CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023



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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards as required by Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of special purpose local option sales tax proceeds as required by Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 July 18, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 18, 2024

CITY OF JEFFERSON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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, 2023. 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 $36,337,388 (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 $27,281,327 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 $6,531,512 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $2,524,849 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $30,284,924 this year. This compared to the prior year ending fund balance of $19,595,563 showing an increase of $10,689,361 during the current year. This increase is due to issuing a bond in 2023 that was not completely spent.

- At the end of the current calendar year, the unassigned fund balance for the General Fund was $5,810,917 or 43.7% of total General Fund expenditures.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements are presented on pages 19 and 20 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 eight 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, SPLOST fund, capital projects fund, and debt service 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 21 to 23 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 the City.

The basic proprietary fund financial statements are presented on pages 25 to 27 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 28 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's total net position at calendar year-end is $100,452,358. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	$ 37,316,076	$ 25,378,740	$ 24,657,607	$ 21,482,030	$ 61,973,683	$ 47,220,770
Capital assets	39,351,246	31,821,606	66,924,099	45,393,904	106,275,345	77,215,510
Total Assets	76,667,322	57,200,346	91,581,706	66,875,934	168,249,028	124,436,280
Deferred outflows of resources	3,540,349	3,722,948	736,838	622,549	4,277,187	4,345,497
Liabilities:						
Current and other liabilities	3,960,704	2,409,725	3,763,752	2,933,343	7,724,456	5,343,068
Long-term debt outstanding	30,375,689	22,608,358	23,438,555	11,247,114	53,814,244	33,855,472
Total Liabilities	34,336,393	25,018,083	27,202,307	14,180,457	61,538,700	39,198,540
Deferred inflows of resources	9,533,590	5,968,922	1,001,567	231,372	10,535,157	6,200,294
Net position:						
Net investment in capital Assets	27,281,327	20,710,018	44,090,097	35,318,081	71,371,424	56,028,099
Restricted	6,531,512	6,327,885	-	-	6,531,512	6,327,885
Unrestricted	2,524,849	2,898,386	20,024,573	17,768,573	22,549,422	20,666,959
Total Net Position	$ 36,337,688	$ 29,936,289	$ 64,114,670	$ 53,086,654	$ 100,452,358	$ 83,022,943

The City reported positive balances in net position for both governmental and business-type activities. During 2023, the net position increased by $6,401,399 for governmental activities and increased by $11,028,016 for business-type activities. The City's overall financial position increased during the calendar year 2023.

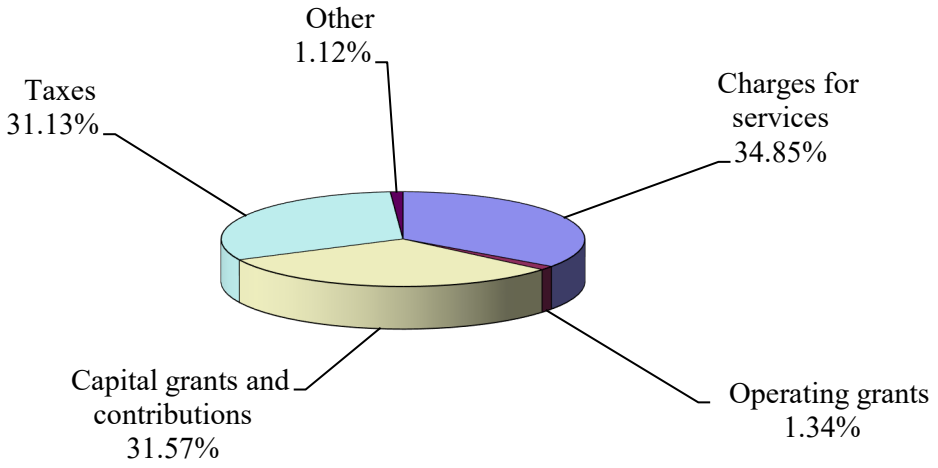
Note that approximately 51.3% of the governmental activities' total assets are tied up in capital assets (with 73.4% of the capital asset cost being depreciable). The City uses these capital assets to provide services to its citizens. Also, 73% of the business-type activities assets are tied up in capital assets (with 43.6% of the capital asset cost being depreciable). Combining governmental activities with business-type activities, the City has invested approximately 63% 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	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenues:						
Program:						
Charges for services	$2,934,568	$2,939,965	$11,553,494	$9,508,771	$14,488,062	$12,448,736
Operating grants and contribution	555,190	2,540,696	-	-	555,190	2,540,696
Capital grants and contributions	5,374,746	3,342,787	7,748,047	2,977,366	13,122,793	6,320,153
General:						
Taxes	12,942,027	12,338,888	-	-	12,942,027	12,338,888
Other	278,642	202	164,113	185	442,755	387
Gain on sale of capital assets	22,000	-	-	-	22,000	-
Total revenues	22,107,173	21,162,538	19,465,654	12,486,322	41,572,827	33,648,860
Program Expenses:						
General government	1,520,174	1,492,743	-	-	1,520,174	1,492,743
Public safety	6,026,216	5,223,931	-	-	6,026,216	5,223,931
Public works	2,969,400	2,230,554	-	-	2,969,400	2,230,554
Culture and recreation	2,903,131	3,388,932	-	-	2,903,131	3,388,932
Economic and community development	1,844,423	825,194	-	-	1,844,423	825,194
Interest on long-term debt	652,430	344,699	-	-	652,430	344,699
Water and sewer	-	-	7,224,131	6,273,358	7,224,131	6,273,358
Solid waste	-	-	1,003,507	977,565	1,003,507	977,565
Total expenses	15,915,774	13,506,053	8,227,638	7,250,923	24,143,412	20,756,976
Revenues over expenses	6,191,399	7,656,485	11,238,016	5,235,399	17,429,415	12,891,884
Transfers	210,000	(2,066,593)	(210,000)	2,066,593	-	-
Change in net position	6,401,399	5,589,892	11,028,016	7,301,992	17,429,415	12,891,884
Beginning net position	29,936,289	24,346,397	53,086,654	45,784,662	83,022,943	70,131,059
Ending net position	$36,337,688	$29,936,289	$64,114,670	$53,086,654	$100,452,358	$83,022,943

Total government-wide revenues for 2023 were $41,572,827. These revenues consisted of $12,942,027 in taxes, $13,122,793 in capital grants and contributions, $555,190 in operating grants and contributions, $14,488,062 in charges for services, $442,755 in other revenues, and $22,000 in gain on sale of capital assets. Of this amount, $22,107,173 was in governmental activities and $19,465,654 in business-type activities. The following chart depicts further detail of government-wide revenues.

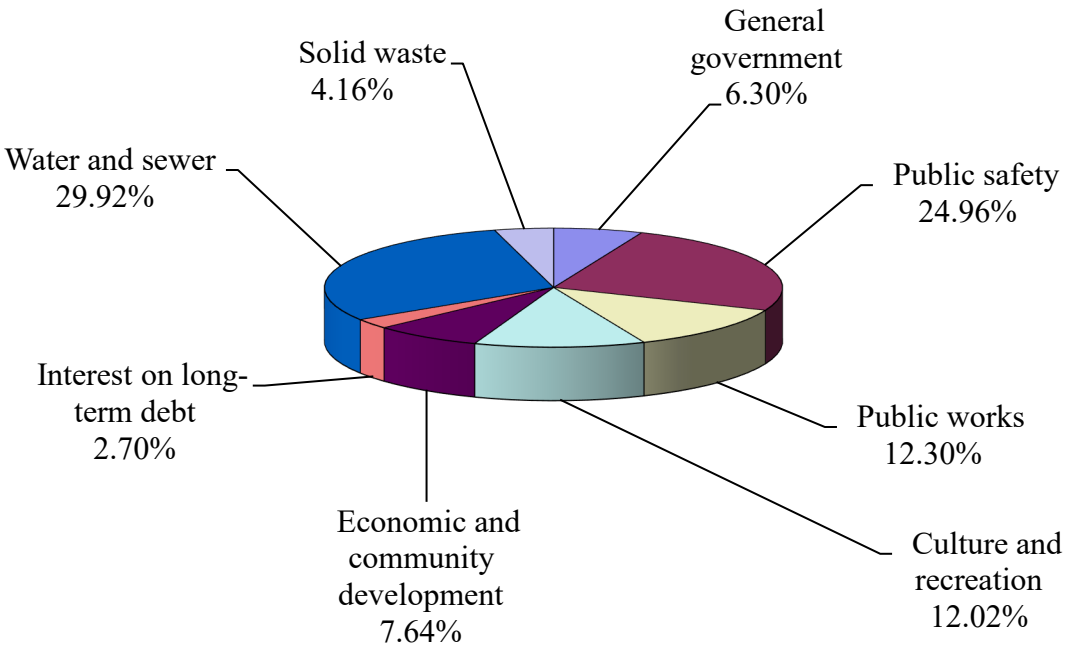
REVENUES BY SOURCE - GOVERNMENT-WIDE ACTIVITY



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

Government-wide expenses for the City were $24,143,412 for 2023, of which $15,915,774 were for governmental activities and $8,227,638 for business-type activities. The chart below depicts further detail of government-wide total expenses.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY

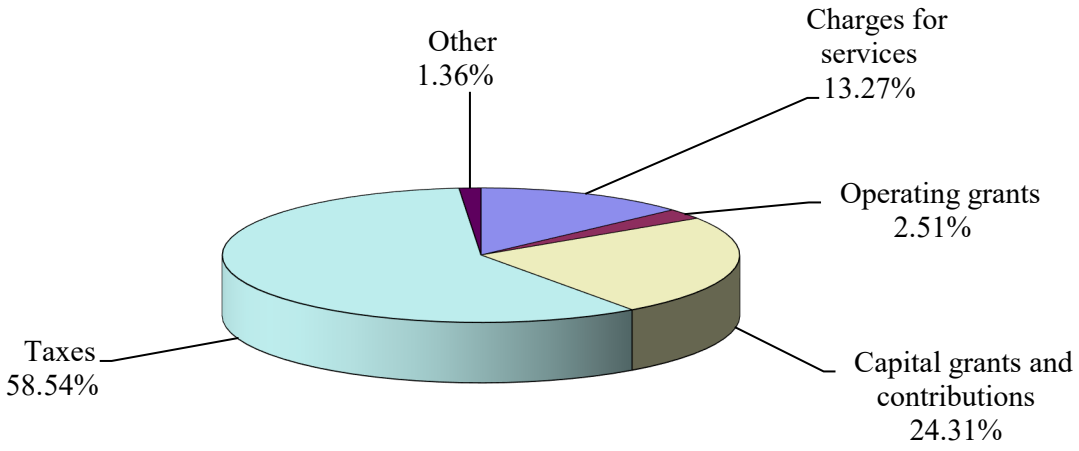


Note: Graph may not equal 100% due to rounding.

