CITY OF THOMSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

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ANNUAL FINANCIAL REPORT
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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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Employment Incentive Program Loan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 87, *Leases*, as of January 1, 2022. This standard significantly changed the accounting for the City's lease activities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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 accompanying combining and individual fund financial statements, community development block grants schedules, special purpose local option sales tax schedule, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual fund financial statements, community development block grants schedules, special purpose local option sales tax schedule, and the 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 September 7, 2023 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 effectiveness of the City's 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
September 7, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Thomson, Georgia's (the "City") annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the year ended December 31, 2022.

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 $ 23,790,093 (net position). Of this amount, $ 14,234,271 is invested in capital assets (net of related debt), $ 2,575,001 is restricted for specific purposes, and $ 6,980,821 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $ 1,475,674. Total revenues of the City's governmental and business-type activities totaled $ 19,284,597 and expenses totaled $ 17,808,923.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $ 6,308,740, an increase of $ 273,769 in comparison with the prior year. Of this total amount, $ 3,574,223 is unassigned, $ 165,644 is assigned by management for specific purposes, $ 59,928 is committed by the Mayor and Council for specific purposes, and $ 1,618,955 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 and leases receivable totaled $ 889,990.

- The net position of the City's enterprise funds (business - type activities) totaled $ 6,527,819. Of this amount, $ 2,263,490 is invested in capital assets (net of related debt) and $ 4,264,329 (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 financial transactions of the Downtown Development Authority, a component unit of the City, is also discretely presented on these statements.

The government-wide financial statements can be found on pages 14 - 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains fifteen individual governmental funds. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, Employment Incentive Program (EIP) Loan Fund, American Rescue Plan Act (ARPA) Fund, and the Airport 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 16 - 21 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Gas Fund and Solid Waste Fund, both of which are considered to be major funds of the City. The internal service fund is shown in its own column on the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 22 - 25 of this report.

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

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

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Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 57 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 $ 23,790,093 as of December 31, 2022.

A large portion of the City's net position (60 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 $ 6,980,821 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 9,943,271	$ 7,831,965	$ 6,448,871	$ 5,986,157	$ 16,392,142	$ 13,818,122
Capital assets, net	12,149,512	11,633,555	2,272,336	2,494,431	14,421,848	14,127,986
Total assets	22,092,783	19,465,520	8,721,207	8,480,588	30,813,990	27,946,108
Deferred outflows of resources	124,053	214,983	84,192	137,192	208,245	352,175
Current liabilities	2,800,603	1,720,649	1,371,244	1,184,064	4,171,847	2,904,713
Non-current liabilities	952,052	1,388,382	576,370	785,979	1,528,422	2,174,361
Total liabilities	3,752,655	3,109,031	1,947,614	1,970,043	5,700,269	5,079,074
Deferred inflows of resources	1,201,907	528,096	329,966	376,694	1,531,873	904,790
Net position						
Net investment in capital assets	11,970,781	11,244,128	2,263,490	2,475,172	14,234,271	13,719,300
Restricted	2,575,001	2,365,656	-	-	2,575,001	2,365,656
Unrestricted	2,716,492	2,433,592	4,264,329	3,795,871	6,980,821	6,229,463
Total net position	$ 17,262,274	$ 16,043,376	$ 6,527,819	$ 6,271,043	$ 23,790,093	$ 22,314,419

At the end of the current year, the City is reporting deficits in the net position of the Solid Waste Fund of $ 19,890 and Internal Service Fund of $ 49,192. All other funds are reporting 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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	$ 455,657	$ 478,068	$ 13,309,373	$ 9,099,619	$ 13,765,030	$ 9,577,687
Operating grants/ contributions	265,098	215,396	-	-	265,098	215,396
Capital grants/ contributions	955,779	698,231	-	-	955,779	698,231
General revenues						
Property taxes	1,045,160	937,683	-	-	1,045,160	937,683
Other taxes	3,102,359	2,931,685	-	-	3,102,359	2,931,685
Other	154,005	25,715	(2,834)	73,692	151,171	99,407
Total revenues	5,978,058	5,286,778	13,306,539	9,173,311	19,284,597	14,460,089
Expenses						
General government	619,076	626,771	-	-	619,076	626,771
Public safety	2,120,824	2,072,076	-	-	2,120,824	2,072,076
Public works	1,118,012	925,690	-	-	1,118,012	925,690
Housing and development	585,141	771,868	-	-	585,141	771,868
Culture and recreation	395,939	342,021	-	-	395,939	342,021
Community services	235,925	151,201	-	-	235,925	151,201
Interest on long-term debt	3,851	6,074	-	-	3,851	6,074
Gas utility	-	-	11,101,531	7,377,878	11,101,531	7,377,878
Solid waste	-	-	1,628,624	1,351,227	1,628,624	1,351,227
Total expenses	5,078,768	4,895,701	12,730,155	8,729,105	17,808,923	13,624,806
Change in net position before transfers and special items	899,290	391,077	576,384	444,206	1,475,674	835,283
Transfers to other funds	319,608	244,950	(319,608)	(244,950)	-	-
Transfers to component unit	-	(59,000)	-	-	-	(59,000)
Change in net position	1,218,898	577,027	256,776	199,256	1,475,674	776,283
Net position, beginning of year	16,043,376	15,466,349	6,271,043	6,071,787	22,314,419	21,538,136
Net position, end of year	$ 17,262,274	$ 16,043,376	$ 6,527,819	$ 6,271,043	$ 23,790,093	$ 22,314,419

Revenues from governmental activities increased $ 691,280 in 2022. This increase is attributable to increases in operating grants/contributions totaling $ 49,702, capital grants/contributions totaling $ 257,548, property taxes totaling $ 107,477, other taxes totaling $ 170,674, and other revenues totaling $ 128,290 whereas revenues from charges for services decreased by $ 22,411.

Total expenses for governmental activities increased by $ 183,067 in 2022, which represents an increase of approximately 4% from 2021. Expenses for public safety, public works, culture and recreation, and community services were $ 379,712 more than 2021 amounts whereas expenses for general government, housing and development, and interest on long-term debt were $ 196,645 less than 2021 amounts.

(Continued)

Total revenues from business-type activities increased by $ 4,133,228 and total expenses from business-type activities increased by $ 4,001,050 in 2022. The increase in revenues is attributable to an increase in gas operating revenues of $ 3,957,273, solid waste operating revenues of $ 252,481, and a decrease in non-operating revenues of $ 76,526. The increase in expenses is primarily attributable to increases in gas purchases of $ 3,705,693 and other purchased services of $ 556,589 whereas other operating expenses decreased $ 261,232.

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, 2022, governmental funds reported combined ending fund balances of $ 6,308,740, an increase of $ 273,769 in comparison with 2021. Unassigned fund balance at year-end was $ 3,574,223 whereas the remainder of fund balance of $ 2,734,517 is nonspendable, restricted, committed or assigned to indicate that it is not in spendable form or 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 $ 3,599,349, of which $ 3,574,223 is unassigned and $ 25,126 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, 2022, fund balance represented approximately 74 percent of total General Fund expenditures.

Special Revenue Funds

The City maintains five 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, the Police Condemnation and Forfeiture Fund, and the American Rescue Plan Act (ARPA) 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 and the American Rescue Plan Act (ARPA) Fund is restricted for use in paying eligible expenses stipulated in the American Rescue Plan Act. The EIP Loan Fund and ARPA Fund are considered major funds, whereas the HODAG, UDAG, and Police Condemnation and Forfeiture Funds are considered nonmajor funds. As of December 31, 2022, total major special revenue fund balance was $ 1,483,318 and total nonmajor special revenue fund balance was $ 695,583.

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 nine capital project funds during the current year. They are the Airport Capital Project Fund, 2020 and 2021 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 is reported as a major governmental fund whereas all other capital project funds are reported as nonmajor governmental funds. As of December 31, 2022, total major capital project fund balance was $ 137,642 and total fund balance of the nonmajor capital project funds was $ 392,848.

(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 $ 4,379,538. The Solid Waste Fund is reporting a deficit of $ 115,209 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, 2022, actual revenues, including insurance claims and gain on sales of surplus property, were less than budgetary estimates by $ 40,586 and actual expenditures were $ 168,344 less than appropriated amounts. Actual expenditures for all departments and governmental activities were under budget for 2022 except that amounts paid to the CSRA Regional Commission were overspent by $ 104. 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 $ 51,164 and actual transfers out were $ 47 less than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2022. Revenues and other financing sources exceeded expenditures and other financing uses by $ 76,641.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, totaled $ 14,421,848 (net of accumulated depreciation). This investment in capital assets includes, land, site-improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Major capital asset additions during the year include street resurfacing and improvements totaling $ 200,539, equipment purchases totaling $ 32,820, vehicle purchases totaling $ 34,705, and building improvements totaling $ 217,885.

As of December 31, 2022, construction in progress totaled $ 1,480,780 which includes $ 267,569 in expenses associated with the 2016 CHIP Grant capital project, $ 994,915 related to the 2020 CDBG capital project, $ 53,250 related to the 2021 CDBG capital project, and $ 165,046 in costs for the natural gas tap station upgrade project.

Additional information on capital assets can be found in Note 7 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, 2022 was $ 30,957. Principal and interest payments on the note payable in 2022 were $ 40,211 and $ 1,686, respectively.

The City entered into a financed purchase agreement with Regions Equipment Finance Corporation during 2021 to fund the purchase of four police interceptors. Total funding under the lease was $ 194,440. Total principal outstanding at December 31, 2022 was $ 73,545. Principal and interest paid on the financed purchase in 2022 were $ 64,640 and $ 2,467, respectively.

(Continued)

The City entered into a financed purchase agreement 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, 2022 was $ 0. Principal and interest paid on the capital lease in 2022 were $ 2,199 and $ 4, respectively.

Additional information on long-term debt can be found in Note 8 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 $ 2,000,000 and a Community Home Investment Program (CHIP) grant totaling $ 611,184. These funds, along with local matching funds totaling $ 283,225, 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 John Waller, City Administrator, City of Thomson, P.O. Box 1017, Thomson, Georgia 30824.

