

CITY OF THOMSON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomson, Georgia (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomson, Georgia as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the employment incentive program loan fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund financial statements, community development block grants schedules, and special purpose local option sales tax schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Thomson, Georgia
August 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF THOMSON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020.

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 \$ 21,538,136 (net position). Of this amount, \$ 13,748,825 is invested in capital assets (net of related debt), \$ 2,340,253 is restricted for specific purposes, and \$ 5,449,058 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$ 657,644. Total revenues of the City's governmental and business-type activities totaled \$ 12,369,593, expenses totaled \$ 11,984,964, and special items, which include transfers of capital assets to other governments, totaled \$ 1,042,273.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 5,749,478, an increase of \$ 899,056 in comparison with the prior year. Of this total amount, \$ 3,221,310 is unassigned, \$ 116,353 is assigned by management for specific purposes, \$ 59,960 is committed by the Mayor and Council for specific purposes, and \$ 1,468,934 is restricted by external agreements to be used for specific purposes. Nonspendable fund balance, representing prepaid items and the long-term portion of notes receivable totaled \$ 882,921.
- The net position of the City's enterprise funds (business - type activities) totaled \$ 6,071,787. Of this amount, \$ 2,456,159 is invested in capital assets (net of related debt) and \$ 3,615,628 (unrestricted net position) may be used to meet the City's obligations to citizens and creditors.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, housing and development, culture and recreation, community services, and interest on long-term debt. The business-type activities of the City include a gas utility and solid waste disposal operation.

The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund Financial Statements

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

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and Employment Incentive Program (EIP) Loan Fund. Data for the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 20 - 23 of this report.

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

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

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 - 56 of this report.

Government-Wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 21,538,136 as of December 31, 2020.

A large portion of the City's net position (64 percent) is comprised of the City's investment in capital assets (e.g., land, buildings, site improvements, machinery, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, totaling \$ 5,449,058 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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 6,029,605	\$ 5,303,644	\$ 5,544,865	\$ 5,397,759	\$ 11,574,470	\$ 10,701,403
Capital assets, net	11,403,372	12,446,361	2,501,663	2,739,473	13,905,035	15,185,834
Total assets	17,432,977	17,750,005	8,046,528	8,137,232	25,479,505	25,887,237
Deferred outflows of resources	527,572	199,224	305,174	104,036	832,746	303,260
Current liabilities	147,515	326,469	862,078	903,172	1,009,593	1,229,641
Non-current liabilities	2,288,051	1,684,743	1,409,764	1,021,955	3,697,815	2,706,698
Total liabilities	2,435,566	2,011,212	2,271,842	1,925,127	4,707,408	3,936,339
Deferred inflows of resources	58,634	52,302	8,073	6,076	66,707	58,378
Net position						
Net investment in capital assets	11,292,666	12,215,504	2,456,159	2,600,733	13,748,825	14,816,237
Restricted	2,340,253	2,301,988	-	-	2,340,253	2,301,988
Unrestricted	1,833,430	1,368,223	3,615,628	3,709,332	5,449,058	5,077,555
Total net position	\$ 15,466,349	\$ 15,885,715	\$ 6,071,787	\$ 6,310,065	\$ 21,538,136	\$ 22,195,780

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

(Continued)

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

CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Program revenues						
Charges for services	\$ 441,948	\$ 390,740	\$ 6,824,742	\$ 8,022,727	\$ 7,266,690	\$ 8,413,467
Operating grants/ contributions	618,201	195,973	-	-	618,201	195,973
Capital grants/ contributions	729,331	1,826,837	-	-	729,331	1,826,837
General revenues						
Property taxes	866,981	867,551	-	-	866,981	867,551
Other taxes	2,828,545	2,684,088	-	-	2,828,545	2,684,088
Other	18,287	200,465	41,558	92,445	59,845	292,910
Total revenues	5,503,293	6,165,654	6,866,300	8,115,172	12,369,593	14,280,826
Expenses						
General government	882,411	625,111	-	-	882,411	625,111
Public safety	2,075,164	2,182,566	-	-	2,075,164	2,182,566
Public works	925,349	887,552	-	-	925,349	887,552
Housing and development	803,734	468,544	-	-	803,734	468,544
Culture and recreation	340,415	340,354	-	-	340,415	340,354
Community services	138,066	210,552	-	-	138,066	210,552
Interest on long-term debt	3,735	4,858	-	-	3,735	4,858
Gas utility	-	-	5,527,332	6,557,167	5,527,332	6,557,167
Solid waste	-	-	1,288,758	1,340,135	1,288,758	1,340,135
Total expenses	5,168,874	4,719,537	6,816,090	7,897,302	11,984,964	12,616,839
Change in net position before transfers and special items	334,419	1,446,117	50,210	217,870	384,629	1,663,987
Transfers	288,488	315,976	(288,488)	(315,976)	-	-
Special items	(1,042,273)	-	-	-	(1,042,273)	-
Change in net position	(419,366)	1,762,093	(238,278)	(98,106)	(657,644)	1,663,987
Net position, beginning of year	15,885,715	14,123,622	6,310,065	6,408,171	22,195,780	20,531,793
Net position, end of year	\$ 15,466,349	\$ 15,885,715	\$ 6,071,787	\$ 6,310,065	\$ 21,538,136	\$ 22,195,780

Revenues from governmental activities decreased \$ 662,361 in 2020. This decrease is attributable to decreases in capital grants/contributions totaling \$ 1,097,506, property taxes totaling \$ 570, and other revenues totaling \$ 182,178 whereas revenues increased in charges for services by \$ 51,208, operating grants/contributions by \$ 422,228, and other taxes by \$ 144,457.

Total expenses for governmental activities increased by \$ 449,337 in 2020 which represents an increase of approximately 10% from 2019. Expenses for general government, public works, housing and development, and culture and recreation were \$ 630,348 more than 2019 amounts whereas expenses for public safety, community services, and interest on long-term debt were \$ 181,011 less than 2019 amounts.

Total revenues from business-type activities decreased by \$ 1,248,872 and total expenses from business-type activities decreased by \$ 1,081,212 in 2020. Most of the decrease in revenues is attributable to a decrease in gas operating revenues of \$ 1,200,618. The decrease in expenses is primarily attributable to a decrease in related gas purchases of \$ 1,305,503 and an increase in personnel services and benefits of \$ 240,637.

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, 2020, governmental funds reported combined ending fund balances of \$ 5,749,478, an increase of \$ 899,056 in comparison with 2019. Unassigned fund balance at year-end was \$ 3,221,310 whereas the remainder of fund balance of \$ 2,528,168 is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been dedicated or identified for a specific purpose.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current year, total fund balance of the General Fund was \$ 3,246,323, of which \$ 3,221,310 is unassigned and \$ 25,013 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, 2020, fund balance represented approximately 84 percent of total General Fund expenditures.

Special Revenue Funds

The City maintains four special revenue funds. They are the Employment Incentive Program (EIP) Loan Fund, Housing Development Action Grant (HODAG) Loan Fund, Urban Development Action Grant (UDAG) Loan Fund, and the Police Condemnation and Forfeiture Fund. Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The loan funds are to be used for economic development and low-income housing. The Police Condemnation and Forfeiture Fund is restricted for use in law enforcement. The EIP Loan Fund is considered to be a major fund, whereas the HODAG, UDAG, and Police Condemnation and Forfeiture Funds are considered to be nonmajor funds. As of December 31, 2020, total major special revenue fund balance was \$ 1,430,489 and total nonmajor special revenue fund balance was \$ 725,440.

Capital Project Funds

The City uses capital project funds to account for the acquisition and construction of major capital facilities that are not financed by proprietary funds. The City maintained ten capital project funds during the current year. They are the Airport Capital Project Fund, 2017, 2018, and 2020 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. All capital project funds are reported as nonmajor governmental funds. As of December 31, 2020, total fund balance of the nonmajor capital project funds was \$ 347,226.

Proprietary Funds

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

Unrestricted net position of the Gas Fund at the end of the year totaled \$ 3,759,149. The Solid Waste Fund is reporting a deficit of \$ 143,521 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, 2020, actual revenues, including insurance claims, were less than budgetary estimates by \$ 16,618 and actual expenditures were \$ 604,544 less than appropriated amounts. Actual expenditures for all departments and governmental activities were under budget for 2020. 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 \$ 85,816 and actual transfers out were \$ 935 less than budgetary amounts. Interfund transfers are discretionary and City management elected not to fully fund budgeted transfers during 2020. Revenues and other financing sources exceeded expenditures and other financing uses by \$ 503,045.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, totaled \$ 13,905,035 (net of accumulated depreciation). This investment in capital assets includes, land, site-improvements, buildings and improvements, machinery and equipment, infrastructure, and construction in progress. Major capital asset additions during the year include street resurfacing and drainage facilities totaling \$ 900,462, gas meter change-outs totaling \$ 59,850, equipment purchases totaling \$ 26,915, vehicle purchases totaling \$ 117,034, downtown landscaping totaling \$ 4,500, and improvements to the natural gas training center totaling \$ 3,953.

As of December 31, 2020, construction in progress totaled \$ 221,454 which includes \$ 196,454 in expenses associated with the 2016 CHIP Grant capital project and \$ 25,000 in engineering costs for the natural gas tap station upgrade project.

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

Debt Administration

The City entered into an intergovernmental services contract (note payable) with the OneGeorgia Authority to assist in funding the construction of T-hangers at the Thomson-McDuffie Regional Airport. Total funding under the agreement was \$ 500,000. Total principal outstanding at December 31, 2020 was \$ 110,196. Principal and interest payments on the note payable in 2020 were \$ 37,878 and \$ 4,019, respectively.

The City entered into a capital lease with the Georgia Municipal Authority during 2016 to fund the purchase of various equipment in the City's Gas and Solid Waste Funds. Total funding under the lease was \$ 324,443. Total principal outstanding at December 31, 2020 was \$ 17,196. Principal and interest paid on the capital lease in 2020 were \$ 67,644 and \$ 1,427, respectively.

The City entered into a capital lease with Regions Equipment Finance Corporation during 2017 to fund the purchase of a new garbage truck for solid waste operations. Total funding under the lease was \$ 125,688. Total principal outstanding at December 31, 2020 was \$ 28,308. Principal and interest paid on the capital lease in 2020 were \$ 25,592 and \$ 844, respectively.

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

Economic Factors

Major revitalization projects to the downtown area have greatly enhanced the City's streetscape, by adding additional parking, creating wider pedestrian walkways, improving accessibility, providing better lighting, and allowing for the planting of trees and other foliage. The Chamber of Commerce, local businesses, and other organizations have been pro-active in promoting activities in the revitalized areas. The improvements to the downtown district, promotion of the area, and the availability of City revolving loan funds and façade grants for qualifying businesses have fostered a renewed interest to locate and do business in the downtown area.

The City has established the Downtown Renaissance Strategic Visioning and Planning Process (RSVP) which is funded in part by private donations from those who have a stake in the future development of the downtown area. The RSVP is both a downtown master planning process and a downtown planning document that illustrates the community's vision for the future and provides the steps to get there. Through a robust public input process that seeks the participation of all community members, the RSVP will assist City leaders and community partners in prioritizing top downtown issues and establishing a consensus around what must be achieved to further enhance downtown development and activities.

