service Fund are reporting a decrease in net position totaling $ 111,970 and $ 8,849, respectively. These decreases include depreciation expense which is a noncash operating expense.

Nonmajor Governmental Funds

The Housing Development Action Grant Loan Fund and 2016 CDBG Capital Project Fund are reporting decreases in fund balance for December 31, 2019 totaling $ 8,723 and $ 51, 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 $ 7,113,486 and the bank balance was $ 7,496,319 at December 31, 2019. Deposits of the City were fully collateralized as of year-end.

Collateralization of the City's deposits as of December 31, 2019 is as follows:

Amount insured by FDIC	$	89,138
Amount collateralized with securities held by the pledging financial institution's trust department or agent in the City's name		7,407,181
Total bank balance	$	7,496,319

(Continued)

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

Investments

At December 31, 2019, the City had the following investments:

Investments	Maturities	Fair Value	Credit Rating
Georgia Fund 1	39 day WAM	$ 274,053	AAAf
Land	N/A	243,314	N/A
		$ 517,367	

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, 2019 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, 2019, 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, 2019 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, 2019 and were due on November 15, 2019. 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 2019 tax levy follows:

2019 millage rate		6.890
Taxable digest	$	124,381,051
Gross tax levy	$	1,972,718
Less sales tax rollback		(1,100,036)
Net property taxes	$	872,682
Property taxes receivable	$	99,397
Less allowance for uncollectible amounts		(11,804)
Net property taxes receivable	$	87,593
Unavailable revenue-property tax	$	29,773

NOTE 5 - NOTES RECEIVABLE

Notes receivable and the applicable allowances for uncollectible accounts as of December 31, 2019 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	$	91,840
3.00%, monthly payments of $ 2,414 (principal and interest), to 2021, personally guaranteed by five owners		37,816
2.00%, monthly payments of $ 2,279 (principal and interest), to 2024, collateralized by equipment and personal guarantee by owner		115,494
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		36,223

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

3.00%, monthly payments of $ 1,448 (principal and interest), to 2023, collateralized by real estate	67,998
2.50%, monthly payments of $ 2,828 (principal and interest), to 2024, collateralized by real estate, furniture, fixtures, and equipment	210,589
3.00%, monthly payments of $ 1,485 (principal and interest), to 2033, collateralized by real estate	201,521
3.00%, monthly payments of $ 1,686 (principal and interest), to 2028, collateralized by real estate	152,947
	1,027,176
Less allowance for uncollectible accounts	(112,748)
Total	914,428
Housing Development Action Grant Loan Fund (HODAG)	
3.50%, monthly payments of $ 57 (principal and interest), to 2020, collateralized by real estate	791
3.00%, monthly payments of $ 112 (principal and interest), to 2023, collateralized by real estate	4,362
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
	12,351
Less allowance for uncollectible accounts	(7,198)
Total	5,153
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	$ 919,581

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, 2019 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 158,880	$ 23,929	$ 182,809
2021	143,768	19,764	163,532
2022	135,775	15,836	151,611
2023	127,893	12,098	139,991
2024	86,937	8,807	95,744
2025 thru 2029	201,886	20,778	222,664
2030 thru 2033	64,442	3,856	68,298
	$ 919,581	$ 105,068	$ 1,024,649

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deletions/ Transfers	Balance 12/31/2019
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,046,110	$ -	$ -	$ 1,046,110
Construction in progress	300,949	1,740,848	(419,995)	1,621,802
Total capital assets not being depreciated	1,347,059	1,740,848	(419,995)	2,667,912
Capital assets being depreciated				
Site improvements	5,950,374	419,995	-	6,370,369
Buildings and improvements	3,466,230	-	-	3,466,230
Machinery and equipment	3,555,033	83,067	(49,444)	3,588,656
Infrastructure	5,528,754	209,315	-	5,738,069
Total capital assets being depreciated	18,500,391	712,377	(49,444)	19,163,324
Less accumulated depreciation				
Site improvements	(2,843,444)	(176,389)	-	(3,019,833)
Buildings and improvements	(1,132,739)	(86,656)	-	(1,219,395)
Machinery and equipment	(3,284,302)	(80,578)	49,444	(3,315,436)
Infrastructure	(1,610,007)	(220,204)	-	(1,830,211)
Total accumulated depreciation	(8,870,492)	(563,827)	49,444	(9,384,875)
Net capital assets being depreciated	9,629,899	148,550	-	9,778,449
Governmental activities capital assets-net	$ 10,976,958	$ 1,889,398	$ (419,995)	$ 12,446,361

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 did not transfer any capital assets to the McDuffie County/City of Thomson, Georgia Water and Sewer Commission in 2019.