Governmental Activities Revenues

The City's sales taxes (which includes the Local Option Sales Tax), one of the General Fund's most significant revenue sources, yielded $226,006 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 $3,767,108. 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 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 number seven, effective for six years, was approved by the voters on November 8, 2022 with collections starting July 1, 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 $1,963,337 was expended during 2023 for these capital projects and related debt.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

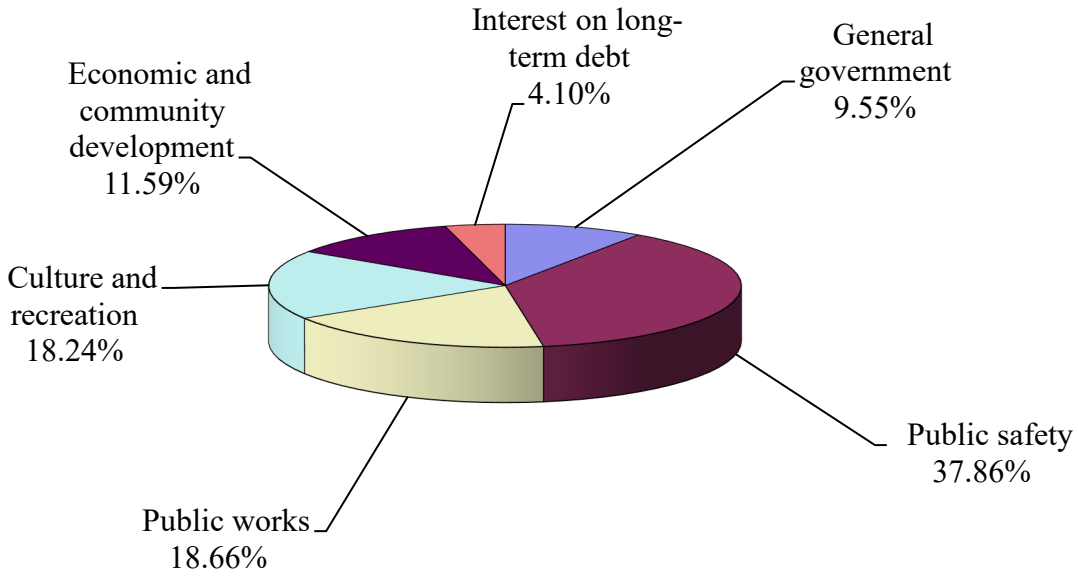


Note: Graph may not equal 100% due to rounding.

Governmental Activities Expenses

Expenses in the governmental activities were $15,915,774 up $2,409,721 from 2022. 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 $1,894,462 from the prior year while nonoperating revenues and capital contributions (excluding transfers in) increased by $4,440,474. The increase in nonoperating revenue and capital contributions is mainly due to the increase in capital contributions from developer contributions. Operating expenses increased by $851,418 from 2022. The increase in expenses is attributable to an increase in personnel cost, R&M to the system, new meter purchases, increase cost in chemicals, and increase depreciation costs.

Solid Waste Fund – The operating revenue for Solid Waste Fund was up $150,261 from the prior year and operating expenses increased by $25,942. The revenue in this fund increased due to an increase in customer base and a rate increase. The expense increased due to an increase in customer base and an increase in what the vendor charged the city.

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 $30,284,924 at December 31, 2023 compared to $19,595,563 at December 31, 2022. The increase relates mainly to the SPLOST Funds and Capital Projects Fund.

General Fund decrease by $271,073 due to transfers to the capital projects fund. The SPLOST fund increased by $934,549 due to SPLOST revenue that is being saved to do larger projects. Capital Projects Fund increased by $9,990,883 due to a bond issued in 2023 but bond funds were not fully spent in 2023. Debt Service Fund increased by $1,845 due to interest income received. Lastly, there was an increase of $33,436 in the Nonmajor Governmental Funds due to assets confiscations received increasing in 2023.

Of this year-end total, $4,600,960 is assigned for appropriation of subsequent year's fund balance. There is $538,618 assigned for various purposes. There is also $577,070 assigned for planning and development use and $1,551,768 of impact fees set aside for approved purpose. There is $5,810,917 that is unassigned indicating availability for continuing City service delivery requirements. There is $461,223 set aside for debt service, $10,543,970 for capital projects, is mostly bond funds for a natatorium to be constructed, $177,602 for prepaid work being done by CSX, $14,365 restricted based on grant requirements, $199,385 for road projects underway, $175,084 is restricted for public safety, and $5,833,347 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 decreased by $271,073 or -2%. The ending unassigned fund balance represents the equivalent of 43.7% of annual expenditures. The decrease was due to transfers out for capital projects.

SPLOST – The SPLOST Fund is used to report projects financed from Special Purpose Local Options Sales Tax (SPLOST) funds. Fund balance increased by $934,549 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 increased by $9,990,883 from the prior year. This was mostly due to the issuance of bonds and bond funds being unspent in 2023.

Debt Service – The Debt Service Fund is used to show principal and interest payments made to pay off existing debt. Fund balance increased by $1,845 from the prior 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 2023 by $475,391, to account for part of the increase in property tax revenue and fines and forfeitures collection.

Property taxes came in over budget by $109,854. This was due to a higher collection rate than anticipated for real and personal property taxes.

Sales taxes came in under budget by $110,373. This decrease is due to overall lower collections throughout the State of Georgia.

Franchise fees came in $150,926 over budget due to electric franchise fees coming in higher than budgeted due to continued growth during 2023.

Licenses and permits came in under budget by $234,085 due to less building permits being issued than anticipated. City council also placed a temporary moratorium on new home builds being approved.

Fines and forfeitures came in $257,390 under budget due to less fines being collected within the safety zone.

Charges for services came in $385,455 over budget due to impact fees collected from new home construction.

Business taxes came in $350,399 over budget due to an increase in insurance premium taxes received.

The City also saw revenues coming in under budget by $100,124 for intergovernmental, due to not fully staffing our new school resource officer positions that the school is reimbursing the City for.

Lastly, contributions and donations came in over budget by $337,190, other revenues came in over budget by $11,697 and interest earnings came in over budget by $95,749.

In total, the City recognized 104.7% of the final revenue budget. The General Fund's expenditure budget was increased $774,212 or 5.7%. All budgets except recreation, parks, and payments to other agencies were increased. These increases were to cover increases in employee costs, contributions toward operation and capital costs, and capital needs identified during 2023 that were not already budgeted. In total, the City under spent the final expenditure budget by $1,092,452 or 7.6%.

Differences between the original budget, the final budget, and actual results are shown on page 24.

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, 2023, were $39,351,246 and $66,924,099; respectively. The change in this net investment was an approximate $29,059,835 increase for governmental activities and business-type activities. See Note 7 for additional information about changes in capital assets during the calendar year and Note 9 for outstanding debt at the end of the year.

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Nondepreciable assets:						
Land	$ 3,266,901	$ 2,572,002	$11,275,283	$ 10,577,225	$ 14,542,184	$ 13,149,227
Construction in progress	7,195,833	436,976	25,047,130	8,203,079	32,242,963	8,640,055
Intangible	-	-	1,450,059	1,450,059	1,450,059	1,450,059
Total nondepreciable	$10,462,734	$ 3,008,978	$37,772,472	$ 20,230,363	$ 48,235,206	$ 23,239,341
Depreciable assets:						
Buildings	20,443,442	20,303,813	-	-	20,443,442	20,303,813
Water distribution	-	-	21,527,053	18,835,551	21,527,053	18,835,551
Sewer distribution	-	-	24,991,384	22,580,361	24,991,384	22,580,361
Improvements	1,033,294	986,939	37,020	37,020	1,070,314	1,023,959
Machinery and equipment	7,346,124	6,662,858	2,231,874	2,035,671	9,577,998	8,698,529
Infrastructure	20,956,381	19,828,856	-	-	20,956,381	19,828,856
Intangibles	175,760	146,646	99,668	-	275,428	146,646
Total depreciable assets	49,955,001	47,929,112	48,886,999	43,488,603	98,842,000	91,417,715
Less accumulated depreciation	21,066,489	19,116,484	19,735,372	18,325,062	40,801,861	37,441,546
Book value – depreciable assets	28,888,512	28,812,628	29,151,627	25,163,541	58,040,139	53,976,169
Percentage depreciated	42%	40%	40%	41%	41%	41%
Total book value	$39,351,246	$31,821,606	$66,924,099	$45,393,904	$106,275,345	$77,215,510

Major capital asset activities in governmental activities in 2023 were:

- Land increased by $694,899; land was donated by developers.
- Construction in progress increased by $6,758,857; mostly due to the construction of a new road and natatorium construction.
- Building increased by $139,629; due to restoration of historic calaboose and a new roof at the Clubhouse and Roosevelt Theater.
- Machinery and equipment increased by $683,266; due to the addition of two police vehicles and equipment costing $180,573, a new radio system for both fire and police required by Jackson County 911 costing $420,527 ($119,788 was donated by County). The roads and grounds department

purchased a new vehicle costing $57,431. Planning and Development purchased a new vehicle costing $33,756. There was other various equipment was purchased costing $21,919. Also, the City removed $30,940 due to vehicles that were replaced being sold.