The City continues to seek funding from Federal and State sources to assist in the revitalization and redevelopment of blighted areas within the City. The City has been awarded a Community Development Block Grants (CDBG) totaling \$ 1,000,000 and a Community Home Investment Program (CHIP) grant totaling \$ 611,184. These funds, along with local matching funds totaling \$ 115,225, 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,823,573	\$ 4,072,625	\$ 7,896,198
Investments	559,954	-	559,954
Receivables:			
Taxes-net	377,842	-	377,842
Notes-net	943,369	-	943,369
Accounts-net	-	1,175,031	1,175,031
Interest	1,677	564	2,241
Intergovernmental	292,996	111	293,107
Other	6,703	200,611	207,314
Inventories	-	59,038	59,038
Prepays	25,013	35,363	60,376
Internal balances	(1,522)	1,522	-
Capital assets, net of accumulated depreciation:			
Land	1,046,110	128,782	1,174,892
Site improvements	3,175,290	-	3,175,290
Buildings and improvements	2,161,205	139,493	2,300,698
Machinery and equipment	259,136	2,208,388	2,467,524
Infrastructure	4,565,177	-	4,565,177
Construction in progress	196,454	25,000	221,454
Total assets	17,432,977	8,046,528	25,479,505
Deferred Outflows of Resources			
Deferred outflows related to pension plan	527,572	305,174	832,746
Liabilities			
Accounts payable	46,832	505,751	552,583
Accrued liabilities	33,527	106,190	139,717
Customer deposits	-	192,982	192,982
Intergovernmental payables	25,303	13,850	39,153
Unearned revenues	2,000	-	2,000
Accrued interest payable	826	-	826
Noncurrent liabilities:			
Due within one year	39,027	43,305	82,332
Due in more than one year	98,097	2,199	100,296
Net pension liability	1,537,850	823,559	2,361,409
Total OPEB liability	652,104	584,006	1,236,110
Total liabilities	2,435,566	2,271,842	4,707,408
Deferred Inflows of Resources			
Subsequent year revenues	42,977	-	42,977
Deferred inflows related to pension plan	15,657	8,073	23,730
Total deferred inflows of resources	58,634	8,073	66,707
Net Position			
Net investment in capital assets	11,292,666	2,456,159	13,748,825
Restricted for:			
Public safety	8,085	-	8,085
Public works	184,238	-	184,238
Housing and development	2,147,930	-	2,147,930
Unrestricted	1,833,430	3,615,628	5,449,058
Total net position	\$ 15,466,349	\$ 6,071,787	\$ 21,538,136

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, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 882,411	\$ 89,413	\$ 115,116	\$ -	\$ (677,882)	\$ -	\$ (677,882)
Public safety	2,075,164	160,395	341,726	-	(1,573,043)	-	(1,573,043)
Public works	925,349	-	161,359	100,753	(663,237)	-	(663,237)
Housing and development	803,734	177,760	-	628,578	2,604	-	2,604
Culture and recreation	340,415	-	-	-	(340,415)	-	(340,415)
Community services	138,066	14,380	-	-	(123,686)	-	(123,686)
Interest on long-term debt	3,735	-	-	-	(3,735)	-	(3,735)
Total governmental activities	<u>5,168,874</u>	<u>441,948</u>	<u>618,201</u>	<u>729,331</u>	<u>(3,379,394)</u>	<u>-</u>	<u>(3,379,394)</u>
Business-type activities:							
Gas utility	5,527,332	5,738,253	-	-	-	210,921	210,921
Solid waste	1,288,758	1,086,489	-	-	-	(202,269)	(202,269)
Total business-type activities	<u>6,816,090</u>	<u>6,824,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,652</u>	<u>8,652</u>
Total primary government	<u>\$ 11,984,964</u>	<u>\$ 7,266,690</u>	<u>\$ 618,201</u>	<u>\$ 729,331</u>	<u>(3,379,394)</u>	<u>8,652</u>	<u>(3,370,742)</u>
General revenues							
Property taxes					866,981	-	866,981
Motor vehicle taxes					8,679	-	8,679
Motor vehicle title advalorem taxes					146,089	-	146,089
Mobile home taxes					3,132	-	3,132
Payment in lieu of taxes					19,471	-	19,471
Sales taxes					1,412,021	-	1,412,021
Franchise taxes					385,260	-	385,260
Insurance premium taxes					545,154	-	545,154
Financial institution taxes					33,519	-	33,519
Alcoholic beverage taxes					134,650	-	134,650
Occupation taxes					65,692	-	65,692
Intangible taxes					11,347	-	11,347
Transfer taxes					4,467	-	4,467
Railroad equipment taxes					571	-	571
Excise tax on energy					58,493	-	58,493
Interest income					33,680	26,896	60,576
Insurance claims					11,627	14,662	26,289
Loss on sale of investments					(66,937)	-	(66,937)
Other revenues					39,917	-	39,917
Transfers					288,488	(288,488)	-
Special items							
Transfer of assets to other governments					(1,042,273)	-	(1,042,273)
Total general revenues, transfers, and special items					<u>2,960,028</u>	<u>(246,930)</u>	<u>2,713,098</u>
Change in net position					(419,366)	(238,278)	(657,644)
Net position, beginning of year					<u>15,885,715</u>	<u>6,310,065</u>	<u>22,195,780</u>
Net position, end of year					<u>\$ 15,466,349</u>	<u>\$ 6,071,787</u>	<u>\$ 21,538,136</u>

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

CITY OF THOMSON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Employment Incentive Program Loan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,448,728	\$ 489,227	\$ 877,088	\$ 3,815,043
Investments	403,357	-	156,597	559,954
Receivables (net of allowance for uncollectibles):				
Taxes	377,842	-	-	377,842
Notes-current	-	83,711	1,750	85,461
Notes-long-term	-	856,045	1,863	857,908
Interest	-	1,506	8	1,514
Other	3,491	-	3,212	6,703
Intergovernmental receivables	154,741	-	31,570	186,311
Interfund receivables	14,307	-	33,032	47,339
Prepays	25,013	-	-	25,013
 Total assets	 <u>\$ 3,427,479</u>	 <u>\$ 1,430,489</u>	 <u>\$ 1,105,120</u>	 <u>\$ 5,963,088</u>
LIABILITIES				
Accounts payable	\$ 37,485	\$ -	\$ 6,939	\$ 44,424
Accrued liabilities	23,251	-	-	23,251
Intergovernmental payables	25,303	-	-	25,303
Interfund payables	19,554	-	25,515	45,069
Unearned revenues	2,000	-	-	2,000
 Total liabilities	 <u>107,593</u>	 <u>-</u>	 <u>32,454</u>	 <u>140,047</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	30,586	-	-	30,586
Subsequent year revenues	42,977	-	-	42,977
 Total deferred inflows of resources	 <u>73,563</u>	 <u>-</u>	 <u>-</u>	 <u>73,563</u>
FUND BALANCES				
Nonspendable	25,013	856,045	1,863	882,921
Restricted for:				
Public safety	-	-	8,085	8,085
Public works	-	-	170,827	170,827
Housing and development	-	574,444	715,578	1,290,022
Committed to:				
Housing and development	-	-	59,960	59,960
Assigned to:				
Housing and development	-	-	116,353	116,353
Unassigned	3,221,310	-	-	3,221,310
 Total fund balances	 <u>3,246,323</u>	 <u>1,430,489</u>	 <u>1,072,666</u>	 <u>5,749,478</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,427,479</u>	 <u>\$ 1,430,489</u>	 <u>\$ 1,105,120</u>	 <u>\$ 5,963,088</u>

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, 2020

Total fund balances - governmental funds	<u>\$ 5,749,478</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Land	1,046,110
Site improvements	6,374,869
Building and improvements	3,426,424
Machinery and equipment	1,899,316
Infrastructure	6,638,531
Construction in progress	196,454
Accumulated depreciation	<u>(8,233,051)</u>
Total capital assets, net of accumulated depreciation - governmental activities	<u>11,348,653</u>
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.	
	<u>(45,378)</u>
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	106,685
Interest receivable	163
Property taxes	<u>30,586</u>
Total unavailable revenues	<u>137,434</u>
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	<u>468,351</u>
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	(826)
Accrued compensated absences	(26,928)
Long-term debt	(110,196)
Net pension liability	(1,388,000)
Total OPEB liability	<u>(652,104)</u>
Total liabilities	<u>(2,178,054)</u>
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	<u>(14,135)</u>
Net position of governmental activities	<u><u>\$ 15,466,349</u></u>

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, 2020

	General Fund	Employment Incentive Program Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,514,290	\$ -	\$ 169,016	\$ 3,683,306
Licenses and permits	35,877	-	-	35,877
Intergovernmental	456,842	-	884,190	1,341,032
Charges for services	2,946	-	-	2,946
Fines and forfeitures	138,023	-	7,272	145,295
Interest income	25,766	19,321	1,639	46,726
Donations from private sources	-	-	6,500	6,500
Rents	56,277	-	115,086	171,363
Cemetery lot sales	60,165	-	-	60,165
Other	39,917	-	-	39,917
	<u>4,330,103</u>	<u>19,321</u>	<u>1,183,703</u>	<u>5,533,127</u>
EXPENDITURES				
Current:				
General government	679,177	-	-	679,177
Public safety	1,993,424	-	2,497	1,995,921
Public works	634,117	-	9,222	643,339
Community services	93,612	-	-	93,612
Culture and recreation	320,252	-	-	320,252
Housing and development	101,032	1,341	184,273	286,646
Debt service:				
Principal	37,878	-	-	37,878
Interest	4,019	-	-	4,019
Capital outlay:				
Public works	-	-	177,827	177,827
Housing and development	-	-	628,578	628,578
	<u>3,863,511</u>	<u>1,341</u>	<u>1,002,397</u>	<u>4,867,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>466,592</u>	<u>17,980</u>	<u>181,306</u>	<u>665,878</u>
OTHER FINANCING SOURCES (USES)				
Insurance claims	11,627	-	-	11,627
Transfers in	279,640	-	61,567	341,207
Transfers out	(52,567)	-	(152)	(52,719)
Loss on sale of investments	-	-	(66,937)	(66,937)
	<u>238,700</u>	<u>-</u>	<u>(5,522)</u>	<u>233,178</u>
NET CHANGE IN FUND BALANCES	705,292	17,980	175,784	899,056
FUND BALANCES, BEGINNING OF YEAR	<u>2,541,031</u>	<u>1,412,509</u>	<u>896,882</u>	<u>4,850,422</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,246,323</u>	<u>\$ 1,430,489</u>	<u>\$ 1,072,666</u>	<u>\$ 5,749,478</u>

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, 2020

Net change in fund balances - total governmental funds \$ 899,056

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	882,872
Depreciation expense	(582,144)
Water and Sewer Commission portion of CDBG construction in progress	(989,832)
Rehabilitation of personal property related to CDBG construction in progress	(336,959)
Net book value of fire equipment transferred to McDuffie County, Georgia	<u>(52,441)</u>

Excess of depreciation expense and other adjustments over capital outlay (1,078,504)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Changes in these amounts are as follows:

Interest receivable decreased by this amount in 2020.	(13,108)
Intergovernmental receivables increased by this amount in 2020.	11,407
Unearned property tax revenues increased by this amount in 2020.	<u>813</u>

Net change in revenues not providing current financial resources (888)

The issuance of long-term debt (e.g., notes payable and capital leases payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Transactions related to long-term debt during the year were as follows:

Principal payments on long-term debt	<u>37,878</u>
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Net decrease in long-term debt 37,878

