CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019

CITY OF JEFFERSON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Jefferson, Georgia** as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards general accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jefferson, Georgia as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General 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, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of City Contributions – Retirement Pension Plan, and Schedule of Changes in the City's Total OPEB Liability and Related Ratios – OPEB 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 of Jefferson, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds (the "supplementary information") 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 combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds 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 7, 2020 on our consideration of the City of Jefferson, Georgia'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jefferson, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jefferson, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 7, 2020

CITY OF JEFFERSON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Within this section of the basic financial report for the City of Jefferson, Georgia (the "City"), the City's management is pleased to provide this narrative overview and analysis of the financial activities of the City of Jefferson for the year that ended on December 31, 2019. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and notes to the financial statements, to enhance their understanding of the activities and financial health of the City of Jefferson.

Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. It should be read in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

The City of Jefferson, Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the notes to the financial statements are organized to provide explanations and other required disclosures for the City's financial activities.

The City's governmental activities assets and deferred inflows of resources exceeded its liabilities and deferred inflows of resources by $18,114,116 (total net position) for the calendar year reported.

- Total net position of governmental activities is comprised of the following:

  (1) Net investment in capital assets of $15,407,504 include capital assets, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets (net of unspent bond proceeds).
  (2) Net position of $2,366,495 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $340,117 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $11,385,980 this year. This compared to the prior year ending fund balance of $10,903,588 showing an increase of $482,392 during the current year.

- At the end of the current calendar year, the unassigned fund balance for the General Fund was $3,525,751 or 37.74% of total General Fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: 1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of net position presenting information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, public works, culture and recreation, and economic and community development. The business-type activities of the City of Jefferson, Georgia include the Solid Waste Collection and the Water and Sewer Treatment Plants.

The government-wide financial statements are presented on pages 17 and 18 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City reports three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

The City of Jefferson maintains seven 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, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund, special revenue funds, and debt service fund. Project length budgets are adopted for the capital projects funds. A budgetary comparison schedule has been provided for the general fund, debt service fund and special revenue funds to demonstrate compliance with the annual appropriated budget.

The basic governmental fund financial statements are presented on pages 19 to 21 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements.

Proprietary fund statements offer short-term and long-term financial information about the two activities the City operates similar to a private business, the solid waste collection and water and sewer treatment plants.

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 solid waste collection and for the water and sewer treatment plant operation, both of which are considered to be major funds of City.

The basic proprietary fund financial statements are presented on pages 23 to 25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City.

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

The agency fund statement of fiduciary assets and liabilities is presented on page 26 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 government-wide and fund financial statements.

The notes to the financial statements begin on page 27 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's total net position at calendar year-end is $47,055,871. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	$16,490,999	$15,834,517	$10,572,359	$ 9,566,220	$27,063,358	$25,400,737
Capital Assets	29,171,769	29,382,597	34,126,487	33,227,123	63,298,256	62,609,720
Total Assets	45,662,768	45,217,114	44,698,846	42,793,343	90,361,614	88,010,457
Deferred outflows of resources	842,173	909,076	52,858	53,317	895,031	962,393
Liabilities:						
Current and other liabilities	2,198,031	595,804	2,147,543	967,107	4,345,574	1,562,911
Long term debt outstanding	21,816,669	24,607,889	13,574,389	15,541,864	35,391,058	40,149,753
Total Liabilities	24,014,700	25,203,693	15,721,932	16,508,971	39,736,632	41,712,664
Deferred inflows of resources	4,376,125	3,973,414	88,017	27,781	4,464,142	4,001,195
Net position:						
Net investment in capital assets	15,407,504	14,372,686	20,937,561	19,833,087	36,345,065	34,205,773
Restricted	2,366,495	2,036,445	-	-	2,366,495	2,036,445
Unrestricted	340,117	539,952	8,004,194	6,476,821	8,344,311	7,016,773
Total Net Position	$18,114,116	$16,949,083	$28,941,755	$26,309,908	$47,055,871	$43,258,991

The City reported positive balances in net position for both governmental and business-type activities. During 2019, net position increased $608,557 for governmental activities and increased $2,631,847 for business-type activities. The City's overall financial position increased during calendar year 2019.

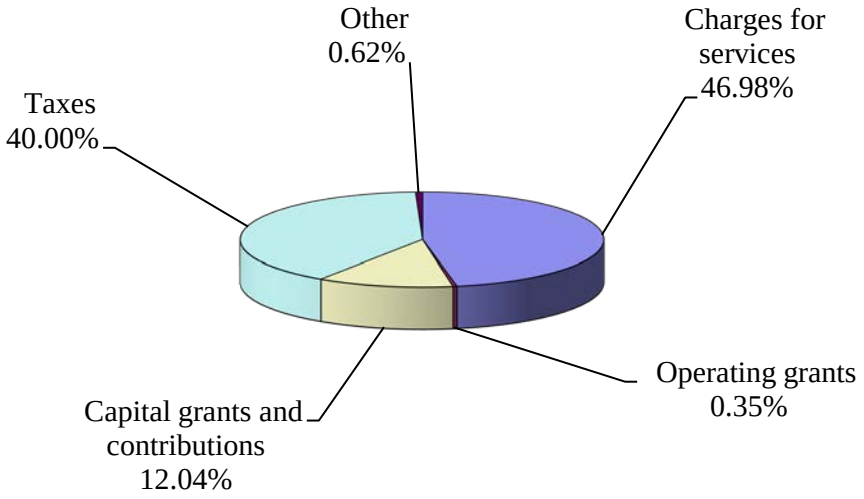
Note that approximately 64% of the governmental activities' total assets are tied up in capital assets (with 92% of the capital asset cost being depreciable). The City uses these capital assets to provide services to its citizens. Also 76% of the business-type activities assets are tied up in capital assets (with 58% of the capital asset cost being depreciable). Combining governmental activities with business-type activities, the City has invested approximately 70% of its total assets in capital assets, as presented in the Statement of Net Position. Capital assets used in the business-type activities generate revenue for the Water and Sewer Fund.

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Revenues:						
Program:						
Charges for services	$2,623,157	$2,835,819	$7,171,160	$6,568,473	$9,794,317	$9,404,292
Operating grants and contribution	73,924	231,273	-	-	73,924	231,273
Capital grants and contributions	1,475,571	2,223,699	1,034,808	876,700	2,510,379	3,100,399
General:						
Taxes	8,339,349	8,799,577	-	-	8,339,349	8,799,577
Other	31,364	33,955	17,094	24,067	48,458	58,022
Gain on sale of capital assets	80,201	3,792	-	-	80,201	3,792
Total revenues	12,623,566	14,128,115	8,223,062	7,469,240	20,846,628	21,597,355
Program Expenses:						
General government	1,159,413	1,212,414	-	-	1,159,413	1,212,414
Public safety	4,247,822	4,210,191	-	-	4,247,822	4,210,191
Public works	2,128,636	1,747,441	-	-	2,128,636	1,747,441
Culture and recreation	3,325,999	3,369,726	-	-	3,325,999	3,369,726
Economic and community development	871,688	864,783	-	-	871,688	864,783
Interest on long-term debt	431,451	494,390	-	-	431,451	494,390
Water and Sewer	-	-	4,801,040	4,505,162	4,801,040	4,505,162
Solid Waste	-	-	640,175	682,633	640,175	682,663
Total expenses	12,165,009	11,898,945	5,441,215	5,187,795	17,606,224	17,086,740
Revenues over expenses	458,557	2,229,170	2,781,847	2,281,445	3,240,404	4,510,615
Transfers	150,000	155,000	(150,000)	(155,000)	-	-
Change in net position	680,557	2,384,170	2,631,847	2,126,445	3,240,404	4,510,615
Beginning net position	17,505,559	15,121,389	26,309,908	24,183,463	43,815,467	39,304,852
Ending net position	$18,114,116	$17,505,559	$28,941,755	$26,309,908	$47,055,871	$43,815,467

Total government-wide revenues for 2019 were $20,846,628. These revenues consisted of $8,339,349 in taxes, $2,510,379 in capital grants and contributions, $73,924 in operating grants and contributions, $9,794,317 in charges for services, $48,458 in other revenues and $80,201 in gain on sale of assets. Of this amount, $12,623,566 was in governmental activities and $8,223,062 in business-type activities. The following chart depicts further detail of government-wide revenues.

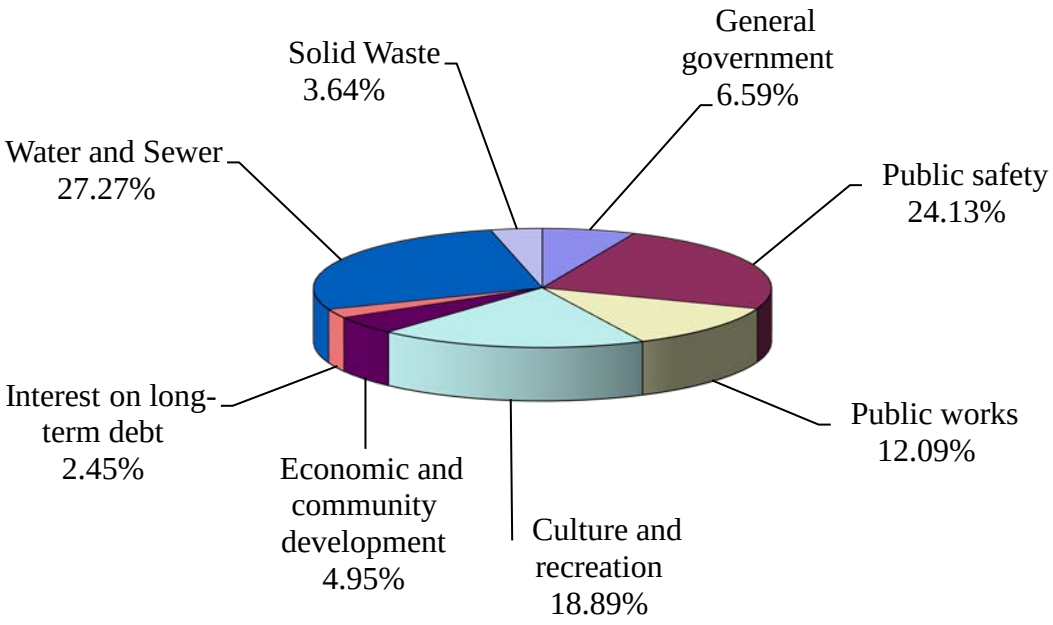
REVENUES BY SOURCE - GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding.

Government-wide expenses for the City were $17,606,224 for 2019, of which $12,165,009 were for governmental activities and $5,441,215 for business-type activities. The chart below depicts further detail of government-wide total expenses.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY

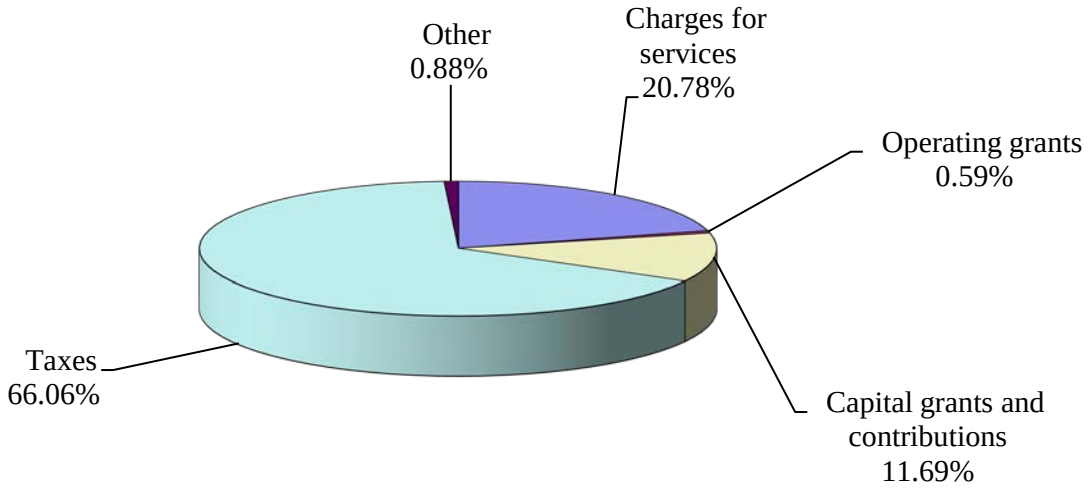


Note: Graph may not equal 100% due to rounding.