- Infrastructure increased by $1,127,525 due to the $528,028 in donations from developers for roads, sidewalks, and stormwater drainage. The increase was also due to $568,171 of paving and sidewalk projects on Old Pendergrass Road and Kalurah Street. Lastly, a storm drain replacement at Lakeshore Drive costing $31,326.

At December 31, 2023, the depreciable capital assets for governmental activities were 42% depreciated, slightly above the 2022 percentage of 40%. 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 2023 were:

- Land increased $698,058 due to the securing the final parcel of property for the Parks Creek Reservoir construction and project moved from construction in progress.

- Construction in progress increased by $16,844,051. The increase was mainly due to the construction of the I-85 Wastewater Treatment Facility, West Side Wastewater Pump Station, Concord Road Waterline project totaling $14,028,763, $2,262,530, and $762,108, respectively. These projects were started but were not completed in 2023, along with $2,003,956 of other projects of which projects totaling $2,213,306 were completed and removed from CIP.

- Additions to water distribution in the amount of $2,691,502. Developers contributed $1,054,655 of this increase. Fire hydrants were installed on Holders Siding Road costing $121,599. The completion of the Concord Road Waterline and Lawrenceville Street Waterline were completed and moved from construction in progress, $1,515,248.

- Additions to sewer distribution in the amount of $2,411,023. Developers contributed $2,028,962 to this increase. The increase also includes the construction of a new sewer equipment building, rehabilitation of old sewer shop, and replacement equipment for sewer distribution system costing $255,949, $65,000, and $61,112, respectively

- Additions to machinery and equipment in the amount of $196,203. Three vehicles costing $140,529 were purchased, as well as various equipment costing $55,674.

- Additions to Intangible in the amount of $99,668. This was for new SCADA software.

At December 31, 2023, the depreciable capital assets for business-type activities were 41% depreciated, the same as the 2022 percentage of 41%. 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 increased by approximately $20,580,447 during 2023.

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue bonds and Intergovernmental contracts payable	$ 22,934,491	$ 11,579,350	$ 8,854,039	$ 9,802,272	$ 31,788,530	$ 21,381,622
Notes payable	-	-	13,215,378	-	13,215,378	-
Net pension liability	1,053,457	363,160	217,391	93,466	1,270,848	456,626
Net OPEB obligation	8,243,892	11,958,425	2,011,563	2,174,259	10,255,455	14,132,684
Compensated absences	331,679	309,979	82,644	83,176	414,323	393,155
Total	$ 32,563,519	$ 24,210,914	$ 24,381,015	$12,153,173	$ 56,944,534	$ 36,364,087

Additional information on the City's debt is contained in Note 9 beginning on page 48.

Economic Factors

Total employment in Jackson County has continued to increase steadily in recent years, from 32,393 in 2021 to 35,520 in 2022, to 42,847 in June 2023 (Source: Georgia Department of Labor, Area Labor Profile, Jackson County, updated June 2023). There was a 20.6% increase in employment during the last year in Jackson County. Industrial development comprises the majority of private sector employment in Jackson County as of 2023. The three largest employment sectors in Jackson County are transportation and warehousing (31.4% of total private sector employment), manufacturing (20%) and retail trade (12.6%). 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 (as noted above) but also manufacturers and convenience stores. La Vaquita Flea Market (formerly Pendergrass Flea Market), reportedly draws 15,000 visitors on weekends. A new commercial shopping center including a grocery store and a Chick-fil-A opened for business in 2023 in Jefferson. In 2023, a townhome development with 142 units was completed. A new subdivision slated for 90 homes was started during 2023. Additional phases of single-family dwellings, both attached and detached, are still being developed. 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 & supp
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	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 (pack & ship)	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 equip component

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).

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, 2023

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 22,195,485	$ 14,163,014	$ 36,358,499	$ 104,415
Receivables, net of allowance for uncollectibles	2,414,613	1,613,484	4,028,097	11,282
Intergovernmental receivable	1,109,375	8,540,303	9,649,678	-
Inventory	-	337,446	337,446	-
Due from component unit	142,567	-	142,567	-
Lease receivable, due within one year	-	-	-	35,016
Lease receivable, due in more than one year	-	-	-	18,343
Restricted cash and cash equivalents	499,936	-	499,936	-
Restricted investments	10,776,498	-	10,776,498	-
Prepaid items	177,602	3,360	180,962	-
Capital assets, nondepreciable	10,462,734	37,772,472	48,235,206	92,965
Capital assets, depreciable, net of accumulated depreciation	28,888,512	29,151,627	58,040,139	219,483
Total assets	76,667,322	91,581,706	168,249,028	481,504
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	410,407	-	410,407	-
Pension related items	714,257	147,395	861,652	-
OPEB related items	2,415,685	589,443	3,005,128	-
Total deferred outflows of resources	3,540,349	736,838	4,277,187	-
LIABILITIES				
Accounts payable	1,457,184	1,629,378	3,086,562	49,230
Retainage payable	39,811	760,240	800,051	-
Accrued liabilities	275,879	125,791	401,670	-
Due to other governments	-	-	-	142,567
Customer deposits payable	-	305,883	305,883	-
Compensated absences, due within one year	264,926	66,011	330,937	-
Compensated absences, due in more than one year	66,753	16,633	83,386	-
Bonds payable, due within one year	1,835,000	855,000	2,690,000	-
Bonds payable, due in more than one year	21,099,491	7,999,039	29,098,530	-
Notes payable, due in more than one year	-	13,215,378	13,215,378	-
Net pension liability, due in more than one year	1,053,457	217,391	1,270,848	-
Total OPEB liability, due in one year	87,904	21,449	109,353	-
Total OPEB liability, due in more than one year	8,155,988	1,990,114	10,146,102	-
Total liabilities	34,336,393	27,202,307	61,538,700	191,797
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding	-	4,345	4,345	-
Unearned revenues - property taxes	5,435,708	-	5,435,708	-
Deferred revenue - leasing activities	-	-	-	49,751
Pension related items	71,426	14,740	86,166	-
OPEB related items	4,026,456	982,482	5,008,938	-
Total deferred inflows of resources	9,533,590	1,001,567	10,535,157	49,751
NET POSITION				
Net investment in capital assets	27,281,327	44,090,097	71,371,424	312,448
Restricted for:				
Debt service	241,309	-	241,309	-
Capital projects	6,115,119	-	6,115,119	-
Public safety	175,084	-	175,084	-
Unrestricted	2,524,849	20,024,573	22,549,422	(72,492)
Total net position	$ 36,337,688	$ 64,114,670	$ 100,452,358	$ 239,956

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

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	$ 1,520,174	$ 229,231	$ 16,565	$ -	$ (1,274,378)	$ -	$ (1,274,378)	$ -
Public safety	6,026,216	953,825	173,360	617,176	(4,281,855)	-	(4,281,855)	-
Public works	2,969,400	360	-	3,858,467	889,427	-	889,427	-
Culture and recreation	2,903,131	768,021	365,265	899,103	(870,742)	-	(870,742)	-
Economic and community development	1,844,423	983,131	-	-	(861,292)	-	(861,292)	-
Interest on long-term debt	652,430	-	-	-	(652,430)	-	(652,430)	-
Total governmental activities	15,915,774	2,934,568	555,190	5,374,746	(7,051,270)	-	(7,051,270)	-
Business-type activities:								
Water and sewer	7,224,131	10,388,302	-	7,748,047	-	10,912,218	10,912,218	-
Solid waste	1,003,507	1,165,192	-	-	-	161,685	161,685	-
Total business-type activities	8,227,638	11,553,494	-	7,748,047	-	11,073,903	11,073,903	-
Total primary government	$ 24,143,412	$ 14,488,062	$ 555,190	$ 13,122,793	(7,051,270)	11,073,903	4,022,633	-
Component unit:								
Downtown Development Authority	$ 53,910	$ 33,167	$ -	$ -	-	-	-	(20,743)
General revenues:								
Property taxes					5,921,978	-	5,921,978	-
Sales taxes					4,067,627	-	4,067,627	-
Franchise taxes					1,697,526	-	1,697,526	-
Hotel/Motel occupancy tax					55,562	-	55,562	-
Business taxes					1,199,334	-	1,199,334	-
Unrestricted investment earnings					278,642	164,113	442,755	2,993
Gain on sale of capital assets					22,000	-	22,000	-
Transfers					210,000	(210,000)	-	-
Total general revenues and transfers					13,452,669	(45,887)	13,406,782	2,993
Change in net position					6,401,399	11,028,016	17,429,415	(17,750)
Net position, beginning of year					29,936,289	53,086,654	83,022,943	257,706
Net position, end of year					$ 36,337,688	$ 64,114,670	$ 100,452,358	$ 239,956

