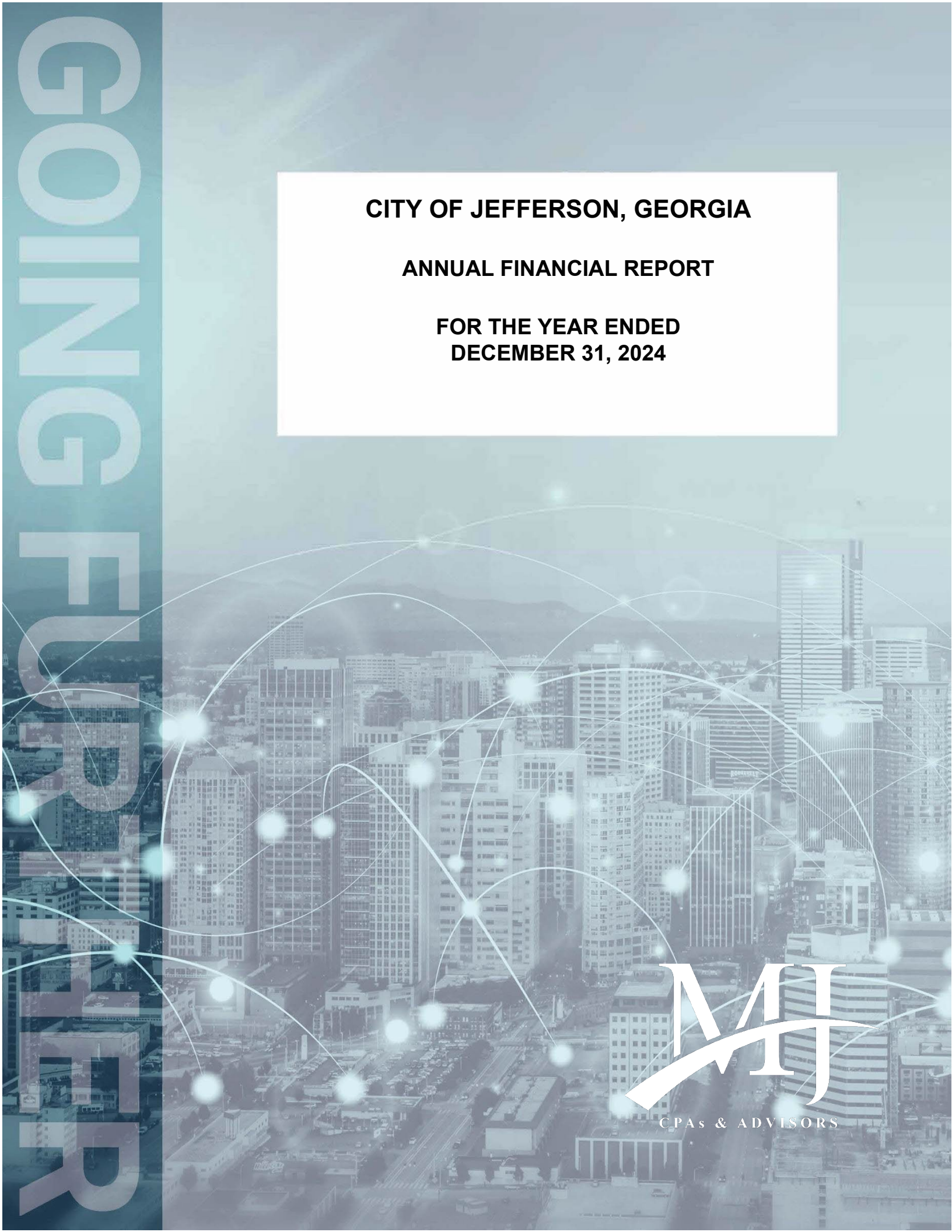
GOING FURTHER

CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024



MJ
CPAs & ADVISORS

CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

CITY OF JEFFERSON, GEORGIA
ANNUAL FINANCIAL REPORT
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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, 2024, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 17 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 101, *Compensated Absences*, as of January 1, 2024. The City's implementation of GASB Statement No. 101 significantly changed the reporting of the City's compensated absences. Our opinions are not modified with respect to these matters.

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 Healthcare Benefit 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 and schedules, 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 combining and individual fund nonmajor fund financial statements and schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2025 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
June 18, 2025

CITY OF JEFFERSON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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, 2024. 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 $45,590,374 (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 $34,753,509 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 $8,579,728 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $2,257,137 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 $27,026,968 this year. This compared to the prior year ending fund balance of $30,284,924 showing a decrease of $3,257,956 during the current year. This decrease is due to spending the bond we issued in 2023.

- At the end of the current calendar year, the unassigned fund balance for the General Fund was $7,921,408 or 60.16% 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 expenditures 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 seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, 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 $118,019,735. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	$ 34,410,061	$ 37,316,076	$ 29,608,606	$ 24,657,607	$ 64,018,667	$ 61,973,683
Capital Assets	50,960,097	39,351,246	77,589,055	66,924,099	128,549,152	106,275,345
Total Assets	85,370,158	76,667,322	107,197,661	91,581,706	192,567,819	168,249,028
Deferred outflows of resources	2,682,714	3,540,349	616,468	736,838	3,299,182	4,277,187
Liabilities:						
Current and other liabilities	3,967,464	3,960,704	4,780,665	3,763,752	8,748,129	7,724,456
Long term debt outstanding	28,597,277	30,375,689	29,561,629	23,438,555	58,158,906	53,814,244
Total Liabilities	34,336,393	34,336,393	34,342,294	27,202,307	66,907,035	61,538,700
Deferred inflows of resources	9,897,757	9,533,590	1,042,474	1,001,567	10,940,231	10,535,157
Net position:						
Net investment in capital Assets	34,753,509	27,281,327	46,628,286	44,090,097	81,381,795	71,371,424
Restricted	8,579,728	6,531,512	-	-	8,579,728	6,531,512
Unrestricted	2,257,137	2,524,849	25,801,075	20,024,573	28,058,212	22,549,422
Total Net Position	$ 45,590,374	$ 36,337,688	$ 72,429,361	$ 64,114,670	$ 118,019,735	$100,452,358

The City reported positive balances in net position for both governmental and business-type activities. During 2024, the net position increased by $9,252,686, after restatement of beginning net position, for governmental activities and increased by $8,314,691, after restatement of beginning net position, for business-type activities. The City's overall financial position increased during the calendar year 2024.