BASIC FINANCIAL STATEMENTS

CITY OF THOMSON, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Assets				
Cash and cash equivalents	$ 6,209,497	$ 4,388,985	$ 10,598,482	$ 83,219
Investments	718,005	-	718,005	-
Receivables:				
Taxes-net	445,631	-	445,631	-
Accounts-net	-	1,706,368	1,706,368	-
Notes-net	1,110,638	-	1,110,638	-
Leases	744,952		744,952	
Interest	7,247	1,444	8,691	-
Intergovernmental	667,805	340	668,145	-
Other	6,702	257,884	264,586	-
Inventories	-	65,995	65,995	-
Prepaids	25,126	35,523	60,649	-
Internal balances	7,668	(7,668)	-	-
Capital assets, net of accumulated depreciation:				
Land	1,089,233	128,782	1,218,015	-
Site improvements	2,820,315	-	2,820,315	-
Buildings and improvements	2,228,169	113,065	2,341,234	-
Machinery and equipment	267,392	1,865,443	2,132,835	-
Infrastructure	4,428,669	-	4,428,669	-
Construction in progress	1,315,734	165,046	1,480,780	-
Total assets	22,092,783	8,721,207	30,813,990	83,219
Deferred Outflows of Resources				
Deferred outflows related to pension plan	124,053	84,192	208,245	-
Liabilities				
Accounts payable	160,851	1,049,216	1,210,067	535
Accrued liabilities	50,731	110,537	161,268	-
Customer deposits	-	205,285	205,285	-
Intergovernmental payables	51,918	6,206	58,124	-
Unearned revenues	2,439,792	-	2,439,792	-
Accrued interest payable	232	-	232	-
Noncurrent liabilities:				
Due within one year	97,079	-	97,079	-
Due in more than one year	55,891	-	55,891	-
Net pension liability	506,290	129,368	635,658	-
Total OPEB liability	389,871	447,002	836,873	-
Total liabilities	3,752,655	1,947,614	5,700,269	535
Deferred Inflows of Resources				
Subsequent year revenues	43,766	-	43,766	-
Leases receivable	735,923	-	735,923	-
Deferred inflows related to pension plan	422,218	329,966	752,184	-
Total deferred inflows of resources	1,201,907	329,966	1,531,873	-
Net Position				
Net investment in capital assets	11,970,781	2,263,490	14,234,271	-
Restricted for:				
Public safety	17,721	-	17,721	-
Public works	325,476	-	325,476	-
Housing and development	2,231,804	-	2,231,804	-
Unrestricted	2,716,492	4,264,329	6,980,821	82,684
Total net position	$ 17,262,274	$ 6,527,819	$ 23,790,093	$ 82,684

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, 2022

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	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 619,076	$ 63,372	$ 133,963	$ -	$ (421,741)	$ -	$ (421,741)	
Public safety	2,120,824	192,017	10,000	-	(1,918,807)	-	(1,918,807)	
Public works	1,118,012	-	-	91,563	(1,026,449)	-	(1,026,449)	
Housing and development	585,141	176,128	121,135	864,216	576,338	-	576,338	
Culture and recreation	395,939	-	-	-	(395,939)	-	(395,939)	
Community services	235,925	24,140	-	-	(211,785)	-	(211,785)	
Interest on long-term debt	3,851	-	-	-	(3,851)	-	(3,851)	
Total governmental activities	5,078,768	455,657	265,098	955,779	(3,402,234)	-	(3,402,234)	
Business-type activities:								
Gas utility	11,101,531	11,940,649	-	-	-	839,118	839,118	
Solid waste	1,628,624	1,368,724	-	-	-	(259,900)	(259,900)	
Total business-type activities	12,730,155	13,309,373	-	-	-	579,218	579,218	
Total primary government	$ 17,808,923	$ 13,765,030	$ 265,098	$ 955,779	(3,402,234)	579,218	(2,823,016)	
Component Unit								
Downtown Development Authority	$ 67,816	$ 91,500	$ -	$ -				$ 23,684
General revenues								
Property taxes					1,045,160	-	1,045,160	-
Motor vehicle taxes					7,463	-	7,463	-
Motor vehicle title advalorem taxes					163,049	-	163,049	-
Mobile home taxes					2,144	-	2,144	-
Payment in lieu of taxes					19,242	-	19,242	-
Sales taxes					1,617,031	-	1,617,031	-
Franchise taxes					397,059	-	397,059	-
Insurance premium taxes					563,192	-	563,192	-
Financial institution taxes					23,736	-	23,736	-
Alcoholic beverage taxes					103,567	-	103,567	-
Occupation taxes					65,715	-	65,715	-
Intangible taxes					23,827	-	23,827	-
Transfer taxes					10,253	-	10,253	-
Railroad equipment taxes					604	-	604	-
Excise tax on energy					105,477	-	105,477	-
Interest income					73,825	2,401	76,226	-
Insurance claims					14,841	-	14,841	-
Loss on sale of surplus property					(8,671)	(5,235)	(13,906)	-
Other revenues					74,010	-	74,010	-
Transfers to other funds					319,608	(319,608)	-	-
Total general revenues, transfers, and special items					4,621,132	(322,442)	4,298,690	-
Change in net position					1,218,898	256,776	1,475,674	23,684
Net position, beginning of year					16,043,376	6,271,043	22,314,419	59,000
Net position, end of year					$ 17,262,274	$ 6,527,819	$ 23,790,093	$ 82,684

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

CITY OF THOMSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Employment Incentive Program Loan Fund	American Rescue Plan Act Fund	Airport Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,199,964	$ 565,308	$ 2,437,792	$ 160,270	$ 843,231	$ 6,206,565
Investments	718,005	-	-	-	-	718,005
Receivables (net of allowance for uncollectibles):						
Taxes	445,631	-	-	-	-	445,631
Notes-current	-	183,322	-	-	9,126	192,448
Notes-long-term	-	729,524	-	-	188,666	918,190
Leases-current	25,317	-	-	21,459	56,368	103,144
Leases-long-term	-	-	-	461,482	180,326	641,808
Interest	-	5,164	-	-	1,496	6,660
Other	3,491	-	-	3,211	-	6,702
Intergovernmental receivables	438,588	-	-	5,470	103,207	547,265
Interfund receivables	33,997	-	-	5,470	32,001	71,468
Prepaids	25,126	-	-	-	-	25,126
Total assets	$ 3,890,119	$ 1,483,318	$ 2,437,792	$ 657,362	$ 1,414,421	$ 9,883,012
LIABILITIES						
Accounts payable	$ 47,665	$ -	$ -	$ 32,410	$ 76,867	$ 156,942
Accrued liabilities	38,324	-	-	-	-	38,324
Intergovernmental payables	51,918	-	-	-	-	51,918
Interfund payables	23,966	-	-	10,044	15,471	49,481
Unearned revenues	2,000	-	2,437,792	-	-	2,439,792
Total liabilities	163,873	-	2,437,792	42,454	92,338	2,736,457
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	58,126	-	-	-	-	58,126
Subsequent year revenues	43,766	-	-	-	-	43,766
Leases receivable	25,005	-	-	477,266	233,652	735,923
Total deferred inflows of resources	126,897	-	-	477,266	233,652	837,815
FUND BALANCES						
Nonspendable	25,126	729,524	-	-	135,340	889,990
Restricted for:						
Public safety	-	-	-	-	17,721	17,721
Public works	-	-	-	-	304,752	304,752
Housing and development	-	753,794	-	-	542,688	1,296,482
Committed to:						
Housing and development	-	-	-	-	59,928	59,928
Assigned to:						
Housing and development	-	-	-	137,642	28,002	165,644
Unassigned	3,574,223	-	-	-	-	3,574,223
Total fund balances	3,599,349	1,483,318	-	137,642	1,088,431	6,308,740
Total liabilities, deferred inflows of resources, and fund balances	$ 3,890,119	$ 1,483,318	$ 2,437,792	$ 657,362	$ 1,414,421	$ 9,883,012

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, 2022

Total fund balances - governmental funds	$ 6,308,740
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	1,089,233
Site improvements	6,374,869
Building and improvements	3,658,150
Machinery and equipment	1,868,663
Infrastructure	7,031,643
Construction in progress	1,315,734
Accumulated depreciation	(9,225,282)
Total capital assets, net of accumulated depreciation - governmental activities	12,113,010
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.	(49,192)
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	120,540
Interest receivable	587
Property taxes	58,126
Total unavailable revenues	179,253
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	105,412
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	(232)
Accrued compensated absences	(48,468)
Long-term debt	(104,502)
Net pension liability	(491,933)
Total OPEB liability	(389,871)
Total liabilities	(1,035,006)
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	(359,943)
Net position of governmental activities	$ 17,262,274

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, 2022

	General Fund	Employment Incentive Program Loan Fund	American Rescue Plan Act Fund	Airport Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 3,921,208	$ -	$ -	$ -	$ 203,664	$ 4,124,872
Licenses and permits	63,753	-	-	-	-	63,753
Intergovernmental	133,963	-	-	121,135	955,779	1,210,877
Charges for services	4,509	-	-	-	-	4,509
Fines and forfeitures	174,433	-	-	-	879	175,312
Interest income	17,363	30,129	-	14,473	11,860	73,825
Lease income	67,005	-	-	27,802	58,413	153,220
Cemetary lot sales	58,725	-	-	-	-	58,725
Donations from private sources	10,000	-	-	-	-	10,000
Other	74,010	-	-	-	-	74,010
Total revenues	4,524,969	30,129	-	163,410	1,230,595	5,949,103
EXPENDITURES						
Current:						
General government	1,013,968	-	-	-	-	1,013,968
Public safety	2,138,558	-	-	-	-	2,138,558
Public works	841,668	-	-	-	13,230	854,898
Community services	193,826	-	-	-	-	193,826
Culture and recreation	379,678	-	-	-	-	379,678
Housing and development	186,319	-	-	199,024	19,943	405,286
Debt service:						
Principal	104,851	-	-	-	-	104,851
Interest	4,153	-	-	-	-	4,153
Capital outlay:						
Public works	-	-	-	-	60,562	60,562
Housing and development	-	-	-	-	864,216	864,216
Total expenditures	4,863,021	-	-	199,024	957,951	6,019,996
Excess (deficiency) of revenues over (under) expenditures	(338,052)	30,129	-	(35,614)	272,644	(70,893)
OTHER FINANCING SOURCES (USES)						
Insurance claims	14,841	-	-	-	-	14,841
Gain on sales of surplus property	10,213					10,213
Transfers in	319,608	-	-	64,073	-	383,681
Transfers out	(64,073)	-	-	-	-	(64,073)
Total other financing sources (uses)	280,589	-	-	64,073	-	344,662
NET CHANGE IN FUND BALANCES	(57,463)	30,129	-	28,459	272,644	273,769
FUND BALANCES, BEGINNING OF YEAR	3,656,812	1,453,189	-	109,183	815,787	6,034,971
FUND BALANCES, END OF YEAR	$ 3,599,349	$ 1,483,318	$ -	$ 137,642	$ 1,088,431	$ 6,308,740