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

CITY OF JEFFERSON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

ASSETS	Major Governmental Funds: General	SPLOST	Capital Projects	Debt Service	Nonmajor Governmental Funds	Totals Governmental Funds
Cash and cash equivalents	$ 16,724,611	$ 5,213,434	$ 95,495	$ -	$ 161,945	$ 22,195,485
Taxes receivable, net	747,076	-	-	-	3,708	750,784
Accounts receivable, net	1,663,689	140	-	-	-	1,663,829
Intergovernmental receivable	489,602	619,773	-	-	-	1,109,375
Due from other funds	16,546	-	-	-	-	16,546
Due from component unit	142,567	-	-	-	-	142,567
Restricted cash and cash equivalents	-	-	8,631	461,223	30,082	499,936
Restricted investments	-	-	10,776,498	-	-	10,776,498
Prepaid items	-	-	177,602	-	-	177,602
Total assets	$ 19,784,091	$ 5,833,347	$ 11,058,226	$ 461,223	$ 195,735	$ 37,332,622
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 1,170,601	$ -	$ 282,522	$ -	$ 4,061	$ 1,457,184
Accrued salaries	55,965	-	-	-	-	55,965
Retainage payable	-	-	39,811	-	-	39,811
Due to other funds	-	-	14,321	-	2,225	16,546
Total liabilities	1,226,566	-	336,654	-	6,286	1,569,506
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue - property taxes	5,435,708	-	-	-	-	5,435,708
Unavailable revenue - business taxes	32,579	-	-	-	-	32,579
Unavailable revenue - property taxes	9,905	-	-	-	-	9,905
Total deferred inflows of resources	5,478,192	-	-	-	-	5,478,192
FUND BALANCES						
Nonspendable:						
Prepaid items	-	-	177,602	-	-	177,602
Restricted for:						
Debt service	-	-	-	461,223	-	461,223
Public safety	-	-	-	-	175,084	175,084
Capital projects	-	5,833,347	10,543,970	-	14,365	16,391,682
Assigned for:						
Appropriation of subsequent year's fund balance	4,600,960	-	-	-	-	4,600,960
Tree Bank	137,835	-	-	-	-	137,835
Jefferson Community Theater	47,813	-	-	-	-	47,813
Future improvement of new library	43,734	-	-	-	-	43,734
Police technology	9,236	-	-	-	-	9,236
Planning and development	577,070	-	-	-	-	577,070
Pool	300,000	-	-	-	-	300,000
Impact fee projects	1,551,768	-	-	-	-	1,551,768
Unassigned	5,810,917	-	-	-	-	5,810,917
Total fund balances	13,079,333	5,833,347	10,721,572	461,223	189,449	30,284,924
Total liabilities, deferred inflows of resources, and fund balances	$ 19,784,091	$ 5,833,347	$ 11,058,226	$ 461,223	$ 195,735	

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.	39,351,246
Some receivables are not available to pay for current-period expenditures, and therefore, are unavailable in the governmental funds.	42,484
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.	(10,265,289)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(23,075,677)
Net position of governmental activities	$ 36,337,688

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, 2023

	Major Governmental Funds				Nonmajor Governmental Funds	Totals Governmental Funds
	General	SPLOST	Capital Projects	Debt Service		
Revenues						
Taxes:						
Property taxes	$ 5,921,982	$ -	$ -	$ -	$ -	$ 5,921,982
Sales taxes	4,067,627	-	-	-	-	4,067,627
Hotel/Motel occupancy taxes	-	-	-	-	55,562	55,562
Franchise taxes	1,697,526	-	-	-	-	1,697,526
Business taxes	1,214,399	-	-	-	-	1,214,399
Licenses and permits	633,915	-	-	-	-	633,915
Intergovernmental	187,849	2,836,289	1,000,000	-	166,342	4,190,480
Fines and forfeitures	774,141	-	-	-	73,313	847,454
Charges for services	1,110,109	-	-	-	-	1,110,109
Contributions and donations	375,690	-	-	-	-	375,690
Other revenues	368,795	-	-	-	-	368,795
Interest earnings	99,334	61,597	114,209	1,845	1,657	278,642
Total revenues	16,451,367	2,897,886	1,114,209	1,845	296,874	20,762,181
Expenditures						
Current:						
General government	1,258,389	-	-	-	-	1,258,389
Public safety	5,999,984	-	177,411	-	41,716	6,219,111
Public works	1,797,132	-	3,427,719	-	166,340	5,391,191
Culture and recreation	2,536,103	-	2,463,308	-	-	4,999,411
Economic and community development	1,694,966	-	64,605	-	22,225	1,781,796
Capital outlay	-	1,552,174	-	-	-	1,552,174
Debt service:						
Principal	-	-	-	1,375,000	-	1,375,000
Interest and fees	-	-	190,162	313,590	-	503,752
Total expenditures	13,286,574	1,552,174	6,323,205	1,688,590	230,281	23,080,824
Excess (deficiency) of revenues over (under) expenditures	3,164,793	1,345,712	(5,208,996)	(1,686,745)	66,593	(2,318,643)
Other financing sources (uses):						
Proceeds from sale of capital assets	22,000	-	-	-	-	22,000
Bonds issued	-	-	12,245,000	-	-	12,245,000
Premium on bonds issued	-	-	531,004	-	-	531,004
Transfers in	243,436	-	2,423,875	1,688,590	-	4,355,901
Transfers out	(3,701,302)	(411,163)	-	-	(33,436)	(4,145,901)
Total other financing sources (uses)	(3,435,866)	(411,163)	15,199,879	1,688,590	(33,436)	13,008,004
Net change in fund balances	(271,073)	934,549	9,990,883	1,845	33,157	10,689,361
Fund balances, beginning of year	13,350,406	4,898,798	730,689	459,378	156,292	19,595,563
Fund balances, end of year	$ 13,079,333	$ 5,833,347	$ 10,721,572	$ 461,223	$ 189,449	$ 30,284,924

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, 2023

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

Net change in fund balances - total governmental funds	$	10,689,361
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.		6,186,925
The net effect of donated capital assets is to increase net position.		1,342,715
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(19,723)
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 and issuance of bonds.		(11,401,004)
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.		(396,875)
Change in net position - governmental activities	$	6,401,399

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 5,789,578	$ 5,812,128	$ 5,921,982	$ 109,854
Sales taxes	4,178,000	4,178,000	4,067,627	(110,373)
Franchise taxes	1,496,600	1,546,600	1,697,526	150,926
Business taxes	835,000	864,000	1,214,399	350,399
Licenses and permits	868,000	868,000	633,915	(234,085)
Intergovernmental	77,500	287,973	187,849	(100,124)
Fines and forfeitures	976,600	1,031,531	774,141	(257,390)
Charges for services	724,000	724,654	1,110,109	385,455
Contributions and donations	5,000	38,500	375,690	337,190
Other revenues	286,400	357,098	368,795	11,697
Interest earnings	-	3,585	99,334	95,749
Total revenues	15,236,678	15,712,069	16,451,367	739,298
Expenditures:				
Current:				
General government	1,249,112	1,299,112	1,258,389	40,723
Public safety:				
Police	4,155,178	4,516,524	4,121,524	395,000
Fire	1,807,633	1,942,248	1,878,460	63,788
Total public safety	5,962,811	6,458,772	5,999,984	458,788
Public works	1,995,137	2,055,137	1,797,132	258,005
Culture and recreation:				
Recreation	194,598	194,598	138,814	55,784
Parks	2,034,151	2,034,151	1,825,443	208,708
Libraries	545,017	561,017	556,291	4,726
Payments to other agencies	13,500	15,555	15,555	-
Total culture and recreation	2,787,266	2,805,321	2,536,103	269,218
Economic and Community Development	1,610,488	1,760,684	1,694,966	65,718
Total expenditures	13,604,814	14,379,026	13,286,574	1,092,452
Excess of revenues over expenditures	1,631,864	1,333,043	3,164,793	1,831,750
Other financing sources (uses):				
Proceeds from sale of capital assets	7,382	29,382	22,000	(7,382)
Transfers in	230,200	230,200	243,436	13,236
Transfers out	(2,619,263)	(9,177,471)	(3,701,302)	5,476,169
Total other financing sources (uses)	(2,381,681)	(8,917,889)	(3,435,866)	5,482,023
Net change in fund balances	(749,817)	(7,584,846)	(271,073)	7,313,773
Fund balances, beginning of year	13,350,406	13,350,406	13,350,406	-
Fund balances, end of year	$ 12,600,589	$ 5,765,560	$ 13,079,333	$ 7,313,773

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities - Enterprise Funds		
ASSETS	Water and Sewer Fund	Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 13,840,098	$ 322,916	$ 14,163,014
Accounts receivable, net	1,441,850	171,634	1,613,484
Intergovernmental receivable	8,540,303	-	8,540,303
Inventory	337,446	-	337,446
Prepaid items	3,360	-	3,360
Total current assets	24,163,057	494,550	24,657,607
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	37,772,472	-	37,772,472
Depreciable assets, net of accumulated depreciation	29,151,627	-	29,151,627
Total noncurrent assets	66,924,099	-	66,924,099
Total assets	91,087,156	494,550	91,581,706
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	147,395	-	147,395
OPEB related items	589,443	-	589,443
Total deferred outflows of resources	736,838	-	736,838
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,544,879	84,499	1,629,378
Retainage payable	760,240	-	760,240
Accrued salaries	12,491	-	12,491
Accrued interest	113,300	-	113,300
Compensated absences payable, current	66,011	-	66,011
Customer deposits payable	305,883	-	305,883
Bonds payable, current	855,000	-	855,000
Total OPEB liability, current	21,449	-	21,449
Total current liabilities	3,679,253	84,499	3,763,752
NONCURRENT LIABILITIES			
Compensated absences payable	16,633	-	16,633
Bonds payable	7,999,039	-	7,999,039
Notes payable	13,215,378	-	13,215,378
Total OPEB liability	1,990,114	-	1,990,114
Net pension liability	217,391	-	217,391
Total noncurrent liabilities	23,438,555	-	23,438,555
Total liabilities	27,117,808	84,499	27,202,307
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on refunding	4,345	-	4,345
Pension related items	14,740	-	14,740
OPEB related items	982,482	-	982,482
Total deferred inflows of resources	1,001,567	-	1,001,567
NET POSITION			
Net investment in capital assets	44,090,097	-	44,090,097
Unrestricted	19,614,522	410,051	20,024,573
Total net position	$ 63,704,619	$ 410,051	$ 64,114,670