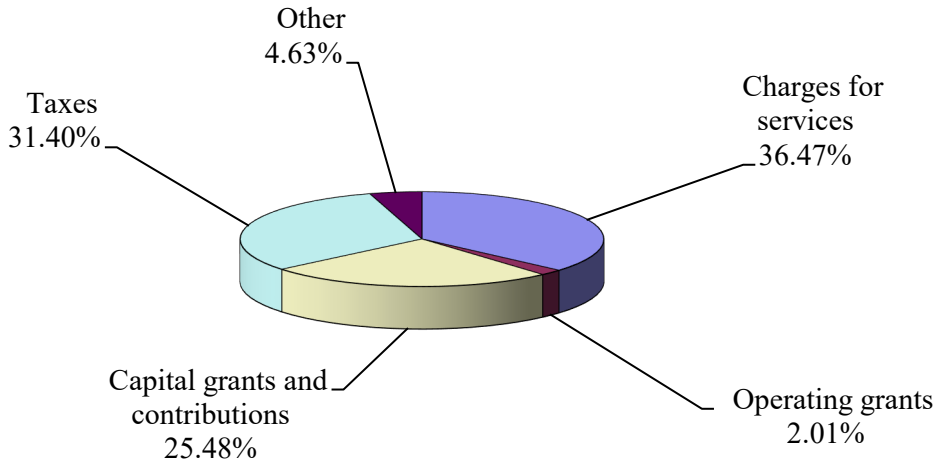
Note that approximately 59.7% of the governmental activities' total assets are tied up in capital assets (with 63.2% of the capital asset cost being depreciable). The City uses these capital assets to provide services to its citizens. Also, 72.4% of the business-type activities assets are tied up in capital assets (with 38% of the capital asset cost being depreciable). Combining governmental activities with business-type activities, the City has invested approximately 66.8% 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	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Revenues:						
Program:						
Charges for services	$3,041,944	$2,934,568	$12,945,894	$11,553,494	$15,987,838	$14,488,062
Operating grants and contribution	882,446	555,190	-	-	882,446	555,190
Capital grants and contributions	7,262,062	5,374,746	3,910,678	7,748,047	11,172,742	13,122,793
General:						
Taxes	13,767,605	12,942,027	-	-	13,767,605	12,942,027
Other	1,088,796	278,642	936,271	164,113	2,025,067	442,755
Gain on sale of capital assets	6,949	22,000	-	-	6,949	22,000
Total revenues	26,049,802	22,107,173	17,792,843	19,465,654	43,842,645	41,572,827
Program Expenses:						
General government	1,768,677	1,520,174	-	-	1,768,677	1,520,174
Public safety	6,195,779	6,026,216	-	-	6,195,779	6,026,216
Public works	2,699,618	2,969,400	-	-	2,699,618	2,969,400
Culture and recreation	2,981,359	2,903,131	-	-	2,981,359	2,903,131
Economic and community development	1,925,638	1,844,423	-	-	1,925,638	1,844,423
Interest on long-term debt	796,273	652,430	-	-	796,273	652,430
Water and Sewer	-	-	8,049,278	7,224,131	8,049,278	7,224,131
Solid Waste	-	-	1,081,187	1,003,507	1,081,187	1,003,507
Total expenses	16,367,344	15,915,774	9,130,465	8,227,638	25,497,809	24,143,412
Revenues over expenses	9,682,458	6,191,399	8,662,378	11,238,016	18,344,836	17,429,415
Transfers	205,000	210,000	(205,000)	(210,000)	-	-
Change in net position	9,887,458	6,401,399	8,457,378	11,028,016	18,344,836	17,429,415
Beginning net position	36,337,688	29,936,289	64,114,60	53,086,654	100,452,358	83,022,943
Restatement – change in accounting principle	(634,772)	-	(142,687)	-	(777,459)	-
Net position, beginning of year, as restated	35,702,916	29,936,289	63,971,983	53,086,654	99,674,899	83,022,943
Ending net position	$45,590,374	$36,337,688	$72,429,361	$64,114,670	$118,019,735	$100,452,358

Total government-wide revenues for 2024 were $43,842,645. These revenues consisted of $13,767,605 in taxes, $882,446 in operating grants and contributions, 11,172,740 in capital grants and contributions, $15,987,838 in charges for services, $2,025,067 in other revenues, and $6,949 in gain on sale of capital assets. Of this amount, $26,049,802 was in governmental activities and $17,792,843 in business-type activities. The following chart depicts further detail of government-wide revenues.

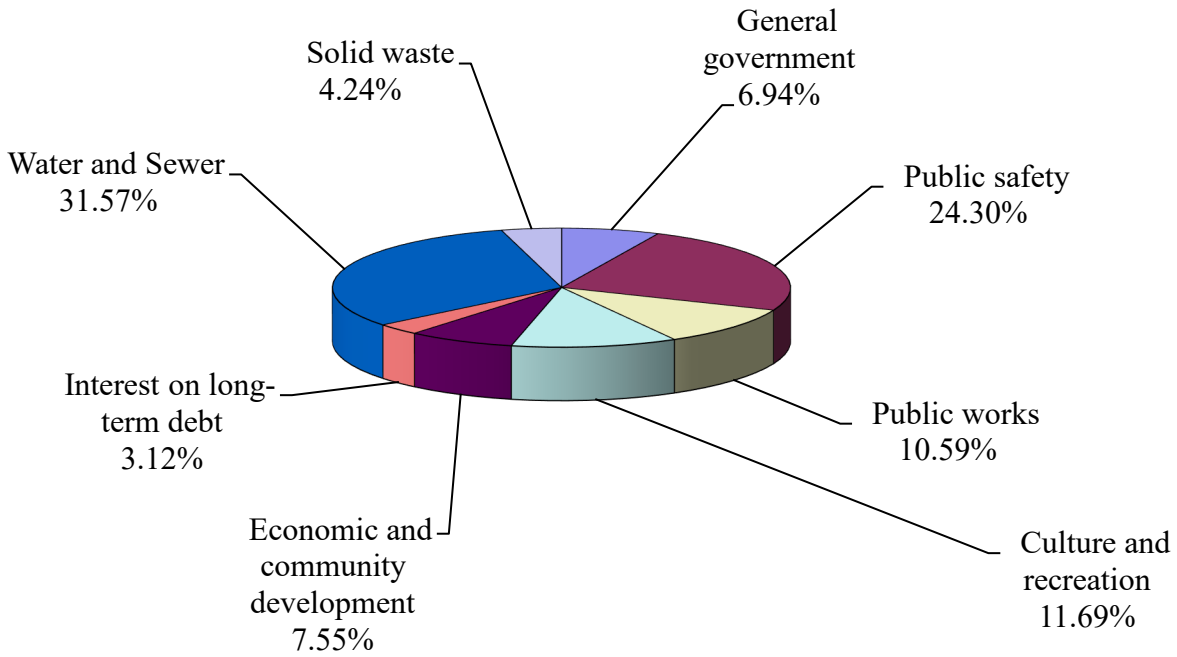
REVENUES BY SOURCE - GOVERNMENT-WIDE ACTIVITY



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

Government-wide expenses for the City were $25,497,809 for 2024, of which $16,367,344 were for governmental activities and $9,130,465 for business-type activities. The chart below depicts further detail of government-wide total expenses.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY

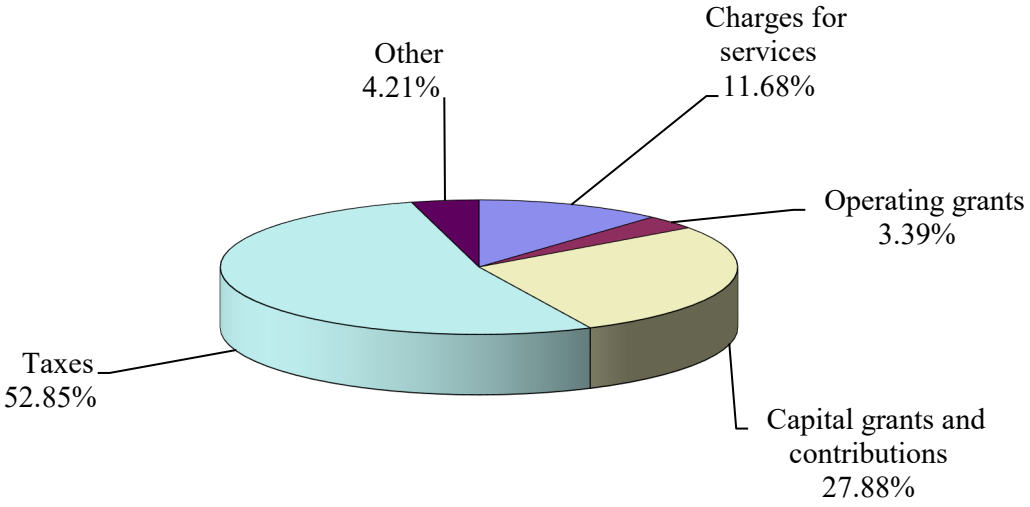


Note: Graph may not equal 100% due to rounding.

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 $177,838 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 $3,941,188. 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, 2024. The SPLOST number seven, effective for six years, was approved by the voters on November 8, 2023 with collections starting July 1, 2024.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 $2,281,890 was expended during 2024 for these capital projects and related debt.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

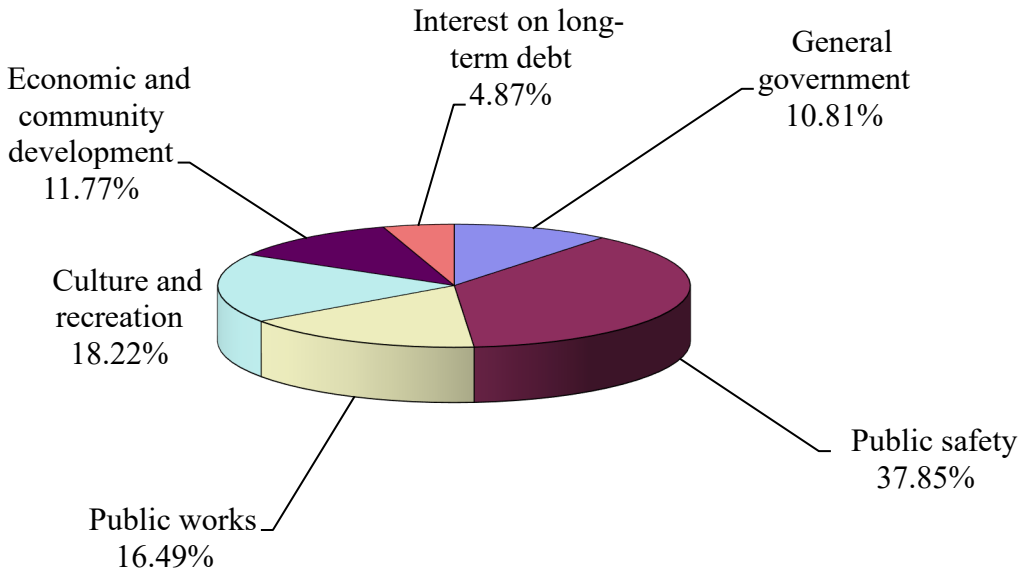


Note: Graph may not equal 100% due to rounding.

Governmental Activities Expenses

Expenses in the governmental activities were $16,367,344 up $451,570 from 2023. 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 $1,448,281 from the prior year while non-operating revenues and capital contributions (excluding transfers in) decreased by $3,837,369. The decrease in non-operating revenue and capital contributions is mainly due to the decrease in capital contributions from developer contributions. Operating expenses increased by $825,147 from 2023. 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 down by $55,881 from the prior year and operating expenses increased by $77,680. The revenue in this fund decreased due to not charging our residential customers for the month of December. We are transitioning billing for our residential garbage service to the vendor who provides the service. The expense increased due to an increase in customer base and an increase in what the current 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 $27,026,968 at December 31, 2024 compared to $30,284,924 at December 31, 2023. The decrease is mainly due Capital Projects Fund and the spending of bond money towards the designated project.

General Fund increase by $666,072 due to revenues coming in higher than projected and expenses lower than expected. The SPLOST fund increased by $1,557,000 due to SPLOST revenue that is being saved to do larger projects. Capital Projects Fund decreased by $5,957,461 due to spending the bond issued in 2024. Debt Service Fund increased by $4,821 due to interest income received. Lastly, there was an increase of $471,612 in the Nonmajor Governmental Funds due to assets confiscations received increasing in 2024 and grant revenue received from a project completed in prior year.

Of this year-end total, $3,089,449 is assigned for appropriation of subsequent year's fund balance. There is $841,764 assigned for various purposes. There is also $329,492 assigned for planning and development use and $1,551,768 of impact fees set aside for approved purpose. There is $7,921,408 that is unassigned indicating availability for continuing City service delivery requirements. There is $466,044 set aside for debt service, $4,553,256 for capital projects, is mostly bond funds for a natatorium to be constructed, $210,855 for prepaid work being done by CSX, $14,365 restricted based on grant requirements, $441,170 for road projects underway, $219,891 is restricted for public safety, and $7,390,347 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 increased by $666,072 or 5%. The ending unassigned fund balance represents the equivalent of 59.6% of annual expenditures. The increase was due to revenues coming in higher than expected and expenditures coming in lower than expected.

SPLOST – The SPLOST Fund is used to report projects financed from Special Purpose Local Options Sales Tax (SPLOST) funds. Fund balance increased by $5,969 from the prior year. This was due to SPLOST revenue being greater than expenditures in 2024.

Capital Projects – The Capital Projects Fund is used to report the acquisition and construction of capital expenditures, other than those accounted for in specific funds. Fund balance decreased by $5,957,461 from the prior year. This was mostly due to spending the bond funds borrowed in 2023.

Debt Service – The Debt Service Fund is used to show principal and interest payments made to pay off existing debt. Fund balance did not change 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 2024 by $1,187,877, to account for part of the increase in sales tax revenue and interest income.

Property taxes came in under budget by $39,509. This was due to disputes of property assessments that were decreased after our bills were mailed out.

Sales taxes came in over budget by $9,278. This increase is due to collections coming in higher than anticipated.

Franchise fees came in $75,872 under budget due to electric franchise fees coming in lower than anticipated due to a warmer winter than normal.

Licenses and permits came in over budget by $54,243 due to more building permits being issued than anticipated.

Fines and forfeitures came in $74,941 under budget due to less fines being collected within the safety zone.

Charges for services came in $33,914 under budget due to recreation fees coming in lower than expected.

Business taxes came in $7,159 over budget due to an increase in financial institution taxes received.

