CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report 1-3
Management's Discussion and Analysis 4-17
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 18
Statement of Activities 19
Fund Financial Statements:
Balance Sheet – Governmental Funds 20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 22
Statement of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual (GAAP Basis) - General Fund 23
Statement of Net Position – Proprietary Funds 24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds 25
Statement of Cash Flows - Proprietary Funds 26
Statement of Fiduciary Net Position - Custodial Fund 27
Statement of Changes in Fiduciary Net Position – Custodial Fund 28
Notes to Financial Statements 29-60
Required Supplementary Information:
Schedule of Changes in the City's Net Pension Liability and Related Ratios 61
Schedule of City Contributions – Retirement Pension Plan 62
Schedule of Changes in Total OPEB Liability and Related Ratios – OPEB Plan 63
Supplementary Information:
Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds 64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 65
Hotel/Motel Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 66

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

TABLE OF CONTENTS

Page

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules: (Continued)

Confiscated Assets Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 67

Multi-Grant Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 68

CARES Act Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 69

Debt Service Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 70

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds 71

Statement of Cash Flows – Component Unit – Downtown Development Authority 72

COMPLIANCE SECTION

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* ..... 73 and 74

Schedule of Findings and Responses ..... 75 and 76

Schedule of Prior Findings and Responses 77

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards 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, 2020, 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.

Emphasis of Matter

As discussed in Note 17, the City of Jefferson, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of January 1, 2020. This standard significantly changed the accounting for the City's Municipal Court Fund. Our opinions are not modified with respect to this matter.

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 September 21, 2021 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
September 21, 2021

CITY OF JEFFERSON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

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, 2020. 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 $19,568,752 (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 $16,453,359 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 $3,167,430 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of ($52,037) represent the portion that is not available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $12,001,454 this year. This compared to the prior year ending fund balance of $11,385,980 showing an increase of $615,474 during the current year.

- At the end of the current calendar year, the unassigned fund balance for the General Fund was $3,506,810 or 40.37% of total General Fund expenditures and 33.01% for total General Fund expenditures and transfers out.

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 18 and 19 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 20-22 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 24-26 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 custodial fund statement of fiduciary assets and liabilities is presented on pages 27 and 28 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 29 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's total net position at calendar year-end is $52,959,571. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	$ 17,416,311	$ 16,490,999	$ 12,364,707	$ 10,572,359	$ 29,781,018	$ 27,063,358
Capital Assets	29,734,825	29,171,769	35,284,174	34,126,487	65,018,999	63,298,256
Total Assets	47,151,136	45,662,768	47,648,881	44,698,846	94,800,017	90,361,614
Deferred outflows of resources	2,813,845	842,173	455,716	52,858	3,269,561	895,031
Liabilities:						
Current and other liabilities	2,239,983	2,198,031	1,969,183	2,147,543	4,209,166	4,345,574
Long term debt outstanding	23,557,306	21,816,669	12,676,643	13,574,389	36,233,949	35,391,058
Total Liabilities	25,797,289	24,014,700	14,645,826	15,721,932	40,443,115	39,736,632
Deferred inflows of resources	4,598,940	4,376,125	67,952	88,017	4,666,892	4,464,142
Net position:						
Net investment in capital Assets	16,453,359	15,407,504	23,506,215	20,937,561	39,959,574	36,345,065
Restricted	3,167,430	2,366,495	-	-	3,167,430	2,366,495
Unrestricted	(52,037)	340,117	9,884,604	8,004,194	9,832,567	8,344,311
Total Net Position	$ 19,568,752	$ 18,114,116	$ 33,390,819	$ 28,941,755	$ 52,959,571	$ 47,055,871

The City reported positive balances in net position for both governmental and business-type activities. During 2020, net position increased $1,454,636 for governmental activities and increased $4,449,064 for business-type activities. The City's overall financial position increased during calendar year 2020.

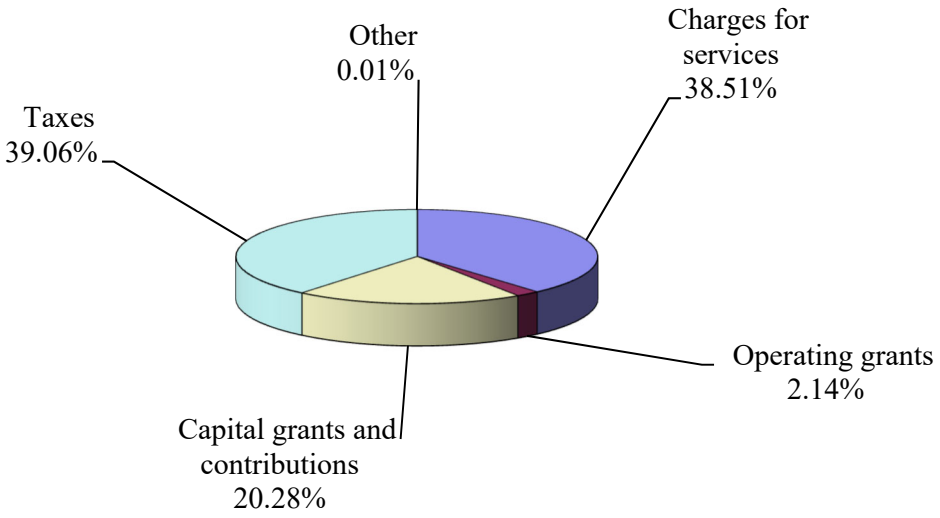
Note that approximately 63% of the governmental activities' total assets are tied up in capital assets (with 92% of the capital asset cost being depreciable). The City uses these capital assets to provide services to its citizens. Also 74% of the business-type activities assets are tied up in capital assets (with 62% of the capital asset cost being depreciable). Combining governmental activities with business-type activities, the City has invested approximately 69% 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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Revenues:						
Program:						
Charges for services	$1,816,177	$2,623,157	$7,378,614	$7,171,160	$9,194,791	$9,794,317
Operating grants and contribution	512,011	73,924	-	-	512,011	73,924
Capital grants and contributions	2,070,202	1,475,571	2,771,191	1,034,808	4,841,393	2,510,379
General:						
Taxes	9,323,926	8,339,349	-	-	9,323,926	8,339,349
Other	767	31,364	158	17,094	925	48,458
Gain on sale of capital assets	2,151	80,201	-	-	2,151	80,201
Total revenues	13,725,234	12,623,566	10,149,963	8,223,062	23,875,197	20,846,628
Program Expenses:						
General government	1,174,885	1,159,413	-	-	1,174,885	1,159,413
Public safety	4,624,688	4,247,822	-	-	4,624,688	4,247,822
Public works	2,293,902	2,128,636	-	-	2,293,902	2,128,636
Culture and recreation	3,184,587	3,325,999	-	-	3,184,587	3,325,999
Economic and community development	782,276	871,688	-	-	782,276	871,688
Interest on long-term debt	400,260	431,451	-	-	400,260	431,451
Water and Sewer	-	-	4,817,818	4,801,040	4,817,818	4,801,040
Solid Waste	-	-	693,081	640,175	693,081	640,175
Total expenses	12,460,598	12,165,009	5,510,899	5,441,215	17,971,497	17,606,224
Revenues over expenses	1,264,636	458,557	4,639,064	2,781,847	5,903,700	3,240,404
Transfers	190,000	150,000	(190,000)	(150,000)	-	-
Change in net position	1,454,636	608,557	4,449,064	2,631,847	5,903,700	3,240,404
Beginning net position	18,114,116	17,505,559	28,941,755	26,309,908	47,055,871	43,815,467
Ending net position	$19,568,752	$18,114,116	$33,390,819	$28,941,755	$52,959,571	$47,055,871

Total government-wide revenues for 2020 were $23,875,197. These revenues consisted of $9,323,926 in taxes, $4,841,393 in capital grants and contributions, $512,011 in operating grants and contributions, $9,194,791 in charges for services, $925 in other revenues and $2,151 in gain on sale of assets. Of this amount, $13,725,234 was in governmental activities and $10,149,963 in business-type activities. The following chart depicts further detail of government-wide revenues.