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, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Totals
OPERATING REVENUES			
Charges for services:			
Water charges	$ 6,726,974	$ -	$ 6,726,974
Sewer charges	3,523,753	-	3,523,753
Refuse collection charges	-	1,165,192	1,165,192
Miscellaneous revenue	137,575	-	137,575
Total operating revenues	10,388,302	1,165,192	11,553,494
OPERATING EXPENSES			
Personal services and benefits	2,345,315	-	2,345,315
Purchased and contracted services	1,690,495	1,002,778	2,693,273
Supplies	1,396,985	-	1,396,985
Depreciation and amortization	1,305,624	729	1,306,353
Total operating expenses	6,738,419	1,003,507	7,741,926
Operating income	3,649,883	161,685	3,811,568
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	160,858	3,255	164,113
Interest expense and fiscal agent fees	(485,712)	-	(485,712)
Total non-operating expenses	(324,854)	3,255	(321,599)
Income before contributions and transfers	3,325,029	164,940	3,489,969
Capital contributions - tap fees	4,334,222	-	4,334,222
Capital contributions - water and sew lines	3,083,618	-	3,083,618
Capital contributions - intergovernmental	330,207	-	330,207
Transfers out	(175,000)	(35,000)	(210,000)
	7,573,047	(35,000)	7,538,047
Change in net position	10,898,076	129,940	11,028,016
NET POSITION, beginning of year	52,806,543	280,111	53,086,654
NET POSITION, end of year	$ 63,704,619	$ 410,051	$ 64,114,670

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, 2023

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 1,634,152	$ 1,147,734	$ 2,781,886
Payments to vendors	(3,195,391)	(1,000,556)	(4,195,947)
Payments to or on behalf of employees	(1,727,887)	-	(1,727,887)
Net cash provided by (used in) operating activities	(3,289,126)	147,178	(3,141,948)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(175,000)	(35,000)	(210,000)
Net cash used in non-capital financing activities	(175,000)	(35,000)	(210,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on bonds payable	(845,000)	-	(845,000)
Issuance of note payable	13,215,378	-	13,215,378
Capital contributions from tap fees	4,334,222	-	4,334,222
Capital contributions from other governments	330,207	-	330,207
Interest paid	(498,385)	-	(498,385)
Purchases of capital assets	(19,099,994)	-	(19,099,994)
Net cash used in capital and related financing activities	(2,563,572)	-	(2,563,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	160,858	3,255	164,113
Net cash provided by investing activities	160,858	3,255	164,113
Net increase (decrease) in cash and cash equivalents	(5,866,840)	115,433	(5,751,407)
Cash and cash equivalents, beginning of year	19,706,938	207,483	19,914,421
Cash and cash equivalents, end of year	$ 13,840,098	$ 322,916	$ 14,163,014
Reconciliation of operating income to net cash provided by (used in)operating activities:			
Operating income	$ 3,649,883	$ 161,685	$ 3,811,568
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,305,624	729	1,306,353
Change in assets and liabilities:			
Increase in accounts and intergovernmental receivables	(8,801,615)	(17,458)	(8,819,073)
Increase in inventory	(107,911)	-	(107,911)
Increase in accounts payable	-	2,222	2,222
Increase in accrued salaries	101	-	101
Decrease in compensated absences	(532)	-	(532)
Increase in customer deposits payable	47,465	-	47,465
Increase in OPEB related items	690,651	-	690,651
Decrease in pension related items	(72,792)	-	(72,792)
Net cash provided by (used in) operating activities	$ (3,289,126)	$ 147,178	$ (3,141,948)
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	3,083,618	-	3,083,618
Amounts recorded as accruals for capital assets	756,893	-	756,893
Total non-cash capital and related financing activities	$ 3,840,511	$ -	$ 3,840,511

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 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 noncurrent assets and noncurrent 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.

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 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 nonexchange 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 nonoperating 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 nonoperating revenues and expenses.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 noncurrent 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.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

K. Leases

Lessor

The City is a lessor for noncancellable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. The City recognizes lease receivables with an initial, individual value of $5,000 or more.

Note 1. Summary of Significant Accounting Policies (Continued)

K. Leases (Continued)

Lessor (Continued)

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

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

- The City uses the interest rate it charges to the lessee as the discount rate. When the City does not charge interest, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

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

Deferred inflows of resources related to leases are reported with other deferred inflows of resources and lease receivables are reported with noncurrent assets on the statement of net position.

L. 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 assets 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.

Note 1. Summary of Significant Accounting Policies (Continued)

L. Deferred Outflows/Inflows of Resources (Continued)

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 assets 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)

M. 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.

N. 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.

O. 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 (Note 1.P). 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 $27,281,327 as shown in the financial statements was determined by taking capital assets in the amount of $39,351,246 less total outstanding debt of $22,934,491 (bonds payable, including premium), less liabilities related to capital assets of $322,333, plus deferred charges on refunding of $410,407, plus total unspent bond proceeds of $10,776,498.

Note 1. Summary of Significant Accounting Policies (Continued)

P. 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)

Q. 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.

R. 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 $23,075,677 difference are as follows:

Revenue bonds payable	$	(22,271,851)
Plus: Unamortized premium (to be amortized as interest expense)		(662,640)
Deferred charges on refunding		410,407
Accrued interest payable		(219,914)
Compensated absences		(331,679)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(23,075,677)

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 $10,265,289 difference are as follows:

Net pension liability	$	(1,053,457)
Total OPEB liability		(8,243,892)
Deferred outflows of resources:		
Pension related item		714,257
OPEB related item		2,415,685
Deferred inflows of resources:		
Pension related item		(71,426)
OPEB related item		(4,026,456)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(10,265,289)

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 $6,186,925 difference are as follows:

Capital outlay	$	8,167,870
Depreciation expense		(1,980,945)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	6,186,925

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 explains that "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." The details of this $11,401,004 difference are as follows:

Issuance of bonds payable	$	(12,245,000)
Premium on issuance of bonds payable		(531,004)
Principal payments on bonds payable		1,375,000
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	(11,401,004)

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 $396,875 difference are as follows:

Compensated absences	$	(21,700)
Amortization of premium		45,863
Amortization of deferred charges on refunding		(57,355)
Accrued interest		(137,186)
Net pension liability		201,438
Total OPEB liability		(427,935)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	(396,875)

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $19,723 difference are as follows:

Property taxes	$	4
Business taxes		15,065
Holiday market		4,654
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	19,723

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 and Investments

Credit risk. The City does not have a formal policy to address credit risk aside from adherence to state statutes for investments. State statutes authorize the City to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

Interest rate risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2023, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Maturities	Rating	Reported Value
Fidelity Teasury Portfolio	43 days	AAAm	$ 10,776,498
Total			$ 10,776,498

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Note 4. Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2023:

Investment	Level 1	Fair Value
Fidelity Treasury Portfolio	$ 10,776,498	$ 10,776,498
Total investments measured at fair value	$ 10,776,498	10,776,498
Total investments		$ 10,776,498

The investments in the Fidelity Treasury Portfolio are classified as Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those investments.

Custodial Credit Risk – 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, 2023, 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 the tier assigned by the State. As of December 31, 2023, 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 October 15, 2023. The due date for these taxes was December 20, 2023, and after that date, both penalty and interest are accrued until the taxes are collected. The taxes are subject to lien after April 16, 2024. 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 2023 are for the year 2024. The amount recorded as a receivable as well as amounts collected as of December 31, 2023 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.

Note 5. Receivables (Continued)

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

	General	SPLOST	Water and Sewer	Solid Waste	Nonmajor Funds
Receivables:					
Taxes	$ 747,076	$ -	$ -	$ -	$ 3,708
Accounts	1,663,689	140	1,756,573	186,222	-
Intergovernmental	489,602	619,773	8,540,303	-	-
Less allowance for uncollectibles	-	-	(314,723)	(14,588)	-
Net total receivables	$ 2,900,367	$ 619,913	$ 9,982,153	$ 171,634	$ 3,708

Note 6. Lease Receivable

The Downtown Development Authority is a lessor of a property parcel. The Downtown Development Authority receives monthly payments for which the lease payment escalates over the life of the lease term. Payment term on the lease ranges from $2,832 to $3,095. These payments include the principal and interest components of the lease arrangement. As the lease does not contain a specified interest rate, the Downtown Development Authority has used an estimated discount rate 4.20%.

At December 31, 2023, the Downtown Development Authority's total receivable for future lease payments was $53,359. The Downtown Development Authority reports a deferred inflow of resources in the amount of $49,751 associated with these lease agreements that will be recognized over the lease term, which terminates in June 2025.