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued compensated absences decreased by this amount in 2020.	21,492
Accrued interest payable decreased by this amount in 2020.	284
Net pension liability, deferred outflows and inflows related to pension increased by this amount in 2020.	(150,008)
Total OPEB liability increased by this amount in 2020.	<u>(175,040)</u>

Net change in expenses not requiring the use of current financial resources (303,272)

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	<u>26,364</u>
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Change in net position of governmental activities \$ (419,366)

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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
REVENUES				
Taxes	\$ 3,371,332	\$ 3,401,732	\$ 3,391,710	\$ (10,022)
Licenses and permits	33,500	36,300	35,833	(467)
Intergovernmental	115,116	456,843	456,842	(1)
Charges for services	3,000	3,000	2,946	(54)
Fines and forfeitures	160,250	138,150	138,023	(127)
Use of money and property	140,197	142,397	142,208	(189)
Other	42,450	45,350	39,665	(5,685)
	3,865,845	4,223,772	4,207,227	(16,545)
EXPENDITURES				
Current:				
General government	693,571	995,378	687,939	(307,439)
Public safety	2,032,988	2,074,085	2,064,854	(9,231)
Public works	756,003	746,878	633,119	(113,759)
Community services	150,263	152,063	92,358	(59,705)
Culture and recreation	361,349	361,349	315,341	(46,008)
Housing and development	212,075	212,075	143,673	(68,402)
	4,206,249	4,541,828	3,937,284	(604,544)
Excess (deficiency) of revenues over (under) expenditures	(340,404)	(318,056)	269,943	(587,999)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	11,700	11,627	(73)
Transfers in	365,404	365,456	279,640	(85,816)
Transfers out	(30,000)	(59,100)	(58,165)	(935)
	340,404	318,056	233,102	(84,954)
CHANGE IN FUND BALANCE	\$ -	\$ -	503,045	\$ 503,045
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(29,680)	
Payables and other liabilities			231,927	
Total reconciliation to GAAP basis			202,247	
FUND BALANCE, BEGINNING OF YEAR			2,541,031	
FUND BALANCE, END OF YEAR			\$ 3,246,323	

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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
REVENUES				
Interest income	\$ -	\$ -	\$ 19,500	\$ 19,500
Available for loans	493,760	493,760	496,396	2,636
Total revenues	<u>493,760</u>	<u>493,760</u>	<u>515,896</u>	<u>22,136</u>
EXPENDITURES				
Loans made	493,760	493,760	135,000	(358,760)
Housing and development	-	-	1,341	1,341
Total expenditures	<u>493,760</u>	<u>493,760</u>	<u>136,341</u>	<u>(357,419)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>379,555</u>	<u>379,555</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>379,555</u>	<u>\$ 379,555</u>
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			<u>(361,575)</u>	
Total reconciliation to GAAP basis			<u>(361,575)</u>	
FUND BALANCE, BEGINNING OF YEAR			<u>1,412,509</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,430,489</u>	

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, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas	Solid Waste	Total	Internal Service Fund
	Fund	Fund		
ASSETS				
Current assets:				
Cash	\$ 4,017,962	\$ 54,663	\$ 4,072,625	\$ 8,530
Accounts receivable-net	1,021,113	153,918	1,175,031	-
Interest receivable	564	-	564	-
Intergovernmental receivables	-	111	111	-
Other receivables	200,611	-	200,611	-
Interfund receivables	10,044	1,993	12,037	-
Inventories	59,038	-	59,038	-
Prepays	18,975	16,388	35,363	-
Total current assets	5,328,307	227,073	5,555,380	8,530
Noncurrent assets:				
Capital assets				
Land	128,782	-	128,782	-
Buildings and improvements	388,291	59,891	448,182	39,806
Machinery and equipment	7,425,814	1,702,708	9,128,522	143,207
Construction in progress	25,000	-	25,000	-
Less accumulated depreciation	(5,707,692)	(1,521,131)	(7,228,823)	(128,294)
Total capital assets, net of accumulated depreciation	2,260,195	241,468	2,501,663	54,719
Total noncurrent assets	2,260,195	241,468	2,501,663	54,719
Total assets	7,588,502	468,541	8,057,043	63,249
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension plan	174,744	130,430	305,174	59,221
Total assets and deferred outflows of resources	7,763,246	598,971	8,362,217	122,470
LIABILITIES				
Current liabilities:				
Accounts payable	498,415	7,336	505,751	2,408
Accrued liabilities	94,427	11,763	106,190	10,276
Customer deposits	192,982	-	192,982	-
Intergovernmental payables	3,878	9,972	13,850	-
Interfund payables	10,515	-	10,515	3,792
Current portion of capital lease payable	4,020	39,285	43,305	-
Total current liabilities	804,237	68,356	872,593	16,476
Noncurrent liabilities:				
Capital lease payable	-	2,199	2,199	-
Net pension liability	469,087	354,472	823,559	149,850
Total OPEB liability	470,152	113,854	584,006	-
Total noncurrent liabilities	939,239	470,525	1,409,764	149,850
Total liabilities	1,743,476	538,881	2,282,357	166,326
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	4,446	3,627	8,073	1,522
Total liabilities and deferred inflows of resources	1,747,922	542,508	2,290,430	167,848
NET POSITION				
Net investment in capital assets	2,256,175	199,984	2,456,159	54,719
Unrestricted	3,759,149	(143,521)	3,615,628	(100,097)
Total net position	\$ 6,015,324	\$ 56,463	\$ 6,071,787	\$ (45,378)

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, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 5,540,379	\$ 1,072,006	\$ 6,612,385	\$ 282,360
Refunds from suppliers	174,591	-	174,591	-
Penalties	23,283	14,483	37,766	-
Total operating revenues	<u>5,738,253</u>	<u>1,086,489</u>	<u>6,824,742</u>	<u>282,360</u>
OPERATING EXPENSES				
Purchases	3,360,781	327,529	3,688,310	-
Personnel services and benefits	1,143,945	541,676	1,685,621	213,308
Professional and technical services	155,268	16,463	171,731	47
Repairs and maintenance	219,308	132,365	351,673	3,545
Other purchased services	142,057	68,402	210,459	13,267
Supplies	140,788	62,384	203,172	20,589
Intergovernmental	120,620	-	120,620	-
Depreciation	227,044	126,484	353,528	5,052
Bad debts	5,790	9,755	15,545	-
Other	11,397	1,763	13,160	250
Total operating expenses	<u>5,526,998</u>	<u>1,286,821</u>	<u>6,813,819</u>	<u>256,058</u>
Operating income (loss)	<u>211,255</u>	<u>(200,332)</u>	<u>10,923</u>	<u>26,302</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	26,720	176	26,896	62
Insurance claims	3,871	10,791	14,662	-
Interest expense	(334)	(1,937)	(2,271)	-
Total non-operating revenues (expenses)	<u>30,257</u>	<u>9,030</u>	<u>39,287</u>	<u>62</u>
Income (loss) before transfers	<u>241,512</u>	<u>(191,302)</u>	<u>50,210</u>	<u>26,364</u>
TRANSFERS IN (OUT)				
Transfers in	-	129,496	129,496	-
Transfers out	(408,899)	(9,085)	(417,984)	-
Net transfers in (out)	<u>(408,899)</u>	<u>120,411</u>	<u>(288,488)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(167,387)</u>	<u>(70,891)</u>	<u>(238,278)</u>	<u>26,364</u>
NET POSITION, BEGINNING OF YEAR	<u>6,182,711</u>	<u>127,354</u>	<u>6,310,065</u>	<u>(71,742)</u>
NET POSITION, END OF YEAR	<u>\$ 6,015,324</u>	<u>\$ 56,463</u>	<u>\$ 6,071,787</u>	<u>\$ (45,378)</u>

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, 2020

	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	\$ 5,600,167	\$ 1,078,345	\$ 6,678,512	\$ 282,360
Payments to suppliers and others	(4,121,448)	(618,102)	(4,739,550)	(38,088)
Payments to employees	(966,024)	(504,848)	(1,470,872)	(203,264)
Net cash provided by (used for) operating activities	512,695	(44,605)	468,090	41,008
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	50,000	50,000	-
Transfers to other funds	(234,054)	(9,085)	(243,139)	-
Net cash provided by (used) for noncapital financing activities	(234,054)	40,915	(193,139)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from insurance claims	3,871	10,791	14,662	-
Proceeds from sale of surplus property	-	-	-	-
Purchases and construction of capital assets	(88,803)	(26,915)	(115,718)	(40,567)
Payments on long-term debt	(15,812)	(77,424)	(93,236)	-
Interest paid	(375)	(2,073)	(2,448)	-
Transfers from other funds	-	79,496	79,496	-
Transfers to other funds	(174,845)	-	(174,845)	-
Net cash used for capital and related financing activities	(275,964)	(16,125)	(292,089)	(40,567)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	45,101	176	45,277	62
Net cash provided by investing activities	45,101	176	45,277	62
Net increase (decrease) in cash and cash equivalents	47,778	(19,639)	28,139	503
Cash and cash equivalents, beginning of year	3,970,184	74,302	4,044,486	8,027
Cash and cash equivalents, end of year	\$ 4,017,962	\$ 54,663	\$ 4,072,625	\$ 8,530

(Continued)

CITY OF THOMSON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities-Enterprise Funds			Governmental Activities
	Gas	Solid Waste	Total	Internal Service Fund
	Fund	Fund		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ 211,255	\$ (200,332)	\$ 10,923	\$ 26,302
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	227,044	126,484	353,528	5,052
Other pension related charges	44,281	31,769	76,050	13,978
Other post employment benefits (OPEB)	144,786	11,137	155,923	-
(Increase) decrease in current assets				
Accounts receivable	(133,860)	(4,235)	(138,095)	-
Intergovernmental receivables	-	5,846	5,846	-
Other receivables	(11,351)	-	(11,351)	-
Interfund receivables	-	1,000	1,000	-
Inventories	4,122	-	4,122	-
Prepays	(708)	(823)	(1,531)	-
Increase (decrease) in current liabilities				
Accounts payable	25,357	(10,658)	14,699	(390)
Accrued liabilities	(11,638)	(7,078)	(18,716)	(4,432)
Customer deposits	9,355	-	9,355	-
Intergovernmental payables	1,391	2,285	3,676	-
Interfund payables	2,661	-	2,661	498
Total adjustments	301,440	155,727	457,167	14,706
Net cash provided by (used for) operating activities	\$ 512,695	\$ (44,605)	\$ 468,090	\$ 41,008

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, 2020

	<u>Police Surcharge Fund</u>
ASSETS	
Cash	<u>\$ 21</u>
Total assets	<u><u>\$ 21</u></u>
LIABILITIES	
Intergovernmental payables	<u>\$ 21</u>
Total liabilities	<u><u>\$ 21</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

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

B. The Financial Reporting Entity

The City was originally chartered on August 19, 1927 and was rechartered on March 15, 1973. Under the charter, the citizens elect the Mayor at large and five City Council members by districts. The City provides the following services: public safety, streets, culture and recreation, public improvements, natural gas utility, solid waste pickup, and general and administrative services. In addition, the City participates in a water and sewer utility commission for the City and McDuffie County, Georgia.

The Mayor and City Council govern the City and appoint a City Administrator who is responsible for the day to day operations and implementation of the policy decisions made by the City Council. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component unit. The component unit is included in the City’s reporting entity because of the significance of its operational or financial relationship with the City.