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, 2022

Net change in fund balances - total governmental funds	$	273,769
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts were:		
Capital outlays		1,170,627
Depreciation expense		(626,678)
Net book value of surplus property sold		(18,884)
Excess of capital outlays over depreciation expense and other adjustments		525,065
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:		
Intergovernmental receivables increased by this amount in 2022.		7,211
Unearned property tax revenues increased by this amount in 2022.		15,436
Net change in revenues not providing current financial resources		22,647
The issuance of long-term debt (e.g., notes payable and financed purchases 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		104,851
Net decrease in long-term debt		104,851
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued compensated absences increased by this amount in 2022.		(21,696)
Accrued interest payable decreased by this amount in 2022.		302
Net pension liability, deferred outflows and inflows related to pension decreased by this amount in 2022.		137,200
Total OPEB liability decreased by this amount in 2022.		176,622
Net change in expenses not requiring the use of current financial resources		292,428
An internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The activities of the internal service fund included within governmental activities are as follows:		
Internal service fund net income included within governmental activities		138
Change in net position of governmental activities	$	1,218,898

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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes	$ 3,608,914	$ 3,700,064	$ 3,669,539	$ (30,525)
Licenses and permits	66,000	65,200	63,828	(1,372)
Intergovernmental	134,534	134,534	133,963	(571)
Charges for services	3,000	4,500	4,509	9
Fines and forfeitures	150,200	180,200	174,433	(5,767)
Use of money and property	113,247	133,747	138,612	4,865
Other	60,100	84,760	77,681	(7,079)
Total revenues	4,135,995	4,303,005	4,262,565	(40,440)
EXPENDITURES				
Current:				
General government	807,293	1,028,948	1,012,784	(16,164)
Public safety	2,296,191	2,348,432	2,228,309	(120,123)
Public works	796,726	862,550	848,786	(13,764)
Community services	162,614	203,800	195,502	(8,298)
Culture and recreation	379,034	391,938	391,317	(621)
Housing and development	240,909	237,609	228,235	(9,374)
Total expenditures	4,682,767	5,073,277	4,904,933	(168,344)
Excess (deficiency) of revenues over (under) expenditures	(546,772)	(770,272)	(642,368)	(127,904)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	14,900	14,841	(59)
Gain on sales of surplus property	1,000	10,300	10,213	(87)
Prior year fund balance	200,000	433,600	433,600	-
Transfers in	370,772	370,772	319,608	(51,164)
Transfers out	(30,000)	(59,300)	(59,253)	(47)
Total other financing sources (uses)	546,772	770,272	719,009	(51,263)
CHANGE IN FUND BALANCE	$ -	$ -	76,641	$ 76,641
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			330,086	
Payables and other liabilities			(30,590)	
Appropriated prior year fund balance			(433,600)	
Total reconciliation to GAAP basis			(134,104)	
FUND BALANCE, BEGINNING OF YEAR			3,656,812	
FUND BALANCE, END OF YEAR			$ 3,599,349	

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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 28,165	$ 28,165
Available for loans	368,370	368,370	368,349	(21)
Total revenues	368,370	368,370	396,514	28,144
EXPENDITURES				
Loans made	368,370	368,370	-	(368,370)
Total expenditures	368,370	368,370	-	(368,370)
Excess of revenues over expenditures	-	-	396,514	396,514
CHANGE IN FUND BALANCE	$ -	$ -	396,514	$ 396,514
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(366,385)	
Total reconciliation to GAAP basis			(366,385)	
FUND BALANCE, BEGINNING OF YEAR			1,453,189	
FUND BALANCE, END OF YEAR			$ 1,483,318	

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, 2022

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash	$ 4,363,907	$ 25,078	$ 4,388,985	$ 2,932
Accounts receivable-net	1,493,668	212,700	1,706,368	-
Interest receivable	1,444	-	1,444	-
Intergovernmental receivables	-	340	340	-
Other receivables	257,884	-	257,884	-
Interfund receivables	10,044	1,966	12,010	-
Inventories	65,995	-	65,995	-
Prepaids	19,061	16,462	35,523	-
Total current assets	6,212,003	256,546	6,468,549	2,932
Noncurrent assets:				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	366,992	59,891	426,883	39,806
Machinery and equipment	7,610,481	1,240,438	8,850,919	143,207
Construction in progress	165,046	-	165,046	-
Less accumulated depreciation	(6,094,284)	(1,205,010)	(7,299,294)	(146,511)
Total capital assets, net of accumulated depreciation	2,177,017	95,319	2,272,336	36,502
Total noncurrent assets	2,177,017	95,319	2,272,336	36,502
Total assets	8,389,020	351,865	8,740,885	39,434
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension plan	48,620	35,572	84,192	18,641
Total assets and deferred outflows of resources	8,437,640	387,437	8,825,077	58,075
LIABILITIES				
Current liabilities:				
Accounts payable	961,756	87,460	1,049,216	3,909
Accrued liabilities	95,705	14,832	110,537	12,407
Customer deposits	205,285	-	205,285	-
Intergovernmental payables	3,940	2,266	6,206	-
Interfund payables	19,678	-	19,678	14,319
Total current liabilities	1,286,364	104,558	1,390,922	30,635
Noncurrent liabilities:				
Net pension liability	72,008	57,360	129,368	14,357
Total OPEB liability	344,288	102,714	447,002	-
Total noncurrent liabilities	416,296	160,074	576,370	14,357
Total liabilities	1,702,660	264,632	1,967,292	44,992
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	187,271	142,695	329,966	62,275
Total liabilities and deferred inflows of resources	1,889,931	407,327	2,297,258	107,267
NET POSITION				
Net investment in capital assets	2,168,171	95,319	2,263,490	36,502
Unrestricted	4,379,538	(115,209)	4,264,329	(85,694)
Total net position	$ 6,547,709	$ (19,890)	$ 6,527,819	$ (49,192)

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, 2022

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	$ 11,688,747	$ 1,333,479	$ 13,022,226	$ 274,946
Refunds from suppliers	219,204	-	219,204	-
Other revenues	-	14,490	14,490	-
Penalties	32,698	20,755	53,453	-
Total operating revenues	11,940,649	1,368,724	13,309,373	274,946
OPERATING EXPENSES				
Purchases	9,185,480	51,505	9,236,985	-
Personnel services and benefits	820,780	365,593	1,186,373	219,612
Professional and technical services	157,867	22,082	179,949	20
Repairs and maintenance	194,517	47,449	241,966	3,717
Other purchased services	156,314	1,024,284	1,180,598	17,566
Supplies	201,213	64,597	265,810	24,410
Intergovernmental	137,111	-	137,111	-
Depreciation	214,379	44,150	258,529	9,108
Bad debts	16,016	7,540	23,556	-
Other	17,854	1,420	19,274	375
Total operating expenses	11,101,531	1,628,620	12,730,151	274,808
Operating income (loss)	839,118	(259,896)	579,222	138
NON-OPERATING REVENUES (EXPENSES)				
Interest income	2,401	-	2,401	-
Loss on sales of surplus property	(5,235)	-	(5,235)	-
Interest expense	-	(4)	(4)	-
Total non-operating revenues (expenses)	(2,834)	(4)	(2,838)	-
Income (loss) before transfers	836,284	(259,900)	576,384	138
TRANSFERS IN (OUT)				
Transfers in	-	317,203	317,203	-
Transfers out	(626,697)	(10,114)	(636,811)	-
Net transfers in (out)	(626,697)	307,089	(319,608)	-
CHANGE IN NET POSITION	209,587	47,189	256,776	138
NET POSITION, BEGINNING OF YEAR	6,338,122	(67,079)	6,271,043	(49,330)
NET POSITION, END OF YEAR	$ 6,547,709	$ (19,890)	$ 6,527,819	$ (49,192)

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, 2022

	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	$ 11,624,760	$ 1,326,819	$ 12,951,579	$ 274,946
Payments to suppliers and others	(9,839,252)	(1,223,453)	(11,062,705)	(51,452)
Payments to employees	(963,455)	(419,668)	(1,383,123)	(233,227)
Net cash provided by (used for) operating activities	822,053	(316,302)	505,751	(9,733)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	315,000	315,000	-
Transfers to other funds	(538,683)	(10,114)	(548,797)	-
Net cash provided by (used for) noncapital financing activities	(538,683)	304,886	(233,797)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of surplus property	5,416	-	5,416	-
Purchases and construction of capital assets	(55,299)	-	(55,299)	-
Payments on long-term debt	-	(2,199)	(2,199)	-
Interest paid	-	(4)	(4)	-
Transfers from other funds	-	2,203	2,203	-
Transfers to other funds	(88,014)	-	(88,014)	-
Net cash provided by (used for) capital and related financing activities	(137,897)	-	(137,897)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,401	-	2,401	-
Net cash provided by investing activities	2,401	-	2,401	-
Net increase (decrease) in cash and cash equivalents	147,874	(11,416)	136,458	(9,733)
Cash and cash equivalents, beginning of year	4,216,033	36,494	4,252,527	12,665
Cash and cash equivalents, end of year	$ 4,363,907	$ 25,078	$ 4,388,985	$ 2,932

(Continued)

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	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)	$ 839,118	$ (259,896)	$ 579,222	$ 138
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	214,379	44,150	258,529	9,108
Other pension related charges	(63,190)	(46,297)	(109,487)	(24,368)
Other post employment benefits (OPEB)	(86,029)	(7,821)	(93,850)	-
(Increase) decrease in current assets				
Accounts receivable	(241,849)	(34,139)	(275,988)	-
Intergovernmental receivables	-	(226)	(226)	-
Other receivables	(73,544)	-	(73,544)	-
Interfund receivables	-	396	396	-
Inventories	13,302	-	13,302	-
Prepaids	1,039	897	1,936	-
Increase (decrease) in current liabilities				
Accounts payable	196,685	(14,421)	182,264	(5,364)
Accrued liabilities	8,261	(353)	7,908	2,430
Customer deposits	5,935	-	5,935	-
Intergovernmental payables	78	1,408	1,486	-
Interfund payables	7,868	-	7,868	8,323
Total adjustments	(17,065)	(56,406)	(73,471)	(9,871)
Net cash provided by (used for) operating activities	$ 822,053	$ (316,302)	$ 505,751	$ (9,733)

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, 2022

	Police Surcharge Fund
ASSETS	
Cash	$ 81
Total assets	$ 81
LIABILITIES	
Intergovernmental payables	$ 81
Total liabilities	$ 81

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 of the City of Thomson - The Downtown Development Authority of the City of Thomson (the "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 Authority. The purpose of the Authority is to revitalize and redevelop the central business districts of the municipal corporations of the State of Georgia. Therefore, the Authority's provision of services is not limited entirely, or almost entirely, to the City nor does it only benefit the City.