The City also saw revenues coming in under budget by $54,789 for intergovernmental, due to requesting less than projected in reimbursement from Jefferson City Schools for the school resource officer's cost.

Lastly, contributions and donations came in over budget by $407,477, due to various contributions throughout the City, most notable the naming rights to the natatorium. Other revenues came in over budget by $126,448, due mostly to increased rental revenue at the Civic Center. Interest earnings came in over budget by $127,894.

In total, the City recognized 103.2% of the final revenue budget. The General Fund's expenditure budget was increased $374,364 or 2.6%. All budgets except recreation, libraries and payments to other agencies were increased (economic and community development decreased). These increases were to cover increases in contributions toward operation and capital costs, and capital needs identified during 2024 that were not already budgeted. In total, the City under spent the final expenditure budget by $1,446,525 or 9.9%.

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, 2024, were $50,960,097 and $77,589,055, respectively. The change in this net investment was an approximate $22,273,807 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	
	2024	2023	2024	2023	2024	2023
Non-depreciable assets:						
Land	$ 4,919,513	$ 3,266,901	$11,275,369	$ 11,275,283	$ 16,194,882	$ 14,542,184
Construction in progress	13 ,814,733	7,195,833	35,343,036	25,047,130	49,157,769	32,242,963
Intangible	-	-	1,450,059	1,450,059	1,450,059	1,450,059
Total non-depreciable	$18,734,246	$ 10,462,734	$48,068,464	$ 37,772,472	$ 66,802,710	$ 48,235,206
Depreciable assets:						
Buildings	22,418,171	20,443,442	-	-	22,418,171	20,443,442
Water Distribution	-	-	21,712,539	21,527,053	21,712,539	21,527,053
Sewer Distribution	-	-	26,617,976	24,991,384	26,617,976	24,991,384
Improvements	1,507,512	1,033,294	75,180	37,020	1,582,692	1,070,314
Machinery and Equipment	7,675,343	7,346,124	2,290,862	2,231,874	9,966,205	9,577,998
Infrastructure	23,704,842	20,956,381			23,704,842	20,956,381
Intangibles	175,760	175,760	99,668	99,668	275,428	275,428
Total depreciable assets	55,481,628	49,955,001	50,796,225	48,886,999	106,277,853	98,842,000
Less accumulated depreciation	23,255,777	21,006,489	21,275,634	19,735,372	44,531,411	40,801,861
Book value – depreciable assets	32,225,851	28,888,512	29,520,591	29,151,627	61,746,442	58,040,139
Percentage depreciated	42%	42%	42%	40%	42%	41%
Total book value	$50,960,097	$39,351,246	$77,589,055	$66,924,099	$128,549,152	$106,275,345

Major capital asset activities in governmental activities in 2024 were:

- Land increased by $1,652,612; $1,577,611 land was donated by developers.
- Construction in progress increased by $6,618,900, mostly due to the construction of a natatorium.
- Buildings increased by $1,974,729, due to the purchase of a building for a community center and floor epoxy in civic center.

- Machinery and equipment increased by $329,219; due to the addition of a Polaris, speed trailer and two police vehicles and equipment costing $164,908, a Polaris for fire $23,600. The roads and grounds department purchased a new tractor, mower, and bucket truck costing $91,940. Administration purchased a new vehicle costing $20,329. Parks and recreation purchased two utility carts, mower and vehicle costing $62,892. Also, the City removed $34,450 due to vehicle being sold.

- Infrastructure increased by $2,748,461 due to the $991,506 in donations from developers for roads, sidewalks, and stormwater drainage. The increase was also due to $87,795 of sidewalk projects on Old Pendergrass Road and Martin Street. Various roads were repaved throughout the City, costing $1,303,005. Other were other various projects costing $366,155.

At December 31, 2024, the depreciable capital assets for governmental activities were 42% depreciated, the same as 2023. 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 2024 were:

- Land increased $86 due to a developer contribution.

- Construction in progress increased by $10,295,906. The increase was mainly due to the construction of the I-85 Wastewater Treatment Facility, West Side Wastewater Pump Station, Central Cities Upgrade, and Parks Creek Reservoir projects totaling $7,162,701, $2,573,561, $353,700, and $302,764, respectively. These projects were started but were not completed in 2024, along with $128,783 of other projects of which projects totaling $225,603 were completed and removed from CIP.

- Additions to water distribution in the amount of $185,486 moved out of construction in progress for new lines at the Highway 11 roundabout 1.

- Additions to sewer distribution in the amount of $1,626,592. Developers contributed $1,508,221 to this increase. The increase also includes various pieces of sewer system equipment costing $78,254. Construction in progress that was completed totaling $40,117.

- Additions to machinery and equipment in the amount of $58,988. Two ATV vehicles costing $39,708 were purchased, as well as portable sampler costing $19,280.

At December 31, 2024, the depreciable capital assets for business-type activities were 42% depreciated, the same as the 2023 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.

Long-term Debt

The City's long-term debt increased by approximately $4,613,780 during 2024.

Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2024	Restated 2023	2024	Restated 2023	2024	Restated 2023
Revenue bonds and Intergovernmental contracts payable	$ 21,017,401	$ 22,934,491	$ 7,901,315	$ 8,854,039	$ 28,918,716	$ 31,788,530
Notes payable	-	-	20,030,341	13,215,378	20,030,341	13,215,378
Capital leases	-	-	-	-	-	-
Net pension liability	71,959	1,053,457	19,801	217,391	91,760	1,270,848
Net OPEB obligation	8,759,174	8,243,892	2,306,845	2,011,563	11,066,019	10,255,455
Compensated absences	1,193,915	966,451	257,563	225,331	1,451,478	1,191,782
Total	$ 31,042,449	$ 33,198,291	$ 30,515,865	$24,523,702	$ 61,558,314	$ 57,721,993

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 2023 to 43,907 in April 2024 (Source: Georgia Department of Labor, Area Labor Profile, Jackson County, updated April 2024). There was a 2.5% increase in employment during the last year in Jackson County. Industrial development comprises the majority of private sector employment in Jackson County as of 2024. 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
Ace Hardware Distribution Center	Hog Mountain Road	Hardware
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	Jackson Parkway	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
The Kroger Company	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
Northeast Georgia Health System, Inc.	Winder Highway	Medical Care
Peach State Freightliner	Dry Pond Road	Truck sales, service, parts
La Vaquita Flea Market	U.S. Highway 129 N	Retail (weekend)
Piedmont Urgent Care – Jefferson	Panther Drive	Medical care
Publix Super Markets, Inc	Gateway Crossing	Grocery
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, 2024