C. Individual Component Unit Disclosures

Downtown Development Authority - The Downtown Development Authority is a legally separate entity, its board members are appointed by the City, and the City is able to impose its will on the Downtown Development Authority. The purpose of the Downtown Development Authority is to revitalize and redevelop the central business districts of the municipal corporations of the State of Georgia. Therefore, the Downtown Development Authority’s provision of services is not limited entirely, or almost entirely, to the City nor does it only benefit the City. The Downtown Development Authority is discretely presented in these financial statements.

The Downtown Development Authority does not maintain a bank account and does not have any assets or liabilities; accordingly, the Statement of Net Position does not present a column for the Downtown Development Authority component unit. All transactions are funded by the City’s Gas Fund, and are reported as transfers in the Statement of Activities. The Downtown Development Authority does not issue separate financial statements. There were no transactions between the reporting entity and the Downtown Development Authority during the year ended December 31, 2020.

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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide financial statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component unit. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with the program or function of the City's governmental activities. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements - The fund financial statements provide information about the City's funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented, although the latter is excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues, except property taxes, available if they are collected within 30 days after year-end. Property taxes collected within 60 days after year-end are considered available. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, interest and special assessments are susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

When restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with financial-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, fines and forfeitures, and various other taxes and charges. The primary expenditures are for the general administration, public safety, public works, community services, culture and recreation, and housing and development.

Employment Incentive Program Loan Fund (EIP) - The EIP Loan Fund is a special revenue fund used to account for the financial activities related to the City's EIP revolving loan program. The EIP Loan Fund is not being funded with federal or state grant funds.

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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020 annual appropriated budgets for the City's general, enterprise, and special revenue funds on December 12, 2019. 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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 AAf 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, is determined by an analysis of the year-end receivable balances for those accounts which the City believes will not be collected based on past history.

Estimated unbilled revenues from the Gas and Solid Waste Funds are recorded at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

Prepays

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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020.

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

Capital Assets and Depreciation

Capital assets, which include land, site improvements, buildings and improvements, machinery and equipment, infrastructure, and construction-in-progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$ 5,000 (amount not rounded) and an estimated useful life in excess of one year. Individual assets that cost less than \$ 5,000, but that operate as part of a network system, are capitalized in the aggregate using the group method, if considered material or significant. Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Infrastructure acquired prior to June 30, 1980 is not reported.

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

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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports employer contributions to its pension plan made subsequent to the pension plan's measurement date, the difference between expected and actual experience on pension plan demographic and economic changes, assumption changes, and the net difference between projected and actual earnings on pension plan investments in this category on the government-wide and proprietary fund Statements of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City collects occupation taxes and beer and wine licenses that are permitted for use in the subsequent year. These revenues qualify for reporting in this category and are identified as subsequent year revenues on the government-wide Statement of Net Position and on the governmental funds Balance Sheet. The City also reports unavailable revenue-property taxes in this category on the governmental funds Balance Sheet. In addition, the City reports deferred inflows of resources related to its pension plan in this category for the net difference between expected and actual experience on pension plan demographic and economic changes in this category on the government-wide and proprietary fund Statements of Net Position.

Net Position (Government-Wide Financial Statements)

The City's net position is classified as follows:

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

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

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

Fund Balances (Governmental Funds Financial Statements)

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

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

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

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Use of Estimates

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

I. New Accounting Pronouncements

In May 2020 the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No.90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide 2018-1, *Implementation Guidance Update-2018*
- Implementation Guide 2019-1, *Implementation Guidance Update-2019*
- Implementation Guide 2019-2, *Fiduciary Activities*

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The effective dates of certain provisions contained in the following pronouncements are postponed by eighteen months:

- Statement No. 87, *Leases*
- Implementation Guide 2019-3, *Leases*

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

General Fund

Actual revenues and other financing sources (budgetary basis) were \$ 102,434 less than budgeted amounts whereas actual expenditures and other financing uses (budgetary basis) were \$ 605,479 less than appropriated amounts resulting in a net increase in fund balance (budgetary basis) of \$ 503,045. Expenditures for all City departments and functions were under appropriations for the year.

Gas Fund

The Gas Fund is reporting a decrease in net position totaling \$ 167,387. This decrease includes depreciation expense which is a noncash operating expense.

Solid Waste Fund and Internal Service Fund

The Solid Waste Fund and Internal Service Fund are reporting deficit balances in unrestricted net position totaling \$ 143,521 and \$ 100,097, respectively. These deficits are attributable to noncurrent liabilities related to the funds' net pension liability and total OPEB liabilities.

In addition, the Solid Waste Fund is reporting a decrease in net position totaling \$ 70,891. This decrease includes depreciation expense which is a noncash operating expense.

Nonmajor Governmental Funds

The Housing Development Action Grant Loan Fund, 2017 CDBG Capital Project Fund, and 2018 CDBG Capital Project Fund are reporting decreases in fund balance for December 31, 2020 totaling \$ 66,728, \$ 52, and \$ 100, respectively. The decrease in the Housing Development Action Loan Fund was attributable to a recognized loss on the sale of investments, whereas, the decreases in the CDBG capital projects were the result of transfers of remaining fund balance to the General Fund upon completion of those capital projects.

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS

Deposits

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

The carrying amount of the City's deposits with financial institutions was \$ 7,896,219 and the bank balance was \$ 8,422,631 at December 31, 2020. Deposits of the City were fully collateralized as of year-end.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

Collateralization of the City's deposits as of December 31, 2020 is as follows:

Amount insured by FDIC	\$	102,435
Amount collateralized with securities held by the pledging financial institution's trust department or agent in the City's name		8,320,196
Total bank balance	\$	8,422,631

Investments

At December 31, 2020, the City had the following investments:

<u>Investments</u>	<u>Maturities</u>	<u>Value</u>	<u>Rating</u>
Georgia Fund 1	54 day WAM	\$ 403,357	AAAf
Land	N/A	156,597	N/A
		\$ 559,954	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements as of December 31, 2020 include its investment in land (Level 3 inputs).

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State statutes authorize the City to make direct investments in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker's acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The "Georgia Fund 1" uses the weighted average maturity (WAM) method for reporting interest rate risk. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. In addition, the City does not invest in certificates of deposit with maturities greater than 365 days from date of purchase.

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

Concentration of credit risk is the risk that the City will place no limit on the amount they invest in any one issuer. At December 31, 2020, no single issue investment exceeded 5% of total investments.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 – CASH DEPOSITS AND TEMPORARY INVESTMENTS (Continued)

Land

The City entered into an agreement with Camellia Partners on August 8, 2014 to acquire land and building located at 111 Main Street with a cost basis of \$ 156,597. The City’s intent is to deed the land and building to the Land Bank and/or the McDuffie County Development Authority for sale or lease to a local business. The City approved the transfer of this property on May 13, 2021.

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 11, 2020 and were due on November 20, 2020. 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 2020 tax levy follows:

2020 millage rate	6.890
Taxable digest	<u>\$ 125,565,417</u>
Gross tax levy	\$ 1,977,820
Less sales tax rollback	<u>(1,099,995)</u>
Net property taxes	<u>\$ 877,825</u>
Property taxes receivable	\$ 94,815
Less allowance for uncollectible amounts	<u>(12,419)</u>
Net property taxes receivable	<u>\$ 82,396</u>
Unavailable revenue-property tax	<u>\$ 30,586</u>

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - NOTES RECEIVABLE

Notes receivable and the applicable allowances for uncollectible accounts as of December 31, 2020 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	\$ 87,063
3.00%, monthly payments of \$ 2,414 (principal and interest), to 2021, personally guaranteed by five owners	9,596
2.00%, monthly payments of \$ 2,279 (principal and interest), to 2024, collateralized by equipment and personal guarantee by owner	90,230
3.00%, monthly payments of \$ 1,155, final payment of \$ 89,387 (principal and interest), to 2020, collateralized by equipment, accounts receivable, and inventory	112,748
3.00%, monthly payments of \$ 1,082 (principal and interest), to 2022, collateralized by real estate	34,239
3.00%, monthly payments of \$ 1,448 (principal and interest), to 2023, collateralized by real estate	64,153
2.50%, monthly payments of \$ 2,828 (principal and interest), to 2024, collateralized by real estate, furniture, fixtures, and equipment	181,586
3.00%, monthly payments of \$ 1,485 (principal and interest), to 2033, collateralized by real estate	189,586
3.00%, monthly payments of \$ 1,686 (principal and interest), to 2028, collateralized by real estate	150,336
5.00%, monthly payments of \$ 1,068 (principal and interest), to 2025, collateralized by real estate	<u>132,967</u>
	1,052,504
Less allowance for uncollectible accounts	<u>(112,748)</u>
Total	<u>939,756</u>

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - NOTES RECEIVABLE (Continued)

Housing Development Action Grant Loan Fund (HODAG)

3.50%, monthly payments of \$ 57 (principal and interest), to 2020, collateralized by real estate	482
3.00%, monthly payments of \$ 112 (principal and interest), to 2023, collateralized by real estate	3,131
3.00%, monthly payments of \$ 106 (principal and interest), to 2021, collateralized by real estate	3,798
3.00%, monthly payments of \$ 79 (principal and interest), to 2021, collateralized by real estate	<u>3,400</u>
	10,811
Less allowance for uncollectible accounts	<u>(7,198)</u>
Total	<u>3,613</u>

Urban Development Action Grant Loan Fund (UDAG)

6.00%, monthly payments of \$ 808, (principal and interest), to 2014, collateralized by real estate	<u>69,757</u>
	69,757
Less allowance for uncollectible accounts	<u>(69,757)</u>
Total	<u>-</u>
Grand Total	<u><u>\$ 943,369</u></u>

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 are expected to resume January 1, 2022 on these loans.

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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - NOTES RECEIVABLE (Continued)

Annual collections on notes receivable outstanding (net of allowances for uncollectible accounts) as of December 31, 2020 to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 85,461	\$ 17,937	\$ 103,398
2022	140,715	25,852	166,567
2023	144,118	21,664	165,782
2024	128,585	17,462	146,047
2025	207,691	12,142	219,833
2026 thru 2030	188,462	19,227	207,689
2031 thru 2033	48,337	2,144	50,481
	<u>\$ 943,369</u>	<u>\$ 116,428</u>	<u>\$ 1,059,797</u>

NOTE 6 - CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>12/31/2020</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 1,046,110	\$ -	\$ -	\$ 1,046,110
Construction in progress	1,621,802	628,578	(2,053,926)	196,454
Total capital assets not being depreciated	<u>2,667,912</u>	<u>628,578</u>	<u>(2,053,926)</u>	<u>1,242,564</u>
Capital assets being depreciated				
Site improvements	6,370,369	4,500	-	6,374,869
Buildings and improvements	3,466,230	-	-	3,466,230
Machinery and equipment	3,588,656	117,034	(1,663,167)	2,042,523
Infrastructure	5,738,069	900,462	-	6,638,531
Total capital assets being depreciated	<u>19,163,324</u>	<u>1,021,996</u>	<u>(1,663,167)</u>	<u>18,522,153</u>
Less accumulated depreciation				
Site improvements	(3,019,833)	(179,746)	-	(3,199,579)
Buildings and improvements	(1,219,395)	(85,630)	-	(1,305,025)
Machinery and equipment	(3,315,436)	(78,677)	1,610,726	(1,783,387)
Infrastructure	(1,830,211)	(243,143)	-	(2,073,354)
Total accumulated depreciation	<u>(9,384,875)</u>	<u>(587,196)</u>	<u>1,610,726</u>	<u>(8,361,345)</u>
Net capital assets being depreciated	<u>9,778,449</u>	<u>434,800</u>	<u>(52,441)</u>	<u>10,160,808</u>
Governmental activities capital assets-net	<u>\$ 12,446,361</u>	<u>\$ 1,063,378</u>	<u>\$ (2,106,367)</u>	<u>\$ 11,403,372</u>

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 2020, the City transferred capital assets, totaling \$ 989,832, to the McDuffie County/City of Thomson, Georgia Water and Sewer Commission and expensed \$ 336,959 for the rehabilitation of personal property that was included in construction in process. The remaining \$ 727,135 transferred from construction in process was capitalized by the City and is included in infrastructure additions.