The Authority is discretely presented in a separate column on the government-wide Statement of Net Position and Statement of Activities. Separate financial statements of the Authority can be obtained from their administrative office at 149 Main Street, Thomson, Georgia 30824.

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.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

American Rescue Plan Act Fund - The ARPA Fund is a special revenue fund used to account for the financial activities related to proceeds received from the U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds.

Airport Capital Project Fund - The Airport Capital Project Fund is used to account for proceeds from federal and state grant funds, as well as, local funding for capital improvements, operations, and maintenance at the regional airport.

The City reports the following major enterprise funds:

Gas Fund - The Gas Fund is used to account for the operations of the City's natural gas utility.

Solid Waste Fund - The Solid Waste Fund is used to account for the cost of providing solid waste pick-up, disposal, and recycling services to City residents and businesses.

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

Additionally, the City reports the following other fund types:

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

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

Internal Service Fund - An internal service fund is used to account for the City's Vehicle Maintenance Fund. The Vehicle Maintenance Fund provides services to other funds, departments, and the McDuffie County/City of Thomson, Georgia Water and Sewer Commission on a cost reimbursement basis.

Fiduciary Funds - Fiduciary funds are custodial in nature and do not involve the measurement of operating results. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City in an agency capacity for individuals and other governmental units. The accounting used for fiduciary funds is much like that used for proprietary funds.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets and Budgetary Data

Annual appropriated budgets are adopted by the Mayor and City Council for the general, enterprise, and some special revenue funds on a total revenues and total expenditures basis.

The City‘s Administrator submits an annual budget to the Mayor and Members of City Council in accordance with the City Charter. The City Council adopted the 2022 annual appropriated budgets for the City’s general, enterprise, and special revenue funds on December 9, 2021. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Under Georgia State law, appropriations lapse at year-end.

The budgets are prepared essentially on the cash basis, rather than in accordance with generally accepted accounting principles. Revenues, other than property taxes and sales taxes, are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable expenditure is paid. Property taxes and sales tax revenues collected in the current year are set-aside to fund the subsequent year’s budget.

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

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

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

Each fund’s appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and character (personnel services, maintenance and operations, capital outlay, and debt service) which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without City Council approval. Revisions to the budget were made throughout the year.

G. Encumbrance Accounting

The City does not utilize encumbrance accounting, under which purchase orders and contracts are recorded in order to reserve that portion of the applicable appropriation.

H. Assets, Liabilities, and Fund Equity

Cash and Investments

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonparticipating interest-earning investment contracts (investments whose value is not affected by interest rates or other market changes), including savings accounts, certificates of deposit, repurchase agreements, money market investments (short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U. S. Treasury and agency obligations) and participating interest-bearing investment contracts, that have a remaining maturity, at purchase, of one year or less are reported at cost or amortized cost assuming their fair value has not been impacted by changes in the credit worthiness of the issuer or similar factors. All other investments are reported at fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

"Georgia Fund 1" is a Standard & Poor's AAAf/S1 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.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The City uses the allowance method for recording bad debt. The allowance for bad debt reserves for amounts owed from customers that have purchased services from the City and is determined by an analysis of the year-end receivable balances for those accounts 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, 2022.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

Capital assets, which include land, site improvements, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $ 5,000 (amount not rounded) and an estimated useful life in excess of one year. Individual assets that cost less than $ 5,000, but that operate as part of a network system, are capitalized in the aggregate using the group method, if considered material or significant. Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their 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.

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.

Leases

Lessor

The City is a lessor for noncancellable leases of real property. The City recognizes a lease receivable asset and a deferred inflow of resources in the government-wide Statement of Net Position and on the governmental funds Balance Sheet.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and variable payments that are fixed in substance that the City is reasonably certain to collect.

The City monitors changes in circumstances that would require remeasurement of its leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

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 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. The City also has three outstanding lease receivables in which revenues are recognized over the lease terms. These revenues qualify for reporting in this category and are identified as subsequent year revenues and leases receivable 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 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.

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 and construction payables 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Governmental Funds Financial Statements)

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

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

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

Assigned - amounts intended to be used by the City for specific purposes. City Council delegates the authority to classify fund balance as “assigned” to the City Administrator and his/her designee, the 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.

Nonspendable - amounts that are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Unassigned - amounts not included in the other fund balance categories. The City reports positive unassigned fund balance only in the General Fund. For all other funds, any deficits in fund balance at year-end will be reported as unassigned.

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

The General Fund is reporting a decrease in fund balance for December 31, 2022 totaling $ 57,463. This decrease is primarily attributable to interfund transfers that the City did not make to the General Fund. The decrease was absorbed by available fund balance.

Actual revenues and other financing sources (budgetary basis) were $ 91,750 less than budgeted amounts whereas actual expenditures and other financing uses (budgetary basis) were $ 168,391 less than appropriated amounts resulting in a net increase in fund balance (budgetary basis) of $ 76,641. Expenditures for dues paid to the CSRA Regional Commission exceeded appropriated amounts by $ 104. The overage was absorbed by available fund balance. Expenditures for all other City departments and functions were under appropriated amounts for the year.

(Continued)

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

Solid Waste Fund

The Solid Waste Fund is reporting a deficit balance in unrestricted net position totaling $ 115,209. The deficit is primarily attributable to noncurrent liabilities related to the fund's net pension liability and total OPEB liability.

Internal Service Fund

The Internal Service Fund is reporting a deficit balance in unrestricted net position totaling $ 85,694. Most of the deficit balance consists of noncurrent liabilities and deferred outflows/inflows related to the fund's net pension liability.

Nonmajor Governmental Funds

The RSVP Capital Project Fund is reporting a decrease in fund balance for December 31, 2022 totaling $ 11,348. The decrease was 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 and the Georgia Fund 1) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, (2) participation in the State of Georgia Secure Deposit Program, or (3) participation in the Georgia State Pledging Pool. As of December 31, 2022, the City had deposits with two financial institutions collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. The City also had deposits with one financial institution collateralized by the Georgia State Pledging Pool, which is administered by the Georgia Bankers Association for the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral equal to or greater than 110% of the net public deposits of its public unit depositors that agree to have their deposits protected by the program. Collateral under this program is pledged to the State Treasurer of the State of Georgia.

The carrying amount of the City's deposits with financial institutions was $ 10,598,563 and the bank balance was $ 11,273,711 at December 31, 2022. Deposits of the City were fully collateralized as of year-end.

Collateralization of the City's deposits as of December 31, 2022 is as follows:

Amount insured by FDIC	$	194,874
Amount collateralized through State of Georgia Secure Deposit Program		7,828,837
Amount collateralized through Georgia State Pledging Pool		3,250,000
Total bank balance	$	11,273,711

(Continued)

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

Investments

At December 31, 2022, the City had the following investments:

Investments	Maturities	Fair Value	Credit Rating
Governmental Activities			
Georgia Fund 1	23 day WAM	$ 718,005	AAAf/S1
		$ 718,005	

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 had no recurring fair value measurements as of December 31, 2022.

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, 2022, no single issue investment exceeded 5% of total investments.

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 15, 2022 and were due on November 30, 2022. 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 2022 tax levy follows:

2022 millage rate		6.890
Taxable digest	$	154,465,939
Gross tax levy	$	2,448,529
Less sales tax rollback		(1,373,093)
Net property taxes	$	1,075,436
Property taxes receivable	$	135,826
Less allowance for uncollectible amounts		(4,639)
Net property taxes receivable	$	131,187
Unavailable revenue-property tax	$	58,126

NOTE 5 - NOTES RECEIVABLE

Notes receivable December 31, 2022 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	$	67,469
2.00%, monthly payments of $ 2,279 (principal and interest), to 2024, collateralized by equipment and personal guarantee by owner		38,161
3.00%, monthly payments of $ 1,082 (principal and interest), to 2022, collateralized by real estate		25,184
3.00%, monthly payments of $ 1,448 (principal and interest), to 2023, collateralized by real estate		48,483
2.50%, monthly payments of $ 2,828 (principal and interest), to 2026, collateralized by real estate, furniture, fixtures, and equipment		121,360
3.00%, monthly payments of $ 1,485 (principal and interest), to 2033, collateralized by real estate		164,617
3.00%, monthly payments of $ 1,686 (principal and interest), to 2028, collateralized by real estate		133,045

(Continued)

NOTE 5 - NOTES RECEIVABLE (Continued)

5.00%, monthly payments of $ 1,068 (principal and interest), to 2025, collateralized by real estate	123,389
2.25% variable, monthly payments of $ 3,219 (principal and interest), to 2028, collateralized by equipment	191,138
Total	912,846
Urban Development Action Grant Loan Fund (UDAG)	
5.25%, monthly payments of $1,608 (principal and interest, to 2037, collateralized by personal guarantees of the owners	197,792
Total	197,792
Grand total	$ 1,110,638

In March of 2020, the City granted a moratorium on principal and interest payments for four businesses that were significantly impacted by the Coronavirus pandemic. Payments resumed on these loans January 1, 2022.

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. All loans are currently being serviced and no allowance for uncollectible notes receivable was deemed necessary as of December 31, 2022.