Governmental Activities Revenues

The City's sales and use taxes (which includes the Local Option Sales Tax), one of the General Fund's most significant revenue sources, yielded $199,520 more than in the prior year, due to an increase in sales throughout the County. The total amount of local option sales tax revenue was $2,089,738. The City currently shares 1% taxes on all sales within Jackson County. The Local Option Sales Tax (LOST) is a direct offset to property taxes and is renewed every ten years. The Capital Projects Fund accounts for the other sales tax which is a Special Purpose Local Option Sales Tax (SPLOST) authorized by voter referendum. The SPLOST number five, effective for six years, was approved by the voters on November 2, 2010 with collections starting July 1, 2011 and will end June 30, 2019. The SPLOST number six, effective for six years, was approved by the voters on March 1, 2018 with collections starting July 1, 2019 and will end June 30, 2023. The SPLOST tax is for specific capital projects and debt related to capital projects and constitutes a significant portion of the City's ability to fund capital projects in the areas of water and sewerage, road and bridges, recreation, and public safety. A total of $952,526 was expended during 2019 for these capital projects and related debt.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

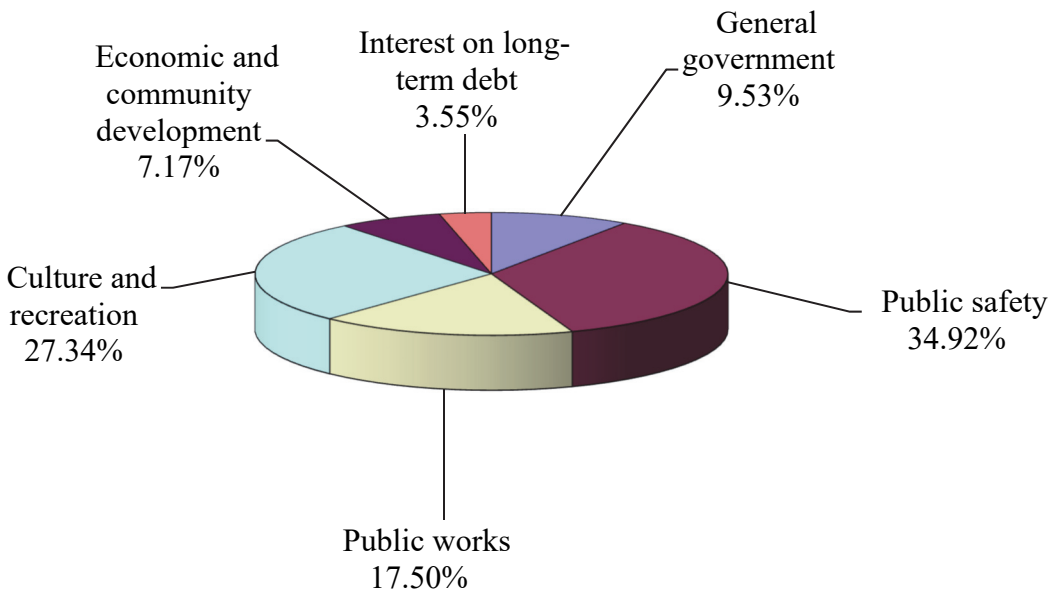


Note: Graph may not equal 100% due to rounding.

Governmental Activities Expenses

Expenses in the governmental activities were $12,165,009 up $266,064 from 2018. The following chart depicts further detail of governmental activities expenses.

EXPENSES BY FUNCTION - GOVERNMENTAL ACTIVITIES



Note: Graph may not equal 100% due to rounding.

Business-Type Activities

Business-type activities include the enterprise or proprietary funds which are established to be supported by fee revenues.

Water and Sewer Fund – The operating revenues in the Water and Sewer Fund increased $569,169 from prior year while non-operating revenues and capital contributions (excluding transfers in) increased by $151,135. The increase in non-operating revenue and capital contributions is mainly due to the increase in contributions from SPLOST W&S, $148,308. Operating expenses increased by $295,878 from 2018. The increase in expenses is attributable to increased salaries and retirement cost, R&M to sewer system, new meter purchases and increased cost in chemicals.

Solid Waste Fund – The operating revenues for the Solid Waste Fund were up $33,518 from prior year and operating expenses decreased by $42,458. The revenue in this fund increased due to an increase in customer base. The expense decrease was due to removing an employee from the solid waste fund.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $11,385,980 at December 31, 2019 compared to $10,903,588 at December 31, 2018. The increase relates to the General Fund, Debt Service Fund and Nonmajor Governmental Funds.

General Fund increased by $174,571 due mainly to an increase in property taxes and sales taxes. Nonmajor Governmental Funds added an increase of $301,136 due to SPLOST revenue that is being saved to do larger projects. Lastly, a small increase of $6,685 was from the Debt Service Fund due to investment earnings.

Of this year-end total, $2,481,249 is assigned for appropriation of subsequent year's fund balance. There is $332,927 assigned for various purposes. There is also $784,187 assigned for planning and development use and $540,233 of impact fees set aside for approved purpose. There is $3,525,751 that is unassigned indicating availability for continuing City service delivery requirements. There is $459,330 set aside for debt service, $100,002 for capital projects, $1,363,478 is bond proceeds set aside for approved road projects, $3,929 is restricted for tourism, $34,109, restricted based on grant requirements, $109,651 is restricted for public safety, and $1,651,134 is for use as stated in the SPLOST referendum.

Major Governmental Funds

General Fund – The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by $174,571 or 2%. The ending unassigned fund balance represents the equivalent of 37.7% of annual expenditures. The increase was mostly due to increases in property taxes, sales taxes, and franchise taxes during the year. The significant increases in expenditures was in general government due to the preparation of a transportation plan and recreation master plan; public safety due to increase in salaries and retirement costs; public works due to the increase in salaries and retirement costs; culture and recreation due to increase in salaries, retirement costs and cost of insurance; economic and community development due to increase in salaries, retirement cost and professional services. Otherwise, other revenues and expenditures remained fairly flat between 2018 and 2019.

Debt Service – The Debt Service Fund is used to show principal and interest payments made to pay off existing debt. Fund balance increased by $6,685 from the prior year. This was due to investment earnings during the year.

Proprietary Funds

Proprietary fund statements share the same focus as the government-wide financial statements, reporting both short-term and long-term information about financial status. The business-type activities analysis discusses the City's two enterprise funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's revenue budget was amended upwards in 2019 by $279,284 or 2.6%. Total revenues were increased due to the collection of insurance proceeds due to damage done to City property, increase in LOST revenue, increase in insurance premium tax collection, and an increase in Civic Center revenue.

Property taxes came in over budget by $212,969. This was due to higher collection rate than anticipated for property taxes. Also we received more than in motor vehicle taxes than we budgeted, this number is mainly tied to the number of new cars purchased during the year.

Sales taxes came in over budget by $129,248 due to budget projections being estimated based on previous collections. This number is dependent on sales in area stores.

Franchise taxes came in over budget by $187,770 due to budget projections being estimated. This number is dependent on consumer consumption of services.

The licenses and permits came in over budget, $93,709 due to increase business licenses and building permits being issued and fees being collected.

Fines and forfeitures came in under budget by $74,338 collections are based on the number of traffic violations and other fines being issued.

Charges for service came in under budget by $225,113 due mainly to a decrease in probation fees because of a decrease in people on probation in 2019. Also contributing to the decrease was impact fees and theater revenue.

Contributions and donations came in over budget by $48,434 mainly due to tree bank contributions.

In total, the City recognized 103.6% of the final revenue budget. The General Fund's expenditure budget was increased $160,730 or 1.6%. The increase was in culture and recreation due to contributions and increase in participation in recreation activities. In total, the City under spent the final expenditure budget by $671,347 or 7%.

Differences between the original budget, the final budget, and actual results are shown on page 22.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS: The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2019, were $29,171,769 and $34,126,487; respectively. The change in this net investment was an approximate $688,536 increase for governmental activities and business-type activities. See Note 6 for additional information about changes in capital assets during the calendar year and Note 8 for outstanding debt at the end of the year.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	$ 1,928,576	$ 1,819,976	$ 8,764,327	$ 8,745,017	$ 10,692,903	$ 10,564,993
Construction in progress	260,421	220,494	4,260,130	3,281,532	4,520,551	3,502,026
Intangible	-	-	1,450,059	1,450,059	1,450,059	1,450,059
Total non-depreciable	$ 2,188,997	$ 2,040,470	$14,474,516	$ 13,476,608	$ 16,663,513	$ 15,517,078
Depreciable assets:						
Buildings	19,715,912	19,660,138	-	-	19,715,912	19,660,138
Water Distribution	-	-	15,179,828	15,116,405	15,179,828	15,116,405
Sewer Distribution	-	-	18,347,702	17,701,963	18,347,702	17,701,963
Improvements	408,068	408,068	37,020	37,020	445,088	445,088
Machinery and Equipment	5,377,369	5,068,220	1,005,520	849,749	6,382,889	5,917,969
Infrastructure	15,324,981	14,556,229			15,324,981	14,556,229
Intangibles	101,409	101,409	-	-	101,409	101,409
Total depreciable assets	40,927,739	39,794,064	34,570,070	33,705,137	75,497,809	73,499,201
Less accumulated depreciation	13,944,967	12,451,937	14,918,099	13,954,622	28,863,066	26,406,559
Book value – depreciable assets	26,982,772	27,342,127	19,651,971	19,750,515	46,634,743	47,092,642
Percentage depreciated	34%	31%	43%	42%	38%	36%
Total book value	$29,171,769	$29,382,597	$34,126,487	$33,227,123	$63,298,256	$62,609,720

Major capital asset activities in governmental activities in 2019 were:

- Land increased by $108,600 and buildings increased by $55,774. Purchased land for a future recreation building. Built a dock at the Civic Center and received a contribution of a building attached to the Roosevelt Theater.

- Construction in progress increased by $39,927 due mainly to the work done on Hog Mountain Rd expansion.

- Machinery and equipment increased by $309,149 due to the addition of five new vehicles costing $277,292 (two police vehicles and a dump truck and two pickup trucks for Roads and Grounds), four mobile lifts costing $34,900, two mowers costing $21,487 and a Kwasaki mule costing $10,000 for Roads and Grounds. The Civic Center purchased audio video equipment and a new a/c unit, costing $76,395 and $12,500, respectively. Also, the City removed $123,435 due to vehicles and a mower from roads and grounds being sold.

- Infrastructure increased by $768,752 due to the $88,000 at the recreation department for outdoor parking lot and soccer field lighting. Also the increase was due to $515,120 of paving projects in Hawks Ridge Subdivision, Georgia Bush Lane and Jefferson Blvd, and Pendergrass Station. Also $158,347 worth of upgrades at the CVS and Kroger intersection. Lastly, $7,265 to add sidewalks and hand railing on Memorial Drive.

At December 31, 2019, the depreciable capital assets for governmental activities were 34% depreciated, slightly above the 2018 percentage of 31%. This comparison indicates that the City is replacing its assets at about the same rate as they are depreciating which is a positive indicator.

Major capital asset activities in business-type activities in 2019 were:

- There was an increase in construction in progress in the amount of $978,598. The increase was due to various project totaling $1,687,760 being started and not completed in 2019 and $709,162 of previous project being completed and moved out of construction in progress.

- Additions to water distribution in the amount of $63,423. It included the completion of the Raw Water Pump that was moved from construction in progress.