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - CAPITAL ASSETS (Continued)

The City and McDuffie County, Georgia (the "County") consolidated their fire departments in 2019. As of January 1, 2020, the City transferred all fire related equipment to the County. Total cost basis of the fire equipment transferred was \$ 1,607,271 and accumulated depreciation totaled \$ 1,554,830, resulting in a net transfer to the County of \$ 52,441.

The transfers of capital assets to the McDuffie County/City of Thomson, Georgia Water and Sewer Commission and the County are reported as special items in the Statement of Activities.

Depreciation expense was charged to functions as follows:

General government	\$ 6,617
Public safety	67,025
Public works	263,687
Housing and development	180,198
Culture and recreation	20,163
Community services	44,454
Internal service fund	<u>5,052</u>
Current year depreciation expense	<u><u>\$ 587,196</u></u>

Business-type capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>12/31/2020</u>
<u>Business-type Activities</u>				
Capital assets not being depreciated				
Land	\$ 128,782	\$ -	\$ -	\$ 128,782
Construction in progress	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total capital assets not being depreciated	<u>128,782</u>	<u>25,000</u>	<u>-</u>	<u>153,782</u>
Capital assets being depreciated				
Buildings and improvements	444,229	3,953	-	448,182
Machinery and equipment	<u>9,041,757</u>	<u>86,765</u>	<u>-</u>	<u>9,128,522</u>
Total capital assets being depreciated	<u>9,485,986</u>	<u>90,718</u>	<u>-</u>	<u>9,576,704</u>
Less accumulated depreciation				
Buildings and improvements	(299,300)	(9,389)	-	(308,689)
Machinery and equipment	<u>(6,575,995)</u>	<u>(344,139)</u>	<u>-</u>	<u>(6,920,134)</u>
Total accumulated depreciation	<u>(6,875,295)</u>	<u>(353,528)</u>	<u>-</u>	<u>(7,228,823)</u>
Net capital assets being depreciated	<u>2,610,691</u>	<u>(262,810)</u>	<u>-</u>	<u>2,347,881</u>
Business-type activities capital assets-net	<u><u>\$ 2,739,473</u></u>	<u><u>\$ (237,810)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,501,663</u></u>

Depreciation expense on capital assets of the business-type activities was \$ 353,528 for the year ended December 31, 2020.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term liability transactions for the year ended December 31, 2020. 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 <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2020</u>	Amount Due Within <u>One Year</u>
<u>Governmental Activities</u>					
Note payable-direct borrowing	\$ 148,074	\$ -	\$ (37,878)	\$ 110,196	\$ 39,027
Accrued compensated absences	48,420	10,179	(31,671)	26,928	-
Net pension liability	1,049,063	488,787	-	1,537,850	-
Total OPEB liability	<u>477,064</u>	<u>175,040</u>	<u>-</u>	<u>652,104</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 1,722,621</u>	<u>\$ 674,006</u>	<u>\$ (69,549)</u>	<u>\$ 2,327,078</u>	<u>\$ 39,027</u>
<u>Business-type Activities</u>					
Capital leases	\$ 138,740	\$ -	\$ (93,236)	\$ 45,504	\$ 43,305
Net pension liability	548,368	275,191	-	823,559	-
Total OPEB liability	<u>428,083</u>	<u>155,923</u>	<u>-</u>	<u>584,006</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 1,115,191</u>	<u>\$ 431,114</u>	<u>\$ (93,236)</u>	<u>\$ 1,453,069</u>	<u>\$ 43,305</u>

There was no short-term borrowing during the year ended December 31, 2020.

The following summarizes long-term debt outstanding at December 31, 2020:

	Original <u>Principal</u>	Interest <u>Rate</u>	Final <u>Maturity</u>	Outstanding <u>Balance</u>	Amount Due Within <u>One Year</u>
<u>Governmental Activities</u>					
Note payable-direct borrowing	\$ 500,000	3.00%	2023	\$ 110,196	\$ 39,027
Total-governmental activities	<u>\$ 500,000</u>			<u>110,196</u>	<u>39,027</u>
<u>Business-type Activities</u>					
Capital lease	\$ 324,443	2.69%	2021	\$ 17,196	\$ 17,196
Capital lease	<u>125,688</u>	2.00%	2022	<u>28,308</u>	<u>26,109</u>
Total-business-type activities	<u>\$ 450,131</u>			<u>\$ 45,504</u>	<u>\$ 43,305</u>

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, 2020 to maturity are as follows:

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 39,027	\$ 2,870	\$ 41,897
2022	40,211	1,686	41,897
2023	30,958	465	31,423
	<u>\$ 110,196</u>	<u>\$ 5,021</u>	<u>\$ 115,217</u>

Capital Lease Obligations

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

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

Future minimum lease payments to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>
2021	\$ 43,749
2022	2,203
	<u>45,952</u>
Total minimum lease payments	45,952
Less amount representing interest	<u>(448)</u>
Present value of minimum lease payments	<u>\$ 45,504</u>

Total cost of assets acquired under capital leases and accumulated depreciation, thereon, were as follows as of December 31, 2020:

<u>Asset</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 465,130
Less accumulated depreciation	<u>(382,289)</u>
Total	<u>\$ 82,841</u>

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

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2020, is as follows:

Due from/to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Gas Fund	\$ 10,515
General Fund	Internal Service Fund	3,792
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	1,031
Gas Fund	Airport Capital Projects Fund	10,044
Solid Waste Fund	General Fund	1,993
		<hr/>
		\$ 59,376
		<hr/> <hr/>

Amounts due to the General Fund totaling \$ 14,307 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 \$ 1,031 represent the City's portion of operating expenses for December 2020.

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 \$ 1,993 represent prior year capital contributions from the Gas Fund that were deposited in the General Fund.

Interfund transfers

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Solid Waste Fund</u>	<u>Nonmajor Governmental Funds</u>	
General fund	\$ -	\$ -	\$ 52,567	\$ 52,567
Gas fund	270,403	129,496	9,000	408,899
Solid waste fund	9,085	-	-	9,085
Nonmajor governmental funds	152	-	-	152
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 279,640	\$ 129,496	\$ 61,567	\$ 470,703
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

The City funds its General Fund capital budget with transfers from the Gas Fund. Capital assets funded with transfers from the Gas Fund during 2020 totaled \$ 86,349. 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 \$ 119,160. In addition, the Gas and Solid Waste funds reimburse the General Fund for a portion of the City's occupancy costs of the joint government complex. Reimbursements for occupancy costs from the Gas Fund and Solid Waste funds totaled \$ 64,894 and \$ 9,085, respectively. The 2017 and 2018 CDBG Capital Project Funds transferred their remaining cash balances, totaling \$ 152, to the General Fund to reimburse the General Fund its original contribution to open the CDBG bank account.

The City funds one-half of the operations, maintenance, and capital costs of the regional airport. Transfers to the Airport Capital Project Fund totaled \$ 52,467. In addition, the General Fund transferred \$ 100 to the 2020 CDBG Capital Project Fund to open a bank account for the project.

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 2020 totaled \$ 50,000 and \$ 79,496, respectively.

In addition, the Gas Fund transferred \$ 9,000 to the City's Monument Fund to provide additional funding for the commission and construction of a statue in honor of a local musician.

NOTE 9 - NET POSITION

Net position of the government-wide and proprietary fund financial statements represents the difference in assets and deferred outflows of resources less liabilities and deferred inflows of resources. Amounts reported for net investment in capital assets and restricted net position at December 31, 2020 are as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net Investment in Capital Assets		
Primary government	\$ 11,348,653	\$ 2,501,663
Internal service fund	54,719	-
Less note payable and capital lease	(110,196)	(45,504)
Less construction and retainage payables	<u>(510)</u>	<u>-</u>
 Total net investment in capital assets	 <u><u>\$ 11,292,666</u></u>	 <u><u>\$ 2,456,159</u></u>
 Restricted For		
Public Safety		
Police Condemnation and Forfeiture Fund	<u>8,085</u>	
 Total Public Safety	 <u><u>8,085</u></u>	
 Public Works		
TIA SPLOST Capital Project Fund	\$ 184,138	
LMIG Capital Project Fund	<u>100</u>	
 Total Public Works	 <u><u>\$ 184,238</u></u>	

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - NET POSITION (Continued)

Housing and Development	
EIP Revolving Loan Fund	\$ 1,430,489
HODAG Revolving Loan Fund	384,292
UDAG Revolving Loan Fund	333,063
2020 CDBG Capital Project Fund	34
2016 CHIP Grant Capital Project Fund	52
	<hr/>
Total Housing and Development	<u>\$ 2,147,930</u>

NOTE 10 - JOINT VENTURES AND RELATED ORGANIZATIONS

McDuffie County/City of Thomson Water and Sewer Commission

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

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

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

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

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

The City and County share certain responsibilities with respect to the Commission. The City administers the operating funds of the Commission, and is responsible for operations, maintenance, and customer billings for the System. The County is responsible for administering construction funds obtained through Special Purpose Local Option Sales Tax revenues. Grant funds obtained for construction purposes are administered by the City and/or the County, dependent upon the terms of such funding.

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

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

Financial information regarding the Commission's financial statements as of and for the year ended December 31, 2020 is summarized as follows:

Operating revenues	\$ 5,657,557
Depreciation and amortization expense	\$ 1,451,714
Operating income	\$ 4,666
Capital contributions	\$ 989,832
Change in net position	\$ 968,593
Capital asset additions	\$ 1,804,764
Capital asset deletions	\$ 51,636
Net working capital	\$ 4,493,856
Total assets	\$ 40,194,773
Deferred outflows of resources	\$ 432,051
Long-term liabilities	\$ 9,616,441
Deferred inflows of resources	\$ 12,579
Total net position	\$ 30,062,096

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

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

CSRA Regional Commission

Under Georgia State law, the City, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Commission (RC) and is required to pay annual dues thereto. During the year ended December 31, 2020, the City paid \$ 7,795 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.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - JOINT VENTURES AND RELATED ORGANIZATIONS (Continued)

Thomson-McDuffie Land Bank Authority

The City and County entered into an intergovernmental agreement to form the Thomson-McDuffie Land Bank Authority in accordance with OCGA Section 48-4-60. The Land Bank Authority is a legally separate entity having a board originally appointed by the City and County. The City is not able to impose its will upon the Land Bank Authority and a financial benefit/burden relationship does not exist between them. Accordingly, based upon the criteria in GASB Statement No. 14, the Land Bank Authority is a related organization and not a component unit of the City.

NOTE 11 - CONTINGENT LIABILITIES

Federal Grants

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

Litigation

As of December 31, 2020, the City was not involved in any pending or threatened litigation.