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 24,766,869	$ 24,583,392	$ 49,350,261	$ 212,732
Receivables, net of allowance for uncollectibles	2,272,146	1,558,536	3,830,682	10,460
Intergovernmental receivable	1,582,693	3,130,181	4,712,874	-
Inventory	-	290,496	290,496	-
Due from component unit	-	42,500	42,500	-
Lease receivable, due within one year	-	-	-	18,342
Restricted cash and cash equivalents	503,546	-	503,546	-
Restricted investments	5,062,428	-	5,062,428	-
Prepaid items	222,379	3,501	225,880	-
Capital assets, nondepreciable	18,734,246	48,068,464	66,802,710	66,365
Capital assets, depreciable, net of accumulated depreciation	32,225,851	29,520,591	61,746,442	142,218
Total assets	85,370,158	107,197,661	192,567,819	450,117
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	353,052	-	353,052	-
Pension related items	246,791	67,916	314,707	-
OPEB related items	2,082,871	548,552	2,631,423	-
Total deferred outflows of resources	2,682,714	616,468	3,299,182	-
LIABILITIES				
Accounts payable	921,953	2,139,874	3,061,827	57,585
Retainage payable	256,385	1,228,577	1,484,962	-
Accrued liabilities	343,954	129,826	473,780	-
Due to other governments	-	11,113	11,113	42,500
Customer deposits payable	-	317,040	317,040	-
Compensated absences, due within one year	490,209	106,591	596,800	-
Compensated absences, due in more than one year	703,706	150,971	854,677	-
Bonds payable, due within one year	1,850,000	820,000	2,670,000	-
Bonds payable, due in more than one year	19,167,401	7,081,315	26,248,716	-
Notes payable, due in more than one year	-	20,030,341	20,030,341	-
Net pension liability, due in more than one year	71,959	19,801	91,760	-
Total OPEB liability, due in one year	104,963	27,644	132,607	-
Total OPEB liability, due in more than one year	8,654,211	2,279,201	10,933,412	-
Total liabilities	32,564,741	34,342,294	66,907,035	100,085
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding	-	3,621	3,621	-
Deferred revenues - property taxes	5,963,717	-	5,963,717	-
Deferred revenue - leasing activities	-	-	-	16,584
Pension related items	234,151	64,438	298,589	-
OPEB related items	3,699,889	974,415	4,674,304	-
Total deferred inflows of resources	9,897,757	1,042,474	10,940,231	16,584
NET POSITION				
Net investment in capital assets	34,753,509	46,628,286	81,381,795	208,583
Restricted for:				
Debt service	221,970	-	221,970	-
Capital projects	8,137,867	-	8,137,867	-
Public safety	219,891	-	219,891	-
Unrestricted	2,257,137	25,801,075	28,058,212	124,865
Total net position	$ 45,590,374	$ 72,429,361	$ 118,019,735	$ 333,448

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

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	$ 1,768,677	$ 261,503	$ 256,277	$ -	$ (1,250,897)	$ -	$ (1,250,897)	$ -
Public safety	6,195,779	859,098	216,153	2,033,417	(3,087,111)	-	(3,087,111)	-
Public works	2,699,618	11,093	-	3,840,504	1,151,979	-	1,151,979	-
Culture and recreation	2,981,359	771,153	406,516	1,388,141	(415,549)	-	(415,549)	-
Economic and community development	1,925,638	1,139,097	3,500	-	(783,041)	-	(783,041)	-
Interest on long-term debt	796,273	-	-	-	(796,273)	-	(796,273)	-
Total governmental activities	16,367,344	3,041,944	882,446	7,262,062	(5,180,892)	-	(5,180,892)	-
Business-type activities:								
Water and sewer	8,049,278	11,836,583	-	3,910,678	-	7,697,983	7,697,983	-
Solid waste	1,081,187	1,109,311	-	-	-	28,124	28,124	-
Total business-type activities	9,130,465	12,945,894	-	3,910,678	-	7,726,107	7,726,107	-
Total primary government	$ 25,497,809	$ 15,987,838	$ 882,446	$ 11,172,740	(5,180,892)	7,726,107	2,545,215	-
Component unit:								
Downtown Development Authority	$ 56,900	$ 42,723	$ -	$ -	-	-	-	(14,177)
General revenues:								
Property taxes					6,146,581	-	6,146,581	-
Sales taxes					4,245,465	-	4,245,465	-
Franchise taxes					1,920,191	-	1,920,191	-
Hotel/Motel occupancy tax					53,554	-	53,554	-
Business taxes					1,401,814	-	1,401,814	-
Unrestricted investment earnings					1,088,796	936,271	2,025,067	1,596
Gain on sale of capital assets					6,949	-	6,949	106,073
Transfers					205,000	(205,000)	-	-
Total general revenues and transfers					15,068,350	731,271	15,799,621	107,669
Change in net position					9,887,458	8,457,378	18,344,836	93,492
Net position, beginning of year					36,337,688	64,114,670	100,452,358	239,956
Restatement - change in accounting principle					(634,772)	(142,687)	(777,459)	-
Net position, beginning of year, as restated					35,702,916	63,971,983	99,674,899	239,956
Net position, end of year					$ 45,590,374	$ 72,429,361	$ 118,019,735	$ 333,448

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

CITY OF JEFFERSON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Major Governmental Funds				Nonmajor	Totals
ASSETS	General	SPLOST	Capital Projects	Debt Service	Governmental Funds	Governmental Funds
Cash and cash equivalents	$ 17,701,507	$ 6,768,716	$ 95,495	$ -	$ 201,151	$ 24,766,869
Taxes receivable, net	430,545	-	-	-	3,570	434,115
Accounts receivable, net	1,838,031	-	-	-	-	1,838,031
Intergovernmental receivable	528,288	627,600	-	-	426,805	1,582,693
Due from other funds	3,962	-	-	-	-	3,962
Restricted cash and cash equivalents	-	-	-	466,044	37,502	503,546
Restricted investments	-	-	5,062,428	-	-	5,062,428
Prepaid items	11,524	-	210,855	-	-	222,379
Total assets	$ 20,513,857	$ 7,396,316	$ 5,368,778	$ 466,044	$ 669,028	$ 34,414,023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 563,697	$ 5,969	$ 348,282	$ -	$ 4,005	$ 921,953
Accrued salaries	99,880	-	-	-	-	99,880
Retainage payable	-	-	256,385	-	-	256,385
Due to other funds	-	-	-	-	3,962	3,962
Total liabilities	663,577	5,969	604,667	-	7,967	1,282,180
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	5,963,717	-	-	-	-	5,963,717
Unavailable revenue - business taxes	124,047	-	-	-	-	124,047
Unavailable revenue - property taxes	17,111	-	-	-	-	17,111
Total deferred inflows of resources	6,104,875	-	-	-	-	6,104,875
FUND BALANCES						
Nonspendable:						
Prepaid items	11,524	-	210,855	-	-	222,379
Restricted for:						
Debt service	-	-	-	466,044	-	466,044
Public safety	-	-	-	-	219,891	219,891
Capital projects	-	7,390,347	4,553,256	-	441,170	12,384,773
Assigned for:						
Appropriation of subsequent year's fund balance	3,089,449	-	-	-	-	3,089,449
Tree Bank	126,960	-	-	-	-	126,960
Jefferson Community Theater	51,708	-	-	-	-	51,708
Future improvement of new library	43,734	-	-	-	-	43,734
Police technology	8,177	-	-	-	-	8,177
Planning and development	329,492	-	-	-	-	329,492
Pool	611,185	-	-	-	-	611,185
Impact fee projects	1,551,768	-	-	-	-	1,551,768
Unassigned	7,921,408	-	-	-	-	7,921,408
Total fund balances	13,745,405	7,390,347	4,764,111	466,044	661,061	27,026,968
Total liabilities, deferred inflows of resources, and fund balances	$ 20,513,857	$ 7,396,316	$ 5,368,778	$ 466,044	$ 669,028	