- Additions to sewer distribution in the amount of $645,739. It included the completion of the Academy Woods Booster Pump Station and I-85 Waste Water Transfer that was moved from construction in progress.

- Additions to machinery and equipment in the amount of $155,771. Two vehicles were purchased costing $80,534, mobile generator was purchased for $57,171 and Scada software was purchased costing $18,066.

Long-term Debt

The City's long-term debt decreased by approximately $2,225,155 during 2019.

Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds and Intergovernmental contracts payable	$ 15,767,568	$ 17,084,460	$ 12,850,078	$ 13,764,358	$ 28,617,646	$ 30,848,818
Notes payable	-	-	333,713	341,320	333,713	341,320
Capital leases	-	-	-	-	-	-
Net pension liability	1,147,358	1,252,555	334,318	343,814	1,481,676	1,596,369
Net OPEB obligation	6,107,557	6,043,043	1,017,926	1,007,174	7,125,483	7,050,217
Compensated absences	273,107	227,831	92,973	85,198	366,080	313,029
Total	$ 23,295,590	$ 24,607,889	$ 14,629,008	$15,541,864	$ 37,924,598	$ 40,149,753

During the year, the City also borrowed $35,637 for the purpose of improvements to the I-85 wastewater treatment plant. Additional information on the City's debt is contained in Note 8 beginning on page 43.

Economic Factors

Total employment in Jackson County increased from 26,000 in 2018 to 29,000 in 2019 (an increase of approximately 11.5% in one year). Jefferson is a center of economic activity in the county, along with Braselton and Commerce. With two interchanges on Interstate 85 and U.S. Highway 129 bisecting the city, Jefferson is home to a number of businesses, industries, and institutions, especially warehousing and distribution centers but also manufacturers and convenience stores. A warehouse with more than 1,000,000 square feet is currently under construction. Jefferson is the county seat of Jackson County and is therefore the location for city and county government, as well as two public school systems (Jefferson and Jackson County). Homebuilding activity is significant, with a 65-unit age-restricted apartment complex under construction and additional phases of single-family residential subdivision under development and homes under construction.

Significant Employers in the City of Jefferson (Alphabetical)

Company/Employer	Location	Description; Products
ALDI Distribution Center	Dry Pond Road	Grocery
Amazon.com Services, Inc.	Hog Mountain Road	Warehousing/distribution
American Synthetic Fiber	S. Holland Drive	Polypropylene staple fibers
Buhler Quality Yarns Corporation	Athens Street	Yarn manufacturing
City of Jefferson	Athens Street	Local government
DSC Logistics/Cardinal Health	Thomas Parkway	Supply chain management
DSM Nutritional Products	Jackson Concourse	Animal feed vitamins and supplements
Foam Fabricators	Galilee Church Road	Plastics
Hire Dynamics, LLC	Enterprise Drive	Staffing/recruitment services
Home Goods Distribution Center	Logistics Center Parkway	Home furnishings
Hubbell Distribution Center	Logistics Center Parkway	Lighting
Jackson County	Athens Street	Local government
Jackson County Board of Education	Winder Highway	Public education
Jackson Electric Membership Corporation	Commerce Road	Electric utility company
Jefferson Board of Education	Story Lane	Public education
Kroger	Old Pendergrass Road	Grocery
Kubota Industrial Equipment	McClure Industrial Blvd.	Industrial equipment
Kubota National Distribution Center	Orange Court	Tractors
Martin Marietta Jefferson Quarry	Quarry Road	Quarry
Mission Foods	John B. Brooks Road and HD Robinson Blvd.	Food manufacturing
Morgan Concrete	New Salem Church Road	Concrete
Norcross Tag	Galilee Church Road	Paper tags and labels
Peach State Freightliner	Dry Pond Road	Truck sales, service, parts
Pendergrass Flea Market	U.S. Highway 129 N	Retail (weekend)
Piedmont Urgent Care – Jefferson	Panther Drive	Medical care
Quick Trip Distribution	Jackson Concourse	Convenience store supply
Resilux America	John B. Brooks Road	Packaging
Ring Container Technologies	S. Holland Drive	Plastic containers
Seydel Companies	John B Brooks Road	Chemicals for textiles
Shenandoah Growers (packing and shipping)	U.S. Highway 129 Business	Organic herbs
Shoffner Industries, Inc.	MLK Avenue	Sheet metal manufacturing
TenCate Geosynthetics NA	S. Holland Drive	Geotextiles
UFP Mid-Atlantic, LLC	MLK Avenue	Building products
Woodtec Millwork, Inc.	MLK Avenue	Cabinets, flooring, etc.
WTI	MLK Avenue	Food ingredients
Yuhara Manufacturing USA	U.S. Highway 129 N	Transportation equipment components

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Jefferson's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's Finance Director at 147 Athens Street, Jefferson, GA 30549.

BASIC FINANCIAL STATEMENTS

CITY OF JEFFERSON, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Downtown Development Authority**
Cash and cash equivalents	$ 12,016,007	$ 9,093,793	$ 21,109,800	$ 199,602
Cash with fiscal agent	-	275,000	275,000	-
Receivables, net of allowance for uncollectibles	2,135,804	930,278	3,066,082	3,468
Intergovernmental receivable	479,875	18,215	498,090	-
Inventory	-	249,607	249,607	-
Due from component unit	386	-	386	-
Restricted cash and cash equivalents	1,858,927	2,106	1,861,033	-
Prepaid items	-	3,360	3,360	-
Capital assets, non-depreciable	2,188,997	14,474,516	16,663,513	92,965
Capital assets, depreciable, net of accumulated depreciation	26,982,772	19,651,971	46,634,743	206,046
Total assets	45,662,768	44,698,846	90,361,614	502,081
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	639,827	-	639,827	-
Pension related items	153,404	44,701	198,105	-
OPEB related items	48,942	8,157	57,099	-
Total deferred outflows of resources	842,173	52,858	895,031	-
LIABILITIES				
Accounts payable	442,810	427,639	870,449	12,089
Accrued liabilities	276,300	109,967	386,267	98
Unearned revenues	-	336,000	336,000	-
Due to primary government	-	-	-	386
Customer deposits payable	-	219,318	219,318	-
Compensated absences, due within one year	193,921	57,400	251,321	-
Compensated absences, due in more than one year	79,186	35,573	114,759	-
Bonds payable, due within one year	1,285,000	960,000	2,245,000	-
Bonds payable, due in more than one year	14,482,568	11,890,078	26,372,646	-
Financed purchase payable, due within one year	-	-	-	21,732
Financed purchase payable, due in more than one year	-	-	-	211,250
Notes payable, due within one year	-	37,219	37,219	-
Notes payable, due in more than one year	-	296,494	296,494	-
Net pension liability, due in more than one year	1,147,358	334,318	1,481,676	-
Total OPEB liability, due in more than one year	6,107,557	1,017,926	7,125,483	-
Total liabilities	24,014,700	15,721,932	39,736,632	245,555
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding	-	7,241	7,241	
Unearned revenues - property taxes	3,891,467	-	3,891,467	-
OPEB related items	484,658	80,776	565,434	-
Total deferred inflows of resources	4,376,125	88,017	4,464,142	-
NET POSITION				
Net investment in capital assets	15,407,504	20,937,561	36,345,065	66,029
Restricted for:				
Debt service	459,330	-	459,330	-
Capital projects	1,785,247	-	1,785,247	-
Public safety	109,651	-	109,651	-
Tourism	12,267	-	12,267	-
Unrestricted	340,117	8,004,194	8,344,311	190,497
Total net position	$ 18,114,116	$ 28,941,755	$ 47,055,871	$ 256,526

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 1,159,413	$ 315,480	$ 10,784	$ -	$ (833,149)	$ -	$ (833,149)	$ -
Public safety	4,247,822	781,310	14,706	207,995	(3,243,811)	-	(3,243,811)	-
Public works	2,128,636	-	-	867,975	(1,260,661)	-	(1,260,661)	-
Culture and recreation	3,325,999	966,341	48,434	399,601	(1,911,623)	-	(1,911,623)	-
Economic and community development	871,688	560,026	-	-	(311,662)	-	(311,662)	-
Interest on long-term debt	431,451	-	-	-	(431,451)	-	(431,451)	-
Total governmental activities	12,165,009	2,623,157	73,924	1,475,571	(7,992,357)	-	(7,992,357)	-
Business-type activities:								
Water and Sewer	4,801,040	6,461,835	-	1,034,808	-	2,695,603	2,695,603	-
Solid waste	640,175	709,325	-	-	-	69,150	69,150	-
Total business-type activities	5,441,215	7,171,160	-	1,034,808	-	2,764,753	2,764,753	-
Total primary government	$ 17,606,224	$ 9,794,317	$ 73,924	$ 2,510,379	(7,992,357)	2,764,753	(5,227,604)	-
Component unit:								
Downtown Development Authority	$ 34,659	$ 50,908	$ -	$ -	-	-	-	16,249
General revenues:								
Property taxes					3,812,944	-	3,812,944	-
Sales taxes					2,316,748	-	2,316,748	-
Franchise taxes					1,407,022	-	1,407,022	-
Hotel/Motel occupancy tax					33,480	-	33,480	-
Business taxes					769,155	-	769,155	-
Unrestricted investment earnings					31,364	17,094	48,458	-
Gain on sale of capital assets					80,201	-	80,201	-
Transfers					150,000	(150,000)	-	-
Total general revenues and transfers					8,600,914	(132,906)	8,468,008	-
Change in net position					608,557	2,631,847	3,240,404	16,249
Net position, beginning of year					17,505,559	26,309,908	43,815,467	240,277
Net position, end of year					$ 18,114,116	$ 28,941,755	$ 47,055,871	$ 256,526

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

ASSETS	Major Governmental Funds: General	Major Governmental Funds: Debt Service	Nonmajor Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 10,302,921	$ -	$ 1,713,086	$ 12,016,007
Taxes receivable, net	674,710	-	11,619	686,329
Accounts receivable	1,449,475	-	-	1,449,475
Intergovernmental receivable	249,863	-	230,012	479,875
Due from component units	386	-	-	386
Restricted cash and cash equivalents	-	459,330	1,399,597	1,858,927
Total assets	$ 12,677,355	$ 459,330	$ 3,354,314	$ 16,490,999
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 359,137	$ -	$ 83,673	$ 442,810
Accrued salaries	168,420	-	-	168,420
Total liabilities	527,557	-	83,673	611,230
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - property taxes	3,891,467	-	-	3,891,467
Unavailable revenue - franchise fees	580,728	-	-	580,728
Unavailable revenue - hotel/motel taxes	-	-	8,338	8,338
Unavailable revenue - property taxes	13,256	-	-	13,256
Total deferred inflows of resources	4,485,451	-	8,338	4,493,789
FUND BALANCES				
Restricted for:				
Debt service	-	459,330	-	459,330
Tourism	-	-	3,929	3,929
Public safety	-	-	109,651	109,651
Capital projects	-	-	3,148,723	3,148,723
Assigned for:				
Appropriation of subsequent year's fund balance	2,481,249	-	-	2,481,249
Future improvements of new library	66,664	-	-	66,664
Jefferson community theater	42,838	-	-	42,838
Tree bank	191,148	-	-	191,148
Police technology	32,277	-	-	32,277
Planning and development	784,187	-	-	784,187
Approved impact fee projects	540,233	-	-	540,233
Unassigned	3,525,751	-	-	3,525,751
Total fund balances	7,664,347	459,330	3,262,303	11,385,980
Total liabilities, deferred inflows of resources, and fund balances	$ 12,677,355	$ 459,330	$ 3,354,314	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	29,171,769
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	602,322
The deferred outflows of resources, deferred inflows of resources, net pension liability and total OPEB liability related to the City's defined benefit pension and OPEB plans are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.	(7,537,227)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(15,508,728)
Net position of governmental activities	$ 18,114,116