COVID-19

During 2020, an outbreak of a novel strain of Coronavirus (COVID-19) emerged globally. As a result of the spread of COVID-19, and different variants continuing to emerge, economic uncertainties have arisen that could negatively impact the City's revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

NOTE 12 - RISK MANAGEMENT

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

In order to minimize the risk of loss, the City has joined with other municipalities in the State of Georgia as a member of the Georgia Interlocal Risk Management Agency Fund (GIRMA), and the Georgia Municipal Association (GMA) Self-Insured Workmen's Compensation Fund. The City pays an annual premium to these Funds through the GIRMA and GMA. The City retains the first \$ 1,000 of each risk of loss in the form of a deductible. All claims are filed with GIRMA and GMA who bills the City for any risk of loss up to the deductible amount.

As part of their agreement, the City must assist and cooperate in the defense and settlement of claims against the City. The City must furnish full cooperation to GIRMA's and GMA's attorneys, claims adjusters, and any agent or independent contractor of GIRMA and GMA. In addition, the City must report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA and GMA or any Fund established by GIRMA and GMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates. The City is required to use due diligence to avoid or diminish any loss covered under the agreement.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - RISK MANAGEMENT (Continued)

As a condition of coverage, GIRMA and GMA can request that the City assist in effecting settlements, securing and giving evidence, obtaining witnesses in the conduct of suits, and providing of written statements for the purposes of investigation, defense, and mitigation of claims. GIRMA and GMA are responsible for payment of all claims covered under the agreement. The maximum liability for any one occurrence or claim is the maximum liability as specified in the policies less the amount of stated deductibles.

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

NOTE 13 - RETIREMENT PLAN

Plan Description

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

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

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

Benefits Provided

As provided by Georgia State law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the Plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All full-time employees of the City and the McDuffie County/City of Thomson Water and Sewer Commission working at least twenty hours per week, are eligible to participate immediately. Elected officials became eligible to participate immediately as of January 1, 2019. Benefits are fully vested after ten years of service. Normal retirement age is sixty-five (65) with a minimum of five years of service, and early retirement is age fifty-five (55) with a minimum of ten years of total credited service. Monthly benefits are based on (a) the average annual earnings paid to a participant during any consecutive five-year period preceding the actual date of retirement in which the earnings were highest and (b) the total years of service. Elected officials monthly benefit is \$ 26 for each year of service.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - RETIREMENT PLAN (Continued)

As of July 1, 2020, the last valuation date, there were 223 participants consisting of the following:

Retired participants and beneficiaries currently receiving benefits	73
Terminated vested participants entitled to but not yet receiving benefits	73
Active participants-vested	43
Active participants-not vested	34
	34
Total number of participants	223

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 2020, the City's contribution to the Plan totaled \$ 244,126, or 11.58% of covered-employee payroll. This contribution was equal to the recommended annual contribution determined as part of the July 1, 2019 actuarial valuation.

Net Pension Liability

The City's net pension liability was measured as of March 31, 2020.

Actuarial Assumptions. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 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%

The methods and assumptions used in the July 1, 2020 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, 2020 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 by 1.25.

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

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - RETIREMENT PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of March 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity	45.00%	6.41%
International equity	20.00%	6.96%
Domestic fixed income	20.00%	1.96%
Real estate	10.00%	4.76%
Global fixed income	5.00%	3.06%
Cash	<u>0.00%</u>	0.00%
Total	<u><u>100.00%</u></u>	

* 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.

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, 2020 were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balances at March 31, 2019	\$ 6,827,582	\$ 5,230,151	\$ 1,597,431
Changes for the year:			
Service cost	104,526	-	104,526
Interest	499,072	-	499,072
Differences between expected and actual experience	(22,255)	-	(22,255)
Contributions-employer	-	235,852	(235,852)
Contributions-employee	-	-	-
Net investment income	-	(339,540)	339,540
Benefit payments, including refunds of employee contributions	(413,045)	(413,045)	-
Administrative expense	-	(16,344)	16,344
Other	62,603	-	62,603
Net changes	<u>230,901</u>	<u>(533,077)</u>	<u>763,978</u>
Balances at March 31, 2020	<u>\$ 7,058,483</u>	<u>\$ 4,697,074</u>	<u>\$ 2,361,409</u>

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - RETIREMENT PLAN (Continued)

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 <u>(6.375%)</u>	Current Discount Rate <u>(7.375%)</u>	1% Increase <u>(8.375%)</u>
City's Net Pension Liability	<u>\$ 3,153,459</u>	<u>\$ 2,361,409</u>	<u>\$ 1,692,928</u>

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, 2020 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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan. For the year ended December 31, 2020, the City recognized pension expense of \$ 471,463. The City reported the following deferred outflows of resources and deferred inflows of resources related to the Plan as of December 31, 2020:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made subsequent to the measurement date	\$ 173,570	\$ -
Difference between expected and actual experience	30,124	23,730
Changes of assumptions	67,787	-
Net difference between projected and actual earnings on pension plan investments	<u>561,265</u>	<u>-</u>
Total	<u>\$ 832,746</u>	<u>\$ 23,730</u>

Contributions made subsequent to the measurement date totaling \$ 173,570 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - RETIREMENT PLAN (Continued)

	Year Ending December 31,				Total
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	
Fiscal Year Outflows					
Demographic	\$ 15,062	\$ 15,062	\$ -	\$ -	\$ 30,124
Assumptions	46,432	21,355	-	-	67,787
Investment	94,226	137,952	184,423	144,664	561,265
	<u>155,720</u>	<u>174,369</u>	<u>184,423</u>	<u>144,664</u>	<u>659,176</u>
Fiscal Year Inflows					
Demographic	\$ 16,434	\$ 7,296	\$ -	\$ -	\$ 23,730
Total	<u>16,434</u>	<u>7,296</u>	<u>-</u>	<u>-</u>	<u>23,730</u>

Changes in Methods and Assumptions

The following changes in methods and assumptions were made based on an actuarial study conducted in November and December of 2019:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Health Mortality Table, set forward two years in age for males and one year for females to the sex distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and on year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously, future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.
- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - RETIREMENT PLAN (Continued)

- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71, and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.

There have been no other changes in methods or assumptions since the last valuation.

Benefit Changes

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

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan Description, Contribution Information and Funding Policies

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

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - 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, 2020, the last measurement date, there were 45 participants in the Retiree Health Plan consisting of the following:

Retired participants currently receiving benefits	3
Active participants	42
Total number of participants	45

There were three retired City employees that received benefits during 2020. Benefits paid on behalf of those participants totaled \$ 25,432 for the year ended December 31, 2020.

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, 2020, the City's proportionate share was seventy-one percent (rounded). The City's total OPEB liability of \$ 1,236,110 was measured as of December 31, 2020, 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, 2020 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Projected salary increases	1.23%	
Discount rate	1.93%	
Healthcare cost trend rate	4.90%	for 2020, 4.80% for 2021, 4.70% for years 2022 and 2023, 4.60% for 2024, 4.50% for 2025, 4.40% for 2026, and 4.30% for 2027 and later years
Retiree's share of benefit-related costs	0.00%	of projected health insurance premiums for retirees

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

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index for the quarter ended December 31, 2020.

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

(Continued)

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the year ended December 31, 2020 were as follows:

	Governmental		Business-type Activities		Total
	Activities	Business-type Activities			
	General Fund	Gas Fund	Solid Waste Fund		
Balance at December 31, 2019	\$ 477,064	\$ 325,366	\$ 102,717	\$ 905,147	
Changes for the year:					
Service cost	25,388	18,336	1,410	45,134	
Interest	16,447	11,878	914	29,239	
Differences between expected and actual experience	66,114	47,749	3,673	117,536	
Effect of assumption changes or inputs	92,523	66,823	5,140	164,486	
Contributions-employer	(25,432)	-	-	(25,432)	
Net changes	175,040	144,786	11,137	330,963	
Balance at December 31, 2020	\$ 652,104	\$ 470,152	\$ 113,854	\$ 1,236,110	

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 1.93 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 (0.93 percent) or 1 percent higher (2.93 percent) than the current discount rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
City's Total OPEB Liability	\$ 1,390,544	\$ 1,236,110	\$ 1,105,336

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 4.90 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 (3.90 percent) or 1 percent higher (5.90 percent) than the current healthcare cost trend rate:

	1% Decrease (3.90%)	Current Healthcare Rate (4.90%)	1% Increase (5.90%)
City's Total OPEB Liability	\$ 1,075,463	\$ 1,236,110	\$ 1,429,501

OPEB Expense

The City's OPEB expense for the year ended December 31, 2020 was \$ 330,963.

CITY OF THOMSON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 – 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. Preliminary engineering and design has been completed and the construction contractor has been approved on this project as of the report date.

On February 25, 2020, the City Council approved a bid of \$ 380,470 to upgrade its natural gas tap station. Funding for this project will be from Gas Fund revenues.

As of December 31, 2020, amounts spent to date and the estimated remaining commitments on these projects are as follows:

<u>Project Description</u>	<u>Spent To Date</u>	<u>Remaining Commitment</u>
2016 CHIP grant	\$ 196,454	\$ 414,730
2020 CDBG multi-activities grant	-	1,115,225
Gas tap station upgrade project	25,000	355,470
	<u>\$ 221,454</u>	<u>\$ 1,885,425</u>

Subsequent Events

On May 21, 2021, the City was awarded a federal grant, to be passed through the Georgia Department of Transportation, totaling \$ 252,417. Proceeds of this grant, along with matching funds totaling \$ 9,528, will be used to acquire a land easement and other related improvements for runway approach at the Thomson-McDuffie Regional Airport. Total cost of this project is estimated to be \$ 261,945.

In preparing these financial statements, the City's management has evaluated events and transactions for potential recognition or disclosure through August 3, 2021, the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2020	2019	2018	2017	2016	2015
<u>Total Pension Liability</u>						
Service cost	\$ 104,526	\$ 93,919	\$ 100,576	\$ 100,271	\$ 111,210	\$ 103,502
Interest	499,072	480,328	474,529	453,408	434,865	420,728
Differences between expected and actual experience	(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	(413,045)	(400,441)	(403,329)	(387,984)	(315,022)	(299,574)
Other	62,603	150,187	100,742	-	-	-
Net change in total pension liability	230,901	382,038	234,317	272,171	222,463	138,059
Total pension liability, beginning	6,827,582	6,445,544	6,211,227	5,939,056	5,716,593	5,578,534
Total pension liability, ending (a)	7,058,483	6,827,582	6,445,544	6,211,227	5,939,056	5,716,593
<u>Plan Fiduciary Net Position</u>						
Contributions-employer	235,852	230,848	218,992	221,170	234,918	256,230
Net investment income	(339,540)	186,847	602,227	559,398	12,857	403,968
Benefit payments, including refunds of employee contributions	(413,045)	(400,441)	(403,329)	(387,984)	(315,022)	(299,574)
Administrative expenses	(16,344)	(15,610)	(15,539)	(15,891)	(11,223)	(10,258)
Net change in fiduciary net position	(533,077)	1,644	402,351	376,693	(78,470)	350,366
Plan fiduciary net position, beginning	5,230,151	5,228,507	4,826,156	4,449,463	4,527,933	4,177,567
Plan fiduciary net position, ending (b)	4,697,074	5,230,151	5,228,507	4,826,156	4,449,463	4,527,933
Net pension liability, ending (a)-(b)	<u>\$ 2,361,409</u>	<u>\$ 1,597,431</u>	<u>\$ 1,217,037</u>	<u>\$ 1,385,071</u>	<u>\$ 1,489,593</u>	<u>\$ 1,188,660</u>
Plan's fiduciary net position as a percentage of the total pension liability	66.42%	76.58%	81.05%	77.69%	74.96%	79.21%
Covered employee payroll during the measurement period	\$ 2,108,334	\$ 2,233,544	\$ 2,010,710	\$ 1,967,917	\$ 2,126,471	\$ 2,161,671
Net pension liability as a percentage of covered employee payroll	112.00%	71.52%	60.53%	70.38%	70.05%	54.99%