Annual collections on notes receivable outstanding as of December 31, 2022 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 192,448	$ 38,665	$ 231,113
2024	173,678	30,295	203,973
2025	254,112	23,649	277,761
2026	109,004	16,213	125,217
2027	82,445	13,533	95,978
2028 thru 2032	203,352	40,754	244,106
2033 thru 2037	95,599	10,891	106,490
	$ 1,110,638	$ 174,000	$ 1,284,638

Note 6 - Leases Receivable

General Fund

The City has leased a hanger to the airport's fixed based operator (FBO). The City receives monthly payments, paid in advance, which include the principal and interest components of the payment. The remaining lease term as of January 1, 2022 is 19 months. As the lease does not contain a stated interest rate, the City has used an incremental borrowing rate of 3.0% as the discount rate for the lease. That rate equals the rate charged on the City's underlying note payable on the hanger. For the year ended December 31, 2022, the annual lease payments received were $ 43,835. The City recognized lease income of $ 42,865 and interest income of $ 1,282 in 2022 related to the lease. In addition, the City has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on July 31, 2023. The balance of this deferred inflow of resources was $ 25,005 as of December 31, 2022.

(Continued)

Note 6 - Leases Receivable (Continued)

Airport Capital Project Fund

The City has leased an additional hanger to the airport's FBO in which the City receives monthly payments, paid in advance, comprising the principal and interest components of the payment. The initial lease term is for 25 years with option to renew for two additional periods of 5 years each. It is reasonably certain both renewal options will be exercised. The remaining lease term as of January 1, 2022 is 218 months, including the two additional renewal periods. As the lease does not contain a stated interest rate, the City has used an incremental borrowing rate of 3.2% as the discount rate for the lease. For the year ended December 31, 2022, the annual lease payments received were $ 36,600. The City recognized lease income of $ 27,802 and interest income of $ 14,473 in 2022 related to the lease. In addition, the City has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends on March 11, 2040. The balance of this deferred inflow of resources was $ 477,266 as of December 31, 2022.

Nonmajor Governmental Fund

On January 1, 2022, the City entered into an agreement to lease an industrial building to a local industry. The City receives monthly payments, paid in advance, comprising the principal and interest components of the payment. The initial lease term is for 5 years. As the lease does not contain a stated interest rate, the City has used an incremental borrowing rate of 3.2% as the discount rate for the lease. For the year ended December 31, 2022, the annual lease payment received were $ 63,120. The City recognized lease income of $ 58,413 and interest income of $ 7,748 in 2022 related to the lease. In addition, the City has a deferred inflow of resources associated with this lease that will be recognized over the lease term that ends December 31, 2026. The balance of this deferred inflow of resources was $ 233,652 as of December 31, 2022.

Activity for leases receivable for the year ended December 31, 2022 was as follows:

	Restated Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Amount Due Within One Year
Governmental Activities					
Hanger lease-General Fund	$ 67,869	$ -	$ (42,552)	$ 25,317	$ 25,317
Hanger lease-Airport Capital Project Fund	505,068	-	(22,127)	482,941	21,459
Building lease-Nonmajor Governmental Fund	-	292,065	(55,371)	236,694	56,368
Governmental activities leases receivable	$ 572,937	$ 292,065	$ (120,050)	$ 744,952	$ 103,144

NOTE 7 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deletions/ Transfers	Balance 12/31/2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,089,233	$ -	$ -	$ 1,089,233
Construction in progress	598,236	865,096	(147,598)	1,315,734
Total capital assets not being depreciated	1,687,469	865,096	(147,598)	2,404,967
Capital assets being depreciated				
Site improvements	6,374,869	-	-	6,374,869
Buildings and improvements	3,493,985	217,885	(13,914)	3,697,956
Machinery and equipment	2,072,858	34,705	(95,695)	2,011,868
Infrastructure	6,831,104	52,941	147,598	7,031,643
Total capital assets being depreciated	18,772,816	305,531	37,989	19,116,336
Less accumulated depreciation				
Site improvements	(3,379,018)	(175,536)	-	(3,554,554)
Buildings and improvements	(1,389,616)	(87,128)	6,957	(1,469,787)
Machinery and equipment	(1,722,389)	(105,855)	83,768	(1,744,476)
Infrastructure	(2,335,707)	(267,267)	-	(2,602,974)
Total accumulated depreciation	(8,826,730)	(635,786)	90,725	(9,371,791)
Net capital assets being depreciated	9,946,086	(330,255)	128,714	9,744,545
Governmental activities capital assets-net	$ 11,633,555	$ 534,841	$ (18,884)	$ 12,149,512

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. During 2022, $ 147,598 in construction in progress was transferred to infrastructure.

Depreciation expense was charged to governmental functions as follows:

General government	$ 6,382
Public safety	92,617
Public works	289,861
Housing and development	179,458
Culture and recreation	16,261
Community services	42,099
Internal service fund	9,108
Current year depreciation expense	$ 635,786

(Continued)

NOTE 7 - CAPITAL ASSETS (Continued)

Business-type capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deletions/ Transfers	Balance 12/31/2022
Business-type Activities				
Capital assets not being depreciated				
Land	$ 128,782	$ -	$ -	$ 128,782
Construction in progress	150,782	35,901	(21,637)	165,046
Total capital assets not being depreciated	279,564	35,901	(21,637)	293,828
Capital assets being depreciated				
Buildings and improvements	448,182	-	(21,299)	426,883
Machinery and equipment	8,848,092	11,184	(8,357)	8,850,919
Total capital assets being depreciated	9,296,274	11,184	(29,656)	9,277,802
Less accumulated depreciation				
Buildings and improvements	(316,787)	(7,680)	10,649	(313,818)
Machinery and equipment	(6,764,620)	(250,849)	29,993	(6,985,476)
Total accumulated depreciation	(7,081,407)	(258,529)	40,642	(7,299,294)
Net capital assets being depreciated	2,214,867	(247,345)	10,986	1,978,508
Business-type activities capital assets-net	$ 2,494,431	$ (211,444)	$ (10,651)	$ 2,272,336

Depreciation expense on capital assets of the business-type activities was $ 258,529 for the year ended December 31, 2022. During 2022, $ 21,637 in construction in progress was transferred to machinery and equipment.

Depreciation expense was charged to business-type activities as follows:

Gas Fund	$ 214,379
Solid Waste Fund	44,150
Current year depreciation expense	$ 258,529

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions for the year ended December 31, 2022. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities.

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Amount Due Within One Year
Governmental Activities					
Direct borrowings or placements					
Note payable	$ 71,168	$ -	$ (40,211)	$ 30,957	$ 30,957
Financed purchases	138,185	-	(64,640)	73,545	66,122
Direct borrowings or placements	209,353	-	(104,851)	104,502	97,079
Other long-term liabilities					
Accrued compensated absences	26,772	21,696	-	48,468	-
Net pension liability	690,615	-	(184,325)	506,290	-
Total OPEB liability	566,493	-	(176,622)	389,871	-
Other long-term liabilities	1,283,880	21,696	(360,947)	944,629	-
Governmental activities long-term liabilities	$ 1,493,233	$ 21,696	$ (465,798)	$ 1,049,131	$ 97,079
Business-type Activities					
Direct borrowings or placements					
Financed purchases	$ 2,199	$ -	$ (2,199)	$ -	$ -
Direct borrowings or placements	2,199	-	(2,199)	-	-
Other long-term liabilities					
Net pension liability	245,127	-	(115,759)	129,368	-
Total OPEB liability	540,852	-	(93,850)	447,002	-
Other long-term liabilities	785,979	-	(209,609)	576,370	-
Business-type activities long-term liabilities	$ 788,178	$ -	$ (211,808)	$ 576,370	$ -

There was no short-term borrowing during the year ended December 31, 2022.

The following summarizes long-term debt outstanding at December 31, 2022:

	Original Principal	Interest Rate	Final Maturity	Outstanding Balance	Amount Due Within One Year
Governmental Activities					
Direct borrowings or placements					
Note payable	$ 500,000	3.00%	2023	$ 30,957	$ 30,957
Financed purchases	194,440	2.27%	2024	73,545	66,122
Total-governmental activities	$ 694,440			$ 104,502	$ 97,079

(Continued)

NOTE 8 - LONG-TERM LIABILITIES (Continued)

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, 2022 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 30,957	$ 465	$ 31,422
	$ 30,957	$ 465	$ 31,422

Financed Purchases

On March 8, 2021, the City entered into a capital lease with Regions Equipment Finance Corporation to purchase four new police interceptors. Terms of the lease require 36 monthly payments, including principal and interest at 2.27% beginning April 8, 2021 with final payment being due February 8, 2024.

Annual requirements to amortize the financed purchases outstanding as of December 31, 2022 to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 66,122	$ 984	$ 67,106
2024	7,423	18	7,441
	$ 73,545	$ 1,002	$ 74,547

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2022, is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
General Fund	Gas Fund	$ 19,678
General Fund	Internal Service Fund	14,319
HODAG Loan Fund	General Fund	5,191
HODAG Loan Fund	2016 CHIP Fund	13,503
UDAG Loan Fund	General Fund	11,339
UDAG Loan Fund	HODAG Loan Fund	1,968
Airport Capital Projects Fund	General Fund	5,470
Gas Fund	Airport Capital Projects Fund	10,044
Solid Waste Fund	General Fund	1,966
		$ 83,478

(Continued)

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Amounts due to the General Fund totaling $ 33,997 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 HODAG Revolving Loan Fund totaling $ 13,503 represent administration costs paid on behalf of the 2016 CHIP Fund. This amount will be reimbursed as grant funds are received.

Amounts due to the Airport Capital Projects Fund totaling $ 5,470 represent the City's portion of operating expenses for December 2022.

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 $ 1,966 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	Total Transfers Out
General fund	$ -	$ 64,073	$ -	$ 64,073
Gas fund	309,494	-	317,203	626,697
Solid waste fund	10,114	-	-	10,114
	$ 319,608	$ 64,073	$ 317,203	$ 700,884

The City funds its General Fund capital budget with transfers from the Gas Fund. Capital assets funded with transfers from the Gas Fund during 2022 totaled $ 85,811. 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 $ 151,442. 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 $ 72,241 and $ 10,114, respectively.

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 2022 totaled $ 315,000 and $ 2,203, respectively.

The City funds one-half of the operations, maintenance, and capital costs of the regional airport. Transfers to the Airport Capital Project Fund totaled $ 64,703.