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Major Governmental Funds		Nonmajor Governmental Funds	Totals Governmental Funds
	General	Debt Service		
Revenues				
Taxes:				
Property taxes	$ 4,378,350	$ -	$ -	$ 4,378,350
Sales taxes	2,316,748	-	-	2,316,748
Hotel/Motel occupancy taxes	-	-	25,142	25,142
Franchise taxes	1,382,770	-	-	1,382,770
Business taxes	769,155	-	-	769,155
Licenses and permits	567,209	-	-	567,209
Intergovernmental	25,490	-	1,463,808	1,489,298
Fines and forfeitures	575,662	-	69,561	645,223
Charges for services	1,077,925	-	-	1,077,925
Investment earnings	526	7,654	23,184	31,364
Contributions and donations	48,434	-	11,763	60,197
Other revenues	332,800	-	-	332,800
Total revenues	11,475,069	7,654	1,593,458	13,076,181
Expenditures				
Current:				
General government	990,066	-	-	990,066
Public safety	3,623,117	-	128,118	3,751,235
Public works	1,195,855	-	619,647	1,815,502
Culture and recreation	2,768,686	-	370,254	3,138,940
Economic and community development	765,098	-	62,430	827,528
Capital outlay	-	-	612,526	612,526
Debt service:				
Principal	-	1,250,000	-	1,250,000
Interest	-	448,843	-	448,843
Total expenditures	9,342,822	1,698,843	1,792,975	12,834,640
Excess (deficiency) of revenues over (under) expenditures	2,132,247	(1,691,189)	(199,517)	241,541
Other financing sources (uses):				
Proceeds from sale of capital assets	90,851	-	-	90,851
Transfers in	165,067	1,697,874	855,720	2,718,661
Transfers out	(2,213,594)	-	(355,067)	(2,568,661)
Total other financing sources (uses)	(1,957,676)	1,697,874	500,653	240,851
Net change in fund balances	174,571	6,685	301,136	482,392
Fund balances, beginning of year	7,489,776	452,645	2,961,167	10,903,588
Fund balances, end of year	$ 7,664,347	$ 459,330	$ 3,262,303	$ 11,385,980

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$	482,392
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(200,178)
The net effect of various miscellaneous transactions involving capital assets (i.e. sale of capital assets and donated capital assets) is to decrease net position.		(10,650)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(532,816)
The issuance of long-term debt 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of the principal payments on long-term debt.		1,250,000
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 governmental funds.		(380,191)
Change in net position - governmental activities	$	608,557

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 4,165,381	$ 4,165,381	$ 4,378,350	$ 212,969
Sales taxes	2,055,000	2,187,500	2,316,748	129,248
Franchise taxes	1,195,000	1,195,000	1,382,770	187,770
Business taxes	662,000	744,500	769,155	24,655
Licenses and permits	473,500	473,500	567,209	93,709
Intergovernmental	27,500	27,500	25,490	(2,010)
Fines and forfeitures	650,000	650,000	575,662	(74,338)
Charges for services	1,303,038	1,303,038	1,077,925	(225,113)
Contributions and donations	-	-	48,434	48,434
Investment earnings	-	-	526	526
Other revenues	265,706	329,990	332,800	2,810
Total revenues	10,797,125	11,076,409	11,475,069	398,660
Expenditures:				
Current:				
General government	1,048,137	1,062,361	990,066	72,295
Public safety:				
Police	2,776,330	2,775,530	2,611,928	163,602
Fire	1,081,317	1,081,317	1,011,189	70,128
Total public safety	3,857,647	3,856,847	3,623,117	233,730
Public works	1,261,906	1,325,670	1,195,855	129,815
Culture and recreation:				
Recreation	532,214	594,466	552,432	42,034
Parks	1,894,715	1,905,787	1,770,346	135,441
Libraries	458,115	458,333	430,039	28,294
Payments to other agencies	30,000	30,000	15,869	14,131
Total culture and recreation	2,915,044	2,988,586	2,768,686	219,900
Economic and Community Development	770,705	780,705	765,098	15,607
Total expenditures	9,853,439	10,014,169	9,342,822	671,347
Excess of revenues over expenditures	943,686	1,062,240	2,132,247	1,070,007
Other financing sources (uses):				
Proceeds from sale of capital assets	4,000	56,000	90,851	34,851
Transfers in	172,200	172,200	165,067	(7,133)
Transfers out	(4,009,468)	(4,957,307)	(2,213,594)	2,743,713
Total other financing sources (uses)	(3,833,268)	(4,729,107)	(1,957,676)	2,771,431
Net change in fund balances	(2,889,582)	(3,666,867)	174,571	3,841,438
Fund balances, beginning of year	7,489,776	7,489,776	7,489,776	-
Fund balances, end of year	$ 4,600,194	$ 3,822,909	$ 7,664,347	$ 3,841,438

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

ASSETS	Business-type Activities - Enterprise Funds Water and Sewer Fund	Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 8,882,110	$ 211,683	$ 9,093,793
Cash with fiscal agent	275,000	-	275,000
Accounts receivable, net	824,048	106,230	930,278
Intergovernmental receivable	18,215	-	18,215
Inventory	249,607	-	249,607
Prepaid items	3,360	-	3,360
Restricted cash	2,106	-	2,106
Total current assets	10,254,446	317,913	10,572,359
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	14,474,516	-	14,474,516
Depreciable assets, net of accumulated depreciation	19,646,865	5,106	19,651,971
Total noncurrent assets	34,121,381	5,106	34,126,487
Total assets	44,375,827	323,019	44,698,846
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	44,701	-	44,701
OPEB related items	8,157	-	8,157
Total deferred outflows of resources	52,858	-	52,858
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	372,110	55,529	427,639
Accrued salaries	34,789	-	34,789
Accrued interest	75,178	-	75,178
Unearned revenue	336,000	-	336,000
Compensated absences payable, current	57,400	-	57,400
Customer deposits payable	219,318	-	219,318
Notes payable, current	37,219	-	37,219
Bonds payable, current	960,000	-	960,000
Total current liabilities	2,092,014	55,529	2,147,543
NONCURRENT LIABILITIES			
Compensated absences payable	35,573	-	35,573
Notes payable	296,494	-	296,494
Bonds payable	11,890,078	-	11,890,078
Total OPEB liability	1,017,926	-	1,017,926
Net pension liability	334,318	-	334,318
Total noncurrent liabilities	13,574,389	-	13,574,389
Total liabilities	15,666,403	55,529	15,721,932
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on refunding	7,241	-	7,241
OPEB related items	80,776	-	80,776
Total deferred inflows of resources	88,017	-	88,017
NET POSITION			
Net investment in capital assets	20,932,455	5,106	20,937,561
Unrestricted	7,741,810	262,384	8,004,194
Total net position	$ 28,674,265	$ 267,490	$ 28,941,755

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUES			
Charges for services:			
Water charges	$ 4,225,646	$ -	$ 4,225,646
Sewer charges	2,155,972	-	2,155,972
Refuse collection charges	-	709,325	709,325
Miscellaneous revenue	80,217	-	80,217
Total operating revenues	6,461,835	709,325	7,171,160
OPERATING EXPENSES			
Personal services and benefits	1,448,347	-	1,448,347
Purchased and contracted services	1,002,658	638,635	1,641,293
Supplies	927,578	81	927,659
Depreciation and amortization	915,644	1,459	917,103
Total operating expenses	4,294,227	640,175	4,934,402
Operating income	2,167,608	69,150	2,236,758
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	17,094	-	17,094
Interest expense, fiscal agent fees, and bond issuance costs	(506,813)	-	(506,813)
Total non-operating expenses	(489,719)	-	(489,719)
Income before contributions and transfers	1,677,889	69,150	1,747,039
Capital contributions - tap fees	696,434	-	696,434
Capital contributions - intergovernmental	338,374	-	338,374
Transfers in	22,000	-	22,000
Transfers out	(150,000)	(22,000)	(172,000)
	906,808	(22,000)	884,808
Change in net position	2,584,697	47,150	2,631,847
NET POSITION, beginning of year	26,089,568	220,340	26,309,908
NET POSITION, end of year	$ 28,674,265	$ 267,490	$ 28,941,755

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

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

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 6,398,880	$ 699,660	$ 7,098,540
Payments to vendors	(1,772,113)	(635,185)	(2,407,298)
Payments to or on behalf of employees	(1,362,037)	(19,538)	(1,381,575)
Net cash provided by operating activities	3,264,730	44,937	3,309,667
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	22,000	-	22,000
Transfers to other funds	(150,000)	(22,000)	(172,000)
Net cash used in non-capital financing activities	(128,000)	(22,000)	(150,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on notes and bonds payable	(1,053,244)	-	(1,053,244)
Proceeds from long-term borrowings	5,204,989	-	5,204,989
Deposits with escrow agent	(5,055,478)	-	(5,055,478)
Capital contributions from tap fees	696,434	-	696,434
Capital contributions from other governments	338,374	-	338,374
Interest paid	(536,462)	-	(536,462)
Purchases of capital assets	(1,862,841)	-	(1,862,841)
Net cash used in capital and related financing activities	(2,268,228)	-	(2,268,228)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	17,094	-	17,094
Net cash provided by investing activities	17,094	-	17,094
Net increase in cash and cash equivalents	885,596	22,937	908,533
Cash and cash equivalents, beginning of year	8,273,620	188,746	8,462,366
Cash and cash equivalents, end of year	$ 9,159,216	$ 211,683	$ 9,370,899
Reconciliation to the statement of net position			
Cash and cash equivalents	$ 8,882,110	$ 211,683	$ 9,093,793
Cash with fiscal agent	275,000	-	275,000
Restricted cash	2,106	-	2,106
Total	$ 9,159,216	$ 211,683	$ 9,370,899
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 2,167,608	$ 69,150	$ 2,236,758
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	915,644	1,459	917,103
Change in assets and liabilities:			
Increase in accounts and intergovernmental receivables	(84,465)	(9,665)	(94,130)
Increase in inventory	(3,476)	-	(3,476)
Increase in accounts payable	200,784	3,531	204,315
Increase (decrease) in accrued salaries	5,947	(1,660)	4,287
Decrease in retainage payable	(39,185)	-	(39,185)
Increase in compensated absences	7,775	-	7,775
Increase in customer deposits payable	21,510	-	21,510
Increase in OPEB related items	90,861	-	90,861
Increase (decrease) in pension related items	(18,273)	(17,878)	(36,151)
Net cash provided by operating activities	$ 3,264,730	$ 44,937	$ 3,309,667

The accompanying notes are an integral part of these financial statements.

CITY OF JEFFERSON, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
DECEMBER 31, 2019

	Agency Fund
ASSETS	
Cash	$ 16,639
Total assets	$ 16,639
LIABILITIES	
Due to other agencies	$ 16,639
Total liabilities	$ 16,639

The accompanying notes are an integral part of these financial statements.

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Jefferson (the "City") was incorporated in 1806 under a Mayor-Council form of government. The City provides such services as police protection, fire and rescue services, parks and recreation amenities, planning and zoning, municipal court services, public works, water and sewer services, sanitation services, and general and administrative services. The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the "primary government") and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit - Based upon criteria set forth by Governmental Accounting Standards Board (GASB) 61 "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and 34," the accompanying financial statements present the City and its component unit, entities for which the City is considered to be financially accountable. Blended component units, although also legally separate entities, are in substance, part of the City's operations, and data from these units are combined with the data of the City of Jefferson.

The Public Building Authority of the City of Jefferson was established as a legally separate entity on April 16, 1999. The five (5) members of the Public Building Authority are appointed by the Mayor and City Council and they may also be removed by the Mayor and City Council. Although it is legally separate from the City, the Public Building Authority is reported as if it were a part of the primary government because its purpose is to provide a means to issue revenue bonds for buildings owned by the City. The Authority has issued bonds for other third parties and some for the County which are all considered conduit debt. The Public Building Authority is reported as the Debt Service Fund for the City.