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.	50,960,097
Some receivables are not available to pay for current-period expenditures, and therefore, are unavailable in the governmental funds.	141,158
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.	(10,435,511)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(22,102,338)
Net position of governmental activities	$ 45,590,374

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, 2024

	Major Governmental Funds				Nonmajor Governmental Funds	Totals Governmental Funds
	General	SPLOST	Capital Projects	Debt Service		
Revenues						
Taxes:						
Property taxes	$ 6,122,264	$ -	$ -	$ -	$ -	$ 6,122,264
Sales taxes	4,245,465	-	-	-	-	4,245,465
Hotel/Motel occupancy taxes	-	-	-	-	53,554	53,554
Franchise taxes	1,920,191	-	-	-	-	1,920,191
Business taxes	1,327,457	-	-	-	-	1,327,457
Licenses and permits	729,243	-	-	-	-	729,243
Intergovernmental	449,760	3,516,810	-	-	854,054	4,820,624
Fines and forfeitures	708,059	-	-	-	72,917	780,976
Charges for services	1,146,286	-	-	-	-	1,146,286
Contributions and donations	412,477	-	-	-	-	412,477
Other revenues	405,648	-	-	-	-	405,648
Interest earnings	587,894	322,080	496,081	4,821	-	1,410,876
Total revenues	18,054,744	3,838,890	496,081	4,821	980,525	23,375,061
Expenditures						
Current:						
General government	1,458,294	-	20,330	-	-	1,478,624
Public safety	5,725,575	-	300,122	-	28,110	6,053,807
Public works	1,856,020	-	396,011	-	427,249	2,679,280
Culture and recreation	2,585,768	-	8,663,441	-	-	11,249,209
Economic and community development	1,541,445	-	55,864	-	21,422	1,618,731
Capital outlay	-	1,133,467	-	-	-	1,133,467
Debt service:						
Principal	-	-	-	1,835,000	-	1,835,000
Interest and fees	-	-	-	796,848	-	796,848
Total expenditures	13,167,102	1,133,467	9,435,768	2,631,848	476,781	26,844,966
Excess (deficiency) of revenues over (under) expenditures	4,887,642	2,705,423	(8,939,687)	(2,627,027)	503,744	(3,469,905)
Other financing sources (uses):						
Proceeds from sale of capital assets	6,949	-	-	-	-	6,949
Transfers in	237,132	-	2,982,226	2,631,848	-	5,851,206
Transfers out	(4,465,651)	(1,148,423)	-	-	(32,132)	(5,646,206)
Total other financing sources (uses)	(4,221,570)	(1,148,423)	2,982,226	2,631,848	(32,132)	211,949
Net change in fund balances	666,072	1,557,000	(5,957,461)	4,821	471,612	(3,257,956)
Fund balances, beginning of year	13,079,333	5,833,347	10,721,572	461,223	189,449	30,284,924
Fund balances, end of year	$ 13,745,405	$ 7,390,347	$ 4,764,111	$ 466,044	$ 661,061	$ 27,026,968

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, 2024

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

Net change in fund balances - total governmental funds	$	(3,257,956)
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.		9,150,428
The net effect of various miscellaneous transactions involving capital assets (i.e., sale of capital assets and donated capital assets) is to increase net position.		2,458,423
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		98,674
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of the principal payments on long-term debt.		1,835,000
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		(397,111)
Change in net position - governmental activities	$	9,887,458

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, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 6,161,773	$ 6,161,773	$ 6,122,264	$ (39,509)
Sales taxes	3,895,000	4,236,187	4,245,465	9,278
Franchise taxes	1,885,000	1,996,063	1,920,191	(75,872)
Business taxes	1,250,000	1,320,298	1,327,457	7,159
Licenses and permits	675,000	675,000	729,243	54,243
Intergovernmental	374,642	394,971	449,760	54,789
Fines and forfeitures	783,000	783,000	708,059	(74,941)
Charges for services	995,200	1,180,200	1,146,286	(33,914)
Contributions and donations	5,000	5,000	412,477	407,477
Other revenues	279,200	279,200	405,648	126,448
Interest earnings	-	460,000	587,894	127,894
Total revenues	16,303,815	17,491,692	18,054,744	563,052
Expenditures:				
Current:				
General government	1,470,544	1,510,544	1,458,294	52,250
Public safety:				
Police	4,149,010	4,351,622	3,888,111	463,511
Fire	1,969,387	2,057,639	1,837,464	220,175
Total public safety	6,118,397	6,409,261	5,725,575	683,686
Public works	2,049,710	2,059,710	1,856,020	203,690
Culture and recreation:				
Recreation	132,028	132,028	112,084	19,944
Parks	2,136,179	2,177,679	1,870,135	307,544
Libraries	584,658	584,658	577,243	7,415
Payments to other agencies	33,500	33,500	26,306	7,194
Total culture and recreation	2,886,365	2,927,865	2,585,768	342,097
Economic and community development	1,714,247	1,706,247	1,541,445	164,802
Total expenditures	14,239,263	14,613,627	13,167,102	1,446,525
Excess of revenues over expenditures	2,064,552	2,878,065	4,887,642	2,009,577
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	6,949	6,949
Transfers in	238,000	238,000	237,132	(868)
Transfers out	(2,757,256)	(8,677,950)	(4,465,651)	4,212,299
Total other financing sources (uses)	(2,519,256)	(8,439,950)	(4,221,570)	4,218,380
Net change in fund balances	(454,704)	(5,561,885)	666,072	6,227,957
Fund balances, beginning of year	13,079,333	13,079,333	13,079,333	-
Fund balances, end of year	$ 12,624,629	$ 7,517,448	$ 13,745,405	$ 6,227,957