NOTE 10 - 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, 2022 are as follows:

	Governmental Activities	Business-type Activities
Net Investment in Capital Assets		
Primary government	$ 12,113,010	$ 2,272,336
Internal service fund	36,502	-
Less note payable and financed purchases	(104,502)	-
Less construction and retainage payables	(74,229)	(8,846)
Total net investment in capital assets	$ 11,970,781	$ 2,263,490
Restricted For		
Public Safety		
Police Condemnation and Forfeiture Fund	$ 17,721	
Total Public Safety	$ 17,721	
Public Works		
TIA SPLOST Capital Project Fund	$ 286,754	
LMIG Capital Project Fund	38,722	
Total Public Works	$ 325,476	
Housing and Development		
EIP Revolving Loan Fund	$ 1,483,318	
HODAG Revolving Loan Fund	234,090	
UDAG Revolving Loan Fund	443,772	
2020 CDBG Capital Project Fund	30,492	
2021 CDBG Capital Project Fund	80	
2016 CHIP Grant Capital Project Fund	40,052	
Total Housing and Development	$ 2,231,804	

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS

McDuffie County/City of Thomson Water and Sewer Commission

The City is a one-half joint venture partner with McDuffie County, Georgia (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.

(Continued)

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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.

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, 2022 is summarized as follows:

Operating revenues	$	6,299,447
Depreciation and amortization expense	$	1,553,958
Operating income	$	656,636
Change in net position	$	573,977
Capital asset additions	$	1,873,989
Capital asset deletions	$	52,140
Net working capital	$	5,680,415
Total assets	$	42,336,782
Deferred outflows of resources	$	121,263
Long-term liabilities	$	9,306,065
Deferred inflows of resources	$	731,432
Total net position	$	31,236,461

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

(Continued)

NOTE 11 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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, 2022, the City paid $ 7,904 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.

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 12 - CONTINGENT LIABILITIES

Federal Grants

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Litigation

As of December 31, 2022, the City was not involved in any pending or threatened litigation.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In order to minimize the risk of loss, the City has joined with other municipalities in the State 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 14 - 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.

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

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, 2022, the last valuation date, there were 229 participants consisting of the following:

Retired participants and beneficiaries currently receiving benefits	74
Terminated vested participants entitled to but not yet receiving benefits	73
Active participants-vested	47
Active participants-not vested	35
Total number of participants	229

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 2022, the City's contribution to the Plan totaled $ 277,661, or 14.21% of covered-employee payroll. This contribution was equal to the recommended annual contribution determined as part of the July 1, 2021 actuarial valuation.

Net Pension Liability

The City's net pension liability was measured as of March 31, 2022.

Actuarial Assumptions. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.375%, on going basis, based on long-term expected rate of return on pension plan investments
Projected salary increases	2.25%, plus service based merit increases
Inflation	2.25%
Social security wage base increase	2.25%
Cost of living adjustments	0.00%

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

The methods and assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

Mortality rates for the July 1, 2022 valuation were based on the following:

Healthy Retirees and Beneficiaries-Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

Disabled Participants-Sex-distinct Pri-2012 head-count weighted Disable Retiree Mortality Table with rates multiplied by1.25.

Active Participants, Terminated Vested Participants, and Deferred Beneficiaries-Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	45.00%	6.55%
International equity	20.00%	7.30%
Domestic fixed income	20.00%	0.40%
Real estate	10.00%	3.65%
Global fixed income	5.00%	0.50%
Cash	0.00%	0.00%
Total	100.00%	

* Rates shown are net of the 2.25% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.375%. 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.

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

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, 2022 were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balances at March 31, 2021	$ 7,371,733	$ 6,435,991	$ 935,742
Changes for the year:			
Service cost	79,283	-	79,283
Interest	505,016	-	505,016
Differences between expected and actual experience	(223,017)	-	(223,017)
Contributions-employer	-	290,996	(290,996)
Contributions-employee	-	-	-
Net investment income	-	377,804	(377,804)
Benefit payments, including refunds of employee contributions	(451,749)	(451,749)	-
Administrative expense	-	(14,771)	14,771
Other	(7,337)	-	(7,337)
Net changes	(97,804)	202,280	(300,084)
Balances at March 31, 2022	$ 7,273,929	$ 6,638,271	$ 635,658

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 7.375 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 (6.375 percent) or 1 percent higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's Net Pension Liability	$ 1,565,010	$ 635,658	$ (150,686)

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, 2022 and the current sharing pattern of costs between employer and employee.

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

(Continued)

NOTE 14 - RETIREMENT PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan. For the year ended December 31, 2022, the City recognized pension expense of $ 7,725. The City reported the following deferred outflows of resources and deferred inflows of resources related to the Plan as of December 31, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 208,245	$ -
Difference between expected and actual experience	-	149,358
Net difference between projected and actual earnings on pension plan investments	-	602,826
Total	$ 208,245	$ 752,184

Contributions made subsequent to the measurement date totaling $ 208,245 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, 2023. 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,				
	2023	2024	2025	2026	Total
Fiscal Year Inflows					
Demographic	$ 74,679	$ 74,679	$ -	$ -	$ 149,358
Investment	128,527	169,816	320,051	(15,568)	602,826
Total	$ 203,206	$ 244,495	$ 320,051	$ (15,568)	$ 752,184

Changes in Methods and Assumptions

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

Benefit Changes

There have been no changes in plan benefits since the last valuation.

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description, Contribution Information and Funding Policies

In addition to providing pension benefits, the City administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). The Retiree Health Plan provides 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.

(Continued)

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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, 2022, the last measurement date, there were 43 participants in the Retiree Health Plan consisting of the following:

Retired participants currently receiving benefits	2
Active participants	41
Total number of participants	43

There were two retired City employees that received benefits during 2022. Benefits paid on behalf of those participants totaled $ 20,207 for the year ended December 31, 2022.

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, 2022, the City's proportionate share was seventy-four percent (rounded). The City's total OPEB liability of $ 836,873 was measured as of December 31, 2022, and was determined by using the alternative measurement method for employers in plans with fewer than one hundred total plan members, as provided for in GASB Statement No. 75.

Actuarial Assumptions and Other Inputs. The total OPEB liability as of the December 31, 2022 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	8.93%	
Discount rate	3.72%	
Heathcare cost trend rate	4.70%	for 2022, 4.80% for 2023, 4.70% for 2024, 4.60% for 2025, 4.50% for 2026, 4.40% for 2027, 4.30% for 2028, and 4.20% for 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 20-Bond GO Index as of December 31, 2022.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

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

(Continued)

NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the year ended December 31, 2022 were as follows:

	Governmental Activities	Business-type Activities		
	General Fund	Gas Fund	Solid Waste Fund	Total
Balance at December 31, 2021	$ 566,493	$ 430,317	$ 110,535	$ 1,107,345
Changes for the year:				
Service cost	36,292	19,960	1,815	58,067
Interest	16,454	9,049	823	26,326
Differences between expected and actual experience	(111,839)	(61,511)	(5,593)	(178,943)
Effect of assumption changes or inputs	(97,322)	(53,527)	(4,866)	(155,715)
Contributions-employer	(20,207)	-	-	(20,207)
Net changes	(176,622)	(86,029)	(7,821)	(270,472)
Balance at December 31, 2022	$ 389,871	$ 344,288	$ 102,714	$ 836,873

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 3.72 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 (2.72 percent) or 1 percent higher (4.72 percent) than the current discount rate:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
City's Total OPEB Liability	$ 935,794	$ 836,873	$ 754,703

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 4.70 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 (3.70 percent) or 1 percent higher (5.70 percent) than the current healthcare cost trend rate:

	1% Decrease (3.70%)	Current Healthcare Rate (4.70%)	1% Increase (5.70%)
City's Total OPEB Liability	$ 734,270	$ 836,873	$ 960,277

OPEB Expense

The City recognized a credit of $ 270,472 in OPEB expense for the year ended December 31, 2022.

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS

Commitments

The City was 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.

On October 16, 2020, 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 estimated total cost of this project is $ 1,115,225. Construction was completed on this project and the final draw on the grant was received in June 2023.

On October 21, 2021, 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 estimated total cost of this project is $ 1,168,000. Construction on this project was underway as of the report date.

On February 25, 2020, the City Council approved a bid of $ 375,397 to upgrade its natural gas tap station. Funding for this project will be from Gas Fund revenues.

The City has received $ 2,437,792 from the State of Georgia Governor's Office of Planning and Budget. These funds represent the City's distributive share of Coronavirus Local Fiscal Recovery Funds (LFRF) awarded to States by the U.S. Department of Treasury as part of the American Rescue Plan Act (ARPA). The four broad categories in which these funds can be used are as follows:

- To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel and hospitality.

- To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers.

- For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency.

- To make necessary investments in water, sewer, or broadband infrastructure.

As of December 31, 2022, the City had not spent any of these funds; accordingly, these funds are deemed to be unearned revenues and are reported as such in the financial statements. The award funds can be used to cover eligible costs incurred during the period that begins on March 3, 2021, and ends on December 31, 2024. Management is in the process of determining how best to utilize these funds.

(Continued)

NOTE 16 – COMMITMENTS AND SUBSEQUENT EVENTS (Continued)

As of December 31, 2022, amounts spent to date and the estimated remaining commitments on these projects are as follows:

Project Description	Spent To Date	Remaining Commitment
2016 CHIP grant	$ 267,569	$ 343,615
2020 CDBG multi-activities grant	994,915	120,310
2021 CDBG multi-activities grant	53,250	1,114,750
Gas tap station upgrade project	165,046	210,351
ARPA Funds	-	2,437,792
	$ 1,480,780	$ 4,226,818

Subsequent Events

In preparing these financial statements, the City's management has evaluated events and transactions for potential recognition or disclosure through September 7, 2023 the date the financial statements were available for issuance.