Discretely Presented Component Unit - The Downtown Development Authority of the City of Jefferson (the "DDA") was established in October 9, 2000. The seven (7) members of the Downtown Development Authority are appointed by the Mayor and City Council and they may also be removed by the Mayor and City Council. These individuals are business owners, property owners and citizens who have a vested interest in the development of Downtown Jefferson. The DDA is responsible for the economic development and business recruitment in Jefferson's downtown business district, which expands a half mile radius from the center of downtown. The Downtown Development Authority is reported in the City's financial statements as a discretely presented component unit. Financial information with regard to the Downtown Development Authority can be obtained directly from the City, City Hall, 147 Athens Street, Jefferson, Georgia 30549. Separate financial statements for the Downtown Development Authority are not prepared.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It is used to account for resources traditionally associated with the City, which are not required legally or by sound financial management to be accounted for in a different fund.

The ***Debt Service Fund*** accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest associated with general government functions.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The City aggregates other nonmajor governmental funds in a single column in the fund financial statements.

The City reports the following major enterprise funds:

The ***Water and Sewer Fund*** accounts for the operation of the water and sewerage system including all revenues from sources applicable to the system's operations and all expenses of the operation.

The ***Solid Waste Fund*** accounts for the activities associated with the collection of residential and commercial garbage. Activity is rendered on a user charge basis.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for specific revenues that are either legally restricted or committed to expenditures for particular purposes.

The ***Capital Projects Fund*** accounts for the acquisition and construction of capital assets, other than those accounted for in specific funds, which are not financed by the proprietary funds.

The ***Agency Fund*** is used to account for assets held by the City's Municipal Court until they can be disbursed to other parties.

C. 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. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. 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 in the year for which they are levied. Other taxes are recognized predominately when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current period; however, grant revenues are considered to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, hotel/motel occupancy taxes, business taxes, licenses, intergovernmental revenue, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year to the extent recognition criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

In accounting and reporting for its proprietary operations, the City applies all Governmental Accounting Standards Board (GASB) pronouncements. Proprietary 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 City’s enterprise funds are charges to customers for goods and services. Operating expenses of the enterprise funds include the cost of these goods 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.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds, except the capital projects funds, which adopt project-length budgets. All appropriations lapse at year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other State; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States Government or one of its agencies; (4) obligations of any corporation of the United States Government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Inventory

Inventories are valued at lower of cost or market using the first-in, first-out method. When applicable, the cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased.

Note 1. Summary of Significant Accounting Policies (Continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Restricted Assets

Proceeds of various issuances of bonds are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by applicable bond covenants. In addition, monies held in the Confiscated Assets Fund as federal confiscations are restricted until released to the appropriate authority.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 and an estimated useful life in excess of one year. Exceptions, include software which has a capitalization threshold of $20,000 and infrastructure which varies from $25,000-$100,000, depending on the nature of the infrastructure: roads, bridges/culverts and parking lots- $100,000; storm drains, sidewalks, bike paths/greenway trails- $50,000; traffic signals- $60,000; water/sewer lines- $25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of donations, the government values these capital assets at the estimated acquisition value of the item at the date of its donation. As allowed under GASB Statement No. 34, the City did not capitalize any infrastructure purchased or donated prior to the implementation of GASB Statement No. 34.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

Asset	Years
Buildings and building improvements	10-60
Machinery, equipment, and vehicles	5-20
Water and sewer treatment facilities	60
Infrastructure	15-50
Intangibles	10

Estimated useful lives are adjusted by category according to asset longevity to ensure classes of assets are not fully depreciated and still in use.

Note 1. Summary of Significant Accounting Policies (Continued)

K. 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/expenditure) until then. One of the items that qualifies for reporting in this category is the deferred loss on refunding reported in the government-wide and proprietary fund statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the financial statements 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 has several types of items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other sources as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Additionally, the governmental funds balance sheet and the government-wide statement of net position will report unearned property tax revenues as a deferred inflow of resources as the amount represents property taxes which have been received or are receivable as of the balance sheet date but which are meant to fund expenditures for the upcoming year and thus will be recognized as revenue in the period for which they were levied.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability and total other postemployment benefit (OPEB) liability. Certain changes in the net pension liability and total OPEB liability are recognized as pension and OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense and OPEB expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense and OPEB expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan and OPEB plan before year end but subsequent to the measurement date of the City's net pension liability and total OPEB liability are reported as deferred outflows of resources. These items are reported in the government-wide financial statements and also in the fund level financial statements for the City's proprietary funds.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The maximum vacation accrual is limited to 30 days. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-term Obligations

In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the Fund Equity section (Footnote 1.O). All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

For purposes of calculating net position net investment in capital assets, for the Governmental Activities, the amount of $15,407,504 as shown in the financial statements was determined by taking capital assets ($29,171,769) less total outstanding debt of $15,767,568 (which includes intergovernmental contracts, capital leases payable, notes payable, and bonds payable) plus deferred charges on refunding of $639,827 plus unspent bond proceeds of $1,363,476 reported as part of the restricted cash reported in the Capital Projects Fund.

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council (passage of a resolution). The same formal action is required to subsequently remove or modify a commitment of fund balance.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not nonspendable, restricted or committed. The City Council has expressly delegated to the City's City Manager and Finance Director the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. In addition, any deficits in the City's governmental funds are classified as unassigned.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Note 1. Summary of Significant Accounting Policies (Continued)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Jefferson Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Management Estimates

The preparation of 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 amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $15,508,728 difference are as follows:

Revenue bonds payable	$	(15,420,000)
Plus: Unamortized premium (to be amortized as interest expense)		(347,568)
Deferred loss on refunding		639,827
Accrued interest payable		(107,880)
Compensated absences		(273,107)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(15,508,728)

Note 2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (Continued)

Another element of that reconciliation states that "deferred outflows of resources, deferred inflows of resources, the net pension liability, and total OPEB liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds." The details of this $7,537,227 difference are as follows:

Net pension liability	$	(1,147,358)
Total OPEB liability		(6,107,557)
Deferred outflows of resources:		
Pension related items		153,404
OPEB related items		48,942
Deferred inflows of resources:		
OPEB related items		(484,658)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(7,537,227)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $200,178 difference are as follows:

Capital outlay	$	1,416,277
Depreciation expense		(1,616,455)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	(200,178)

Note 2. Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (Continued)

Another element of that reconciliation states that "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 governmental funds." The details of this $380,191 difference are as follows:

Compensated absences	$	45,276
Amortization of premium		(66,892)
Amortization of deferred loss on refunding		57,355
Accrued interest		(7,855)
Pension expense		(192,864)
OPEB expense		545,171
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	380,191

Note 3. Stewardship, Compliance, and Accountability

Budgetary Information

The appropriated budget is prepared by fund, department, and function. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, each year the budget is legally enacted by passage of an ordinance. The City's department heads may make transfers of appropriations within departmental accounts of a specific fund. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Note 4. Deposits

State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the state of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2019, the financial institution holding all of the City's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, required participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of December 31, 2019, all of the City's bank balances were insured and/or collateralized as defined by GASB standards.

Note 5. Receivables

The City receives property tax assessments from Jackson County, Georgia. Property taxes are levied on property values assessed as of January 1. Tax bills were levied on all real and personal property and mailed to taxpayers as of November 30, 2019. The due date for these taxes was December 20, 2019, and after that date, both penalty and interest are accrued until the taxes are collected. The taxes are subject to lien after April 21, 2020. Property taxes are recorded as receivables and unearned revenues when assessed. Taxes levied in one year are for the subsequent year. Accordingly, property taxes levied during 2019 are for the year 2020. The amount recorded as a receivable as well as amounts collected as of December 31, 2019 related to these taxes are recorded as deferred inflows of resources – deferred revenues property taxes in the fund financial statements and the government wide statement of net position.

Receivables as of year-end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Solid Waste	Nonmajor Governmental Funds
Receivables:				
Taxes	$ 695,599	$ -	$ -	$ 11,619
Accounts	1,496,119	1,014,403	151,497	-
Intergovernmental	249,863	18,215	-	230,012
Less allowance for uncollectibles	(67,533)	(190,355)	(45,267)	-
Net total receivables	$ 2,374,048	$ 842,263	$ 106,230	$ 241,631

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Note 6. Capital Assets

Primary Government: Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,819,976	$ 119,250	$ (10,650)	$ -	$ 1,928,576
Construction in progress	220,494	39,927	-	-	260,421
Total assets, not being depreciated	2,040,470	159,177	(10,650)	-	2,188,997
Capital assets, being depreciated:					
Buildings	19,660,138	55,774	-	-	19,715,912
Improvements	408,068	-	-	-	408,068
Machinery and equipment	5,068,220	432,574	(123,425)	-	5,377,369
Infrastructure	14,556,229	768,752	-	-	15,324,981
Intangible	101,409	-	-	-	101,409
Total assets, being depreciated	39,794,064	1,257,100	(123,425)	-	40,927,739
Less accumulated depreciation for:					
Buildings	(5,706,042)	(669,974)	-	-	(6,376,016)
Improvements	(245,081)	(16,055)	-	-	(261,136)
Machinery and equipment	(3,301,676)	(363,927)	123,425	-	(3,542,178)
Infrastructure	(3,188,997)	(556,358)	-	-	(3,745,355)
Intangible	(10,141)	(10,141)	-	-	(20,282)
Total accumulated depreciation	(12,451,937)	(1,616,455)	123,425	-	(13,944,967)
Total assets, being depreciated, net	27,342,127	(359,355)	-	-	26,982,772
Governmental activities capital assets, net	$ 29,382,597	$ (200,178)	$ (10,650)	$ -	$ 29,171,769
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 8,745,017	$ 19,310	$ -	$ -	$ 8,764,327
Construction in progress	3,281,532	1,687,760	-	(709,162)	4,260,130
Intangible	1,450,059	-	-	-	1,450,059
Total assets, not being depreciated	13,476,608	1,707,070	-	(709,162)	14,474,516
Capital assets, being depreciated:					
Water distribution	15,116,405	-	-	63,423	15,179,828
Sewer distribution	17,701,963	-	-	645,739	18,347,702
Improvements	37,020	-	-	-	37,020
Machinery and equipment	849,749	155,771	-	-	1,005,520
Total assets, being depreciated	33,705,137	155,771	-	709,162	34,570,070
Less accumulated depreciation for:					
Water distribution	(5,989,653)	(372,766)	-	-	(6,362,419)
Sewer distribution	(7,335,484)	(507,396)	-	-	(7,842,880)
Improvements	(18,432)	(3,666)	-	-	(22,098)
Machinery and equipment	(611,053)	(79,649)	-	-	(690,702)
Total accumulated depreciation	(13,954,622)	(963,477)	-	-	(14,918,099)
Total assets, being depreciated, net	19,750,515	(807,706)	-	709,162	19,651,971
Business-type activities capital assets, net	$ 33,227,123	$ 899,364	$ -	$ -	$ 34,126,487

Note 6. Capital Assets (Continued)

Discretely Presented Component Unit - DDA: Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Downtown Development Authority:				
Capital assest, not being depreciated:				
Land	$ 92,965	$ -	$ -	$ 92,965
Total assets, not being depreciated	92,965	-	-	92,965
Capital assets, being depreciated:				
Buildings	253,532	-	-	253,532
Machinery and equipment	4,025	-	-	4,025
Total assets, being depreciated	257,557	-	-	257,557
Less accummulated depreication for:				
Buildings	(42,255)	(8,451)	-	(50,706)
Machinery and equipment	-	(805)	-	(805)
Total accummulated depreication	(42,255)	(9,256)	-	(51,511)
Total assets, being depreciatted, net	215,302	(9,256)	-	206,046
Governmental activities capital assets, net	$ 308,267	$ (9,256)	$ -	$ 299,011

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 139,191
Public safety	411,759
Public works	615,854
Recreation	430,615
Economic and community development	19,036
Total depreciation expense - governmental activities	$ 1,616,455
Business-type activities:	
Water and sewer	$ 962,018
Solid waste	1,459
Total depreciation expense - business-type activities	$ 963,477

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at December 31, 2019, the City has contractual commitments on uncompleted construction contracts of approximately $69,209 and $7,549 for various projects including MLK Avenue and Galilee Church projects, respectively.