(Continued)

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

General government	$ 6,618
Public safety	77,496
Public works	233,555
Housing and development	176,580
Culture and recreation	20,163
Community services	45,418
Internal service fund	3,997
Current year depreciation expense	$ 563,827

Business-type capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deletions/ Transfers	Balance 12/31/2019
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	9,026,974	44,550	(29,767)	9,041,757
Total capital assets being depreciated	9,471,203	44,550	(29,767)	9,485,986
Less accumulated depreciation				
Buildings and improvements	(288,653)	(10,647)	-	(299,300)
Machinery and equipment	(6,220,429)	(385,333)	29,767	(6,575,995)
Total accumulated depreciation	(6,509,082)	(395,980)	29,767	(6,875,295)
Net capital assets being depreciated	2,962,121	(351,430)	-	2,610,691
Business-type activities capital assets-net	$ 3,090,903	$ (351,430)	$ -	$ 2,739,473

Depreciation expense on capital assets of the business-type activities was $ 395,980 for the year ended December 31, 2019.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term liability transactions for the year ended December 31, 2019:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Governmental Activities				
Note payable	$ 184,837	$ -	$ (36,763)	$ 148,074
Accrued compensated absences	53,382	10,436	(15,398)	48,420
Total debt-governmental activities	$ 238,219	$ 10,436	$ (52,161)	$ 196,494
Business-type Activities				
Capital leases	$ 229,680	$ -	$ (90,940)	$ 138,740
Total debt-business-type activities	$ 229,680	$ -	$ (90,940)	$ 138,740

There was no short-term borrowing during the year ended December 31, 2019.

The following summarizes long-term debt outstanding at December 31, 2019:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Note payable, airport hanger	$ 500,000	3.00%	2023	$ 148,074	$ 37,878
	$ 500,000			148,074	37,878
Accrued compensated absences				48,420	-
Total-governmental activities				$ 196,494	$ 37,878
Business-type Activities					
Capital lease	$ 324,443	2.69%	2021	$ 84,840	$ 67,644
Capital lease	125,688	2.00%	2022	53,900	25,592
Total-business-type activities	$ 450,131			$ 138,740	$ 93,236

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, 2019 to maturity are as follows:

(Continued)

NOTE 7 - LONG-TERM DEBT (Continued)

Year Ending December 31,	Principal	Interest	Total
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
	$ 148,074	$ 9,040	$ 157,114

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
2020	$ 95,685
2021	43,749
2022	2,203
Total minimum lease payments	141,637
Less amount representing interest	(2,897)
Present value of minimum lease payments	$ 138,740

Total cost of assets acquired under capital leases and accumulated depreciation, thereon, were as follows as of December 31, 2019:

Asset	Business-type Activities
Machinery and equipment	$ 465,130
Less accumulated depreciation	(291,749)
Total	$ 173,381

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, 2019, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
General Fund	Gas Fund	$ 7,854
General Fund	Internal Service Fund	3,294
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	6,628
Gas Fund	Airport Capital Projects Fund	10,044
Solid Waste Fund	General Fund	2,993
		$ 49,311

Amounts due to the General Fund totaling $ 11,148 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 $ 6,628 represent the City's portion of operating expenses for December 2019.

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 $ 2,993 represent prior year capital contributions from the Gas Fund that were deposited in the General Fund.

Interfund transfers

	Transfer In				
Transfer Out	General Fund	Airport Capital Project Fund	Solid Waste Fund	Nonmajor Governmental Funds	Total Transfers Out
General fund	$ -	$ 35,901	$ -	$ -	$ 35,901
Gas fund	291,891	-	148,996	15,000	455,887
Solid waste fund	9,085	-	-	-	9,085
Nonmajor governmental funds	51	-	-	-	51
	$ 301,027	$ 35,901	$ 148,996	$ 15,000	$ 500,924

(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 2019 totaled $ 96,033. 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 $ 130,964. 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 $ 64,894 and $ 9,085, respectively. The 2016 CDBG Capital Project Fund transferred its remaining cash balance, of $ 51, to the General Fund to reimburse the General Fund its original contribution to open the CDBG bank account.