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds		
ASSETS	Water and Sewer Fund	Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 24,125,635	$ 457,757	$ 24,583,392
Accounts receivable, net	1,531,916	26,620	1,558,536
Intergovernmental receivable	3,130,181	-	3,130,181
Due from component unit	42,500	-	42,500
Inventory	290,496	-	290,496
Prepaid items	3,501	-	3,501
Total current assets	29,124,229	484,377	29,608,606
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	48,068,464	-	48,068,464
Depreciable assets, net of accumulated depreciation	29,483,067	37,524	29,520,591
Total noncurrent assets	77,551,531	37,524	77,589,055
Total assets	106,675,760	521,901	107,197,661
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	67,916	-	67,916
OPEB related items	548,552	-	548,552
Total deferred outflows of resources	616,468	-	616,468
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	2,046,324	93,550	2,139,874
Retainage payable	1,228,577	-	1,228,577
Due to other governments	11,113	-	11,113
Accrued salaries	22,028	-	22,028
Accrued interest	107,798	-	107,798
Compensated absences payable, current	106,591	-	106,591
Customer deposits payable	317,040	-	317,040
Bonds payable, current	820,000	-	820,000
Total OPEB liability, current	27,644	-	27,644
Total current liabilities	4,687,115	93,550	4,780,665
NONCURRENT LIABILITIES			
Compensated absences payable	150,971	-	150,971
Bonds payable	7,081,315	-	7,081,315
Notes payable	20,030,341	-	20,030,341
Total OPEB liability	2,279,201	-	2,279,201
Net pension liability	19,801	-	19,801
Total noncurrent liabilities	29,561,629	-	29,561,629
Total liabilities	34,248,744	93,550	34,342,294
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on refunding	3,621	-	3,621
Pension related items	64,438	-	64,438
OPEB related items	974,415	-	974,415
Total deferred inflows of resources	1,042,474	-	1,042,474
NET POSITION			
Net investment in capital assets	46,590,762	37,524	46,628,286
Unrestricted	25,410,248	390,827	25,801,075
Total net position	$ 72,001,010	$ 428,351	$ 72,429,361

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, 2024

	Business-Type Activities - Enterprise Funds		
OPERATING REVENUES	**Water and Sewer Fund**	**Solid Waste Fund**	**Totals**
Charges for services:			
Water charges	$ 7,425,893	$ -	$ 7,425,893
Sewer charges	4,210,106	-	4,210,106
Refuse collection charges	-	1,109,311	1,109,311
Miscellaneous revenue	200,584	-	200,584
Total operating revenues	11,836,583	1,109,311	12,945,894
OPERATING EXPENSES			
Personal services and benefits	2,130,596	-	2,130,596
Purchased and contracted services	2,371,530	1,080,551	3,452,081
Supplies	1,719,134	-	1,719,134
Depreciation	1,539,626	636	1,540,262
Total operating expenses	7,760,886	1,081,187	8,842,073
Operating income	4,075,697	28,124	4,103,821
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	916,095	20,176	936,271
Intergovernmental revenues	11,113	-	11,113
Interest expense and fiscal charges	(288,392)	-	(288,392)
Total non-operating expenses	638,816	20,176	658,992
Income before contributions and transfers	4,714,513	48,300	4,762,813
Capital contributions - tap fees	2,046,966	-	2,046,966
Capital contributions - water and sew lines	1,508,221	-	1,508,221
Capital contributions - intergovernmental	344,378	-	344,378
Transfers out	(175,000)	(30,000)	(205,000)
	3,724,565	(30,000)	3,694,565
Change in net position	8,439,078	18,300	8,457,378
NET POSITION, beginning of year	63,704,619	410,051	64,114,670
RESTATEMENT - change in accounting principle	(142,687)	-	(142,687)
NET POSITION, beginning of year, as restated	63,561,932	410,051	63,971,983
NET POSITION, end of year	$ 72,001,010	$ 428,351	$ 72,429,361

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, 2024

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 17,125,155	$ 1,254,325	$ 18,379,480
Payments to vendors	(4,215,849)	(1,071,500)	(5,287,349)
Payments to or on behalf of employees	(1,829,135)	-	(1,829,135)
Net cash provided by operating activities	11,080,171	182,825	11,262,996
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(175,000)	(30,000)	(205,000)
Net cash used in non-capital financing activities	(175,000)	(30,000)	(205,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on bonds payable	(855,000)	-	(855,000)
Issuance of note payable	6,814,963	-	6,814,963
Capital contributions from tap fees	2,046,966	-	2,046,966
Capital contributions from other governments	344,378	-	344,378
Intergovernmental revenues	11,113	-	11,113
Interest paid	(392,342)	-	(392,342)
Purchases of capital assets	(9,505,807)	(38,160)	(9,543,967)
Net cash used in capital and related financing activities	(1,535,729)	(38,160)	(1,573,889)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	916,095	20,176	936,271
Net cash provided by investing activities	916,095	20,176	936,271
Net increase in cash and cash equivalents	10,285,537	134,841	10,420,378
Cash and cash equivalents, beginning of year	13,840,098	322,916	14,163,014
Cash and cash equivalents, end of year	$ 24,125,635	$ 457,757	$ 24,583,392
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 4,075,697	$ 28,124	$ 4,103,821
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,539,626	636	1,540,262
Change in assets and liabilities:			
Decrease in accounts and intergovernmental receivables	5,277,556	145,014	5,422,570
Decrease in inventory	46,950	-	46,950
Increase in prepaid expenses	(141)	-	(141)
Increase in accounts payable	(183,248)	9,051	(174,197)
Increase in accrued salaries	9,537	-	9,537
Increase in due to other governments	11,113	-	11,113
Increase in compensated absences	32,231	-	32,231
Increase in customer deposits payable	11,157	-	11,157
Increase in OPEB related items	328,106	-	328,106
Decrease in pension related items	(68,413)	-	(68,413)
Net cash provided by operating activities	$ 11,080,171	$ 182,825	$ 11,262,996
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	$ 1,508,221	$ -	$ 1,508,221
Amounts recorded as accruals for capital assets	1,153,030	-	1,153,030
Total non-cash capital and related financing activities	$ 2,661,251	$ -	$ 2,661,251

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) Statement No. 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 type:

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, 2024, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

Note 1. Summary of Significant Accounting Policies (Continued)

I. Restricted Assets

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Exceptions, include software which has a capitalization threshold of $20,000 and infrastructure which varies from $25,000-$100,000, depending on the nature of the infrastructure: roads, bridges/culverts, and parking lots - $100,000; storm drains, sidewalks, bike paths/greenway trails - $50,000; traffic signals- $60,000; water/sewer lines - $25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of donations, the government values these capital assets at the estimated acquisition value of the item at the date of its donation. As allowed under GASB Statement No. 34, the City did not capitalize any infrastructure purchased or donated prior to the implementation of GASB Statement No. 34.

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

K. 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.

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.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits. Sick pay is accumulated and in accordance with GASB Statement No. 101 and an estimate for the time to be used during employment has been accrued. A liability for the estimated sick leave as earned PTO has been accrued in the government-wide financial statements. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 $34,753,509 as shown in the financial statements was determined by taking capital assets in the amount of $50,960,097 less total outstanding debt of $21,017,401 (bonds payable, including premium), less liabilities related to capital assets of $604,667, plus deferred charges on refunding of $353,052, plus total unspent bond proceeds of $5,062,428.