Note 7. Inter-fund Receivables, Payables, and Transfers

The composition of inter-fund balances as of December 31, 2019, is as follows:

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
City of Jefferson	Downtown Development Authority	$ 386
Total		$ 386

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system, inter-fund goods and services are provided or reimbursable expenditures occur, and payments between funds are made.

Inter-fund transfers for the year ended December 31, 2019:

	Transfers Out				
Transfers in	General Fund	Water & Sewer Fund	Solid Waste Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 150,000	$ -	$ 15,067	$ 165,067
Debt Service Fund	1,357,874	-	-	340,000	1,697,874
Water & Sewer Fund	-	-	22,000	-	22,000
Nonmajor Governmental Funds	855,720	-	-	-	855,720
Total	$ 2,213,594	$ 150,000	$ 22,000	$ 355,067	$ 2,740,661

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Note 8. Long-term Debt and Obligations

Primary Government: Long-term liability and obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	$ 16,670,000	$ -	$ (1,250,000)	$ 15,420,000	$ 1,285,000
Plus issuance premium	414,460	-	(66,892)	347,568	-
Net bonds payable	17,084,460	-	(1,316,892)	15,767,568	1,285,000
Total OPEB liability	6,043,043	650,474	(585,960)	6,107,557	-
Net pension liability	1,252,555	505,560	(610,757)	1,147,358	-
Compensated absences	227,831	175,802	(130,526)	273,107	193,921
Governmental activities					
Long-term liabilities	$ 24,607,889	$ 1,331,836	$ (2,644,135)	$ 23,295,590	$ 1,478,921

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 13,310,000	$ 4,565,000	$ (6,030,000)	$ 11,845,000	$ 960,000
Plus premium	454,358	604,352	(53,632)	1,005,078	-
Net bonds payable	13,764,358	5,169,352	(6,083,632)	12,850,078	960,000
Notes payable	341,320	35,637	(43,244)	333,713	37,219
Total OPEB liability	1,007,174	108,412	(97,660)	1,017,926	-
Net pension liability	343,814	147,311	(156,807)	334,318	-
Compensated absences	85,198	59,746	(51,971)	92,973	57,400
Business-type activity					
Long-term liabilities	$ 15,541,864	$ 5,520,458	$ (6,433,314)	$ 14,629,008	$ 1,054,619

For governmental activities, compensated absences, net pension liability and the total OPEB liability are predominately liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund and the Solid Waste Fund, net pension liability is liquidated by the Water and Sewer Fund and the Solid Waste Fund and total OPEB liability is liquidated by the Water and Sewer Fund.

Note 8. Long-term Debt and Obligations (Continued)

Primary Government (continued):

Revenue Bonds

On October 2, 2014, the City of Jefferson Public Building Authority issued Series 2014 refunding revenue bonds in the amount of $9,540,000 to refund a portion of the City of Jefferson Public Building Authority 2007A bonds and the 2007B intergovernmental contract with Jackson County.

The net proceeds of the refunding revenue bond issuance were irrevocably deposited in escrow with Regions Bank and U.S. Bank, as escrow agents. The escrow obligations will bear interest and will be scheduled to mature at times sufficient to pay the principal and interest on the refunding 2007A bonds and 2007B intergovernmental contract with Jackson County until April 2017 and March 2017, respectively, the earliest date of redemption.

The refunding bonds, maturing in April 2030, have interest rates that range from 2.0% to 4.0%. The amount of refunding revenue bonds outstanding at December 31, 2019 is $8,835,000.

Direct Placement Revenue Bonds

On December 21, 2017, the City of Jefferson Public Building Authority issued direct placement Series 2017 refunding revenue bonds in the amount of $5,595,000 to refund a portion of the City of Jefferson Public Building Authority 2013A bonds.

The net proceeds of the refunding revenue bond issuance were irrevocably deposited in escrow with Regions Bank and U.S. Bank, as escrow agents. The escrow obligations will bear interest and will be scheduled to mature at times sufficient to pay the principal and interest on the refunding 2013A & 2013B until April 2033, the earliest date of redemption.

The refunding bonds, maturing in April 2032, have interest rate of 2.20%. The amount of refunding revenue bonds outstanding at December 31, 2019 is $5,230,000.

On January 5, 2018, the City of Jefferson Public Building Authority issued direct placement Series 2018 refunding revenue bonds in the amount of $2,245,000 to refund a portion of the City of Jefferson Public Building Authority 2007A bonds.

The net proceeds of the refunding revenue bond issuance were irrevocably deposited in escrow with Regions Bank and U.S. Bank, as escrow agents. The escrow obligations will bear interest and will be scheduled to mature at times sufficient to pay the principal and interest on the refunding 2007A & 2007B until April 2030, the earliest date of redemption.

The refunding bonds, maturing in April 2030, have interest rate of 2.20%. The amount of refunding revenue bonds outstanding at December 31, 2019 is $1,355,000.

Note 8. Long-term Debt and Obligations (Continued)

Primary Government (continued):

Business-type Activities

On June 11, 2015, the City issued City of Jefferson Public Building Authority Revenue Bonds (City of Jefferson Public Facilities Project) Series 2015 Bonds in the amount of $8,570,000 for the purpose of acquiring, constructing, installing and equipping certain improvements to its sewer system and acquiring certain real property for the purpose of construction a reservoir. These bonds carry interest rates ranging from 2.00% to 4.25% which are payable on April 1 and October 1 of each year and matures on April 1, 2026. The outstanding balance of these revenue bonds at December 31, 2019 is $7,280,000.

On September 19, 2019, the City of Jefferson Public Building Authority issued Series 2019 refunding revenue bonds in the amount of $4,565,000 to refund the City of Jefferson Public Building Authority (Water and Sewer Facilities Project) Series 2009 and City of Jefferson Public Building Authority (Water and Sewer Facilities Project) Series 2012 bonds. The outstanding balance of these revenue bonds at December 31, 2019 is $4,565,000

The net proceeds of the refunding revenue bond issuance were irrevocably deposited in escrow with the escrow agent. The escrow obligations will bear interest and will be scheduled to mature at times sufficient to pay the principal and interest on the refunding 2009 and 2012 bonds until January 2032, the earliest date of redemption. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of $7,965. This difference is reported in the accompanying financial statements as a deferred inflow of resources, and is being charged through operations through year 2029 using the straight line method. The City advance refunded the series 2009 bonds and 2012 bonds to reduce its total debt service payments over the next 13 years by $156,905 and the obtain an economic gain of approximately $130,377.

Annual debt service requirements to maturity for direct placement revenue bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	$ 440,000	$ 140,030	$ 580,030
2021	440,000	130,350	570,350
2022	450,000	120,560	570,560
2023	460,000	110,550	570,550
2024	475,000	100,265	575,265
2025-2029	2,515,000	338,745	2,853,745
2030-2032	1,805,000	66,605	1,871,605
Total	$ 6,585,000	$ 1,007,105	$ 7,592,105

Note 8. Long-term Debt and Obligations (Continued)

Primary Government (continued):

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	$ 845,000	$ 273,975	$ 1,118,975	$ 960,000	$ 402,759	$ 1,362,759
2021	870,000	248,250	1,118,250	855,000	426,055	1,281,055
2022	895,000	225,250	1,120,250	885,000	396,730	1,281,730
2023	915,000	201,575	1,116,575	845,000	364,615	1,209,615
2024	945,000	173,675	1,118,675	855,000	331,525	1,186,525
2025-2029	3,895,000	395,475	4,290,475	4,195,000	1,110,125	5,305,125
2030-2034	470,000	9,400	479,400	2,655,000	392,900	3,047,900
2035	-	-	-	595,000	11,900	606,900
Total	$ 8,835,000	$ 1,527,600	$ 10,362,600	$ 11,845,000	$ 3,436,609	$ 15,281,609

Notes Payable from Direct Borrowings

On June 2, 2015, the Georgia Environmental Finance Authority (GEFA) awarded the City of Jefferson a $381,000 loan. The proceeds of the loan will be used to provide numerous improvements to the City's I-85 wastewater treatment plant. During fiscal year 2019, the project was complete and the loan finalized. The outstanding balance at December 31, 2019 was $333,713. The note carries an interest rate of 0.76% with monthly debt service payments.

The City's debt service requirements to maturity on the GEFA notes payable from direct borrowings is as follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 37,219	$ 1,209	$ 38,428
2021	74,864	1,993	76,857
2022	75,435	1,422	76,857
2023	76,010	847	76,857
2024	70,185	267	70,452
Total	$ 333,713	$ 5,738	$ 339,451

Note 8. Long-term Debt and Obligations (Continued)

Primary Government (continued):

Conduit Debt

On November 30, 2011, the City of Jefferson Public Building Authority (the "Authority") issued $9,190,000 in Series 2011 Bonds on behalf of Jackson County (the "County") to provide funds to partially refund Series 2003 Certificates of Participation (COPS) issued to finance the construction of a new courthouse facility. The Series 2011 Bonds are special limited obligations of the Authority payable only from receipts from its agreement with the County and thus the City is not obligated directly for the repayment of the bonds. Accordingly, the bonds are considered conduit debt and are not reported as liabilities in the accompanying financial statements. Total amount of these bonds outstanding as of December 31, 2019 is $5,280,000.

On July 10, 2013, the City of Jefferson Public Building Authority (the "Authority") issued $13,660,000 in Series 2013 Revenue Refunding Bonds and $905,000 in Series 2012B Taxable Revenue Refunding Bonds on behalf of Jackson County (the "County") to provide funds to partially refund Series 2004 IDA bonds issued to finance the construction of economic development projects including roads. The Series 2013 Bonds are special limited obligations of the Authority payable only from receipts from its agreement with the County and thus the City is not obligated directly for the repayment of the bonds. Accordingly, the bonds are considered conduit debt and are not reported as liabilities in the accompanying financial statements. Total amount of these bonds outstanding as of December 31, 2019 is $11,720,000.

On October 2, 2014, the City of Jefferson Public Building Authority (the "Authority") issued $10,155,000 of Series 2014A Revenue Refunding Bonds on behalf of Jackson County (the "County") to provide funds to partially refund Series 2007A Revenue Refunding Bonds issued to fund the County's capital projects including the jail project, public safety training facility, and historic courthouse renovation. The Series 2014 Bonds are special limited obligations of the Authority payable only from receipts from its agreement with the County and thus the City is not obligated directly for the repayment of the bonds. Accordingly, the bonds are considered conduit debt and are not reported as liabilities in the accompanying financial statements. Total amount of these bonds outstanding as of December 31, 2019 is $10,130,000.

On August 19, 2015, the County entered into a contract with the City of Jefferson Public Building Authority to fund repayment of an issue of $7,665,000 of Series 2007A Revenue Refunding Bonds which mature from March 1, 2019 to March 1, 2032, and bear interest at rates from 2.900% to 5.001%. These bonds were issued to fund the County's capital projects including the jail project, public safety training facility, and historic courthouse renovation. The Series 2015 Bonds are special limited obligations of the Authority payable only from receipts from its agreement with the County and thus the City is not obligated directly for the repayment of the bonds. Accordingly, the bonds are considered conduit debt and are not reported as liabilities in the accompanying financial statements. Total amount of these bonds outstanding as of December 31, 2019 is $5,420,000.