The City funds one-half of the operations, maintenance, and capital costs of the regional airport. Transfers to the Airport Capital Project Fund totaled $ 35,901.

The City funds a portion of its Solid Waste operating costs and capital budget with transfers from the Gas Fund. Operating transfers and capital assets funded with transfers from the Gas Fund during 2019 totaled $ 62,500 and $ 86,496, respectively.

In addition, the Gas Fund transferred $ 15,000 to the City's Monument Fund to provide additional funding for the commission and construction of a statue in honor of a local musician.

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, 2019 are as follows:

	Governmental Activities	Business-type Activities
Net Investment in Capital Assets		
Primary government	$ 12,427,157	$ 2,739,473
Internal service fund	19,204	-
Less note payable and capital lease	(148,074)	(138,740)
Less construction and retainage payables	(82,783)	-
Total net investment in capital assets	$ 12,215,504	$ 2,600,733
Restricted For		
Public Safety		
Police Condemnation and Forfeiture Fund	$ 3,310	
Total Public Safety	$ 3,310	
Public Works		
TIA SPLOST Capital Project Fund	$ 105,313	
LMIG Capital Project Fund	50	
Total Public Works	$ 105,363	

(Continued)

NOTE 9 - NET POSITION (Continued)

Housing and Development	
EIP Revolving Loan Fund	$ 1,413,814
HODAG Revolving Loan Fund	451,037
UDAG Revolving Loan Fund	263,438
2017 CDBG Capital Project Fund	52
2018 CDBG Capital Project Fund	64,922
2016 CHIP Grant Capital Project Fund	52
Total Housing and Development	$ 2,193,315

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, 2019 is summarized as follows:

Operating revenues	$	5,516,187
Depreciation and amortization expense	$	1,411,848
Operating income	$	321,201
Change in net position	$	214,265
Capital asset additions	$	577,635
Capital asset deletions	$	120,549
Net working capital	$	3,798,526
Total assets	$	39,135,928
Deferred outflows of resources	$	148,010
Long-term liabilities	$	9,256,212
Deferred inflows of resources	$	9,780
Total net position	$	29,093,503

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, 2019, 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 working at least twenty hours per week, are eligible to participate immediately. Elected officials became eligible to participate immediately as of January 1, 2019. 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. Elected officials monthly benefit is $ 26 for each year of service.

As of July 1, 2019, the last valuation date, there were 222 participants consisting of the following:

Retired participants and beneficiaries currently receiving benefits	69
Terminated vested participants entitled to but not yet receiving benefits	61
Active participants-vested	59
Active participants-not vested	33
Total number of participants	222

(Continued)

NOTE 13 - RETIREMENT PLAN (Continued)

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.

For 2019, the City's contribution to the Plan totaled $ 235,862, or 10.56% of covered-employee payroll. This contribution was equal to the recommended annual contribution determined as part of the July 1, 2018 actuarial valuation.

Net Pension Liability

The City's net pension liability was measured as of March 31, 2019.

Actuarial Assumptions. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 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, 2019 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, 2019 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	45.00%	6.40%
International equity	20.00%	7.40%
Real estate	10.00%	5.10%
Global fixed income	5.00%	3.03%
Domestic fixed income	20.00%	1.75%
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, 2019 were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balances at March 31, 2018	$ 6,445,544	$ 5,228,507	$ 1,217,037
Changes for the year:			
Service cost	93,919	-	93,919
Interest	480,328	-	480,328
Differences between expected and actual experience	58,045	-	58,045
Contributions-employer	-	230,848	(230,848)
Contributions-employee	-	-	-
Net investment income	-	186,847	(186,847)
Benefit payments, including refunds of employee contributions	(400,441)	(400,441)	-
Administrative expense	-	(15,610)	15,610
Other	150,187	-	150,187
Net changes	382,038	1,644	380,394
Balances at March 31, 2019	$ 6,827,582	$ 5,230,151	$ 1,597,431

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	$ 2,364,561	$ 1,597,431	$ 947,455

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, 2019 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, 2019, the City recognized pension expense of $ 377,823. The City reported the following deferred outflows of resources and deferred inflows of resources related to the Plan as of December 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 177,995	$ -
Difference between expected and actual experience	70,282	18,186
Changes of assumptions	50,557	-
Net difference between projected and actual earnings on pension plan investments	4,426	-
Total	$ 303,260	$ 18,186