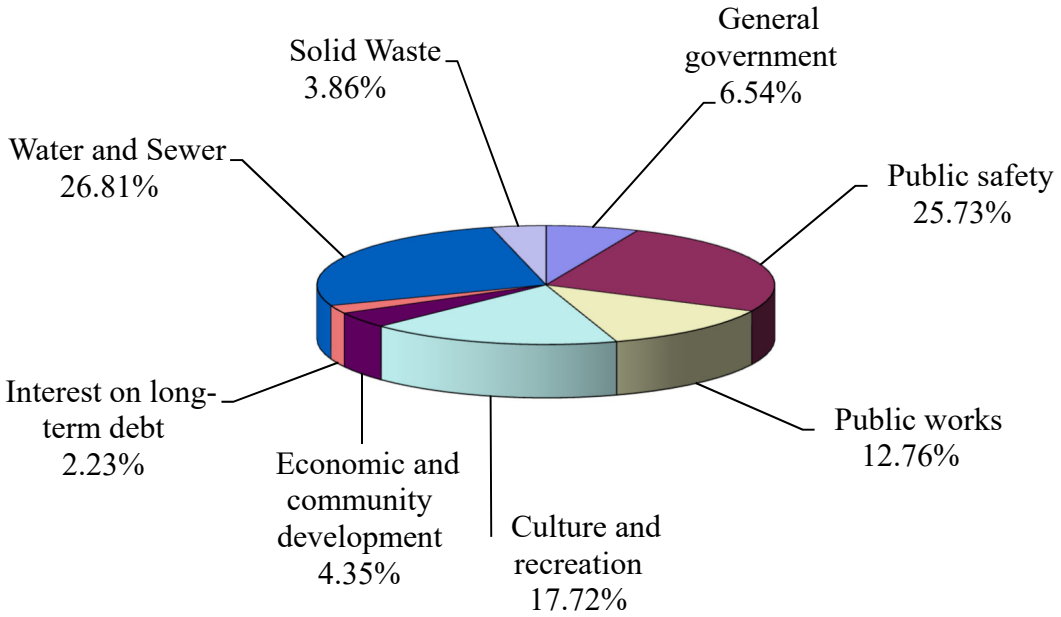
REVENUES BY SOURCE - GOVERNMENT-WIDE ACTIVITY



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

Government-wide expenses for the City were $17,971,497 for 2020, of which $12,460,598 were for governmental activities and $5,510,899 for business-type activities. The chart below depicts further detail of government-wide total expenses.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY

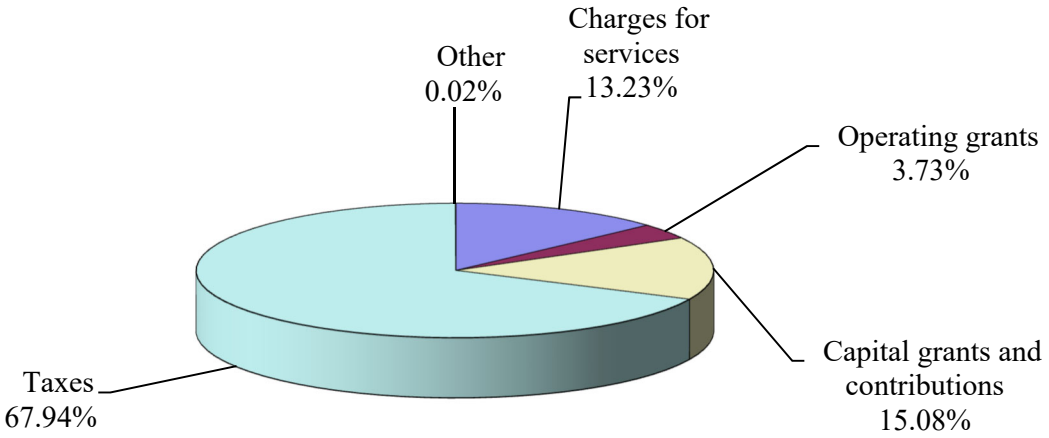


Note: Graph may not equal 100% due to rounding.

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 $199,521 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 $2,367,184. 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, 2017. The SPLOST number six, effective for six years, was approved by the voters on March 1, 2016 with collections starting July 1, 2017 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 $562,115 was expended during 2020 for these capital projects and related debt.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

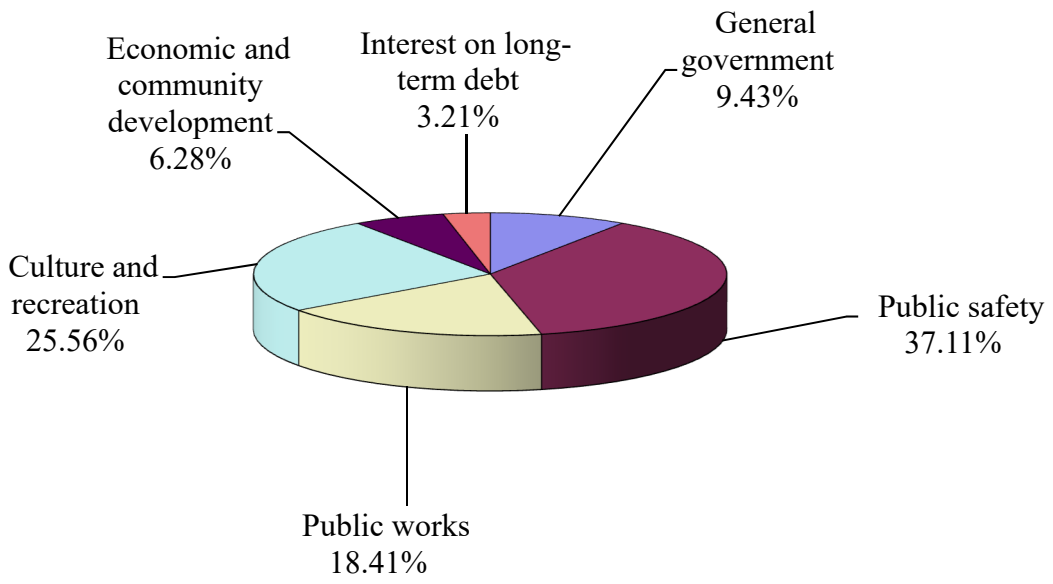


Note: Graph may not equal 100% due to rounding.

Governmental Activities Expenses

Expenses in the governmental activities were $12,460,598 up $295,589 from 2019. 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 $174,622 from prior year while non-operating revenues and capital contributions (excluding transfers in) increased by $1,736,383. The increase in non-operating revenue and capital contributions is mainly due to the increase in capital contributions from developer contributions, $1,433,397. Operating expenses increased by $40,842 from 2019. The increase in expenses is attributable to an increase in retirement cost, R&M to sewer system, new meter purchases and increase cost in chemicals.

Solid Waste Fund – The operating revenue for Solid Waste Fund were up $32,832 from prior year and operating expenses increased by $52,906. The revenue in this fund increased due to an increase in customer base. The expense increase was due to our vendor increasing the charge per can and increase in customer base.

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 $12,001,454 at December 31, 2020 compared to $11,385,980 at December 31, 2019. The increase relates to the General Fund, SPLOST Funds and Nonmajor Governmental Funds.

General Fund increased by $613,383 due to mainly an increase in sales taxes and charges for services. The SPLOST fund increased by $867,994 due to SPLOST revenue that is being saved to do larger projects. Capital Projects Fund decreased by $951,716 due to spending bond money on a project. There was a small decrease of $156 in the Debt Service Fund due to spending previous year's investment earnings. Lastly, Nonmajor Governmental Funds added an increase of $85,969 due to assets confiscations received during 2020.

Of this year-end total, $3,495,644 is assigned for appropriation of subsequent year's fund balance. There is $409,279 assigned for various purposes. There is also $271,409 assigned for planning and development use and $594,588 of impact fees set aside for approved purpose. There is $3,506,810 that is unassigned indicating availability for continuing City service delivery requirements. There is $459,174 set aside for debt service, $511,764 for capital projects, is bond proceeds set aside for approved road projects, $1,146 is restricted for tourism, $34,1097 restricted based on grant requirements, $198,405 is restricted for public safety, and $2,519,128 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 $613,383 or 8%. The ending unassigned fund balance represents the equivalent of 40.4% of annual expenditures. The increase was mostly due to decrease in 2020 expenditures compared to 2019 expenditures. This decrease in expenditures was due to the CARES Act covering a portion, $463,941, of the public safety salaries during 2020. We also saw a decrease in all other areas of the City, except public works, due to COVID-19 restrictions. Public works did not see a decrease, since it was not disrupted in any way due to COVID-19. Revenue actually decreased in 2020, this was mainly due to the closure of our recreation department due to COVID-19 restrictions.

SPLOST – The SPLOST Fund is used to report projects financed from Special Purpose Local Options Sales Tax (SPLOST) funds. Fund balance increased by $867,994 from the prior year. This was due to SPLOST revenue that is being saved to do larger projects.

Capital Projects – The Capital Projects Fund is used to report the acquisition and construction of capital expenditures, other than those accounted for in specific funds. Fund balance decreased by $951,716 from the prior year. This was due to the spending of bond proceeds toward a road project during the year.

Debt Service – The Debt Service Fund is used to show principal and interest payments made to pay off existing debt. Fund balance decreased by $156 from the prior year. This was due to use of previous year's investment earnings used to pay on debt 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 2020 by $500, not a significant change.