NOTE - 17 CHANGE IN ACCOUNTING PRINCIPLE

The City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective January 1, 2022. The new standard significantly changed the City's accounting for leases. As a result, of this change in accounting principle, the City was required to retroactively restate beginning net position and beginning fund balances of its governmental funds as of January 1, 2022. The net effect of this change in accounting principle was as follows:

	General Fund	Airport Capital Project Fund	Total
Governmental Activities			
Leases receivable, beginning balance	$ 67,869	$ 505,068	$ 572,937
Deferred inflows of resources related to leases receivable, beginning balance	(67,869)	(505,068)	(572,937)
Effect on beginning net position/fund balance from recording leases receivable	$ -	$ -	$ -

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	$ 79,283	$ 90,188	$ 104,526	$ 93,919	$ 100,576	$ 100,271	$ 111,210	$ 103,502
Interest	505,016	482,507	499,072	480,328	474,529	453,408	434,865	420,728
Differences between expected and actual experience	(223,017)	181,433	(22,255)	58,045	(38,201)	106,476	(61,962)	(55,422)
Changes of assumptions	-	-	-	-	-	-	53,372	(31,175)
Benefit payments, including refunds of employee contributions	(451,749)	(440,878)	(413,045)	(400,441)	(403,329)	(387,984)	(315,022)	(299,574)
Other	(7,337)	-	62,603	150,187	100,742	-	-	-
Net change in total pension liability	(97,804)	313,250	230,901	382,038	234,317	272,171	222,463	138,059
Total pension liability, beginning	7,371,733	7,058,483	6,827,582	6,445,544	6,211,227	5,939,056	5,716,593	5,578,534
Total pension liability, ending (a)	7,273,929	7,371,733	7,058,483	6,827,582	6,445,544	6,211,227	5,939,056	5,716,593
Plan Fiduciary Net Position								
Contributions-employer	290,996	217,663	235,852	230,848	218,992	221,170	234,918	256,230
Net investment income	377,804	1,977,855	(339,540)	186,847	602,227	559,398	12,857	403,968
Benefit payments, including refunds of employee contributions	(451,749)	(440,878)	(413,045)	(400,441)	(403,329)	(387,984)	(315,022)	(299,574)
Administrative expenses	(14,771)	(15,723)	(16,344)	(15,610)	(15,539)	(15,891)	(11,223)	(10,258)
Net change in fiduciary net position	202,280	1,738,917	(533,077)	1,644	402,351	376,693	(78,470)	350,366
Plan fiduciary net position, beginning	6,435,991	4,697,074	5,230,151	5,228,507	4,826,156	4,449,463	4,527,933	4,177,567
Plan fiduciary net position, ending (b)	6,638,271	6,435,991	4,697,074	5,230,151	5,228,507	4,826,156	4,449,463	4,527,933
Net pension liability, ending (a)-(b)	$ 635,658	$ 935,742	$ 2,361,409	$ 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	91.26%	87.31%	66.55%	76.60%	81.12%	77.70%	74.92%	79.21%
Covered employee payroll during the measurement date	$ 1,953,951	$ 1,773,222	$ 1,998,665	$ 2,247,522	$ 2,041,493	$ 2,009,032	$ 2,158,604	$ 2,176,111
Net pension liability as a percentage of covered payroll	32.53%	52.77%	118.15%	71.08%	59.62%	68.94%	69.01%	54.62%

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

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 277,661	$ 264,555	$ 231,427	$ 237,328	$ 228,688	$ 215,760	$ 222,973	$ 238,900
Contributions in relation to the actuarially determined contribution	277,661	264,555	231,427	237,328	228,688	215,760	222,973	238,900
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll during the measurement period	$ 1,953,951	$ 1,773,222	$ 1,998,665	$ 2,247,522	$ 2,041,493	$ 2,009,032	$ 2,158,604	$ 2,176,111
Contributions as a percentage of covered employee payroll	14.21%	14.92%	11.58%	10.56%	11.20%	10.74%	10.33%	10.98%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	July 1, 2022
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	7.375%
Projected Salary Increases	2.25%
Cost of Living Adjustments	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies, with a net effective amortization period of 11 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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 58,067	$ 61,005	$ 45,134	$ 46,947	$ 51,122
Interest	26,326	22,970	29,239	40,869	40,155
Differences between expected and actual experience	(178,943)	(157,318)	117,536	(309,572)	(63,892)
Changes of assumptions	(155,715)	(36,208)	164,486	35,634	(64,019)
Benefit payments	(20,207)	(19,214)	(25,432)	(19,313)	(21,348)
Net change in total OPEB liability	(270,472)	(128,765)	330,963	(205,435)	(57,982)
Total OPEB liability, beginning	1,107,345	1,236,110	905,147	1,110,582	1,168,564
Total OPEB liability, ending	$ 836,873	$ 1,107,345	$ 1,236,110	$ 905,147	$ 1,110,582
Covered employee payroll during the measurement period	$ 2,420,557	$ 2,103,672	$ 2,162,693	$ 2,602,897	$ 2,402,173
Total OPEB liability as a percentage of covered payroll	34.57%	52.64%	57.16%	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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Taxes				
Property tax	$ 1,140,314	$ 1,151,314	$ 1,121,461	$ (29,853)
Intangible tax	12,000	25,000	24,786	(214)
Railroad equipment tax	600	600	604	4
Real estate transfer tax	5,000	12,000	11,357	(643)
Franchise tax	386,000	380,950	379,855	(1,095)
Local option sales tax	1,200,000	1,250,000	1,250,000	-
Alcoholic beverage tax	125,000	103,000	103,567	567
Energy excise tax	62,000	104,000	104,174	174
Occupation tax	64,000	64,000	65,715	1,715
Insurance premium tax	562,000	563,200	563,192	(8)
Financial institution tax	30,000	24,000	23,736	(264)
Penalties and interest	3,000	3,000	1,850	(1,150)
Payment in lieu of taxes	19,000	19,000	19,242	242
Total taxes	3,608,914	3,700,064	3,669,539	(30,525)
Licenses and Permits				
Alcoholic beverage licenses	15,000	17,000	16,650	(350)
Fireworks licenses	500	500	-	(500)
Golf cart permits	500	500	55	(445)
Building permits	50,000	47,200	47,123	(77)
Total licenses and permits	66,000	65,200	63,828	(1,372)
Intergovernmental				
Water and sewer joint venture	134,534	134,534	133,963	(571)
Total intergovernmental	134,534	134,534	133,963	(571)
Charges for Services				
Occupation of public rights of way fees	3,000	4,500	4,509	9
Total charges for services	3,000	4,500	4,509	9
Fines and Forfeitures				
Police court fines	150,200	180,200	174,433	(5,767)
Total fines and forfeitures	150,200	180,200	174,433	(5,767)
Use of Money and Property				
Interest income	1,350	13,850	13,850	-
Rents	61,897	66,897	66,037	(860)
Cemetary lot sales	50,000	53,000	58,725	5,725
Total use of money and property	113,247	133,747	138,612	4,865
Other				
Donations from private sources	-	10,000	10,000	-
Miscellaneous	60,100	74,760	67,681	(7,079)
Total other	60,100	84,760	77,681	(7,079)
Total revenues	4,135,995	4,303,005	4,262,565	(40,440)

(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, 2022

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
EXPENDITURES				
General government				
Mayor and Council	72,925	73,025	70,924	(2,101)
Voter registration	21,629	21,629	21,629	-
General administration	696,023	917,578	903,515	(14,063)
Tax commissioner	14,937	14,937	14,937	-
Tax assessor	1,779	1,779	1,779	-
Total general government	807,293	1,028,948	1,012,784	(16,164)
Public safety				
Police	1,686,844	1,745,001	1,624,900	(120,101)
Fire	582,520	585,546	585,524	(22)
Animal shelter	26,827	17,885	17,885	-
Total public safety	2,296,191	2,348,432	2,228,309	(120,123)
Public works				
Street department	796,726	862,550	848,786	(13,764)
Total public works	796,726	862,550	848,786	(13,764)
Community services				
Senior citizen center	63,953	90,000	88,873	(1,127)
Community centers	32,900	43,800	42,387	(1,413)
Transportation services	65,761	70,000	64,242	(5,758)
Total community services	162,614	203,800	195,502	(8,298)
Culture and recreation				
Recreation	285,756	275,900	275,279	(621)
Library	93,278	116,038	116,038	-
Total culture and recreation	379,034	391,938	391,317	(621)
Housing and development				
Urban redevelopment	10,000	9,500	8,600	(900)
Planning and zoning	116,148	116,148	109,553	(6,595)
Code enforcement	65,064	62,264	60,281	(1,983)
Economic development	41,897	41,897	41,897	-
CSRA Regional Commission	7,800	7,800	7,904	104
Total housing and development	240,909	237,609	228,235	(9,374)
Total expenditures	4,682,767	5,073,277	4,904,933	(168,344)

(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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
Excess (deficiency) of revenues over (under) expenditures	(546,772)	(770,272)	(642,368)	(127,904)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	14,900	14,841	(59)
Gain on sales of surplus property	1,000	10,300	10,213	(87)
Prior year fund balance	200,000	433,600	433,600	-
Transfers in	370,772	370,772	319,608	(51,164)
Transfers out	(30,000)	(59,300)	(59,253)	(47)
Total other financing sources (uses)	546,772	770,272	719,009	(51,263)
CHANGE IN FUND BALANCE	$ -	$ -	$ 76,641	$ 76,641

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.

2020, and 2021 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.

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, 2022

	Special Revenue			Capital Projects								Total
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	2020 CDBG Capital Project Fund	2021 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	Nonmajor Governmental Funds
ASSETS												
Cash and cash equivalents	$ 217,364	$ 228,135	$ 17,721	$ 34	$ 80	$ 52	$ 59,928	$ 28,002	$ 41,360	$ 250,555	$ -	$ 843,231
Receivables (net of allowance for uncollectibles):												
Notes-current	-	9,126	-	-	-	-	-	-	-	-	-	9,126
Notes-long-term	-	188,666	-	-	-	-	-	-	-	-	-	188,666
Lease-current	-	56,368	-	-	-	-	-	-	-	-	-	56,368
Lease-long-term	-	180,326	-	-	-	-	-	-	-	-	-	180,326
Interest	-	1,496	-	-	-	-	-	-	-	-	-	1,496
Intergovernmental receivables	-	-	-	30,458	-	53,503	-	-	-	19,246	-	103,207
Interfund receivables	18,694	13,307	-	-	-	-	-	-	-	-	-	32,001
Total assets	$ 236,058	$ 677,424	$ 17,721	$ 30,492	$ 80	$ 53,555	$ 59,928	$ 28,002	$ 41,360	$ 269,801	$ -	$ 1,414,421
LIABILITIES												
Accounts payable	$ -	$ -	$ -	$ 30,458	$ -	$ 40,000	$ -	$ -	$ 2,638	$ 3,771	$ -	$ 76,867
Interfund payables	1,968	-	-	-	-	13,503	-	-	-	-	-	15,471
Total liabilities	1,968	-	-	30,458	-	53,503	-	-	2,638	3,771	-	92,338
DEFERRED INFLOWS OF RESOURCES												
Leases receivable	-	233,652	-	-	-	-	-	-	-	-	-	233,652
Total deferred inflows of resources	-	233,652	-	-	-	-	-	-	-	-	-	233,652
FUND BALANCES												
Nonspendable	-	135,340	-	-	-	-	-	-	-	-	-	135,340
Restricted for:												
Public safety	-	-	17,721	-	-	-	-	-	-	-	-	17,721
Public works	-	-	-	-	-	-	-	-	38,722	266,030	-	304,752
Housing and development	234,090	308,432	-	34	80	52	-	-	-	-	-	542,688
Committed to:												
Housing and development	-	-	-	-	-	-	59,928	-	-	-	-	59,928
Assigned to:												
Housing and development	-	-	-	-	-	-	-	28,002	-	-	-	28,002
Total fund balances	234,090	443,772	17,721	34	80	52	59,928	28,002	38,722	266,030	-	1,088,431
Total liabilities, deferred inflows of resources, and fund balances	$ 236,058	$ 677,424	$ 17,721	$ 30,492	$ 80	$ 53,555	$ 59,928	$ 28,002	$ 41,360	$ 269,801	$ -	$ 1,414,421