Contributions made subsequent to the measurement date totaling $ 177,995 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, 2020. 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,				
	2020	2021	2022	2023	Total
Fiscal Year Outflows					
Demographic	$ 41,138	$ 14,572	$ 14,572	$ -	$ 70,282
Assumptions	25,279	25,278	-	-	50,557
Investment	18,592	(48,647)	(5,622)	40,103	4,426
Total	$ 85,009	$ (8,797)	$ 8,950	$ 40,103	$ 125,265
Fiscal Year Inflows					
Demographic	$ 9,093	$ 9,093	$ -	$ -	$ 18,186
Total	$ 9,093	$ 9,093	$ -	$ -	$ 18,186

Changes in Methods and Assumptions

There were no changes in methods or assumptions from the prior valuation.

Benefit Changes

Effective January 1, 2019, elected officials became eligible to participate in the plan.

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.

As of December 31, 2019, the last measurement date, there were 47 participants in the Retiree Health Plan consisting of the following:

Retired participants currently receiving benefits	3
Active participants	44
Total number of participants	47

There were three retired City employees that received benefits during 2019. Benefits paid on behalf of those participants totaled $ 19,313 for the year ended December 31, 2019.

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, 2019, the City's proportionate share was seventy-three percent (rounded). The City's total OPEB liability of $ 905,147 was measured as of December 31, 2019, 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.

(Continued)

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

Actuarial Assumptions and Other Inputs. The total OPEB liability as of the December 31, 2019 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	1.66%	
Discount rate	3.26%	
Heathcare cost trend rate	4.60%	for 2019, 4.70% for 2020, 4.80% for years 2021 through 2024, and 4.70% for 2025 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, 2019.

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.

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, 2019 were as follows:

	Governmental Activities	Business-type Activities		
	General Fund	Gas Fund	Solid Waste Fund	Total
Balance at December 31, 2018	$ 597,414	$ 405,133	$ 108,035	$ 1,110,582
Changes for the year:				
Service cost	25,486	20,120	1,341	46,947
Interest	22,186	17,515	1,168	40,869
Differences between expected and actual experience	(168,053)	(132,674)	(8,845)	(309,572)
Effect of assumption changes or inputs	19,344	15,272	1,018	35,634
Contributions-employer	(19,313)	-	-	(19,313)
Net changes	(120,350)	(79,767)	(5,318)	(205,435)
Balance at December 31, 2019	$ 477,064	$ 325,366	$ 102,717	$ 905,147

(Continued)

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

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 3.26 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 (2.26 percent) or 1 percent higher (4.26 percent) than the current discount rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
City's Total OPEB Liability	$ 1,012,798	$ 905,147	$ 813,449

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	$ 792,154	$ 905,147	$ 1,040,802

OPEB Expense

The City's total OPEB liability was last measured as of December 31, 2018. 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 $ 205,435 for the year ended December 31, 2019.

NOTE 15 – 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. Construction has begun on this project.

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.

(Continued)

NOTE 15 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

As of December 31, 2019, 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	$ 1,035,814	$ 267,060
2018 CDBG multi-activities grant	443,037	386,963
2016 CHIP grant	142,951	468,233
	$ 1,621,802	$ 1,122,256

Subsequent Events

During the September 3, 2020 City Council meeting, the City announced the approval of a CDBG Grant for $1,000,000 to continue infrastructure work around Walnut Street.