Notes to the Schedule:

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

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

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 244,126	\$ 235,862	\$ 225,240	\$ 211,345	\$ 219,664	\$ 238,900
Contributions in relation to the actuarially determined contribution	<u>244,126</u>	<u>235,862</u>	<u>225,240</u>	<u>211,345</u>	<u>219,664</u>	<u>240,097</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,197)</u>
Covered employee payroll during the measurement period	\$ 2,108,334	\$ 2,233,544	\$ 2,010,710	\$ 1,967,917	\$ 2,126,471	\$ 2,161,671
Contributions as a percentage of covered employee payroll	11.58%	10.56%	11.20%	10.74%	10.33%	11.03%

Notes to the Schedule:

- (1) Actuarial Assumptions:
- | | |
|-------------------------------|---|
| Valuation Date | July 1, 2020 |
| 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

	2020	2019	2018
<u>Total OPEB Liability</u>			
Service cost	\$ 45,134	\$ 46,947	\$ 51,122
Interest	29,239	40,869	40,155
Differences between expected and actual experience	117,536	(309,572)	(63,892)
Changes of assumptions	164,486	35,634	(64,019)
Benefit payments	(25,432)	(19,313)	(21,348)
Net change in total OPEB liability	330,963	(205,435)	(57,982)
Total OPEB liability, beginning	905,147	1,110,582	1,168,564
Total OPEB liability, ending	<u>\$ 1,236,110</u>	<u>\$ 905,147</u>	<u>\$ 1,110,582</u>
Covered employee payroll during the measurement period	\$ 2,162,693	\$ 2,602,897	\$ 2,402,173
Total OPEB liability as a percentage of covered payroll	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, 2020

	Budgetary Basis			Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget	Actual	
REVENUES				
Taxes				
Property tax	\$ 999,782	\$ 1,022,482	\$ 1,015,622	\$ (6,860)
Intangible tax	10,000	10,000	10,463	463
Railroad equipment tax	550	550	571	21
Real estate transfer tax	4,500	4,300	4,236	(64)
Franchise tax	398,000	399,900	399,801	(99)
Local option sales tax	1,100,000	1,100,000	1,100,000	-
Alcoholic beverage tax	135,000	135,000	134,650	(350)
Energy excise tax	87,000	60,000	59,843	(157)
Occupation tax	68,000	69,000	65,692	(3,308)
Insurance premium tax	510,000	545,200	545,154	(46)
Financial institution tax	36,000	33,600	33,519	(81)
Penalties and interest	3,500	2,700	2,688	(12)
Payment in lieu of taxes	19,000	19,000	19,471	471
	<u>3,371,332</u>	<u>3,401,732</u>	<u>3,391,710</u>	<u>(10,022)</u>
Total taxes				
Licenses and Permits				
Alcoholic beverage licenses	15,000	15,000	14,600	(400)
Fireworks licenses	500	500	500	-
Building permits	18,000	20,800	20,733	(67)
	<u>33,500</u>	<u>36,300</u>	<u>35,833</u>	<u>(467)</u>
Total licenses and permits				
Intergovernmental				
Federal grant revenues	-	341,727	341,726	(1)
Water and sewer joint venture	115,116	115,116	115,116	-
	<u>115,116</u>	<u>456,843</u>	<u>456,842</u>	<u>(1)</u>
Total intergovernmental				
Charges for Services				
Occupation of public rights of way fees	3,000	3,000	2,946	(54)
	<u>3,000</u>	<u>3,000</u>	<u>2,946</u>	<u>(54)</u>
Total charges for services				
Fines and Forfeitures				
Police court fines	160,250	138,150	138,023	(127)
	<u>160,250</u>	<u>138,150</u>	<u>138,023</u>	<u>(127)</u>
Total fines and forfeitures				
Use of Money and Property				
Interest income	35,300	26,000	25,766	(234)
Rents	64,897	56,397	56,277	(120)
Cemetery lot sales	40,000	60,000	60,165	165
	<u>140,197</u>	<u>142,397</u>	<u>142,208</u>	<u>(189)</u>
Total use of money and property				
Other				
Miscellaneous	42,450	45,350	39,665	(5,685)
	<u>42,450</u>	<u>45,350</u>	<u>39,665</u>	<u>(5,685)</u>
Total other				
Total revenues	<u>3,865,845</u>	<u>4,223,772</u>	<u>4,207,227</u>	<u>(16,545)</u>

(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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
EXPENDITURES				
General government				
Mayor and Council	63,225	67,025	63,444	(3,581)
Voter registration	9,892	9,892	9,892	-
General administration	604,205	902,212	598,354	(303,858)
Tax commissioner	14,179	14,179	14,179	-
Tax assessor	2,070	2,070	2,070	-
Total general government	<u>693,571</u>	<u>995,378</u>	<u>687,939</u>	<u>(307,439)</u>
Public safety				
Police	1,388,222	1,431,427	1,422,505	(8,922)
Fire	615,210	613,102	612,793	(309)
Animal shelter	29,556	29,556	29,556	-
Total public safety	<u>2,032,988</u>	<u>2,074,085</u>	<u>2,064,854</u>	<u>(9,231)</u>
Public works				
Street department	756,003	746,878	633,119	(113,759)
Total public works	<u>756,003</u>	<u>746,878</u>	<u>633,119</u>	<u>(113,759)</u>
Community services				
Senior citizen center	57,749	57,749	34,142	(23,607)
Community centers	30,100	31,900	30,110	(1,790)
Transportation services	62,414	62,414	28,106	(34,308)
Total community services	<u>150,263</u>	<u>152,063</u>	<u>92,358</u>	<u>(59,705)</u>
Culture and recreation				
Recreation	268,071	268,071	233,443	(34,628)
Library	93,278	93,278	81,898	(11,380)
Total culture and recreation	<u>361,349</u>	<u>361,349</u>	<u>315,341</u>	<u>(46,008)</u>
Housing and development				
Urban redevelopment	10,000	10,000	2,500	(7,500)
Planning and zoning	86,468	86,468	73,102	(13,366)
Code enforcement	65,910	65,910	18,379	(47,531)
Economic development	41,897	41,897	41,897	-
CSRA Regional Commission	7,800	7,800	7,795	(5)
Total housing and development	<u>212,075</u>	<u>212,075</u>	<u>143,673</u>	<u>(68,402)</u>
Total expenditures	<u>4,206,249</u>	<u>4,541,828</u>	<u>3,937,284</u>	<u>(604,544)</u>

(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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
Excess (deficiency) of revenues over (under) expenditures	(340,404)	(318,056)	269,943	(587,999)
OTHER FINANCING SOURCES (USES)				
Insurance claims	5,000	11,700	11,627	(73)
Transfers in	365,404	365,456	279,640	(85,816)
Transfers out	(30,000)	(59,100)	(58,165)	(935)
Total other financing sources (uses)	340,404	318,056	233,102	(84,954)
CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 503,045	\$ 503,045

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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

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

Police Condemnation and Forfeiture Fund - This fund was established to account for revenues received from condemnations and forfeitures that are to be used for law enforcement purposes.

CAPITAL PROJECTS FUNDS

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

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

2017, 2018, and 2020 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, 2020

	Special Revenue			Capital Projects									Total Nonmajor Governmental Funds	
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	Airport Capital Project Fund	2017 CDBG Capital Project Fund	2018 CDBG Capital Project Fund	2020 CDBG Capital Project Fund	2016 CHIP Grant Capital Project Fund	Monument Capital Project Fund	RSVP Capital Project Fund	LMIG Capital Project Fund	TIA SPLOST Capital Project Fund		SPLOST Capital Project Fund
ASSETS														
Cash and cash equivalents	\$ 207,348	\$ 319,756	\$ 8,085	\$ 94,831	\$ -	\$ -	\$ 34	\$ 52	\$ 59,960	\$ 31,850	\$ 100	\$ 155,072	\$ -	\$ 877,088
Investments	156,597	-	-	-	-	-	-	-	-	-	-	-	-	156,597
Receivables (net of allowance for uncollectibles):														
Notes-current	1,750	-	-	-	-	-	-	-	-	-	-	-	-	1,750
Notes-long-term	1,863	-	-	-	-	-	-	-	-	-	-	-	-	1,863
Interest	8	-	-	-	-	-	-	-	-	-	-	-	-	8
Other	-	-	-	3,212	-	-	-	-	-	-	-	-	-	3,212
Intergovernmental receivables	-	-	-	1,902	-	-	-	13,503	-	-	-	16,165	-	31,570
Interfund receivables	18,694	13,307	-	1,031	-	-	-	-	-	-	-	-	-	33,032
Total assets	\$ 386,260	\$ 333,063	\$ 8,085	\$ 100,976	\$ -	\$ -	\$ 34	\$ 13,555	\$ 59,960	\$ 31,850	\$ 100	\$ 171,237	\$ -	\$ 1,105,120
LIABILITIES														
Accounts payable	\$ -	\$ -	\$ -	\$ 6,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510	\$ -	\$ 6,939
Interfund payables	1,968	-	-	10,044	-	-	-	13,503	-	-	-	-	-	25,515
Total liabilities	1,968	-	-	16,473	-	-	-	13,503	-	-	-	510	-	32,454
FUND BALANCES														
Nonspendable	1,863	-	-	-	-	-	-	-	-	-	-	-	-	1,863
Restricted for:														
Public safety	-	-	8,085	-	-	-	-	-	-	-	-	-	-	8,085
Public works	-	-	-	-	-	-	-	-	-	-	100	170,727	-	170,827
Housing and development	382,429	333,063	-	-	-	-	34	52	-	-	-	-	-	715,578
Committed to:														
Housing and development	-	-	-	-	-	-	-	-	59,960	-	-	-	-	59,960
Assigned to:														
Housing and development	-	-	-	84,503	-	-	-	-	-	31,850	-	-	-	116,353
Total fund balances	384,292	333,063	8,085	84,503	-	-	34	52	59,960	31,850	100	170,727	-	1,072,666
Total liabilities and fund balances	\$ 386,260	\$ 333,063	\$ 8,085	\$ 100,976	\$ -	\$ -	\$ 34	\$ 13,555	\$ 59,960	\$ 31,850	\$ 100	\$ 171,237	\$ -	\$ 1,105,120