Property taxes came in over budget by $175,459. This was due to higher collection rate than anticipated for the Title Ad Valorem Tax (TAVT). This number is mainly tied to the number of cars purchased during the year.

Sales taxes came in over budget by $456,173 due to budget projections being estimated based on previous collections. During 2020 a law was passed that required "marketplace facilitators" whose websites or apps are used to sell goods or services provided by someone else to collect and remit sales taxes to the State of Georgia. This increased the sales tax revenue collected for the City. The City actually saw collections for franchise taxes, licenses and permits, intergovernmental, fines and forfeitures, charges for services and other revenues all come in under budget due COVID-19 restrictions in place during 2020.

Contributions and donations came in over budget by $20,462 mainly due to donations from local businesses for public safety and sidewalks. There were also some donations from individuals to the library.

In total, the City recognized 96.5% of the final revenue budget. The General Fund's expenditure budget was increased $15,548 or .15%. There was a small increase of $5,500 in general government budget due to donation of money for a sidewalk. The other small increase was in fire, $4,185, for uniforms ordered in 2019 but were not received until 2020. The budget was increased with budgeted fund balance to cover this cost. Lastly, an insignificant increase of $163 in recreation. In total, the City under spent the final expenditure budget by $1,920,629 or 18%.

Differences between the original budget, the final budget, and actual results are shown on page 23.

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, 2020, were $29,734,825 and $35,284,174; respectively. The change in this net investment was an approximate $1,720,743 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	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	$ 1,980,188	$ 1,928,576	$ 9,039,327	$ 8,764,327	$ 11,019,515	$ 10,692,903
Construction in progress	493,791	260,421	2,845,042	4,260,130	3,338,833	4,520,551
Intangible	-	-	1,450,059	1,450,059	1,450,059	1,450,059
Total non-depreciable	$ 2,473,979	$ 2,188,997	$13,334,428	$ 14,474,516	$ 15,808,407	$ 16,663,513
Depreciable assets:						
Buildings	19,777,937	19,715,912	-	-	19,777,937	19,715,912
Water Distribution	-	-	16,531,123	15,179,828	16,531,123	15,179,828
Sewer Distribution	-	-	20,240,234	18,347,702	20,240,234	18,347,702
Improvements	417,983	408,068	37,020	37,020	455,003	445,088
Machinery and Equipment	6,051,302	5,377,369	1,081,259	1,005,520	7,132,561	6,382,889
Infrastructure	16,450,431	15,324,981			16,450,431	15,324,981
Intangibles	146,646	101,409	-	-	146,646	101,409
Total depreciable assets	42,844,299	40,927,739	37,889,636	34,570,070	80,733,935	75,497,809
Less accumulated depreciation	15,583,453	13,944,967	15,939,890	14,918,099	31,523,343	28,863,066
Book value – depreciable assets	27,260,846	26,982,772	21,949,746	19,651,971	49,210,592	46,634,743
Percentage depreciated	36%	34%	42%	43%	39%	38%
Total book value	$29,734,825	$29,171,769	$35,284,174	$34,126,487	$65,018,999	$63,298,256

Major capital asset activities in governmental activities in 2020 were:

- Construction in progress increased by $233,370; due mainly to the Hog Mountain Road expansion.
- Building increased by $62,025; due to an office build out and new flooring in the Civic Center.
- Machinery and equipment increased by $673,933; due to the addition of four new vehicles costing $190,877 (a police vehicle, a fire vehicle and two Thomas Built buses for the recreation department), two generators and an air compressor for the fire department costing $81,949. New HVAC systems for the recreation building and the Civic Center costing $82,490. A paver machine and a street sweeper for roads and grounds costing, $120,994 and $121,258, respectively. The recreation department purchased audio video equipment and the civic center purchases live streaming equipment costing $34,832 and $18,544; respectively. A wireless server for the police department costing $27,466 was purchased. Also, the City removed $32,693 due to a vehicle from police department being sold.

- Infrastructure increased by $1,125,450 due to the $232,441 in donations from developers for roads, sidewalks and storm water drainage. Also the increase was due to $893,009 of paving and sidewalk projects on Jett Roberts Road, MLK Avenue, Hill Street, Oak Street, Holders Mill, Mill Road, Siding Lane, Boarders Street, Oak Street, and Woodmont Lane.

At December 31, 2020, the depreciable capital assets for governmental activities were 36% depreciated, slightly above the 2019 percentage of 34%. 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 2020 were:

- Land increased $275,000 due to a reclassification of construction in progress.

- Construction in progress decreased by $1,415,088. The decrease was due to various projects totaling $878,181 being started and not completed in 2020 and $2,293,269 of a previous project being completed and moved out of construction in progress.

- Additions to water distribution in the amount of $1,351,295. It included the completion of the Possum Creek Road Waterline, Galilee Church Rd Waterline, and MLK Jr Drive Waterline that were moved from construction in progress. Additionally, $198,000 was contributed by a developer to the City.

- Additions to sewer distribution in the amount of $1,892,532. It included the completion of Dickson Drive Sewer Extension and Rehabilitation, $847,531 that was moved from construction in progress. Additionally, $1,045,000 was contributed by a developer to the City.

- Additions to machinery and equipment in the amount of $75,739. A John Deer Gator and Komatsu Excavator were purchased costing $14,500 and $62,238, respectively. The Data collection towers project was completed and $17,442 was transferred from construction in progress.

At December 31, 2020, the depreciable capital assets for business-type activities were 42% depreciated, slightly below the 2019 percentage of 43%. This comparison indicates that the City is replacing its assets at about the same rate as they are depreciating which is a positive indicator.

Long-term Debt

The City's long-term debt decreased by approximately $734,635 during 2020.

Long-term Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds and Intergovernmental contracts payable	$ 14,420,232	$ 15,767,568	$ 11,767,762	$ 12,850,078	$ 26,187,994	$ 28,617,646
Notes payable	-	-	-	333,713	-	333,713
Capital leases	-	-	-	-	-	-
Net pension liability	2,105,345	1,147,358	584,517	334,318	2,689,862	1,481,676
Net OPEB obligation	8,261,694	6,107,557	1,152,310	1,017,926	9,414,004	7,125,483
Compensated absences	274,564	273,107	92,809	92,973	367,373	366,080
Total	$ 25,061,835	$ 23,295,590	$ 13,597,398	$14,629,008	$ 38,659,233	$ 37,924,598

Additional information on the City's debt is contained in Note 8 beginning on page 45.

Economic Factors

Total employment in Jackson County has continued to increase steadily in recent years, from 26,000 in 2019 to 29,000 in 2020, to 34,900 as of first quarter 2021(Source: Georgia Department of Labor, Area Labor Profile, Jackson County, August 2021). This 20 percent increase in employment during the last year in Jackson County is remarkable, given the negative economic impacts of the COVID-19 pandemic. The three largest employment sectors in Jackson County are transportation and warehousing (17.6% of total private sector employment), manufacturing (16.2%) and retail trade (15.7%). Further, Jackson County during the next decade is expected to experience an employment growth rate that is twice that of the U.S. as a whole (Source: www.bestplaces.net).

Jefferson, with three industrial parks, 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. La Vaquita Flea Market (formerly Pendergrass Flea Market), reportedly draws 15,000 visitors on weekends. Warehouses that have been completed in recent years are being occupied, and more warehouse space is being constructed. A new commercial shopping center including a grocery store is breaking ground in Jefferson, as is another medical complex. Redevelopment of the Old Jefferson Cotton Mill is expected to accelerate in upcoming months, and the City's downtown business district is also experiencing increases in economic activity. Homebuilding activity is significant, with a 65-unit age-restricted apartment complex recently completed, a 300-unit apartment complex permitted and under construction at Concord Road north of Interstate 85, additional phases of single-family residential subdivision under development, and several homes under construction. Significant employers within the City are identified below. Four of the larger employers in Jackson County are located in Jefferson, including Amazon.com Services, Inc., Hire Dynamics, Inc., Kubota Industrial Equipment Corporation, and Jackson Electric Membership Corporation.

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
Jackson Electric Membership Corporation	Commerce Road	Electric power
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

Jefferson is also 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). City and county government accounted for 2,900 jobs in the county in first quarter 2021 (9% of total employment in the county).