CITY OF THOMSON, GEORGIA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue			Capital Projects								
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	2020 CDBG Capital Project Fund	2021 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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 203,664	$ -	$ 203,664
Intergovernmental	-	-	-	770,966	53,250	40,000	-	-	91,563	-	-	955,779
Fines and forfeitures	-	-	879	-	-	-	-	-	-	-	-	879
Interest income	-	11,860	-	-	-	-	-	-	-	-	-	11,860
Lease income	-	58,413	-	-	-	-	-	-	-	-	-	58,413
Total revenues	-	70,273	879	770,966	53,250	40,000	-	-	91,563	203,664	-	1,230,595
EXPENDITURES												
Current:												
Public works	-	-	-	-	-	-	-	-	-	13,230	-	13,230
Housing and development	-	8,595	-	-	-	-	-	11,348	-	-	-	19,943
Capital outlay:												
Public works	-	-	-	-	-	-	-	-	52,941	7,621	-	60,562
Housing and development	-	-	-	770,966	53,250	40,000	-	-	-	-	-	864,216
Total expenditures	-	8,595	-	770,966	53,250	40,000	-	11,348	52,941	20,851	-	957,951
Excess (deficiency) of revenues over (under) expenditures	-	61,678	879	-	-	-	-	(11,348)	38,622	182,813	-	272,644
Net change in fund balances	-	61,678	879	-	-	-	-	(11,348)	38,622	182,813	-	272,644
Fund balances, beginning of year	234,090	382,094	16,842	34	80	52	59,928	39,350	100	83,217	-	815,787
Fund balances, end of year	$ 234,090	$ 443,772	$ 17,721	$ 34	$ 80	$ 52	$ 59,928	$ 28,002	$ 38,722	$ 266,030	$ -	$ 1,088,431

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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Available for loans	$ 217,370	$ 217,370	$ 217,364	$ (6)
Total revenues	217,370	217,370	217,364	(6)
EXPENDITURES				
Loans made	217,370	217,370	-	(217,370)
Total expenditures	217,370	217,370	-	(217,370)
Excess of revenues over expenditures	-	-	217,364	217,364
CHANGE IN FUND BALANCE	$ -	$ -	$ 217,364	$ 217,364
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(217,364)	
Total reconciliation to GAAP basis			(217,364)	
FUND BALANCE, BEGINNING OF YEAR			234,090	
FUND BALANCE, END OF YEAR			$ 234,090	

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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Interest income	$ -	$ -	$ 2,615	$ 2,615
Rents	-	-	63,120	63,120
Available for loans	366,052	366,052	368,787	2,735
Total revenues	366,052	366,052	434,522	68,470
EXPENDITURES				
Loans made	366,052	366,052	205,000	(161,052)
Housing and development	-	-	8,595	8,595
Total expenditures	366,052	366,052	213,595	(152,457)
Excess of revenues over expenditures	-	-	220,927	220,927
CHANGE IN FUND BALANCE	$ -	$ -	220,927	$ 220,927
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(159,249)	
Total reconciliation to GAAP basis			(159,249)	
FUND BALANCE, BEGINNING OF YEAR			382,094	
FUND BALANCE, END OF YEAR			$ 443,772	

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, 2022

	Budgetary Basis			Variance With
	Original Budget	Amended and Final Budget	Actual	Final Budget Over (Under)
REVENUES				
Fines and forfeitures	$ 5,000	$ 5,000	$ 879	$ (4,121)
Total revenues	5,000	5,000	879	(4,121)
EXPENDITURES				
Public safety	5,000	5,000	-	(5,000)
Total expenditures	5,000	5,000	-	(5,000)
Excess of revenues over expenditures	-	-	879	879
CHANGE IN FUND BALANCE	$ -	$ -	879	$ 879
FUND BALANCE, BEGINNING OF YEAR			16,842	
FUND BALANCE, END OF YEAR			$ 17,721	

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, 2022

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Police Surcharge Fund				
Assets				
Cash	$ 81	$ 89,280	$ 89,280	$ 81
Total assets	$ 81	$ 89,280	$ 89,280	$ 81
Liabilities				
Intergovernmental payables	$ 81	$ 89,280	$ 89,280	$ 81
Total liabilities	$ 81	$ 89,280	$ 89,280	$ 81

OTHER SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
PROJECT COST SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022

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 20b-x-094-2-6163						
Water Facility	P-03J-01	$ 153,550	$ 165,765	$ -	$ 165,765	none
Sewer Facility	P-03J-02	352,825	247,160	-	247,160	none
Flood/Drainage	P-03K-02	101,665	139,269	-	139,269	none
Rehabilitation of private property	H-14A-01	331,960	269,764	-	269,764	none
Administration	A-21A-00	60,000	45,000	-	45,000	none
Preliminary Engineering		-	-	97,500	97,500	none
		$ 1,000,000	$ 866,958	$ 97,500	$ 964,458	none
Source of Other Funds: Local Match						
Grant Number 21b-x-094-2-6189						
Sewer Facility	P-03J-02	310,950	-	-	-	none
Street improvements	P-03K-01	105,600	-	-	-	none
Flood/Drainage	P-03K-02	188,850	-	-	-	none
Rehabilitation of private property	H-14A-01	331,412	-	-	-	none
Administration	A-21A-00	63,188	-	-	-	none
Preliminary Engineering		-	-	53,250	53,250	none
		$ 1,000,000	$ -	$ 53,250	$ 53,250	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, 2022

Grant Number 20b-x-094-2-6163	
Total Program Year 2020 Funds Allocated to Recipient	$ 1,000,000
Less: Total Program Year 2020 Funds Drawn by Recipient	866,958
Funds Still Available from Program Year 2020 Resources	$ 133,042
Total Program Year 2020 Funds Drawn and Received by Recipient	$ 866,958
Less: Funds Applied and Expended to Program Year 2020 Costs	866,958
Total Program Year 2020 Funds Held by Recipient	$ -
Grant Number 21b-x-094-2-6189	
Total Program Year 2021 Funds Allocated to Recipient	$ 1,000,000
Less: Total Program Year 2021 Funds Drawn by Recipient	-
Funds Still Available from Program Year 2021 Resources	$ 1,000,000
Total Program Year 2021 Funds Drawn and Received by Recipient	$ -
Less: Funds Applied and Expended to Program Year 2021 Costs	-
Total Program Year 2021 Funds Held by Recipient	$ -

CITY OF THOMSON, GEORGIA

SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

FOR THE YEAR ENDED DECEMBER 31, 2022

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
SPLOST VI 2015 - 2020						
Building Improvements	$ 246,000	$ 246,000	$ -	$ -	$ -	0%
Public Safety	750,000	750,000	-	-	-	0%
Roads/Transportation	930,040	930,040	182,081	-	182,081	20%
Totals	$ 1,926,040	$ 1,926,040	$ 182,081	$ -	$ 182,081	
SPLOST VII 2021 - 2026						
Public Works Equipment	$ 215,000	$ 215,000	$ -	$ -	$ -	0%
RSVP Initiatives	125,000	125,000	-	-	-	0%
Chamber Office Roof	30,000	30,000	-	-	-	0%
Totals	$ 370,000	$ 370,000	$ -	$ -	$ -	

COMPLIANCE AND SINGLE AUDIT SECTION

CITY OF THOMSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

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	20b-x-094-2-6163	$ 728,491
Total Community Development Block Grants/State's Program			728,491
Community Home Investment Program	14.239	2016-114	40,000
Total Community Home Investment Program			40,000
Total U.S. Department of Housing and Urban Development			768,491
U.S. Department of Transportation Federal Aviation Administration			
Pass-through programs from:			
State of Georgia Department of Transportation			
COVID-19 Airport Coronavirus Relief Grant Program	20.106	AP022-90AR-24(189)	59,000
Total Airport Coronavirus Relief Grant Program			59,000
Total U.S. Department of Transportation Federal Aviation Administration			59,000
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	1,146,459
Total Capitalization Grants for Drinking Water State Revolving Funds			1,146,459
Capitalization Grants for Clean Water State Revolving Funds	66.458	CW2020015	147,911
Total Capitalization Grants for Clean Water State Revolving Funds			147,911
Total U.S. Environmental Protection Agency			1,294,370
Total expenditures of federal awards			$ 2,121,861

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, 2022

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, 2022.

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.

NOTE 4 - DONATED PERSONAL PROTECTIVE EQUIPMENT (PPE)

The City of Thomson, Georgia did not receive any donated personal protective equipment (PPE) from federal sources during the year ended December 31, 2022.

BARMORE HAMMOND
CERTIFIED PUBLIC ACCOUNTANTS
LIMITED LIABILITY PARTNERSHIP

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W. Lee Hammond, CPA, PC

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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, the discretely presented component unit, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 7, 2023.

Report on 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) as a basis for designing 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.

Report on 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomson, Georgia
September 7, 2023

BARMORE HAMMOND
CERTIFIED PUBLIC ACCOUNTANTS
LIMITED LIABILITY PARTNERSHIP

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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

Opinion on Each Major Federal Program

We have audited the City of Thomson, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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
September 7, 2023

CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? __X__ Yes _____ 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, 2022

None reported