CITY OF THOMSON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue			Capital Projects										Total Nonmajor Governmental Funds
	Housing Development Action Grant Loan Fund	Urban Development Action Grant Loan Fund	Police Condemnation and Forfeiture Fund	Airport Capital Project Fund	2017 CDBG Capital Project Fund	2018 CDBG Capital Project Fund	2020 CDBG Capital Project Fund	2016 CHIP Grant Capital Project Fund	Monument Capital Project Fund	RSVP Capital Project Fund	LMIG Capital Project Fund	TIA SPLOST Capital Project Fund	SPLOST Capital Project Fund	
REVENUES														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 169,016	\$ -	\$ 169,016
Intergovernmental	-	-	-	154,859	183,056	392,019	-	53,503	-	-	96,253	-	4,500	884,190
Fines and forfeitures	-	-	7,272	-	-	-	-	-	-	-	-	-	-	7,272
Interest income	616	645	-	40	-	-	-	-	127	-	-	211	-	1,639
Donations from private sources	-	-	-	-	-	-	-	-	-	6,500	-	-	-	6,500
Rents	-	76,548	-	38,538	-	-	-	-	-	-	-	-	-	115,086
Total revenues	616	77,193	7,272	193,437	183,056	392,019	-	53,503	127	6,500	96,253	169,227	4,500	1,183,703
EXPENDITURES														
Current:														
Public safety	-	-	2,497	-	-	-	-	-	-	-	-	-	-	2,497
Public works	-	-	-	-	-	-	-	-	-	-	20	9,202	-	9,222
Housing and development	407	7,568	-	176,104	-	-	66	-	128	-	-	-	-	184,273
Capital outlay:														
Public works	-	-	-	-	-	-	-	-	-	-	96,183	77,144	4,500	177,827
Housing and development	-	-	-	-	183,056	392,019	-	53,503	-	-	-	-	-	628,578
Total expenditures	407	7,568	2,497	176,104	183,056	392,019	66	53,503	128	-	96,203	86,346	4,500	1,002,397
Excess (deficiency) of revenues over (under) expenditures	209	69,625	4,775	17,333	-	-	(66)	-	(1)	6,500	50	82,881	-	181,306
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	-	52,467	-	-	100	-	9,000	-	-	-	-	61,567
Transfers out	-	-	-	-	(52)	(100)	-	-	-	-	-	-	-	(152)
Loss on sale of investments	(66,937)	-	-	-	-	-	-	-	-	-	-	-	-	(66,937)
Total other financing sources (uses)	(66,937)	-	-	52,467	(52)	(100)	100	-	9,000	-	-	-	-	(5,522)
Net change in fund balances	(66,728)	69,625	4,775	69,800	(52)	(100)	34	-	8,999	6,500	50	82,881	-	175,784
Fund balances, beginning of year	451,020	263,438	3,310	14,703	52	100	-	52	50,961	25,350	50	87,846	-	896,882
Fund balances, end of year	\$ 384,292	\$ 333,063	\$ 8,085	\$ 84,503	\$ -	\$ -	\$ 34	\$ 52	\$ 59,960	\$ 31,850	\$ 100	\$ 170,727	\$ -	\$ 1,072,666

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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
REVENUES				
Interest income	\$ -	\$ -	\$ 619	\$ 619
Available for loans	199,127	199,127	199,319	192
Total revenues	<u>199,127</u>	<u>199,127</u>	<u>199,938</u>	<u>811</u>
EXPENDITURES				
Loans made	199,127	199,127	-	(199,127)
Housing and development	-	-	407	407
Total expenditures	<u>199,127</u>	<u>199,127</u>	<u>407</u>	<u>(198,720)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>199,531</u>	<u>199,531</u>
OTHER FINANCING SOURCES (USES)				
Loss on sale of investments	-	-	(66,937)	(66,937)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(66,937)</u>	<u>(66,937)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>132,594</u>	<u>\$ 132,594</u>
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			<u>(199,322)</u>	
Total reconciliation to GAAP basis			<u>(199,322)</u>	
FUND BALANCE, BEGINNING OF YEAR			<u>451,020</u>	
FUND BALANCE, END OF YEAR			<u>\$ 384,292</u>	

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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
REVENUES				
Interest income	\$ -	\$ -	\$ 645	\$ 645
Rents	-	-	76,548	76,548
Available for loans	241,836	241,836	250,131	8,295
Total revenues	241,836	241,836	327,324	85,488
EXPENDITURES				
Loans made	241,836	241,836	-	(241,836)
Housing and development	-	-	7,568	7,568
Total expenditures	241,836	241,836	7,568	(234,268)
Excess of revenues over expenditures	-	-	319,756	319,756
CHANGE IN FUND BALANCE	\$ -	\$ -	319,756	\$ 319,756
RECONCILIATION TO GAAP BASIS				
To record effect of changes in receivables and other assets and payables and other liabilities				
Receivables and other assets			(250,131)	
Total reconciliation to GAAP basis			(250,131)	
FUND BALANCE, BEGINNING OF YEAR			263,438	
FUND BALANCE, END OF YEAR			\$ 333,063	

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, 2020

	Budgetary Basis		Actual	Variance With Final Budget Over (Under)
	Original Budget	Amended and Final Budget		
REVENUES				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 7,272	\$ (2,728)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>7,272</u>	<u>(2,728)</u>
EXPENDITURES				
Public safety	<u>10,000</u>	<u>10,000</u>	<u>2,497</u>	<u>(7,503)</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>2,497</u>	<u>(7,503)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,775</u>	<u>4,775</u>
CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>4,775</u>	<u><u>\$ 4,775</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,310</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 8,085</u></u>	

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, 2020

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<u>Police Surcharge Fund</u>				
Assets				
Cash	\$ 21	\$ 85,421	\$ 85,421	\$ 21
Total assets	<u>\$ 21</u>	<u>\$ 85,421</u>	<u>\$ 85,421</u>	<u>\$ 21</u>
Liabilities				
Intergovernmental payables	\$ 21	\$ 85,421	\$ 85,421	\$ 21
Total liabilities	<u>\$ 21</u>	<u>\$ 85,421</u>	<u>\$ 85,421</u>	<u>\$ 21</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
PROJECT COST SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

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)
<u>Grant Number 17b-x-094-2-5962</u>						
Water Facility	P-03J-01	\$ 53,675	\$ 53,675	\$ -	\$ 53,675	none
Sewer Facility	P-03J-02	254,285	254,285	-	254,285	none
Flood/Drainage	P-03K-02	343,099	343,099	150,447	493,546	none
Rehabilitation of private property	H-14A-01	295,441	306,191	-	306,191	none
Administration	A-21A-00	53,500	42,750	997	43,747	none
Preliminary Engineering		-	-	67,375	67,375	none
		<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 218,819</u>	<u>\$ 1,218,819</u>	none
Source of Other Funds: <u>Local Match</u>						
<u>Grant Number 18p-x-094-2-6033</u>						
Water Facility	P-03J-01	\$ 73,860	\$ 62,779	\$ -	\$ 62,779	none
Sewer Facility	P-03J-02	496,345	496,345	10,000	506,345	none
Flood/Drainage	P-03K-02	134,795	155,876	5,055	160,931	none
Administration	A-21A-00	45,000	35,000	-	35,000	none
Preliminary Engineering		-	-	70,000	70,000	none
		<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 85,055</u>	<u>\$ 835,055</u>	none
Source of Other Funds: <u>Local Match</u>						
<u>Grant Number 20b-x-094-2-6163</u>						
Water Facility	P-03J-01	\$ 153,550	\$ -	\$ -	\$ -	none
Sewer Facility	P-03J-02	352,825	-	-	-	none
Flood/Drainage	P-03K-02	101,665	-	-	-	none
Rehabilitation of private property	H-14A-01	331,960	-	-	-	none
Administration	A-21A-00	60,000	-	-	-	none
Preliminary Engineering		-	-	-	-	none
		<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	none
Source of Other Funds: <u>Local Match</u>						

CITY OF THOMSON, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANTS
SOURCE AND APPLICATION OF FUNDS SCHEDULE (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2020

Grant Number 17b-x-094-2-5962

Total Program Year 2017 Funds Allocated to Recipient	\$ 1,000,000
Less: Total Program Year 2017 Funds Drawn by Recipient	1,000,000

Funds Still Available from Program Year 2017 Resources	\$ -
--	------

Total Program Year 2017 Funds Drawn and Received by Recipient	\$ 1,000,000
Less: Funds Applied and Expended to Program Year 2017 Costs	1,000,000

Total Program Year 2017 Funds Held by Recipient	\$ -
---	------

Grant Number 18p-x-094-2-6033

Total Program Year 2018 Funds Allocated to Recipient	\$ 750,000
Less: Total Program Year 2018 Funds Drawn by Recipient	750,000

Funds Still Available from Program Year 2018 Resources	\$ -
--	------

Total Program Year 2018 Funds Drawn and Received by Recipient	\$ 750,000
Less: Funds Applied and Expended to Program Year 2018 Costs	750,000

Total Program Year 2018 Funds Held by Recipient	\$ -
---	------

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	-

Funds Still Available from Program Year 2020 Resources	\$ 1,000,000
--	--------------

Total Program Year 2020 Funds Drawn and Received by Recipient	\$ -
Less: Funds Applied and Expended to Program Year 2020 Costs	-

Total Program Year 2020 Funds Held by Recipient	\$ -
---	------

CITY OF THOMSON, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2020

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
<u>SPLOST VI 2014 - 2019</u>						
Building Improvements	\$ 246,000	\$ 246,000	\$ -	\$ -	\$ -	0%
Public Safety	750,000	750,000	-	-	-	0%
Roads/Transportation	930,040	930,040	177,581	4,500	182,081	20%
Totals	<u>\$ 1,926,040</u>	<u>\$ 1,926,040</u>	<u>\$ 177,581</u>	<u>\$ 4,500</u>	<u>\$ 182,081</u>	

COMPLIANCE AND SINGLE AUDIT SECTION

CITY OF THOMSON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Pass-through programs from:			
State of Georgia Department of Community Affairs			
Community Development Block Grants/State's Program	14.228	17b-x-094-2-5962	\$ 183,056
Community Development Block Grants/State's Program	14.228	18p-x-094-2-6033	<u>369,963</u>
Total Community Development Block Grants/State's Program			<u>553,019</u>
Community Home Investment Program	14.239	2016-114	<u>53,503</u>
Total Community Home Investment Program			<u>53,503</u>
Total U.S. Department of Housing and Urban Development			<u>606,522</u>
<u>U.S. Department of Transportation Federal Aviation Administration</u>			
Pass-through programs from:			
State of Georgia Department of Transportation			
COVID-19 Airport Improvement Program	20.106	APO20-90CA-21 (165)	<u>69,000</u>
Total Airport Improvement Program			<u>69,000</u>
Total U.S. Department of Transportation Federal Aviation Administration			<u>69,000</u>
<u>U.S. Department of the Treasury</u>			
Pass-through programs from:			
State of Georgia Governor's Office of Planning and Budget			
COVID-19 Coronavirus Relief Fund	21.019	14537-CRF	<u>341,726</u>
Total Coronavirus Relief Fund			<u>341,726</u>
Total U.S. Department of the Treasury			<u>341,726</u>
<u>U.S. Environmental Protection Agency</u>			
Pass-through programs from:			
State of Georgia Environmental Finance Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2017007	294,291
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2017008	<u>77,861</u>
Total Capitalization Grants for Drinking Water State Revolving Funds			<u>372,152</u>
Total U.S. Environmental Protection Agency			<u>372,152</u>
Total expenditures of federal awards			<u>\$ 1,389,400</u>

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, 2020

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, 2020.

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, 2020.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thomson, Georgia (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 31, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Bennett Hammel, CPA". The signature is written in a cursive style with a large, stylized initial 'B'.

Thomson, Georgia
August 31, 2021



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Thomson, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Thomson, Georgia
August 31, 2021

**CITY OF THOMSON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

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

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee? 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, 2020

None reported

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