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, 2020

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 12,833,097	$ 11,111,804	$ 23,944,901	$ 197,076
Receivables, net of allowance for uncollectibles	2,923,085	988,418	3,911,503	1,168
Intergovernmental receivable	605,372	6,929	612,301	-
Inventory	-	252,236	252,236	-
Due from component unit	255	-	255	-
Restricted cash and cash equivalents	1,054,502	1,960	1,056,462	-
Prepaid items	-	3,360	3,360	-
Capital assets, non-depreciable	2,473,979	13,334,428	15,808,407	106,272
Capital assets, depreciable, net of accumulated depreciation	27,260,846	21,949,746	49,210,592	196,785
Total assets	47,151,136	47,648,881	94,800,017	501,301
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	582,472	-	582,472	-
Pension related items	1,045,841	290,363	1,336,204	-
OPEB related items	1,185,532	165,353	1,350,885	-
Total deferred outflows of resources	2,813,845	455,716	3,269,561	-
LIABILITIES				
Accounts payable	586,052	324,079	910,131	10,718
Retainage payable	14,945	5,640	20,585	-
Accrued liabilities	134,457	156,104	290,561	295
Unearned revenues	-	336,000	336,000	-
Due to primary government	-	-	-	255
Customer deposits payable	-	226,605	226,605	3,000
Compensated absences, due within one year	194,529	65,755	260,284	-
Compensated absences, due in more than one year	80,035	27,054	107,089	-
Bonds payable, due within one year	1,310,000	855,000	2,165,000	-
Bonds payable, due in more than one year	13,110,232	10,912,762	24,022,994	-
Financed purchase payable, due within one year	-	-	-	22,690
Financed purchase payable, due in more than one year	-	-	-	188,560
Net pension liability, due in more than one year	2,105,345	584,517	2,689,862	-
Total OPEB liability, due in more than one year	8,261,694	1,152,310	9,414,004	-
Total liabilities	25,797,289	14,645,826	40,443,115	225,518
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding	-	6,517	6,517	-
Unearned revenues - property taxes	4,158,473	-	4,158,473	-
OPEB related items	440,467	61,435	501,902	-
Total deferred inflows of resources	4,598,940	67,952	4,666,892	-
NET POSITION				
Net investment in capital assets	16,453,359	23,506,215	39,959,574	91,807
Restricted for:				
Debt service	459,174	-	459,174	-
Capital projects	2,508,705	-	2,508,705	-
Public safety	198,405	-	198,405	-
Tourism	1,146	-	1,146	-
Unrestricted	(52,037)	9,884,604	9,832,567	183,976
Total net position	$ 19,568,752	$ 33,390,819	$ 52,959,571	$ 275,783

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

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	$ 1,174,885	$ 302,235	$ 8,525	$ 1,363	$ (862,762)	$ -	$ (862,762)	$ -
Public safety	4,624,688	662,168	493,788	268,155	(3,200,577)	-	(3,200,577)	-
Public works	2,293,902	-	5,200	1,186,320	(1,102,382)	-	(1,102,382)	-
Culture and recreation	3,184,587	441,882	4,498	614,364	(2,123,843)	-	(2,123,843)	-
Economic and community development	782,276	409,892	-	-	(372,384)	-	(372,384)	-
Interest on long-term debt	400,260	-	-	-	(400,260)	-	(400,260)	-
Total governmental activities	12,460,598	1,816,177	512,011	2,070,202	(8,062,208)	-	(8,062,208)	-
Business-type activities:								
Water and Sewer	4,817,818	6,636,457	-	2,771,191	-	4,589,830	4,589,830	-
Solid waste	693,081	742,157	-	-	-	49,076	49,076	-
Total business-type activities	5,510,899	7,378,614	-	2,771,191	-	4,638,906	4,638,906	-
Total primary government	$ 17,971,497	$ 9,194,791	$ 512,011	$ 4,841,393	(8,062,208)	4,638,906	(3,423,302)	-
Component unit:								
Downtown Development Authority	$ 34,900	$ 54,157	$ -	$ -	-	-	-	19,257
General revenues:								
Property taxes					4,536,813	-	4,536,813	-
Sales taxes					2,661,173	-	2,661,173	-
Franchise taxes					1,305,459	-	1,305,459	-
Hotel/Motel occupancy tax					39,373	-	39,373	-
Business taxes					781,108	-	781,108	-
Unrestricted investment earnings					767	158	925	-
Gain on sale of capital assets					2,151	-	2,151	-
Transfers					190,000	(190,000)	-	-
Total general revenues and transfers					9,516,844	(189,842)	9,327,002	-
Change in net position					1,454,636	4,449,064	5,903,700	19,257
Net position, beginning of year					18,114,116	28,941,755	47,055,871	256,526
Net position, end of year					$ 19,568,752	$ 33,390,819	$ 52,959,571	$ 275,783

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

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

	Major Governmental Funds				Nonmajor	Totals
ASSETS	General	SPLOST	Capital Projects	Debt Service	Governmental Funds	Governmental Funds
Cash and cash equivalents	$ 10,224,222	$ 2,399,139	$ -	$ -	$ 209,736	$ 12,833,097
Taxes receivable, net	1,593,178	-	-	-	2,865	1,596,043
Accounts receivable, net	1,327,042	-	-	-	-	1,327,042
Intergovernmental receivable	335,936	269,436	-	-	-	605,372
Due from other funds	1,719	-	-	-	-	1,719
Due from component unit	255	-	-	-	-	255
Restricted cash and cash equivalents	-	-	571,239	459,174	24,089	1,054,502
Total assets	$ 13,482,352	$ 2,668,575	$ 571,239	$ 459,174	$ 236,690	$ 17,418,030
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 390,762	$ 134,502	$ 59,475	$ -	$ 1,313	$ 586,052
Retainage payable	-	14,945	-	-	-	14,945
Accrued salaries	35,334	-	-	-	-	35,334
Due from other funds	-	-	-	-	1,719	1,719
Total liabilities	426,096	149,447	59,475	-	3,032	638,050
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue - property taxes	4,158,473	-	-	-	-	4,158,473
Unavailable revenue - franchise fees	600,901	-	-	-	-	600,901
Unavailable revenue - property taxes	19,152	-	-	-	-	19,152
Total deferred inflows of resources	4,778,526	-	-	-	-	4,778,526
FUND BALANCES						
Restricted for:						
Debt service	-	-	-	459,174	-	459,174
Tourism	-	-	-	-	1,146	1,146
Public safety	-	-	-	-	198,405	198,405
Capital projects	-	2,519,128	511,764	-	34,107	3,064,999
Assigned for:						
Appropriation of subsequent year's fund balance	3,495,644	-	-	-	-	3,495,644
Tree Bank	179,415	-	-	-	-	179,415
Jefferson Community Theater	39,716	-	-	-	-	39,716
Future Improvement Of New Library	66,664	-	-	-	-	66,664
Police Technology	23,484	-	-	-	-	23,484
Planning & Development	271,409	-	-	-	-	271,409
Highway 82 Roundabout	100,000	-	-	-	-	100,000
Impact Fee Projects	594,588					594,588
Unassigned	3,506,810	-	-	-	-	3,506,810
Total fund balances	8,277,730	2,519,128	511,764	459,174	233,658	12,001,454
Total liabilities, deferred inflows of resources, and fund balances	$ 13,482,352	$ 2,668,575	$ 571,239	$ 459,174	$ 236,690	

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.	29,734,825
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	620,053
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.	(8,576,133)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(14,211,447)
Net position of governmental activities	$ 19,568,752

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, 2020

	Major Governmental Funds				Nonmajor Governmental Funds	Totals Governmental Funds
	General	SPLOST	Capital Projects	Debt Service		
Revenues						
Taxes:						
Property taxes	$ 4,539,255	$ -	$ -	$ -	$ -	$ 4,539,255
Sales taxes	2,661,173	-	-	-	-	2,661,173
Hotel/Motel occupancy taxes	-	-	-	-	39,373	39,373
Franchise taxes	1,285,286	-	-	-	-	1,285,286
Business taxes	781,108	-	-	-	-	781,108
Licenses and permits	403,234	-	-	-	-	403,234
Intergovernmental	23,628	1,430,109	-	-	827,281	2,281,018
Fines and forfeitures	437,842	-	-	-	112,618	550,460
Charges for services	653,040	-	-	-	-	653,040
Investment earnings	477	-	-	290	-	767
Contributions and donations	25,962	-	-	-	-	25,962
Other revenues	209,443	-	-	-	-	209,443
Total revenues	11,020,448	1,430,109	-	290	979,272	13,430,119
Expenditures						
Current:						
General government	899,954	-	-	-	-	899,954
Public safety	3,334,725	-	180,738	-	519,991	4,035,454
Public works	1,318,148	-	1,093,343	-	164,934	2,576,425
Culture and recreation	2,465,630	-	189,797	-	207,442	2,862,869
Economic and community development	668,767	-	25,633	-	16,581	710,981
Capital outlay	-	222,115	-	-	-	222,115
Debt service:						
Principal	-	-	-	1,285,000	-	1,285,000
Interest	-	-	-	413,998	-	413,998
Total expenditures	8,687,224	222,115	1,489,511	1,698,998	908,948	13,006,796
Excess (deficiency) of revenues over (under) expenditures	2,333,224	1,207,994	(1,489,511)	(1,698,708)	70,324	423,323
Other financing sources (uses):						
Proceeds from sale of capital assets	2,151	-	-	-	-	2,151
Transfers in	215,575	-	537,795	1,698,552	41,220	2,493,142
Transfers out	(1,937,567)	(340,000)	-	-	(25,575)	(2,303,142)
Total other financing sources (uses)	(1,719,841)	(340,000)	537,795	1,698,552	15,645	192,151
Net change in fund balances	613,383	867,994	(951,716)	(156)	85,969	615,474
Fund balances, beginning of year	7,664,347	1,651,134	1,463,480	459,330	147,689	11,385,980
Fund balances, end of year	$ 8,277,730	$ 2,519,128	$ 511,764	$ 459,174	$ 233,658	$ 12,001,454