In preparing these financial statements, the City's management has evaluated events and transactions for potential recognition or disclosure through October 23, 2020, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	$ 93,919	$ 100,576	$ 100,271	$ 111,210	$ 103,502
Interest	480,328	474,529	453,408	434,865	420,728
Differences between expected and actual experience	58,045	(38,201)	106,476	(61,962)	(55,422)
Changes of assumptions	-	-	-	53,372	(31,175)
Benefit payments, including refunds of employee contributions	(400,441)	(403,329)	(387,984)	(315,022)	(299,574)
Other	150,187	100,742	-	-	-
Net change in total pension liability	382,038	234,317	272,171	222,463	138,059
Total pension liability, beginning	6,445,544	6,211,227	5,939,056	5,716,593	5,578,534
Total pension liability, ending (a)	6,827,582	6,445,544	6,211,227	5,939,056	5,716,593
Plan Fiduciary Net Position					
Contributions-employer	230,848	218,992	221,170	234,918	256,230
Net investment income	186,847	602,227	559,398	12,857	403,968
Benefit payments, including refunds of employee contributions	(400,441)	(403,329)	(387,984)	(315,022)	(299,574)
Administrative expenses	(15,610)	(15,539)	(15,891)	(11,223)	(10,258)
Net change in fiduciary net position	1,644	402,351	376,693	(78,470)	350,366
Plan fiduciary net position, beginning	5,228,507	4,826,156	4,449,463	4,527,933	4,177,567
Plan fiduciary net position, ending (b)	5,230,151	5,228,507	4,826,156	4,449,463	4,527,933
Net pension liability, ending (a)-(b)	$ 1,597,431	$ 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	76.58%	81.05%	77.69%	74.96%	79.21%
Covered employee payroll during the measurement period	$ 2,233,544	$ 2,010,710	$ 1,967,917	$ 2,126,471	$ 2,161,671
Net pension liability as a percentage of covered employee payroll	71.52%	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

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 235,862	$ 225,240	$ 211,345	$ 219,664	$ 238,900
Contributions in relation to the actuarially determined contribution	235,862	225,240	211,345	219,664	240,097
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ (1,197)
Covered employee payroll during the measurement period	$ 2,233,544	$ 2,010,710	$ 1,967,917	$ 2,126,471	$ 2,161,671
Contributions as a percentage of covered employee payroll	10.56%	11.20%	10.74%	10.33%	11.03%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	July 1, 2019
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

	2019	2018
Total OPEB Liability		
Service cost	$ 46,947	$ 51,122
Interest	40,869	40,155
Differences between expected and actual experience	(309,572)	(63,892)
Changes of assumptions	35,634	(64,019)
Benefit payments	(19,313)	(21,348)
Net change in total OPEB liability	(205,435)	(57,982)
Total OPEB liability, beginning	1,110,582	1,168,564
Total OPEB liability, ending	$ 905,147	$ 1,110,582
Covered employee payroll during the measurement period	$ 2,602,897	$ 2,402,173
Total OPEB liability as a percentage of covered payroll	34.77%	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, 2019

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Taxes				
Property tax	$ 995,447	$ 1,000,547	$ 985,532	$ (15,015)
Intangible tax	10,000	10,000	10,185	185
Railroad equipment tax	500	500	557	57
Real estate transfer tax	3,500	4,800	4,786	(14)
Franchise tax	382,000	399,400	399,091	(309)
Local option sales tax	1,000,000	1,000,000	1,000,000	-
Alcoholic beverage tax	135,000	135,000	132,475	(2,525)
Energy excise tax	105,000	85,500	85,448	(52)
Occupation tax	68,000	68,000	66,172	(1,828)
Insurance premium tax	480,000	516,400	516,346	(54)
Financial institution tax	32,000	36,000	35,959	(41)
Penalties and interest	3,500	2,600	2,514	(86)
Payment in lieu of taxes	18,500	18,500	19,007	507
Total taxes	3,233,447	3,277,247	3,258,072	(19,175)
Licenses and Permits				
Alcoholic beverage licenses	15,000	15,000	14,700	(300)
Fireworks licenses	500	500	500	-
Building permits	20,000	17,000	16,611	(389)
Total licenses and permits	35,500	32,500	31,811	(689)
Intergovernmental				
Water and sewer joint venture	134,722	134,722	134,722	-
Total intergovernmental	134,722	134,722	134,722	-
Charges for Services				
Election qualifying fees	1,100	1,100	990	(110)
Fire protection fees	2,000	1,000	1,000	-
Occupation of public rights of way fees	-	11,100	11,048	(52)
Total charges for services	3,100	13,200	13,038	(162)
Fines and Forfeitures				
Police court fines	175,250	170,525	169,689	(836)
Total fines and forfeitures	175,250	170,525	169,689	(836)
Use of Money and Property				
Interest income	34,220	40,100	38,060	(2,040)
Rents	64,897	67,897	67,818	(79)
Cemetary lot sales	40,000	41,500	41,410	(90)
Total use of money and property	139,117	149,497	147,288	(2,209)
Other				
Miscellaneous	33,450	61,913	67,167	5,254
Total other	33,450	61,913	67,167	5,254
Total revenues	3,754,586	3,839,604	3,821,787	(17,817)