Note 8. Long-term Debt and Obligations (Continued)

Discretely Presented Component Unit - DDA:

Long-term liability and obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Discretely presented component unit:					
Financed purchase	$ 253,848	$ -	$ (20,866)	$ 232,982	$ 21,732
Total discretely presented component unit Long-term liabilities	$ 253,848	$ -	$ (20,866)	$ 232,982	$ 21,732

Financed Purchase

The DDA has entered into a financing agreement for financing the acquisition of 15 Lee Street building and land, which is used in governmental activities. The financing agreement qualifies as a financed purchase for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum payments as of the date of its inception. The 15 Lee Street Project lease has an original principal amount of $345,960, matures December 20, 2023, bears an interest rate of 4.2% and requires monthly payments of principal and interest in the amount of $2,594 and a final payment of principal and interest in the amount of $142,759.

At December 31, 2019, the outstanding balance on this financed purchase is $232,982 and the cost and accumulated depreciation of the assets acquired under capital lease are $345,984 and $50,706, respectively. Annual depreciation of these assets is included in depreciation expense.

The debt service requirements to maturity on the DDA's financed purchase are as follows:

Year Ending December 31,	Discretely Presented Component Unit		
	Principal	Interest	Total
2020	$ 21,732	$ 9,396	$ 31,128
2021	22,690	8,438	31,128
2022	23,661	7,467	31,128
2023	164,899	6,465	171,364
Total	$ 232,982	$ 31,766	$ 264,748

Note 9. Pension Plan

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Jefferson Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. Plan benefit provisions are established and may be amended by the City Council. Employees are eligible to participate in the Plan immediately. Covered employees are not required to contribute to the Plan. Employees become vested after 5 years of service. The benefits of the Plan are paid in the form of a monthly life annuity based on the employees' final average earnings. Benefits are calculated at 1.25% to 2.0% of the average monthly earnings for the period of the five highest years prior to retirement. Normal retirement age is 65 if participant has 30 or more years of service, and 70 with less than 30 years of service.

Plan Membership. At July 1, 2019, the date of the most recent actuarial valuation, there were 135 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	27
Terminated vested participants not yet receiving benefits	33
Active employees - vested	59
Active employees - nonvested	24
Total	143

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution described below. For 2019, the actuarially determined contribution rate was 10.18% of covered payroll. The City makes all contributions to the Plan. For 2019, the City's contribution to the Plan was $617,549 which was made prior to the measurement date of the plan.

Note 9. Pension Plan (Continued)

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2019.

Actuarial assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 8.25% (including inflation of 2.75%)
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates for the July 1, 2018 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

Cost of living adjustments were assumed to be 0.00%.

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

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.40
Real estate	10%	5.10
Global fixed income	5%	3.03
Domestice fixed income	20%	1.75
Cash	—%	
Total	100%	

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

Note 9. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	$ 5,870,261	$ 4,273,892	$ 1,596,369
Changes for the year:			
Service cost	162,345	-	162,345
Interest	445,635	-	445,635
Differences between expected and actual experience	27,877	-	27,877
Contributions—employer	-	617,549	(617,549)
Net investment income	-	150,015	(150,015)
Benefit payments, including refunds of employee contributions	(181,618)	(181,618)	-
Administrative expense	-	(17,014)	17,014
Net changes	454,239	568,932	(114,693)
Balances at December 31, 2019	$ 6,324,500	$ 4,842,824	$ 1,481,676

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 pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	$ 2,328,792	$ 1,481,676	$ 778,911

Note 9. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2019 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2019, the City recognized pension expense of $388,534. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 109,564	$ -
Changes in assumptions	42,558	-
Net difference between projected and actual earnings on pension plan investments	45,983	-
Total	$ 198,105	$ -

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Net Amount
2020	$ 112,465
2021	34,231
2022	14,162
2023	37,247
Total	$ 198,105

Note 10. Other Postemployment Benefits

Plan Description and Benefits

The City of Jefferson Postretirement Health Plan (the "OPEB Plan") is a single-employer defined benefit postretirement health care and dental plan, or other postemployment benefit (OPEB) Plan. The City has not elected to advance fund the Plan, but rather maintains the Plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. As a result, the OPEB plan does not issue a stand-alone financial report.

Eligible retirees and former employees are offered the same health, prescription drug, and dental coverage as active employees. The City pays 100% of the retiree premium for the PPO or POS health insurance plan and 100% of the premium for the dental plan. Retirees cannot add spouses or dependents to the City's insurance plan. There is a maximum out-of-pocket cost to the employee of $1,000 per year for the PPO plan and $1,000 for the POS plan. There is an unlimited lifetime maximum for the PPO plan and POS plan.

Eligibility

Employees are eligible for Other Postemployment Benefits provided that the employee retires from active employment and satisfies one of the following:

1. Attainment of age 62 and the completion of 15 years of service; or
2. Completion of 30 years of continuous service

Plan Membership

At January 1, 2018, the date of the most recent actuarial valuation, there were 90 participants consisting of the following:

Retirees	7
Active employees not yet eligible to retire	83
Total	90

Note 10. Other Postemployment Benefits (Continued)

City Contributions

The City has elected to fund the plan on a pay-as-you go basis. For the year ended December 31, 2019, the City contributed $57,099 for the pay as you go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $7,125,483 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Salary increases	3.00%
Discount rate	3.64%
Health care cost trends	6.00% - 5.00%, Ultimate Trend in 2028

Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Postretirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

The discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Note 10. Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended December 31, 2019 were as follows:

	Total OPEB Liability
Balance at December 31, 2018	$ 7,050,217
Service Cost	536,956
Interest	221,930
Change of assumptions	(628,966)
Benefit payments	(54,654)
Balance at December 31, 2019	$ 7,125,483

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity for the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64) than the current discount rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability	$ 8,521,986	$ 7,125,483	$ 6,020,230

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0% trended down to 4.0%) or 1-percentage-point higher (7.0% trended down to 6.0%) than the current healthcare cost trend rates:

	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase Health Care Cost Trend Rates
Total OPEB liability	$ 5,822,673	$ 7,125,483	$ 8,840,115

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 revisions 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 December 31, 2019 and the current sharing pattern of costs between employer and inactive employees.

Note 10. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of $697,577. At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	$ 57,099	$ -
Changes in plan assumptions	-	565,434
Total	$ 57,099	$ 565,434

City contributions made subsequent to the measurement date of $57,099 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2020	$ (63,532)
2021	(63,532)
2022	(63,532)
2023	(63,532)
2024	(63,532)
Thereafter	(247,774)
	$ (565,434)

Note 11. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the twelve county northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the current year ended December 31, 2019, the City paid $10,259 in such dues. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of a RC. 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 the Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

Note 12. Related Organizations

The Jefferson Housing Authority (the "Authority") is an independent non-profit corporation. The City's Council is responsible for appointing the board members of the Jefferson Housing Authority. However, the City has no further accountability for the Authority. The Authority issues its own financial statements and the separate statements may be obtained from the Jefferson Housing Authority, 29 Jefferson Terrace, Jefferson, Georgia 30549.

Note 13. Risk Management

The City is exposed to various risks of losses related to: torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

A part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three (3) years have not exceeded insurance coverage.

Note 14. Contingent Liabilities

Litigation

The City is involved in pending lawsuits in the normal course of the City's business. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Note 15. Hotel/Motel Occupancy Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 5%. Revenues were $25,142 for the year ended December 31, 2019. Of this amount 60%, or $15,067, was transferred to the General Fund in accordance with O.C.G.A. 48-13-51. The remaining 40%, or $10,075 was, or will be, used to promote tourism.

Note 16. Tax Abatements

For the year ended December 31, 2019, City property tax revenues were reduced by $37,737 under agreements entered into by the City of Jefferson Development Authority. Under the agreements, taxes on both real property and personal property are reduced based on investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JEFFERSON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PENSION PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 162,345	$ 125,794	$ 113,574	$ 108,171	$ 121,093
Interest on total pension liability	445,635	337,907	314,714	291,318	280,638
Differences between expected and actual experience	27,877	113,485	55,509	90,191	(6,345)
Changes of assumptions	-	85,114	-	-	(79,297)
Changes of benefit terms	-	939,301	-	-	-
Benefit payments, including refunds of employee contributions	(181,618)	(182,854)	(186,223)	(189,354)	(167,210)
Net change in total pension liability	454,239	1,418,747	297,574	300,326	148,879
Total pension liability - beginning	5,870,261	4,451,514	4,153,940	3,853,614	3,704,735
Total pension liability - ending (a)	$ 6,324,500	$ 5,870,261	$ 4,451,514	$ 4,153,940	$ 3,853,614
Plan fiduciary net position					
Contributions - employer	$ 617,549	$ 423,870	$ 376,367	$ 184,718	$ 182,991
Net investment income	150,015	438,875	390,875	4,990	278,899
Benefit payments, including refunds of member contributions	(181,618)	(182,854)	(186,223)	(189,354)	(167,210)
Administrative expenses	(17,014)	(18,809)	(16,530)	(14,165)	(11,119)
Net change in plan fiduciary net position	568,932	661,082	564,489	(13,811)	283,561
Plan fiduciary net position - beginning	4,273,892	3,612,810	3,048,321	3,062,132	2,778,571
Plan fiduciary net position - ending (b)	$ 4,842,824	$ 4,273,892	$ 3,612,810	$ 3,048,321	$ 3,062,132
City's net pension liability - ending (a) - (b)	$ 1,481,676	$ 1,596,369	$ 838,704	$ 1,105,619	$ 791,482
Plan fiduciary net position as a percentage of the total pension liability	76.57%	72.81%	81.16%	73.38%	79.46%
Covered payroll	$ 3,587,840	$ 3,139,656	$ 2,480,797	$ 2,573,713	$ 2,641,226
City's net pension liability as a percentage of covered payroll	41.30%	50.85%	33.81%	42.96%	29.97%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF JEFFERSON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PENSION PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 324,141	$ 188,640	$ 197,159	$ 179,208	$ 184,718
Contributions in relation to the actuarially determined contribution	617,549	305,879	315,150	376,367	184,718
Contribution deficiency (excess)	$ (293,408)	$ (117,239)	$ (117,991)	$ (197,159)	$ -
Covered payroll	$ 3,139,656	$ 2,480,797	$ 2,573,713	$ 2,641,226	$ 2,573,713
Contributions as a percentage of covered payroll	19.67%	12.33%	12.24%	14.25%	7.18%

Notes to the Schedule:
(1) The schedule will present 10 years of information once it is accumulated.

CITY OF JEFFERSON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OPEB HEALTHCARE BENEFIT PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2019	2018
Total OPEB liability		
Service cost	$ 536,956	$ 521,317
Interest on total OPEB liability	221,930	200,838
Assumption changes	(628,966)	-
Benefit payments	(54,654)	(54,742)
Net change in total OPEB liability	75,266	667,413
Total OPEB liability - beginning	7,050,217	6,382,804
Total OPEB liability - ending	$ 7,125,483	$ 7,050,217
Covered-employee payroll	$ 3,506,050	$ 3,984,678
Total OPEB liability as a percentage of covered-employee payroll	203.2%	176.9%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt services or capital projects.

Hotel/Motel Fund - This fund is used to account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon State statute. Funds are restricted by State laws.

Confiscated Assets Fund - This fund accounts for the use of confiscated drug money by the City's Police Department. These monies must be used for police related expenditures and are restricted by Federal law.

Multi-Grant Fund - This fund is used to account for the funds received from external sources as they relate to grants awarded to the City. Matching funds, which are the City's responsibility, are also recorded within this fund. These funds are restricted by Federal and State law.

Capital Projects Fund

Capital Projects Funds are used to account for the acquisition and construction of major items, such as buildings, infrastructure, parks, streets, and other major capital facilities.

Capital Projects Fund - This fund accounts for the acquisition and construction of capital expenditures, other than those accounted for in specific funds, which are not financed by proprietary funds.

SPLOST Fund - This fund accounts for the acquisition and construction of capital expenditures provided by a one-cent special local option sales tax approved by voters.