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, 2020

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

Net change in fund balances - total governmental funds	$	615,474
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 capital outlays exceeded depreciation in the current period.		287,823
The net effect of various miscellaneous transactions involving capital assets (i.e. sale of capital assets and donated capital assets) is to increase net position.		275,233
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		17,731
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.		1,285,000
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.		(1,026,625)
Change in net position - governmental activities	$	1,454,636

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, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 4,363,796	$ 4,363,796	$ 4,539,255	$ 175,459
Sales taxes	2,205,000	2,205,000	2,661,173	456,173
Franchise taxes	1,441,500	1,441,500	1,285,286	(156,214)
Business taxes	712,000	712,000	781,108	69,108
Licenses and permits	493,500	493,500	403,234	(90,266)
Intergovernmental	28,500	28,500	23,628	(4,872)
Fines and forfeitures	550,000	550,000	437,842	(112,158)
Charges for services	1,290,613	1,290,613	653,040	(637,573)
Contributions and donations	5,000	5,500	25,962	20,462
Investment earnings	-	-	477	477
Other revenues	325,906	325,906	209,443	(116,463)
Total revenues	11,415,815	11,416,315	11,020,448	(395,867)
Expenditures:				
Current:				
General government	1,120,935	1,132,135	899,954	232,181
Public safety:				
Police	2,872,296	2,872,296	2,343,069	529,227
Fire	1,108,207	1,112,392	991,656	120,736
Total public safety	3,980,503	3,984,688	3,334,725	649,963
Public works	1,550,148	1,550,148	1,318,148	232,000
Culture and recreation:				
Recreation	634,851	635,014	523,781	111,233
Parks	1,934,296	1,934,296	1,540,927	393,369
Libraries	473,062	473,062	393,558	79,504
Payments to other agencies	30,000	30,000	7,364	22,636
Total culture and recreation	3,072,209	3,072,372	2,465,630	606,742
Economic and Community Development	868,510	868,510	668,767	199,743
Total expenditures	10,592,305	10,607,853	8,687,224	1,920,629
Excess of revenues over expenditures	823,510	808,462	2,333,224	1,524,762
Other financing sources (uses):				
Proceeds from sale of capital assets	4,000	4,000	2,151	(1,849)
Transfers in	212,200	215,951	215,575	(376)
Transfers out	(4,406,872)	(4,380,055)	(1,937,567)	2,442,488
Total other financing sources (uses)	(4,190,672)	(4,160,104)	(1,719,841)	2,440,263
Net change in fund balances	(3,367,162)	(3,351,642)	613,383	3,965,025
Fund balances, beginning of year	7,664,347	7,664,347	7,664,347	-
Fund balances, end of year	$ 4,297,185	$ 4,312,705	$ 8,277,730	$ 3,965,025

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

CITY OF JEFFERSON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds		
ASSETS	Water and Sewer Fund	Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 10,890,601	$ 221,203	$ 11,111,804
Accounts receivable, net	877,831	110,587	988,418
Intergovernmental receivable	6,929	-	6,929
Inventory	252,236	-	252,236
Prepaid items	3,360	-	3,360
Restricted cash	1,960	-	1,960
Total current assets	12,032,917	331,790	12,364,707
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	13,334,428	-	13,334,428
Depreciable assets, net of accumulated depreciation	21,946,099	3,647	21,949,746
Total noncurrent assets	35,280,527	3,647	35,284,174
Total assets	47,313,444	335,437	47,648,881
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	290,363	-	290,363
OPEB related items	165,353	-	165,353
Total deferred outflows of resources	455,716	-	455,716
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	265,208	58,871	324,079
Retainage payable	5,640	-	5,640
Accrued salaries	7,058	-	7,058
Accrued interest	149,046	-	149,046
Unearned revenue	336,000	-	336,000
Compensated absences payable, current	65,755	-	65,755
Customer deposits payable	226,605	-	226,605
Bonds payable, current	855,000	-	855,000
Total current liabilities	1,910,312	58,871	1,969,183
NONCURRENT LIABILITIES			
Compensated absences payable	27,054	-	27,054
Bonds payable	10,912,762	-	10,912,762
Total OPEB liability	1,152,310	-	1,152,310
Net pension liability	584,517	-	584,517
Total noncurrent liabilities	12,676,643	-	12,676,643
Total liabilities	14,586,955	58,871	14,645,826
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on refunding	6,517	-	6,517
OPEB related items	61,435	-	61,435
Total deferred inflows of resources	67,952	-	67,952
NET POSITION			
Net investment in capital assets	23,502,568	3,647	23,506,215
Unrestricted	9,611,685	272,919	9,884,604
Total net position	$ 33,114,253	$ 276,566	$ 33,390,819

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, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUES			
Charges for services:			
Water charges	$ 4,387,673	$ -	$ 4,387,673
Sewer charges	2,193,603	-	2,193,603
Refuse collection charges	-	742,157	742,157
Miscellaneous revenue	55,181	-	55,181
Total operating revenues	6,636,457	742,157	7,378,614
OPERATING EXPENSES			
Personal services and benefits	1,387,041	-	1,387,041
Purchased and contracted services	1,080,243	691,622	1,771,865
Supplies	952,052	-	952,052
Depreciation and amortization	915,733	1,459	917,192
Total operating expenses	4,335,069	693,081	5,028,150
Operating income	2,301,388	49,076	2,350,464
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	158	-	158
Interest expense and fiscal agent fees	(482,749)	-	(482,749)
Total non-operating expenses	(482,591)	-	(482,591)
Income before contributions and transfers	1,818,797	49,076	1,867,873
Capital contributions - tap fees	2,681,347	-	2,681,347
Capital contributions - intergovernmental	89,844	-	89,844
Transfers out	(150,000)	(40,000)	(190,000)
	2,621,191	(40,000)	2,581,191
Change in net position	4,439,988	9,076	4,449,064
NET POSITION, beginning of year	28,674,265	267,490	28,941,755
NET POSITION, end of year	$ 33,114,253	$ 276,566	$ 33,390,819

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, 2020

	Business-type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 6,601,247	$ 737,800	$ 7,339,047
Payments to vendors	(2,136,186)	(688,280)	(2,824,466)
Payments to or on behalf of employees	(1,452,552)	-	(1,452,552)
Net cash provided by operating activities	3,012,509	49,520	3,062,029
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(150,000)	(40,000)	(190,000)
Net cash used in non-capital financing activities	(150,000)	(40,000)	(190,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on notes and bonds payable	(1,293,713)	-	(1,293,713)
Capital contributions from tap fees	1,247,950	-	1,247,950
Capital contributions from other governments	89,844	-	89,844
Interest paid	(408,881)	-	(408,881)
Purchases of capital assets	(764,522)	-	(764,522)
Net cash used in capital and related financing activities	(1,129,322)	-	(1,129,322)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	158	-	158
Net cash provided by investing activities	158	-	158
Net increase in cash and cash equivalents	1,733,345	9,520	1,742,865
Cash and cash equivalents, beginning of year	9,159,216	211,683	9,370,899
Cash and cash equivalents, end of year	$ 10,892,561	$ 221,203	$ 11,113,764
Reconciliation to the statement of net position			
Cash and cash equivalents	$ 10,890,601	$ 221,203	$ 11,111,804
Restricted cash	1,960	-	1,960
Total	$ 10,892,561	$ 221,203	$ 11,113,764
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 2,301,388	$ 49,076	$ 2,350,464
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	915,733	1,459	917,192
Change in assets and liabilities:			
Increase in accounts and intergovernmental receivables	(42,497)	(4,357)	(46,854)
Increase in inventory	(2,629)	-	(2,629)
Increase (decrease) in accounts payable	(106,902)	3,342	(103,560)
Decrease in accrued salaries	(27,731)	-	(27,731)
Increase in retainage payable	5,640	-	5,640
Decrease in compensated absences	(164)	-	(164)
Increase in customer deposits payable	7,287	-	7,287
Decrease in OPEB related items	(42,153)	-	(42,153)
Increase in pension related items	4,537	-	4,537
Net cash provided by operating activities	$ 3,012,509	$ 49,520	$ 3,062,029
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	$ 1,433,397	$ -	$ 1,433,397

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

CITY OF JEFFERSON, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2020

	Municipal Court Fund
ASSETS	
Cash	$ 9,925
Total assets	9,925
LIABILITIES	
Due to others	9,925
Total liabilities	9,925
NET POSITION	
Restricted for other governments	-
Total net position	$ -

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

CITY OF JEFFERSON, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Municipal Court Fund
ADDITIONS	
Fines and fees collected	$ 596,366
Total additions	596,366
DEDUCTIONS	
Fines and fees paid to city	434,854
Fines and fees paid to other	161,512
Total deductions	596,366
Change in net position	-
NET POSITION	
Beginning of year	-
End of year	$ -

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 Jackson 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 is 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 ***SPLOST Fund*** accounts for expenditures incurred for the acquisition and construction of capital assets funded by a one-cent special purpose local option sales tax approved by voters.