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Note 7. Capital Assets

Primary Government: Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,572,002	$ 694,899	$ -	$ -	$ 3,266,901
Construction in progress	436,976	6,788,417	-	(29,560)	7,195,833
Total assets, not being depreciated	3,008,978	7,483,316	-	(29,560)	10,462,734
Capital assets, being depreciated:					
Buildings	20,303,813	110,069	-	29,560	20,443,442
Improvements	986,939	46,355	-	-	1,033,294
Machinery and equipment	6,662,858	714,206	(30,940)	-	7,346,124
Infrastructure	19,828,856	1,127,525	-	-	20,956,381
Intangible	146,646	29,114	-	-	175,760
Total assets, being depreciated	47,929,112	2,027,269	(30,940)	29,560	49,955,001
Less accumulated depreciation for:					
Buildings	(8,423,442)	(715,063)	-	-	(9,138,505)
Improvements	(343,881)	(48,813)	-	-	(392,694)
Machinery and equipment	(4,596,150)	(463,410)	30,940	-	(5,028,620)
Infrastructure	(5,677,658)	(734,839)	-	-	(6,412,497)
Intangible	(75,353)	(18,820)	-	-	(94,173)
Total accumulated depreciation	(19,116,484)	(1,980,945)	30,940	-	(21,066,489)
Total assets, being depreciated, net	28,812,628	46,324	-	29,560	28,888,512
Governmental activities capital assets, net	$ 31,821,606	$ 7,529,640	$ -	$ -	$ 39,351,246
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 10,577,225	$ -	$ -	$ 698,058	$ 11,275,283
Construction in progress	8,203,079	19,057,357	-	(2,213,306)	25,047,130
Intangible	1,450,059	-	-	-	1,450,059
Total assets, not being depreciated	20,230,363	19,057,357	-	(1,515,248)	37,772,472
Capital assets, being depreciated:					
Water distribution	18,835,551	1,176,254	-	1,515,248	21,527,053
Sewer distribution	22,580,361	2,411,023	-	-	24,991,384
Improvements	37,020	-	-	-	37,020
Machinery and equipment	2,035,671	196,203	-	-	2,231,874
Intangible	-	99,668	-	-	99,668
Total assets, being depreciated	43,488,603	3,883,148	-	1,515,248	48,886,999
Less accumulated depreciation for:					
Water distribution	(7,660,811)	(518,459)	-	-	(8,179,270)
Sewer distribution	(9,641,022)	(713,842)	-	-	(10,354,864)
Improvements	(27,258)	(1,477)	-	-	(28,735)
Machinery and equipment	(995,971)	(170,718)	-	-	(1,166,689)
Intangible	-	(5,814)	-	-	(5,814)
Total accumulated depreciation	(18,325,062)	(1,410,310)	-	-	(19,735,372)
Total assets, being depreciated, net	25,163,541	2,472,838	-	1,515,248	29,151,627
Business-type activities capital assets, net	$ 45,393,904	$ 21,530,195	$ -	$ -	$ 66,924,099

Note 7. Capital Assets (Continued)

Discretely Presented Component Unit - DDA: Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Transfers	Ending Balance
Downtown Development Authority:				
Capital assets, not being depreciated:				
Land	$ 92,965	$ -	$ -	$ 92,965
Construction in Progress	13,307	-	(13,307)	-
Total assets, not being depreciated	106,272	-	(13,307)	92,965
Capital assets, being depreciated:				
Buildings	294,302	-	13,307	307,609
Machinery and equipment	4,025	-	-	4,025
Total assets, being depreciated	298,327	-	13,307	311,634
Less accumulated depreciation for:				
Buildings	(76,956)	(11,169)	-	(88,125)
Machinery and equipment	(3,230)	(796)	-	(4,026)
Total accumulated depreciation	(80,186)	(11,965)	-	(92,151)
Total assets, being depreciated, net	218,141	(11,965)	13,307	219,483
Governmental activities capital assets, net	$ 324,413	$ (11,965)	$ -	$ 312,448

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

Governmental activities:	
General government	$ 142,227
Public safety	477,069
Public works	805,437
Recreation	380,348
Economic and community development	175,864
Total depreciation expense - governmental activities	$ 1,980,945
Business-type activities:	
Water and sewer	$ 1,409,581
Solid waste	729
Total depreciation expense - business-type activities	$ 1,410,310

Note 7. Capital Assets (Continued)

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at December 31, 2023, the City has contractual commitments on uncompleted construction contracts of approximately $19,333,248 for various projects.

Note 8. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	$ 2,225
General fund	Capital Projects	14,321
Total		$ 16,546

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
General Fund	DDA	$ 142,567
Total		$ 142,567

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.

Note 8. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers for the year ended December 31, 2023:

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.

Transfers In	Transfers Out	Amount
General Fund	Water and Sewer Fund	$ 175,000
General Fund	Solid Waste Fund	35,000
General Fund	Nonmajor Governmental Funds	33,436
		$ 243,436
Debt Service Fund	General Fund	$ 1,277,427
Debt Service Fund	SPLOST Fund	411,163
		$ 1,688,590
Capital Projects Fund	General Fund	$ 2,423,875
		$ 2,423,875

Note 9. Long-Term Debt and Obligations

Primary Government Long-term liability and obligations activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	$ 11,401,851	$ 12,245,000	$ (1,375,000)	$ 22,271,851	$ 1,835,000
Plus issuance premium	177,499	531,004	(45,863)	662,640	-
Net bonds payable	11,579,350	12,776,004	(1,420,863)	22,934,491	1,835,000
Total OPEB liability	11,958,425	1,350,724	(5,065,257)	8,243,892	87,904
Net pension liability	363,160	901,981	(211,684)	1,053,457	-
Compensated absences	309,979	237,566	(215,866)	331,679	264,926
Governmental activities					
Long-term liabilities	$ 24,210,914	$ 15,266,275	$ (6,913,670)	$ 32,563,519	$ 2,187,830

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 9,145,000	$ -	$ (845,000)	$ 8,300,000	$ 855,000
Plus premium	657,272	-	(103,233)	554,039	-
Net bonds payable	9,802,272	-	(948,233)	8,854,039	855,000
Notes payable	-	13,215,378	-	13,215,378	-
Total OPEB liability	2,174,259	278,736	(441,432)	2,011,563	21,449
Net pension liability	93,466	167,608	(43,683)	217,391	-
Compensated absences	83,176	65,226	(65,758)	82,644	66,011
Business-type activity					
Long-term liabilities	$ 12,153,173	$ 13,726,948	$ (1,499,106)	$ 24,381,015	$ 942,460

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.

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.

Note 9. Long-Term Debt and Obligations (Continued)

Primary Government (Continued)

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, 2023 is $5,310,000.

On September 27, 2023, the City of Jefferson Public Building Authority issued Revenue Bonds, Series 2023 in the amount of $12,245,000 for the purpose of financing (1) the acquisition, construction and installation of a new aquatic center containing an indoor swimming pool with 24 swimming lanes, locker room facilities, bleacher seating for 350 spectators, 3 multipurpose rooms, 2 offices, and 1 concession/retail space, as well as a parking lot.

The bonds, maturing in September 2043, have interest rates that range from 4.0% to 5.0%. The amount of revenue bonds outstanding at December 31, 2023 is $12,245,000.

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 and 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, 2023 is $3,816,851.

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.

Note 9. Long-Term Debt and Obligations (Continued)

Primary Government (Continued)

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 and 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, 2023 is $900,000.

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	$ 475,000	$ 98,546	$ 573,546
2025	485,000	87,986	572,986
2026	495,000	77,206	572,206
2027	505,000	66,206	571,206
2028	510,000	55,041	565,041
2029-2032	2,246,851	106,019	2,352,870
Total	$ 4,716,851	$ 491,004	$ 5,207,855

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 constructing 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, 2023 is $5,810,000.

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, 2023 is $2,490,000.

Note 9. Long-Term Debt and Obligations (Continued)

Primary Government (Continued)

Business-Type Activities (Continued)

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 to obtain an economic gain of approximately $130,377.

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

Year Ending	Governmental Activities			Business-type Activities		
December 31,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 1,360,000	$ 693,880	$ 2,053,880	$ 855,000	$ 331,525	$ 1,186,525
2025	1,365,000	686,625	2,051,625	820,000	297,550	1,117,550
2026	1,415,000	632,313	2,047,313	855,000	261,750	1,116,750
2027	1,480,000	575,937	2,055,937	900,000	222,125	1,122,125
2028	885,000	527,300	1,412,300	870,000	182,300	1,052,300
2029-2033	3,545,000	2,083,850	5,628,850	2,830,000	504,000	3,334,000
2034-2038	3,360,000	1,326,050	4,686,050	1,170,000	47,200	1,217,200
2039-2043	4,145,000	540,813	4,685,813	-	-	-
Total	$ 17,555,000	$ 7,066,768	$ 24,621,768	$ 8,300,000	$ 1,846,450	$ 10,146,450

Notes payable from direct borrowings

In February 2023, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to $11,580,000 from the Clean Water State Revolving Fund for various water system upgrades. As of December 31, 2023, the City had made draws totaling $13,215,378 on this note payable to GEFA. As the project is still in the construction phase, an amortization schedule has not been determined for this note and thus the entire payable reports as due in more than one year.

Note 9. 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, 2023 is $1,120,000.

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, 2023 is $8,255,000.

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, 2023 is $1,810,000.

On February 23, 2021, the County entered into a contract with the City of Jefferson Public Building Authority to fund repayment of an issue of $17,110,000 of revenue bonds which mature from March 1, 2022 to March 1, 2031 and bear interest rates ranging from 3.00% to 4.00%. The proceeds of the bonds will be used for the purpose of financing the acquisition and installation of an emergency radio system. Total amount of the bonds outstanding as of December 31, 2023 is $14,205,000.