(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, 2019

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
EXPENDITURES				
General government				
Mayor and Council	59,025	60,695	59,672	(1,023)
Voter registration	16,888	16,888	7,531	(9,357)
General administration	623,233	666,605	639,189	(27,416)
Tax commissioner	13,978	13,978	13,978	-
Tax assessor	2,325	2,325	2,325	-
Total general government	715,449	760,491	722,695	(37,796)
Public safety				
Police	1,177,455	1,234,515	1,215,008	(19,507)
Fire	834,811	837,809	821,127	(16,682)
Animal shelter	29,217	29,217	29,217	-
Total public safety	2,041,483	2,101,541	2,065,352	(36,189)
Public works				
Street department	660,441	690,605	667,918	(22,687)
Total public works	660,441	690,605	667,918	(22,687)
Community services				
Senior citizen center	73,119	76,100	76,028	(72)
Community centers	30,100	30,600	30,150	(450)
Transportation services	40,465	71,000	70,941	(59)
Total community services	143,684	177,700	177,119	(581)
Culture and recreation				
Recreation	230,797	228,800	227,701	(1,099)
Library	93,278	93,278	93,278	-
Total culture and recreation	324,075	322,078	320,979	(1,099)
Housing and development				
Urban redevelopment	-	10,125	10,125	-
Planning and zoning	88,757	82,000	81,828	(172)
Code enforcement	70,612	49,579	7,001	(42,578)
Economic development	41,897	41,897	41,897	-
CSRA Regional Commission	6,800	6,800	6,778	(22)
Total housing and development	208,066	190,401	147,629	(42,772)
Total expenditures	4,093,198	4,242,816	4,101,692	(141,124)

(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, 2019

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
Excess (deficiency) of revenues over (under) expenditures	(338,612)	(403,212)	(279,905)	(123,307)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	22,300	22,260	(40)
Transfers from prior year fund balance	-	2,200	-	(2,200)
Transfers in	372,612	410,712	301,027	(109,685)
Transfers out	(39,000)	(32,000)	(31,597)	(403)
Total other financing sources (uses)	338,612	403,212	291,690	(111,522)
CHANGE IN FUND BALANCE	$ -	$ -	$ 11,785	$ 11,785

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.

2016 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.

RSVP Capital Project Fund - This fund was established to account for proceeds donated from private sources to be used in implementing the Downtown Renaissance Strategic Visioning and Planning Process (RSVP) to prioritize downtown redevelopment issues and establish a consensus around what must be achieved in the short and long term.

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, 2019

	Special Revenue			Capital Projects								
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	2016 CDBG Capital Project Fund	2018 CDBG Capital Project Fund	2016 CHIP Grant Capital Project Fund	Monument Capital Project Fund	RSVP Capital Project Fud	LMIG Capital Project Fund	TIA SPLOST Capital Project Fund	SPLOST Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS												
Cash and cash equivalents	$ 199,319	$ 250,131	$ 3,310	$ -	$ 100	$ 52	$ 50,961	$ 25,350	$ 50	$ 77,203	$ -	$ 606,476
Investments	243,314	-	-	-	-	-	-	-	-	-	-	243,314
Receivables (net of allowance for uncollectibles):												
Notes-current	1,903	-	-	-	-	-	-	-	-	-	-	1,903
Notes-long-term	3,250	-	-	-	-	-	-	-	-	-	-	3,250
Interest	11	-	-	-	-	-	-	-	-	-	-	11
Intergovernmental receivables	-	-	-	-	64,822	-	-	-	-	14,387	-	79,209
Interfund receivables	5,191	13,307	-	-	-	-	-	-	-	-	-	18,498
Total assets	$ 452,988	$ 263,438	$ 3,310	$ -	$ 64,922	$ 52	$ 50,961	$ 25,350	$ 50	$ 91,590	$ -	$ 952,661
LIABILITIES												
Accounts payable	$ -	$ -	$ -	$ -	$ 64,822	$ -	$ -	$ -	$ -	$ 3,744	$ -	$ 68,566
Interfund payables	1,968	-	-	-	-	-	-	-	-	-	-	1,968
Total liabilities	1,968	-	-	-	64,822	-	-	-	-	3,744	-	70,534
FUND BALANCES												
Nonspendable	3,250	-	-	-	-	-	-	-	-	-	-	3,250
Restricted for:												
Public safety	-	-	3,310	-	-	-	-	-	-	-	-	3,310
Public works	-	-	-	-	-	-	-	-	50	87,846	-	87,896
Housing and development	447,770	263,438	-	-	100	52	-	-	-	-	-	711,360
Committed to:												
Housing and development	-	-	-	-	-	-	50,961	-	-	-	-	50,961
Assigned to:												
Housing and development	-	-	-	-	-	-	-	25,350	-	-	-	25,350
Total fund balances	451,020	263,438	3,310	-	100	52	50,961	25,350	50	87,846	-	882,127
Total liabilities and fund balances	$ 452,988	$ 263,438	$ 3,310	$ -	$ 64,922	$ 52	$ 50,961	$ 25,350	$ 50	$ 91,590	$ -	$ 952,661