The ***Capital Projects Fund*** accounts for expenditures incurred for the acquisition and construction of capital assets other than those accounted for in other governmental funds.

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 ***Custodial 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. 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 adopts 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, 2020, 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 $16,453,359 as shown in the financial statements was determined by taking capital assets ($29,734,825) less total outstanding debt of $14,420,232 (bonds payable, including premium), less retainage payable of $14,945, plus deferred charges on refunding of $582,472, plus unspent bond proceeds of $571,239 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 governmental funds." The details of this $14,211,447 difference are as follows:

Revenue bonds payable	$	(14,135,000)
Plus: Unamortized premium (to be amortized as interest expense)		(285,232)
Deferred loss on refunding		582,472
Accrued interest payable		(99,123)
Compensated absences		(274,564)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(14,211,447)

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 $8,576,133 difference are as follows:

Net pension liability	$	(2,105,345)
Total OPEB liability		(8,261,694)
Deferred outflows of resources:		
Pension related items		1,045,841
OPEB related items		1,185,532
Deferred inflows of resources:		
OPEB related items		(440,467)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(8,576,133)

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 $287,823 difference are as follows:

Capital outlay	$	1,959,002
Depreciation expense		(1,671,179)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$	287,823

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 $1,026,625 difference are as follows:

Compensated absences	$	(1,457)
Amortization of premium		62,336
Amortization of deferred loss on refunding		(57,355)
Accrued interest		8,757
Pension expense		(65,550)
OPEB expense		(973,356)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	(1,026,625)

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, 2020, 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, 2020, 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, 2020. The due date for these taxes was December 20, 2020, and after that date, both penalty and interest are accrued until the taxes are collected. The taxes are subject to lien after April 21, 2021. 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 2020 are for the year 2021. The amount recorded as a receivable as well as amounts collected as of December 31, 2020 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	SPLOST	Water and Sewer	Solid Waste	Nonmajor Governmental Funds
Receivables:					
Taxes	$ 1,606,359	$ -	$ -	$ -	$ 2,865
Accounts	1,362,118	-	1,110,174	157,545	-
Intergovernmental	335,936	269,436	6,929	-	-
Less allowance for uncollectibles	(48,257)	-	(232,343)	(46,958)	-
Net total receivables	$ 3,256,156	$ 269,436	$ 884,760	$ 110,587	$ 2,865

Remainder of this page intentionally left blank.

Note 6. Capital Assets

Primary Government: Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,928,576	$ 51,612	$ -	$ -	$ 1,980,188
Construction in progress	260,421	293,896	-	(60,526)	493,791
Total assets, not being depreciated	2,188,997	345,508	-	(60,526)	2,473,979
Capital assets, being depreciated:					
Buildings	19,715,912	62,025	-	-	19,777,937
Improvements	408,068	9,915	-	-	417,983
Machinery and equipment	5,377,369	693,920	(32,693)	12,706	6,051,302
Infrastructure	15,324,981	1,116,630	-	8,820	16,450,431
Intangible	101,409	6,237	-	39,000	146,646
Total assets, being depreciated	40,927,739	1,888,727	(32,693)	60,526	42,844,299
Less accumulated depreciation for:					
Buildings	(6,376,016)	(671,739)	-	-	(7,047,755)
Improvements	(261,136)	(16,055)	-	-	(277,191)
Machinery and equipment	(3,542,178)	(377,686)	32,693	-	(3,887,171)
Infrastructure	(3,745,355)	(587,758)	-	-	(4,333,113)
Intangible	(20,282)	(17,941)	-	-	(38,223)
Total accumulated depreciation	(13,944,967)	(1,671,179)	32,693	-	(15,583,453)
Total assets, being depreciated, net	26,982,772	217,548	-	60,526	27,260,846
Governmental activities capital assets, net	$ 29,171,769	$ 563,056	$ -	$ -	$ 29,734,825
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 8,764,327	$ -	$ -	$ 275,000	$ 9,039,327
Construction in progress	4,260,130	878,181	-	(2,293,269)	2,845,042
Intangible	1,450,059	-	-	-	1,450,059
Total assets, not being depreciated	14,474,516	878,181	-	(2,018,269)	13,334,428
Capital assets, being depreciated:					
Water distribution	15,179,828	198,000	-	1,153,295	16,531,123
Sewer distribution	18,347,702	1,045,000	-	847,532	20,240,234
Improvements	37,020	-	-	-	37,020
Machinery and equipment	1,005,520	76,738	(18,441)	17,442	1,081,259
Total assets, being depreciated	34,570,070	1,319,738	(18,441)	2,018,269	37,889,636
Less accumulated depreciation for:					
Water distribution	(6,362,419)	(402,150)	-	-	(6,764,569)
Sewer distribution	(7,842,880)	(537,865)	-	-	(8,380,745)
Improvements	(22,098)	(2,207)	-	-	(24,305)
Machinery and equipment	(690,702)	(98,010)	18,441	-	(770,271)
Total accumulated depreciation	(14,918,099)	(1,040,232)	18,441	-	(15,939,890)
Total assets, being depreciated, net	19,651,971	279,506	-	2,018,269	21,949,746
Business-type activities capital assets, net	$ 34,126,487	$ 1,157,687	$ -	$ -	$ 35,284,174

Note 6. Capital Assets (Continued)

Discretely Presented Component Unit - DDA: Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Downtown Development Authority:				
Capital assest, not being depreciated:				
Land	$ 92,965	$ -	$ -	$ 92,965
Construction in Progress	-	13,307	-	13,307
Total assets, not being depreciated	92,965	13,307	-	106,272
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	(50,706)	(8,451)	-	(59,157)
Machinery and equipment	(805)	(810)	-	(1,615)
Total accummulated depreication	(51,511)	(9,261)	-	(60,772)
Total assets, being depreciatted, net	206,046	(9,261)	-	196,785
Governmental activities capital assets, net	$ 299,011	$ 4,046	$ -	$ 303,057

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

Governmental activities:	
General government	$ 139,811
Public safety	394,741
Public works	658,007
Recreation	453,486
Economic and community development	25,134
Total depreciation expense - governmental activities	$ 1,671,179
Business-type activities:	
Water and sewer	$ 1,038,773
Solid waste	1,459
Total depreciation expense - business-type activities	$ 1,040,232

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at December 31, 2020, the City has contractual commitments on uncompleted construction contracts of approximately $3,572,000 for various projects.

Note 7. Interfund Receivables, Payables, and Transfers

The composition of inter-fund balances as of December 31, 2020, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 1,719
Total		$ 1,719

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
City of Jefferson - General Fund	Downtown Development Authority	$ 255
Total		$ 255

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

Interfund transfers for the year ended December 31, 2020:

Transfers In	Transfers Out	Amount
General Fund	Water and Sewer Fund	$ 150,000
General Fund	Solid Waste Fund	40,000
General Fund	Nonmajor Governmental Funds	25,575
		$ 215,575
Capital Projects Fund	General Fund	$ 537,795
Debt Service Fund	General Fund	$ 1,358,552
Debt Service Fund	SPLOST Fund	340,000
		$ 1,698,552
Nonmajor Governmental Funds	General Fund	$ 41,220

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, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	$ 15,420,000	$ -	$ (1,285,000)	$ 14,135,000	$ 1,310,000
Plus issuance premium	347,568	-	(62,336)	285,232	-
Net bonds payable	15,767,568	-	(1,347,336)	14,420,232	1,310,000
Total OPEB liability	6,107,557	2,206,372	(52,235)	8,261,694	-
Net pension liability	1,147,358	1,452,268	(494,281)	2,105,345	-
Compensated absences	273,107	181,486	(180,029)	274,564	194,529
Governmental activities					
Long-term liabilities	$ 23,295,590	$ 3,840,126	$ (2,073,881)	$ 25,061,835	$ 1,504,529

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 11,845,000	$ -	$ (960,000)	$ 10,885,000	$ 855,000
Plus premium	1,005,078	-	(122,316)	882,762	-
Net bonds payable	12,850,078	-	(1,082,316)	11,767,762	855,000
Notes payable	333,713	-	(333,713)	-	-
Total OPEB liability	1,017,926	287,409	(153,025)	1,152,310	-
Net pension liability	334,318	406,159	(155,960)	584,517	-
Compensated absences	92,973	49,505	(49,669)	92,809	65,755
Business-type activity					
Long-term liabilities	$ 14,629,008	$ 743,073	$ (1,774,683)	$ 13,597,398	$ 920,755

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, 2020 is $7,990,000.