CITY OF JEFFERSON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue Funds			Capital Projects Funds		
ASSETS	**Hotel/ Motel**	**Confiscated Assets**	**Multi-Grant Fund**	**SPLOST**	**Capital Projects**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 48,005	$ 109,848	$ 34,109	$ 1,421,122	$ 100,002	$ 1,713,086
Taxes receivable, net	11,619	-	-	-	-	11,619
Intergovernmental receivable	-	-	-	230,012	-	230,012
Restricted cash and cash equivalents	-	36,119	-	-	1,363,478	1,399,597
Total assets	$ 59,624	$ 145,967	$ 34,109	$ 1,651,134	$ 1,463,480	$ 3,354,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 47,357	$ 36,316	$ -	$ -	$ -	$ 83,673
Total liabilities	47,357	36,316	-	-	-	83,673
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - hotel/motel taxes	8,338	-	-	-	-	8,338
Total deferred inflows of resources	8,338	-	-	-	-	8,338
FUND BALANCES						
Restricted for:						
Capital projects	-	-	34,109	1,651,134	1,463,480	3,148,723
Tourism	3,929	-	-	-	-	3,929
Public safety	-	109,651	-	-	-	109,651
Total fund balances	3,929	109,651	34,109	1,651,134	1,463,480	3,262,303
Total liabilities, deferred inflows of resources, and fund balances	$ 59,624	$ 145,967	$ 34,109	$ 1,651,134	$ 1,463,480	$ 3,354,314

CITY OF JEFFERSON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds			Capital Projects Fund		
	Hotel/ Motel	Confiscated Assets	Multi-Grant Fund	SPLOST	Capital Projects	Total Nonmajor Governmental Funds
Revenues:						
Hotel/Motel occupancy taxes	$ 25,142	$ -	$ -	$ -	$ -	$ 25,142
Fines and forfeitures	-	69,561	-	-	-	69,561
Intergovernmental	-	-	203,236	1,260,572	-	1,463,808
Investment earnings	-	-	-	-	23,184	23,184
Contributions and donations	-	-	-	-	11,763	11,763
Total revenues	25,142	69,561	203,236	1,260,572	34,947	1,593,458
Expenditures:						
Current:						
Public safety	-	18,028	-	-	110,090	128,118
Public works	-	-	217,787	-	401,860	619,647
Culture and recreation	-	-	-	-	370,254	370,254
Economic and community development	47,358	-	-	-	15,072	62,430
Capital outlay	-	-	-	612,526	-	612,526
Total expenditures	47,358	18,028	217,787	612,526	897,276	1,792,975
Excess (deficiency) of revenues over (under) expenditures	(22,216)	51,533	(14,551)	648,046	(862,329)	(199,517)
Other financing sources (uses):						
Transfers in	-	-	-	-	855,720	855,720
Transfers out	(15,067)	-	-	(340,000)	-	(355,067)
Total other financing sources (uses)	(15,067)	-	-	(340,000)	855,720	500,653
Net change in fund balances	(37,283)	51,533	(14,551)	308,046	(6,609)	301,136
Fund balances, beginning of year	41,212	58,118	48,660	1,343,088	1,470,089	2,961,167
Fund balances, end of year	$ 3,929	$ 109,651	$ 34,109	$ 1,651,134	$ 1,463,480	$ 3,262,303

CITY OF JEFFERSON, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel occupancy taxes	$ 37,000	$ 37,000	$ 25,142	$ (11,858)
Total revenues	37,000	37,000	25,142	(11,858)
Expenditures:				
Current:				
Economic and community development	14,800	47,400	47,358	42
Total expenditures	14,800	47,400	47,358	42
Excess (deficiency) of revenues over expenditures	22,200	(10,400)	(22,216)	(11,816)
Other financing uses:				
Transfers out	(22,200)	(22,200)	(15,067)	7,133
Total other financing uses	(22,200)	(22,200)	(15,067)	7,133
Net changes in fund balances	-	(32,600)	(37,283)	(4,683)
Fund balances, beginning of year	41,212	41,212	41,212	-
Fund balances, end of year	$ 41,212	$ 8,612	$ 3,929	$ (4,683)

CITY OF JEFFERSON, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ -	$ 69,561	$ 69,561
Total revenues	-	-	69,561	69,561
Expenditures:				
Current:				
Public safety	30,000	30,000	18,028	11,972
Total expenditures	30,000	30,000	18,028	11,972
Net changes in fund balances	(30,000)	(30,000)	51,533	81,533
Fund balances, beginning of year	58,118	58,118	58,118	-
Fund balances, end of year	$ 28,118	$ 28,118	$ 109,651	$ 81,533

CITY OF JEFFERSON, GEORGIA
MULTI-GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 703,236	$ 703,236	$ 203,236	$ (500,000)
Total revenues	703,236	703,236	203,236	(500,000)
Expenditures:				
Current:				
Public works	717,787	717,787	217,787	500,000
Total expenditures	717,787	717,787	217,787	500,000
Excess (deficiency) of revenues over (under) expenditures	(14,551)	(14,551)	(14,551)	-
Other financing sources:				
Transfers in	14,551	14,551	-	(14,551)
Total other financing sources	14,551	14,551	-	(14,551)
Net changes in fund balances	-	-	(14,551)	(14,551)
Fund balances, beginning of year	48,660	48,660	48,660	-
Fund balances, end of year	$ 48,660	$ 48,660	$ 34,109	$ (14,551)

CITY OF JEFFERSON, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	$ -	$ -	$ 7,654	$ 7,654
Total revenues	-	-	7,654	7,654
Expenditures:				
Debt service:				
Principal	1,250,000	1,250,000	1,250,000	-
Interest	447,230	448,843	448,843	-
Bond issuance costs	8,500	6,887	-	6,887
Total expenditures	1,705,730	1,705,730	1,698,843	6,887
Deficiency of revenues over expenditures	(1,705,730)	(1,705,730)	(1,691,189)	14,541
Other financing sources:				
Transfers in	1,705,730	1,705,730	1,697,874	(7,856)
Total other financing sources	1,705,730	1,705,730	1,697,874	(7,856)
Net change in fund balances	-	-	6,685	6,685
Fund balances, beginning of year	452,645	452,645	452,645	-
Fund balances, end of year	$ 452,645	$ 452,645	$ 459,330	$ 6,685

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2019

SPLOST V:	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Current Year Expenditures	Total Cumulative Expenditures
Roads, streets, bridges, and storm water management facilities	$ 1,179,588	$ 1,405,479	$ 1,269,096	$ 136,385	$ 1,405,481
Cultural, historical and recreation facilities	1,626,853	1,938,395	1,938,513	-	1,938,513
Public safety facilities	81,651	96,930	37,036	36,108	73,144
Water and sewer facilities	1,179,588	1,405,481	1,405,481	-	1,405,481
SPLOST V Total	$ 4,067,680	$ 4,846,285	$ 4,650,126	$ 172,493	$ 4,822,619
SPLOST VI:					
Roads, streets, bridges, and storm water management facilities	$ 1,359,750	$ 1,359,750	$ 300,000	$ 224,399	$ 524,399
Cultural, historical and recreation facilities	1,665,000	1,665,000	179,522	340,000	519,522
Public safety facilities	865,800	865,800	-	-	-
Water and sewer facilities	1,359,750	1,359,750	67,325	215,634	282,959
SPLOST VI Total	$ 5,250,300	$ 5,250,300	$ 546,847	$ 780,033	$ 1,326,880

Reconciliation of the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds:

Capital Outlay	$ 612,526
Transfer Out (see note 1 below)	340,000
Total	$ 952,526

Note 1: The transfer out from the SPLOST Fund to the Debt Service Fund was made to pay part of the debt service payments on the Park and Recreation Facilities Bonds (which were refunded by the 2007 A&B Refunding Revenue Bonds).

AGENCY FUND

Agency funds are used to account for assets held by the City as an agent for individuals or other agencies.

Municipal Court Fund – To account for the collection and disbursement of funds by the Municipal Court.

CITY OF JEFFERSON, GEORGIA

MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	December 31, 2018	Additions	Deductions	December 31, 2019
ASSETS				
Cash	$ 13,800	$ 225,771	$ 222,932	$ 16,639
Total assets	$ 13,800	$ 225,771	$ 222,932	$ 16,639
LIABILITIES				
Due to other agencies	$ 13,800	$ 225,771	$ 222,932	$ 16,639
Total liabilities	$ 13,800	$ 225,771	$ 222,932	$ 16,639

Downtown Development Authority – Discretely Presented Component Unit – Cash Flow Statement

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CITY OF JEFFERSON, GEORGIA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 55,007
Payments to vendors	(19,199)
Net cash provided by operating activities	35,808
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on financed purchase	(20,866)
Interest paid	(10,066)
Purchase of capital assets	-
Net cash used in capital and related financing activities	(30,932)
Net increase in cash and cash equivalents	4,876
Cash and cash equivalents, beginning of year	194,726
Cash and cash equivalents, end of year	$ 199,602
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 26,315
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,256
Change in assets and liabilities:	
Decrease in accounts receivable	4,099
Decrease in accounts payable	(3,989)
Decrease in accrued liabilities	(223)
Increase in amounts due to primary government	350
Net cash provided by operating activities	$ 35,808

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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 Jefferson, Georgia
Jefferson, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Jefferson, Georgia** (the "City") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 7, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2019-001 and 2019-002 that we consider to be a material weaknesses.

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*.

City of Jefferson, Georgia's Responses to the Findings

The City of Jefferson, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Jefferson, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 7, 2020

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	**X** yes ____ no
Significant deficiencies identified?	____ yes **X** none reported
Noncompliance material to financial statements noted?	____ yes **X** no

Federal Awards

An audit of federal awards was not performed for the City's year ended December 31, 2019 as the expenditures of federal awards did not exceed the $750,000 threshold.

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS

2019-001 Segregation of Duties - Repeat

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: The size of the City's accounting and administrative staff precluded internal controls that would be preferred if the office staff were large enough, to provide optimum segregation of duties. Appropriate segregation of duties was not noted within the following areas of the City: cash receipting, recording and reconciliation process; revenue and receivable recording; accounts payable and expense/expenditure recording; personnel and payroll recording; grant recording; inventory and capital asset maintenance; and debt and debt service expenditures.

Context/Cause: Although the small size of the City's staff limits the segregation of duties, it is important that incompatible duties be assigned to different individuals and/or compensating controls implemented. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction.

Effects: Failure to properly segregate duties or implement compensating controls can lead to misappropriation of funds or abuse of the system that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation: We recommend the City segregate duties and/or implement compensating controls in the key areas noted above.

Auditee's Response: We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties.

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-002 Cash Reconciliations – Downtown Development Authority

Criteria: Internal controls should be in place to ensure bank account reconciling items are properly and timely investigated and recorded correctly in the general ledger in accordance with generally accepted accounting principles. The reconciliation of cash as recorded in the general ledger to the amount reported by the bank is a very important internal control over cash. A thorough bank reconciliation, performed by an individual outside of the processing or handling of cash receipts or disbursements, can catch many errors – whether intentional or unintentional. Timely investigation of all differences between cash recorded in the general ledger and that reported by the bank should be performed to ensure the differences are appropriate reconciling items, such as outstanding deposits which have recorded by the Downtown Development Authority but have not yet cleared the bank. Due to its sensitive nature, having good controls over cash is of vital importance to the Authority.

Condition: In our testing of the Authority's bank reconciliation, we noted a deposit in transit that was not a proper reconciling item and did not appear to be properly investigated which resulted in misstatements in the reporting of the Authority's cash balances and revenue.

Context/Cause: During our testing, we noted a reconciling item that was not timely investigated causing a misstatement in the Authority's cash and revenue.

Effects: An audit adjustment totaling approximately $7,300 was needed to correct the Authority's cash balance and revenue as of December 31, 2019.

Recommendation: We recommend the Authority timely investigate reconciling items and properly record all activity in the general ledger in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We have implemented new procedures to investigate more timely all reconciling items and properly record activity in the general ledger.