CITY OF THOMSON, GEORGIA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue			Capital Projects								
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	2016 CDBG Capital Project Fund	2018 CDBG Capital Project Fund	2016 CHIP Grant Capital Project Fund	Monument Capital Project Fund	RSVP Capital Project Fud	LMIG Capital Project Fund	TIA SPLOST Capital Project Fund	SPLOST Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES												
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 154,862	$ -	$ 154,862
Intergovernmental	-	-	-	-	443,037	35,477	-	-	85,989	-	-	564,503
Fines and forfeitures	-	-	2,548	-	-	-	-	-	-	-	-	2,548
Interest income	2,845	3,707	-	-	-	-	562	-	-	1,437	-	8,551
Donations form private sources	-	-	-	-	-	-	-	25,350	-	-	-	25,350
Rents	-	22,996	-	-	-	-	-	-	-	-	-	22,996
Total revenues	2,845	26,703	2,548	-	443,037	35,477	562	25,350	85,989	156,299	-	778,810
EXPENDITURES												
Current:												
Public safety	-	-	500	-	-	-	-	-	-	-	-	500
Public works	-	-	-	-	-	-	-	-	-	14,264	-	14,264
Housing and development	11,568	7,584	-	-	-	-	182	-	-	-	-	19,334
Capital outlay:												
Public works	-	-	-	-	-	-	-	-	85,989	123,326	-	209,315
Housing and development	-	-	-	-	443,037	35,477	-	-	-	-	-	478,514
Total expenditures	11,568	7,584	500	-	443,037	35,477	182	-	85,989	137,590	-	721,927
Excess (deficiency) of revenues over (under) expenditures	(8,723)	19,119	2,048	-	-	-	380	25,350	-	18,709	-	56,883
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	15,000	-	-	-	-	15,000
Transfers out	-	-	-	(51)	-	-	-	-	-	-	-	(51)
Total other financing sources (uses)	-	-	-	(51)	-	-	15,000	-	-	-	-	14,949
Net change in fund balances	(8,723)	19,119	2,048	(51)	-	-	15,380	25,350	-	18,709	-	71,832
Fund balances, beginning of year	459,743	244,319	1,262	51	100	52	35,581	-	50	69,137	-	810,295
Fund balances, end of year	$ 451,020	$ 263,438	$ 3,310	$ -	$ 100	$ 52	$ 50,961	$ 25,350	$ 50	$ 87,846	$ -	$ 882,127

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, 2019

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 2,848	$ 2,848
Available for loans	206,158	206,158	165,060	(41,098)
Total revenues	206,158	206,158	167,908	(38,250)
EXPENDITURES				
Loans made	206,158	206,158	-	(206,158)
Housing and development	-	-	11,568	11,568
Total expenditures	206,158	206,158	11,568	(194,590)
Excess of revenues over expenditures	-	-	156,340	156,340
CHANGE IN FUND BALANCE	$ -	$ -	156,340	$ 156,340
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(165,063)	
Total reconciliation to GAAP basis			(165,063)	
FUND BALANCE, BEGINNING OF YEAR			459,743	
FUND BALANCE, END OF YEAR			$ 451,020	

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, 2019

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 3,707	$ 3,707
Rents	-	-	22,996	22,996
Available for loans	220,766	220,766	231,012	10,246
Total revenues	220,766	220,766	257,715	36,949
EXPENDITURES				
Loans made	220,766	220,766	-	(220,766)
Housing and development	-	-	7,584	7,584
Total expenditures	220,766	220,766	7,584	(213,182)
Excess of revenues over expenditures	-	-	250,131	250,131
CHANGE IN FUND BALANCE	$ -	$ -	250,131	$ 250,131
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(231,012)	
Total reconciliation to GAAP basis			(231,012)	
FUND BALANCE, BEGINNING OF YEAR			244,319	
FUND BALANCE, END OF YEAR			$ 263,438	