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, 2020 is $4,905,000.

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, 2020 is $1,240,000.

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, 2020 is $6,930,000.

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, 2020 is $3,955,000

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
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	485,000	89,705	574,705
2026-2030	2,570,000	282,810	2,852,810
2031-2032	1,265,000	32,835	1,297,835
Total	$ 6,145,000	$ 867,075	$ 7,012,075

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
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	970,000	142,525	1,112,525	820,000	297,550	1,117,550
2026-2030	3,395,000	262,350	3,657,350	3,865,000	932,775	4,797,775
2031-2035	-	-	-	2,760,000	284,600	3,044,600
Total	$ 7,990,000	$ 1,253,625	$ 9,243,625	$ 10,885,000	$ 3,033,850	$ 13,918,850

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 note carried an interest rate of 0.76% with monthly debt service payments. The remaining balance was paid during the year ended December 31, 2020.

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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, 2020 is $4,285,000.

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, 2020 is $11,640,000.

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, 2020 is $9,990,000.

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, 2020 is $4,255,000.

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, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Discretely presented component unit:					
Financed purchase	$ 232,982	$ -	$ (21,732)	$ 211,250	$ 22,690
Total discretely presented component unit Long-term liabilities	$ 232,982	$ -	$ (21,732)	$ 211,250	$ 22,690

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, 2020, the outstanding balance on this financed purchase is $211,250 and the cost and accumulated depreciation of the assets acquired under the financing agreement are $345,984 and $59,157, 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
2021	$ 22,690	$ 8,438	$ 31,128
2022	23,661	7,467	31,128
2023	164,899	6,465	171,364
Total	$ 211,250	$ 22,370	$ 233,620

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, 2020, the date of the most recent actuarial valuation, there were 143 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	26
Terminated vested participants not yet receiving benefits	34
Active employees - vested	61
Active employees - nonvested	22
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 2020, the actuarially determined contribution rate was 8.85% of covered payroll. The City makes all contributions to the Plan. For 2020, the City's contribution to the Plan was $660,894 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2020.

Actuarial assumptions. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% to 8.50% (including inflation of 2.25%)
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for healthy retirees and beneficiaries for the July 1, 2019 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality table with rates multiplied by 1.25. For disabled participants, mortality rates were based on sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. For active participants, terminated vested participants, and deferred beneficiaries, mortality rates were based on the Pri-2012 head-count weighted Employee Mortality Table.

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

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, 2020 are summarized in the table on the following page.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Real estate	10%	4.76
Global fixed income	5%	3.06
Domestice fixed income	20%	1.96
Cash	—%	
Total	100%	

* Rates shown are net of the 2.25% 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 7.375%. 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, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	$ 6,324,500	$ 4,842,824	$ 1,481,676
Changes for the year:			
Service cost	186,529	-	186,529
Interest	481,453	-	481,453
Differences between expected and actual experience	337,972	-	337,972
Contributions—employer	-	660,894	(660,894)
Net investment income (loss)	-	(320,064)	320,064
Benefit payments, including refunds of employee contributions	(183,321)	(183,321)	-
Changes of assumptions	524,736	-	524,736
Administrative expense	-	(18,326)	18,326
Net changes	1,347,369	139,183	1,208,186
Balances at December 31, 2020	$ 7,671,869	$ 4,982,007	$ 2,689,862

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 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 3,806,177	$ 2,689,862	$ 1,767,010

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, 2020 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, 2020, the City recognized pension expense of $730,981. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 312,685
Changes in assumptions	441,067
Net difference between projected and actual earnings on pension plan investments	582,452
Total	$ 1,336,204

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
2021	$ 346,872
2022	326,803
2023	349,888
2024	312,641
Total	$ 1,336,204

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, 2020, the date of the most recent actuarial valuation, there were 97 participants consisting of the following:

Retirees	8
Active employees not yet eligible to retire	89
Total	97

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, 2020, the City contributed $71,885 for the pay as you go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $9,414,004 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 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%
Inflation rate	3.00%
Discount rate	2.75%
Health care cost trends	6.00% decreasing to 4.00% for 2070 and thereafter
Medicare cost trend	3.50%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table, fully-generational. Postretirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table, fully generational.

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, 2020 were as follows:

	Total OPEB Liability
Balance at December 31, 2019	$ 7,125,483
Service Cost	656,345
Interest	282,185
Experience differences	713,208
Change of assumptions	696,303
Benefit payments	(59,520)
Balance at December 31, 2020	$ 9,414,004

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 (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	$ 11,488,634	$ 9,414,004	$ 7,805,112

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 3.0%) or 1-percentage-point higher (7.0% trended down to 5.0%) 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	$ 7,576,341	$ 9,414,004	$ 11,889,958

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, 2020 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, 2020, the City recognized OPEB expense of $1,003,088. At December 31, 2020, 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	$ 71,885	$ -
Difference between expected and actual experience	647,170	
Changes in plan assumptions	631,830	501,902
Total	$ 1,350,885	$ 501,902

City contributions made subsequent to the measurement date of $71,885 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2021	$ 66,979
2022	66,979
2023	66,979
2024	66,979
2025	66,979
Thereafter	442,203
	$ 777,098

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, 2020, 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 $39,373 for the year ended December 31, 2020. Of this amount 65%, or $25,575, was transferred to the General Fund in accordance with O.C.G.A. 48-13-51. The remaining $13,798 was used to promote tourism.

Note 16. Tax Abatements

For the year ended December 31, 2020, City property tax revenues were reduced by $2,828 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.

Note 17. Change in Accounting Principle

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, the City is required to reevaluate the accounting treatment of fiduciary activities. The new standard requires the City to determine if funds are considered custodial funds under the new definitions of GASB Statement No. 84. Therefore, in conjunction with the implementation of GASB Statement No. 84, The City's Municipal Court Fund now reflects net position and changes in fiduciary net position as a custodial fund.

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

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	$ 186,529	$ 162,345	$ 125,794	$ 113,574	$ 108,171	$ 121,093
Interest on total pension liability	481,453	445,635	337,907	314,714	291,318	280,638
Differences between expected and actual experience	337,972	27,877	113,485	55,509	90,191	(6,345)
Changes of assumptions	524,736	-	85,114	-	-	(79,297)
Changes of benefit terms	-	-	939,301	-	-	-
Benefit payments, including refunds of employee contributions	(183,321)	(181,618)	(182,854)	(186,223)	(189,354)	(167,210)
Net change in total pension liability	1,347,369	454,239	1,418,747	297,574	300,326	148,879
Total pension liability - beginning	6,324,500	5,870,261	4,451,514	4,153,940	3,853,614	3,704,735
Total pension liability - ending (a)	$ 7,671,869	$ 6,324,500	$ 5,870,261	$ 4,451,514	$ 4,153,940	$ 3,853,614
Plan fiduciary net position						
Contributions - employer	$ 660,894	$ 617,549	$ 423,870	$ 376,367	$ 184,718	$ 182,991
Net investment income (loss)	(320,064)	150,015	438,875	390,875	4,990	278,899
Benefit payments, including refunds of member contributions	(183,321)	(181,618)	(182,854)	(186,223)	(189,354)	(167,210)
Administrative expenses	(18,326)	(17,014)	(18,809)	(16,530)	(14,165)	(11,119)
Net change in plan fiduciary net position	139,183	568,932	661,082	564,489	(13,811)	283,561
Plan fiduciary net position - beginning	4,842,824	4,273,892	3,612,810	3,048,321	3,062,132	2,778,571
Plan fiduciary net position - ending (b)	$ 4,982,007	$ 4,842,824	$ 4,273,892	$ 3,612,810	$ 3,048,321	$ 3,062,132
City's net pension liability - ending (a) - (b)	$ 2,689,862	$ 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	64.94%	76.57%	72.81%	81.16%	73.38%	79.46%
Covered payroll	$ 3,251,702	$ 2,645,512	$ 2,550,484	$ 2,624,348	$ 2,590,591	$ 2,573,713
City's net pension liability as a percentage of covered payroll	82.72%	56.01%	62.59%	31.96%	42.68%	30.75%

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

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 317,674	$ 324,141	$ 188,640	$ 197,159	$ 179,208	$ 184,718
Contributions in relation to the actuarially determined contribution	660,894	617,549	305,879	315,150	376,367	184,718
Contribution excess	$ (343,220)	$ (293,408)	$ (117,239)	$ (117,991)	$ (197,159)	$ -
Covered payroll	$ 3,587,840	$ 3,139,656	$ 2,480,797	$ 2,573,713	$ 2,641,226	$ 2,573,713
Contributions as a percentage of covered payroll	18.42%	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

	2020	2019	2018
Total OPEB liability			
Service cost	$ 656,345	$ 536,956	$ 521,317
Interest on total OPEB liability	282,185	221,930	200,838
Experience differences	713,208	-	-
Assumption changes	696,303	(628,966)	-
Benefit payments	(59,520)	(54,654)	(54,742)
Net change in total OPEB liability	2,288,521	75,266	667,413
Total OPEB liability - beginning	7,125,483	7,050,217	6,382,804
Total OPEB liability - ending	$ 9,414,004	$ 7,125,483	$ 7,050,217
Covered-employee payroll	$ 4,344,972	$ 3,506,050	$ 3,984,678
Total OPEB liability as a percentage of covered-employee payroll	216.7%	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.