Note 9. Long-Term Debt and Obligations (Continued)

On April 22, 2022, the City of Jefferson Public Building Authority (the "Authority") issued $11,140,000 of Series 2022 Revenue Refunding Bonds on behalf of Jackson County (the "County") to provide funds to partially refund Series 2013 Revenue Refunding Bonds issued to fund the County's capital projects including the construction of economic development projects including roads. The Series 2022 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 the bonds outstanding as of December 31, 2023 is $11,070,000.

On September 29, 2023, the City of Jefferson Public Building Authority (the "Authority") issued $11,070,000 of Series 2023 Revenue Refunding Bonds on behalf of Jackson County (the "County") to provide funds to currently refunding Series 2022 Revenue Refunding Bonds. The Series 2023 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 the bonds outstanding as of December 31, 2023 is $11,070,000.

Discretely Presented Component Unit - DDA

Long-term liability and obligations activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Discretely presented component unit:				
Financed purchase	$ 164,904	$ -	$ (164,904)	$ -
Total discretely presented component unit Long-term liabilities	$ 164,904	$ -	$ (164,904)	$ -

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Note 10. 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, 2023, the date of the most recent actuarial valuation, there were 167 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	35
Terminated vested participants not yet receiving benefits	44
Active employees - vested	56
Active employees - nonvested	32
Total	167

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 2023, the actuarially determined contribution rate was 7.95% of covered payroll. The City makes all contributions to the Plan. For 2023, the City's contribution to the Plan was $815,238 which was made prior to the measurement date of the Plan.

Note 10. Pension Plan (Continued)

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2023.

Actuarial assumptions. The total pension liability in the July 1, 2023 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 8.5% (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, 2023 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, 2023 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, 2023 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	46.00%
Cash	--%	
	100%	

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

Note 10. 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, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2022	$ 8,954,850	$ 8,498,224	$ 456,626
Changes for the year:			
Service cost	196,732	-	196,732
Interest	662,886	-	662,886
Differences between expected and actual experience	190,113	-	190,113
Contributions—employer	-	815,238	(815,238)
Net investment loss	-	(559,871)	559,871
Benefit payments, including refunds of employee contributions	(326,582)	(326,582)	-
Administrative expense	-	(19,858)	19,858
Net changes	723,149	(91,073)	814,222
Balances at 12/31/2023	$ 9,677,999	$ 8,407,151	$ 1,270,848

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.

Note 10. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

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%, 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%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 2,641,474	$ 1,270,848	$ 136,466

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, 2023 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, 2023, the City recognized pension expense of $541,008. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 330,226	$ 86,166
Changes in assumptions	104,947	-
Net difference between projected and actual earnings on pension plan investments	426,479	-
Total	$ 861,652	$ 86,166

Note 10. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

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
2024	$ 268,316
2025	(44,325)
2026	272,692
2027	278,803
	$ 775,486

Note 11. 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 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 $1,000 for the POS plan. There is an unlimited lifetime maximum for the 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

Note 11. Other Postemployment Benefits (Continued)

Plan Membership

At January 1, 2022, the date of the most recent actuarial valuation, there were 97 participants consisting of the following:

Retirees	12
Active employees not yet eligible to retire	94
Total	106

City Contributions

The City has elected to fund the plan on a pay as you go basis. For the year ended December 31, 2022, the City contributed $151,302 for the pay as you go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $10,255,455 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 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	2.50%
Discount rate	4.05%
Health care cost trends	6.00% decreasing to 4.00% for 2070 and thereafter
Medicare cost trend	3.50%

Preretirement mortality rates were based on the PRI-2012 Total Employee Amount Weighted Table, Projected with SOA scale MP-2021. Postretirement mortality rates were based on the PRI-2012 Total Retiree Amount Weighted Table (rates multiplied by 1.25), projected with SOA scale MP-2021.

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 11. 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, 2023 were as follows:

	Total OPEB Liability
Balance at December 31, 2022	$ 14,132,684
Service cost	1,185,720
Interest	280,473
Change of assumptions	(5,192,120)
Benefit payments	(151,302)
Balance at December 31, 2023	$ 10,255,455

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 (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate:

	1% Decrease (3.05%)	Current Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	$ 12,261,512	$ 10,255,455	$ 8,671,400

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 or 1-percentage-point higher 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	$ 8,384,927	$ 10,255,455	$ 12,729,542

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, 2023 and the current sharing pattern of costs between employer and inactive employees.

Note 11. Other Postemployment Benefits (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of $1,268,243. At December 31, 2023, 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	$ 149,657	$ -
Difference between expected and actual experience	756,945	-
Changes in plan assumptions	2,098,526	(5,008,938)
Total	$ 3,005,128	$ (5,008,938)

City contributions made subsequent to the measurement date of $149,657 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2024	$ (183,502)
2025	(183,502)
2026	(183,502)
2027	(183,502)
2028	(177,148)
Thereafter	(1,242,311)
	$ (2,153,467)

Note 12. 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, 2023, the City paid $12,727 in such dues. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of the 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 13. Related Organizations

The Jefferson Housing Authority (the "Authority") is an independent nonprofit 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 14. 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 15. Contingent Liabilities

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. 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 16. 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 $55,562 for the year ended December 31, 2023. Of this amount 60%, or $33,337, was transferred to the General Fund in accordance with O.C.G.A. 48-13-51. The remaining $22,225 was used to promote tourism.

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

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 196,732	$ 222,669	$ 220,246	$ 186,529	$ 162,345
Interest on total pension liability	662,886	635,144	574,495	481,453	445,635
Differences between expected and actual experience	190,113	(143,610)	276,349	337,972	27,877
Changes of assumptions	-	-	-	524,736	-
Changes of benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(326,582)	(297,608)	(204,704)	(183,321)	(181,618)
Net change in total pension liability	723,149	416,595	866,386	1,347,369	454,239
Total pension liability - beginning	8,954,850	8,538,255	7,671,869	6,324,500	5,870,261
Total pension liability - ending (a)	$ 9,677,999	$ 8,954,850	$ 8,538,255	$ 7,671,869	$ 6,324,500
Plan fiduciary net position					
Contributions - employer	$ 815,238	$ 681,297	$ 661,968	$ 660,894	$ 617,549
Net investment income (loss)	(559,871)	465,885	2,245,105	(320,064)	150,015
Benefit payments, including refunds of member contributions	(326,582)	(297,608)	(204,704)	(183,321)	(181,618)
Administrative expenses	(19,858)	(19,070)	(16,656)	(18,326)	(17,014)
Net change in plan fiduciary net position	(91,073)	830,504	2,685,713	139,183	568,932
Plan fiduciary net position - beginning	8,498,224	7,667,720	4,982,007	4,842,824	4,273,892
Plan fiduciary net position - ending (b)	$ 8,407,151	$ 8,498,224	$ 7,667,720	$ 4,982,007	$ 4,842,824
City's net pension liability - ending (a) - (b)	$ 1,270,848	$ 456,626	$ 870,535	$ 2,689,862	$ 1,481,676
Plan fiduciary net position as a percentage of the total pension liability	86.87%	94.90%	89.80%	64.94%	76.57%
Covered payroll	$ 3,989,281	$ 3,953,735	$ 3,669,832	$ 3,251,702	$ 2,645,512
City's net pension liability as a percentage of covered payroll	31.86%	11.55%	23.72%	82.72%	56.01%

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 125,794	$ 113,574	$ 108,171	$ 121,093
Interest on total pension liability	337,907	314,714	291,318	280,638
Differences between expected and actual experience	113,485	55,509	90,191	(6,345)
Changes of assumptions	85,114	-	-	(79,297)
Changes of benefit terms	939,301	-	-	-
Benefit payments, including refunds of employee contributions	(182,854)	(186,223)	(189,354)	(167,210)
Net change in total pension liability	1,418,747	297,574	300,326	148,879
Total pension liability - beginning	4,451,514	4,153,940	3,853,614	3,704,735
Total pension liability - ending (a)	$ 5,870,261	$ 4,451,514	$ 4,153,940	$ 3,853,614
Plan fiduciary net position				
Contributions - employer	$ 423,870	$ 376,367	$ 184,718	$ 182,991
Net investment income (loss)	438,875	390,875	4,990	278,899
Benefit payments, including refunds of member contributions	(182,854)	(186,223)	(189,354)	(167,210)
Administrative expenses	(18,809)	(16,530)	(14,165)	(11,119)
Net change in plan fiduciary net position	661,082	564,489	(13,811)	283,561
Plan fiduciary net position - beginning	3,612,810	3,048,321	3,062,132	2,778,571
Plan fiduciary net position - ending (b)	$ 4,273,892	$ 3,612,810	$ 3,048,321	$ 3,062,132
City's net pension liability - ending (a) - (b)	$ 1,596,369	$ 838,704	$ 1,105,619	$ 791,482
Plan fiduciary net position as a percentage of the total pension liability	72.81%	81.16%	73.38%	79.46%
Covered payroll	$ 2,550,484	$ 2,624,348	$ 2,590,591	$ 2,573,713
City's net pension liability as a percentage of covered payroll	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

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 301,837	$ 379,132	$ 390,203	$ 317,674	$ 324,141
Contributions in relation to the actuarially determined contribution	815,238	681,297	661,968	660,894	617,549
Contribution excess	$ (513,401)	$ (302,165)	$ (271,765)	$ (343,220)	$ (293,408)
Covered payroll	$ 3,754,556	$ 4,067,522	$ 3,915,806	$ 3,587,840	$ 3,139,656
Contributions as a percentage of covered payroll	21.71%	16.75%	16.91%	18.42%	19.67%