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, 2019

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Fines and forfeitures	$ 10,000	$ 10,000	$ 2,547	$ (7,453)
Total revenues	10,000	10,000	2,547	(7,453)
EXPENDITURES				
Public safety	10,000	10,000	500	(9,500)
Total expenditures	10,000	10,000	500	(9,500)
Excess of revenues over expenditures	-	-	2,047	2,047
CHANGE IN FUND BALANCE	$ -	$ -	2,047	$ 2,047
FUND BALANCE, BEGINNING OF YEAR			1,263	
FUND BALANCE, END OF YEAR			$ 3,310	

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, 2019

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Police Surcharge Fund				
Assets				
Cash	$ 21	$ 84,325	$ 84,325	$ 21
Total assets	$ 21	$ 84,325	$ 84,325	$ 21
Liabilities				
Intergovernmental payables	$ 21	$ 84,325	$ 84,325	$ 21
Total liabilities	$ 21	$ 84,325	$ 84,325	$ 21

OTHER SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
PROJECT COST SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

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 17b-x-094-2-5962						
Water Facility	P-03J-01	$ 53,675	$ 53,675	$ -	$ 53,675	none
Sewer Facility	P-03J-02	254,285	254,285	-	254,285	none
Flood/Drainage	P-03K-02	343,099	343,099	150,447	493,546	none
Rehabilitation of private property	H-14A-01	295,441	123,651	-	123,651	none
Administration	A-21A-00	53,500	42,234	1,048	43,282	none
Preliminary Engineering		-	-	67,375	67,375	none
		$ 1,000,000	$ 816,944	$ 218,870	$ 1,035,814	none
Source of Other Funds: Local Match						
Grant Number 18p-x-094-2-6033						
Contingency	C-022-00	$ 31,515	$ -	$ -	$ -	none
Water Facility	P-03J-01	84,688	-	-	-	none
Sewer Facility	P-03J-02	454,002	274,991		274,991	none
Flood/Drainage	P-03K-02	134,795	31,962	-	31,962	none
Administration	A-21A-00	45,000	8,262	-	8,262	none
Preliminary Engineering		-	-	63,000	63,000	none
		$ 750,000	$ 315,215	$ 63,000	$ 378,215	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, 2019

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	816,944
Funds Still Available from Program Year 2017 Resources	$ 183,056
Total Program Year 2017 Funds Drawn and Received by Recipient	$ 816,944
Less: Funds Applied and Expended to Program Year 2017 Costs	816,944
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	315,215
Funds Still Available from Program Year 2018 Resources	$ 434,785
Total Program Year 2018 Funds Drawn and Received by Recipient	$ 315,215
Less: Funds Applied and Expended to Program Year 2018 Costs	315,215
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, 2019

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	177,581	-	177,581	19%
Totals	$ 1,926,040	$ 1,926,040	$ 177,581	$ -	$ 177,581	

COMPLIANCE AND SINGLE AUDIT SECTION

CITY OF THOMSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	17b-x-094-2-5962	$ 792,042
Community Development Block Grants/State's Program	14.228	18p-x-094-2-6033	380,037
Total Community Development Block Grants/State's Program			1,172,079
Community Home Investment Program	14.239		35,477
Total Community Home Investment Program		2016-115	35,477
Total U.S. Department of Housing and Urban Development			1,207,556
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)	266,909
Airport Improvement Program	20.106	APO19-9033-20 (165)	202,469
Total Airport Improvement Program			469,378
Total U.S. Department of Transportation Federal Aviation Administration			469,378
U.S. Environmental Protection Agency			
Pass-through programs from:			
State of Georgia Environmental Finance Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2017007	14,208
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2017008	47,540
Total Capitalization Grants for Drinking Water State Revolving Funds			61,748
Total U.S. Environmental Protection Agency			61,748
Total expenditures of federal awards			$ 1,738,682

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, 2019

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, 2019.

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.

BARMORE HAMMOND
CERTIFIED PUBLIC ACCOUNTANTS
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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 23, 2020.

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.



Thomson, Georgia
October 23, 2020

BARMORE HAMMOND
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2019. 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, 2019.

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.

Thomson, Georgia
October 23, 2020

CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

None reported

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