CARES Act Fund - This fund accounts for the use of funds provided by the Coronavirus Relief Fund in responding the effect of the COVID-19 pandemic. Funds are restricted by Federal laws.

CITY OF JEFFERSON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds				
ASSETS	**Hotel/ Motel**	**Confiscated Assets**	**Multi-Grant Fund**	**CARES Act Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ -	$ 175,629	$ 34,107	$ -	$ 209,736
Taxes receivable, net	2,865	-	-	-	2,865
Restricted cash and cash equivalents	-	24,089	-	-	24,089
Total assets	$ 2,865	$ 199,718	$ 34,107	$ -	$ 236,690
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ -	$ 1,313	$ -	$ -	$ 1,313
Due to other funds	1,719	-	-	-	1,719
Total liabilities	1,719	1,313	-	-	3,032
FUND BALANCES					
Restricted for:					
Capital projects	-	-	34,107	-	34,107
Tourism	1,146	-	-	-	1,146
Public safety	-	198,405	-	-	198,405
Total fund balances	1,146	198,405	34,107	-	233,658
Total liabilities and fund balances	$ 2,865	$ 199,718	$ 34,107	$ -	$ 236,690

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

	Special Revenue Funds				
	Hotel/ Motel	Confiscated Assets	Multi-Grant Fund	CARES Act Fund	Total Nonmajor Governmental Funds
Revenues:					
Hotel/Motel occupancy taxes	$ 39,373	$ -	$ -	$ -	$ 39,373
Fines and forfeitures	-	112,618	-	-	112,618
Intergovernmental	-	-	197,434	629,847	827,281
Total revenues	39,373	112,618	197,434	629,847	979,272
Expenditures:					
Current:					
Public safety	-	23,864	-	496,127	519,991
Public works	-	-	164,934	-	164,934
Culture and recreation	-	-	73,722	133,720	207,442
Economic and community development	16,581	-	-	-	16,581
Total expenditures	16,581	23,864	238,656	629,847	908,948
Excess (deficiency) of revenues over (under) expenditures	22,792	88,754	(41,222)	-	70,324
Other financing sources (uses):					
Transfers in	-	-	41,220	-	41,220
Transfers out	(25,575)	-	-	-	(25,575)
Total other financing sources (uses)	(25,575)	-	41,220	-	15,645
Net change in fund balances	(2,783)	88,754	(2)	-	85,969
Fund balances, beginning of year	3,929	109,651	34,109	-	147,689
Fund balances, end of year	$ 1,146	$ 198,405	$ 34,107	$ -	$ 233,658

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, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel occupancy taxes	$ -	$ 40,000	$ 39,373	$ (627)
Total revenues	-	40,000	39,373	(627)
Expenditures:				
Current:				
Economic and community development	-	17,978	16,581	1,397
Total expenditures	-	17,978	16,581	1,397
Excess of revenues over expenditures	-	22,022	22,792	770
Other financing uses:				
Transfers out	-	(25,951)	(25,575)	376
Total other financing uses	-	(25,951)	(25,575)	376
Net changes in fund balances	-	(3,929)	(2,783)	1,146
Fund balances, beginning of year	3,929	3,929	3,929	-
Fund balances, end of year	$ 3,929	$ -	$ 1,146	$ 1,146

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, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ -	$ 112,618	$ 112,618
Total revenues	-	-	112,618	112,618
Expenditures:				
Current:				
Public safety	30,000	30,000	23,864	6,136
Total expenditures	30,000	30,000	23,864	6,136
Net changes in fund balances	(30,000)	(30,000)	88,754	118,754
Fund balances, beginning of year	109,651	109,651	109,651	-
Fund balances, end of year	$ 79,651	$ 79,651	$ 198,405	$ 118,754

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, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 164,934	$ 697,434	$ 197,434	$ (500,000)
Total revenues	164,934	697,434	197,434	(500,000)
Expenditures:				
Current:				
Public works	164,934	664,935	164,934	500,001
Culture and recreation	-	75,999	73,722	2,277
Total expenditures	164,934	740,934	238,656	502,278
Deficiency of revenues under expenditures	-	(43,500)	(41,222)	2,278
Other financing sources:				
Transfers in	-	43,500	41,220	(2,280)
Total other financing sources	-	43,500	41,220	(2,280)
Net changes in fund balances	-	-	(2)	(2)
Fund balances, beginning of year	34,109	34,109	34,109	-
Fund balances, end of year	$ 34,109	$ 34,109	$ 34,107	$ (2)

CITY OF JEFFERSON, GEORGIA
CARES ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ -	$ 629,850	$ 629,847	$ (3)
Total revenues	-	629,850	629,847	(3)
Expenditures:				
Current:				
Public safety	-	496,130	496,127	3
Culture and Recreation	-	133,720	133,720	-
Total expenditures	-	629,850	629,847	3
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

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, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	$ -	$ -	$ 290	$ 290
Total revenues	-	-	290	290
Expenditures:				
Debt service:				
Principal	1,285,000	1,285,000	1,285,000	-
Interest	422,505	422,505	413,998	8,507
Total expenditures	1,707,505	1,707,505	1,698,998	8,507
Deficiency of revenues over expenditures	(1,707,505)	(1,707,505)	(1,698,708)	8,797
Other financing sources:				
Transfers in	1,707,505	1,707,505	1,698,552	(8,953)
Total other financing sources	1,707,505	1,707,505	1,698,552	(8,953)
Net change in fund balances	-	-	(156)	(156)
Fund balances, beginning of year	459,330	459,330	459,330	-
Fund balances, end of year	$ 459,330	$ 459,330	$ 459,174	$ (156)

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

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	$ 1,405,481	$ 1,405,481	$ -	$ 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	73,144	5,660	78,804
Water and sewer facilities	1,179,588	1,405,481	1,405,481	-	1,405,481
SPLOST V Total	$ 4,067,680	$ 4,846,287	$ 4,822,619	$ 5,660	$ 4,828,279
SPLOST VI:					
Roads, streets, bridges, and storm water management facilities	$ 1,359,750	$ 1,359,750	$ 524,399	$ 13,477	$ 537,876
Cultural, historical and recreation facilities	1,665,000	1,665,000	519,522	340,000	859,522
Public safety facilities	865,800	865,800	-	12,582	12,582
Water and sewer facilities	1,359,750	1,359,750	282,959	190,396	473,355
SPLOST VI Total	$ 5,250,300	$ 5,250,300	$ 1,326,880	$ 556,455	$ 1,883,335

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:

Capital Outlay	$ 222,115
Transfer Out (see note 1 below)	340,000
Total	$ 562,115

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).

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, 2020

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 59,456
Payments to vendors	(17,323)
Net cash provided by operating activities	42,133
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on financed purchase	(21,732)
Interest paid	(9,620)
Purchase of capital assets	(13,307)
Net cash used in capital and related financing activities	(44,659)
Net decrease in cash and cash equivalents	(2,526)
Cash and cash equivalents, beginning of year	199,602
Cash and cash equivalents, end of year	$ 197,076
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 28,877
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	9,261
Change in assets and liabilities:	
Decrease in accounts receivable	2,300
Increase in accounts payable	(1,371)
Increase in accrued liabilities	197
Decrease in due to primary government	(131)
Increase in customer deposits payable	3,000
Net cash provided by operating activities	$ 42,133

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 21, 2021. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2020-001 that we consider to be a material weakness.

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 Response to the Finding

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

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
September 21, 2021

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 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, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS

2020-001 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 PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-001 Segregation of Duties

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.

Status: Repeat finding. See finding 2020-001.

2019-002 Cash Reconciliations – Downtown Development Authority

Condition: In our testing of the Downtown Development 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.

Status: Resolved during fiscal year 2020.