	2018	2017	2016	2015
Actuarially determined contribution	$ 188,640	$ 197,159	$ 179,208	$ 184,718
Contributions in relation to the actuarially determined contribution	305,879	315,150	376,367	184,718
Contribution excess	$ (117,239)	$ (117,991)	$ (197,159)	$ -
Covered payroll	$ 2,480,797	$ 2,573,713	$ 2,641,226	$ 2,573,713
Contributions as a percentage of covered payroll	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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 1,185,720	$ 1,008,135	$ 742,521	$ 656,345	$ 536,956	$ 521,317
Interest on total OPEB liability	280,473	259,025	278,213	282,185	221,930	200,838
Experience differences	-	380,333	-	713,208	-	-
Assumption changes	(5,192,120)	590,745	1,636,464	696,303	(628,966)	-
Benefit payments	(151,302)	(96,863)	(79,893)	(59,520)	(54,654)	(54,742)
Net change in total OPEB liability	(3,877,229)	2,141,375	2,577,305	2,288,521	75,266	667,413
Total OPEB liability - beginning	14,132,684	11,991,309	9,414,004	7,125,483	7,050,217	6,382,804
Total OPEB liability - ending	$10,255,455	$14,132,684	$11,991,309	$ 9,414,004	$ 7,125,483	$ 7,050,217
Covered-employee payroll	$ 4,920,526	$ 4,350,249	$ 4,345,961	$ 4,344,972	$ 3,506,050	$ 3,984,678
Total OPEB liability as a percentage of covered-employee payroll	208.4%	324.9%	275.9%	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.

CITY OF JEFFERSON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds			
ASSETS	**Hotel/ Motel**	**Confiscated Assets**	**Multi-Grant Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ -	$ 147,580	$ 14,365	$ 161,945
Taxes receivable, net	3,708	-	-	3,708
Restricted cash and cash equivalents	-	30,082	-	30,082
Total assets	$ 3,708	$ 177,662	$ 14,365	$ 195,735
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,483	$ 2,578	$ -	$ 4,061
Due to other funds	2,225	-	-	2,225
Total liabilities	3,708	2,578	-	6,286
FUND BALANCES				
Restricted for:				
Capital projects	-	-	14,365	14,365
Public safety	-	175,084	-	175,084
Total fund balances	-	175,084	14,365	189,449
Total liabilities and fund balances	$ 3,708	$ 177,662	$ 14,365	$ 195,735

CITY OF JEFFERSON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds			
	Hotel/ Motel	Confiscated Assets	Multi-Grant Fund	Total Nonmajor Governmental Funds
Revenues:				
Hotel/Motel occupancy taxes	$ 55,562	$ -	$ -	$ 55,562
Fines and forfeitures	-	73,313	-	73,313
Intergovernmental	-	-	166,342	166,342
Interest earnings	-	1,657	-	1,657
Total revenues	55,562	74,970	166,342	296,874
Expenditures:				
Current:				
Public safety	-	41,716	-	41,716
Public works	-	-	166,340	166,340
Economic and community development	22,225	-	-	22,225
Total expenditures	22,225	41,716	166,340	230,281
Excess of revenues over expenditures	33,337	33,254	2	66,593
Other financing uses:				
Transfers out	(33,337)	-	(99)	(33,436)
Total other financing uses	(33,337)	-	(99)	(33,436)
Net change in fund balances	-	33,254	(97)	33,157
Fund balances, beginning of year	-	141,830	14,462	156,292
Fund balances, end of year	$ -	$ 175,084	$ 14,365	$ 189,449

CITY OF JEFFERSON, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel occupancy taxes	$ 42,000	$ 55,562	$ 55,562	$ -
Total revenues	42,000	55,562	55,562	-
Expenditures:				
Current:				
Economic and community development	16,800	22,225	22,225	-
Total expenditures	16,800	22,225	22,225	-
Excess of revenues over expenditures	25,200	33,337	33,337	-
Other financing uses:				
Transfers out	(25,200)	(33,337)	(33,337)	-
Total other financing uses	(25,200)	(33,337)	(33,337)	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

CITY OF JEFFERSON, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ 14,729	$ 73,313	$ 58,584
Interest earnings	-	-	1,657	1,657
Total revenues	-	14,729	74,970	60,241
Expenditures:				
Current:				
Public safety	30,000	53,044	41,716	11,328
Total expenditures	30,000	53,044	41,716	11,328
Net changes in fund balances	(30,000)	(38,315)	33,254	71,569
Fund balances, beginning of year	141,830	141,830	141,830	-
Fund balances, end of year	$ 111,830	$ 103,515	$ 175,084	$ 71,569

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, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 166,000	$ 166,340	$ 166,342	$ 2
Total revenues	166,000	166,340	166,342	2
Expenditures:				
Current:				
Public works	166,000	166,340	166,340	-
Total expenditures	166,000	166,340	166,340	-
Excess (deficiency) of revenues over expenditures	-	-	2	2
Other financing uses:				
Transfers out	-	(100)	(99)	1
Total other financing uses	-	(100)	(99)	1
Net changes in fund balances	-	(100)	(97)	3
Fund balances, beginning of year	14,462	14,462	14,462	-
Fund balances, end of year	$ 14,462	$ 14,362	$ 14,365	$ 3

CITY OF JEFFERSON, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	$ -	$ -	$ 1,845	$ 1,845
Total revenues	-	-	1,845	1,845
Expenditures:				
Debt service:				
Principal	1,375,000	1,375,000	1,375,000	-
Interest	320,626	320,626	313,590	7,036
Total expenditures	1,695,626	1,695,626	1,688,590	7,036
Deficiency of revenues over expenditures	(1,695,626)	(1,695,626)	(1,686,745)	8,881
Other financing sources:				
Transfers in	1,695,626	1,695,626	1,688,590	(7,036)
Total other financing sources	1,695,626	1,695,626	1,688,590	(7,036)
Net change in fund balances	-	-	1,845	1,845
Fund balances, beginning of year	459,378	459,378	459,378	-
Fund balances, end of year	$ 459,378	$ 459,378	$ 461,223	$ 1,845

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2023

SPLOST VI:	Original Estimated Cost	Current Estimated Cost	Prior Years Cumulative Expenditures	Current Year Expenditures	Total Cumulative Expenditures
Roads, streets, bridges, and stormwater management facilities	$ 1,359,750	$ 2,413,540	$ 718,417	$ 1,015,106	$ 1,733,523
Cultural, historical and recreation facilities	1,665,000	2,954,023	1,539,522	411,163	1,950,685
Public safety facilities	865,800	1,537,583	96,963	-	96,963
Water and sewer facilities	1,359,750	2,413,540	1,026,460	537,068	1,563,528
SPLOST VI Total	$ 5,250,300	$ 9,318,686	$ 3,381,362	$ 1,963,337	$ 5,344,699

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	$ 1,552,174
Transfer Out (see Note 1 below)	411,163
Total	$ 1,963,337

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, 2023

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 33,595
Payments to vendors	126,706
Net cash provided by operating activities	160,301
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on financed purchase	(164,904)
Interest paid	(6,095)
Net cash used in capital and related financing activities	(170,999)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	2,993
Net cash provided by investing activities	2,993
Net decrease in cash and cash equivalents	(7,705)
Cash and cash equivalents, beginning of year	112,120
Cash and cash equivalents, end of year	$ 104,415
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (14,857)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	11,965
Change in assets and liabilities:	
Decrease in accounts receivable	1,059
Increase in lease receivable and associated deferred inflows	(631)
Increase in accounts payable	20,874
Increase in due to primary government	141,891
Net cash provided by operating activities	$ 160,301

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jefferson, Georgia (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.*

The City's Responses to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
July 18, 2024

MAULDIN & JENKINS
CPAs & ADVISORS

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Jefferson, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 18, 2024

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Program Title	Assistance Listing Number	Agency or Pass-Through Grantor Number	Expenditures
U.S. Department of Justice			
Direct Award			
Equitable Sharing Program	16.922	N/A	$ 33,037
Total U.S. Department of Justice			33,037
Environmental Protection Agency			
Passed through Georgia Environmental Finance Authority			
Clean Water State Revolving Cluster	66.458	CW2022002	13,215,378
Total Environmental Protection Agency			13,215,378
Total Expenditures of Federal Awards			$ 13,248,415

N/A - Not applicable

See accompanying note to Schedule of Expenditures of Federal Awards.

CITY OF JEFFERSON, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Jefferson, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The City did not utilize the 10% de minimis indirect cost rate.

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Internal Control over major federal programs:	
Material weaknesses identified?	____ yes **X** no
Significant deficiencies identified?	____ yes **X** none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes **X** no

Identification of major federal program:

Assistance Listing Number	Name of Federal Program or Cluster
66.458	Clean Water State Revolving Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ yes **X** no

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS

2023-001 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, 2023

2022-001 Segregation of Duties - Repeat

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.

Status: See finding 2023-001

Jon Howell
Mayor

Priscilla A. Murphy
City Manager

Council Members

Dawn Maddox
Steve Kinney
Alex Crawford
Mark Mobley
Cody Cain

City of Jefferson
FYE December 31, 2023

Corrective Action Plan

The City of Jefferson response to Significant Deficiencies as Cited in the Audit Report is as follows:

2023-001 Segregation of Duties

The City of Jefferson concurs with the finding and has taken the following measures to address future occurrences:

- The City Finance Director will review the operations to determine the most efficient and effective solution to properly segregate duties. This will be difficult due to the City's staff size and ability to properly perform various tasks.

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