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 $22,102,338 difference are as follows:

Revenue bonds payable	$	(20,436,851)
Plus: Unamortized premium (to be amortized as interest expense)		(580,550)
Deferred charges on refunding		353,052
Accrued interest payable		(244,074)
Compensated absences		(1,193,915)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(22,102,338)

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 $10,435,511 difference are as follows:

Net pension liability	$	(71,959)
Total OPEB liability		(8,759,174)
Deferred outflows of resources:		
Pension related item		246,791
OPEB related item		2,082,871
Deferred inflows of resources:		
Pension related item		(234,151)
OPEB related item		(3,699,889)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(10,435,511)

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 $9,150,428 difference are as follows:

Capital outlay	$	11,374,166
Depreciation expense		(2,223,738)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	9,150,428

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

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $397,111 difference are as follows:

Compensated absences	$	(227,464)
Amortization of premium		82,090
Amortization of deferred charges on refunding		(57,355)
Accrued interest		(24,160)
Net pension liability and related deferred inflows and outflows of resources		351,307
Total OPEB liability and related deferred inflows and outflows of resources		(521,529)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	(397,111)

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 governmental funds." The details of this $98,674 difference are as follows:

Property taxes	$	17,111
Business taxes		81,563
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	98,674

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets is to increase net position." The details of this $2,458,423 difference are as follows:

Net book value of capital assets disposed	$	(110,695)
Donations of capital assets		2,569,118
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	2,458,423

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, 2024, 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	$ 5,062,428
Total			$ 5,062,428

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, 2024:

Investment	Level 1	Fair Value
Fidelity Treasury Portfolio	$ 5,062,428	$ 5,062,428
Total investments measured at fair value	$ 5,062,428	5,062,428
Total investments		$ 5,062,428

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, 2024, the financial institutions holding all of the City's deposits are participants in 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, 2024, 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 22, 2024. The due date for these taxes was December 20, 2024, and after that date, both penalty and interest are accrued until the taxes are collected. The taxes are subject to lien after May 1, 2025. 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 2024 are for the year 2025. The amount recorded as a receivable as well as amounts collected as of December 31, 2024 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	$ 452,982	$ -	$ -	$ -	$ 3,570
Accounts	1,855,058	-	1,914,636	104,387	-
Intergovernmental	528,288	627,600	3,130,181	-	426,805
Less allowance for uncollectibles	(39,464)	-	(382,720)	(77,767)	-
Net total receivables	$ 2,796,864	$ 627,600	$ 4,662,097	$ 26,620	$ 430,375

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 its estimated incremental borrowing rate of 4.20%.

At December 31, 2024, the Downtown Development Authority's total receivable for future lease payments was $18,342. The Downtown Development Authority reports a deferred inflow of resources in the amount of $16,584 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, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 3,266,901	$ 1,652,612	$ -	$ -	$ 4,919,513
Construction in progress	7,195,833	7,765,455	(110,695)	(1,035,860)	13,814,733
Total assets, not being depreciated	10,462,734	9,418,067	(110,695)	(1,035,860)	18,734,246
Capital assets, being depreciated:					
Buildings	20,443,442	1,974,729	-	-	22,418,171
Improvements	1,033,294	32,338	-	441,880	1,507,512
Machinery and equipment	7,346,124	363,669	(34,450)	-	7,675,343
Infrastructure	20,956,381	2,154,481	-	593,980	23,704,842
Intangible	175,760	-	-	-	175,760
Total assets, being depreciated	49,955,001	4,525,217	(34,450)	1,035,860	55,481,628
Less accumulated depreciation for:					
Buildings	(9,138,505)	(732,875)	-	-	(9,871,380)
Improvements	(392,694)	(62,942)	-	-	(455,636)
Machinery and equipment	(5,028,620)	(517,067)	34,450	-	(5,511,237)
Infrastructure	(6,412,497)	(889,378)	-	-	(7,301,875)
Intangible	(94,173)	(21,476)	-	-	(115,649)
Total accumulated depreciation	(21,066,489)	(2,223,738)	34,450	-	(23,255,777)
Total assets, being depreciated, net	28,888,512	2,301,479	-	1,035,860	32,225,851
Governmental activities capital assets, net	$ 39,351,246	$ 11,719,546	$ (110,695)	$ -	$ 50,960,097
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 11,275,283	$ 86	$ -	$ -	$ 11,275,369
Construction in progress	25,047,130	10,521,509	-	(225,603)	35,343,036
Intangible	1,450,059	-	-	-	1,450,059
Total assets, not being depreciated	37,772,472	10,521,595	-	(225,603)	48,068,464
Capital assets, being depreciated:					
Water distribution	21,527,053	-	-	185,486	21,712,539
Sewer distribution	24,991,384	1,586,475	-	40,117	26,617,976
Improvements	37,020	38,160	-	-	75,180
Machinery and equipment	2,231,874	58,988	-	-	2,290,862
Intangible	99,668	-	-	-	99,668
Total assets, being depreciated	48,886,999	1,683,623	-	225,603	50,796,225
Less accumulated depreciation for:					
Water distribution	(8,179,270)	(592,500)	-	-	(8,771,770)
Sewer distribution	(10,354,864)	(783,635)	-	-	(11,138,499)
Improvements	(28,735)	(1,384)	-	-	(30,119)
Machinery and equipment	(1,166,689)	(152,776)	-	-	(1,319,465)
Intangible	(5,814)	(9,967)	-	-	(15,781)
Total accumulated depreciation	(19,735,372)	(1,540,262)	-	-	(21,275,634)
Total assets, being depreciated, net	29,151,627	143,361	-	225,603	29,520,591
Business-type activities capital assets, net	$ 66,924,099	$ 10,664,956	$ -	$ -	$ 77,589,055

Note 7. Capital Assets (Continued)

Discretely Presented Component Unit - DDA: Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Downtown Development Authority:				
Capital assets, not being depreciated:				
Land	$ 92,965	$ -	$ (26,600)	$ 66,365
Total assets, not being depreciated	92,965	-	(26,600)	66,365
Capital assets, being depreciated:				
Buildings	307,609	-	(92,784)	214,825
Machinery and equipment	4,025	-	(4,025)	-
Total assets, being depreciated	311,634	-	(96,809)	214,825
Less accumulated depreciation for:				
Buildings	(88,125)	(8,639)	24,157	(72,607)
Machinery and equipment	(4,026)	-	4,026	-
Total accumulated depreciation	(92,151)	(8,639)	28,183	(72,607)
Total assets, being depreciated, net	219,483	(8,639)	(68,626)	142,218
Governmental activities capital assets, net	$ 312,448	$ (8,639)	$ (95,226)	$ 208,583

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

Governmental activities:	
General government	$ 145,830
Public safety	530,037
Public works	963,042
Recreation	402,440
Economic and community development	182,389
Total depreciation expense - governmental activities	$ 2,223,738
Business-type activities:	
Water and sewer	$ 1,539,626
Solid waste	636
Total depreciation expense - business-type activities	$ 1,540,262

Note 7. Capital Assets (Continued)

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at December 31, 2024, the City has contractual commitments on uncompleted construction contracts of approximately $6,525,485 for various projects.

Note 8. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2024, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 3,962
Total		$ 3,962

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Water and Sewer Fund	Downtown Development Authority	$ 42,500
Total		$ 42,500

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

Interfund transfers for the year ended December 31, 2024:

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	30,000
General Fund	Nonmajor Governmental Funds	32,132
		$ 237,132
Debt Service Fund	General Fund	$ 1,483,425
Debt Service Fund	SPLOST Fund	1,148,423
		$ 2,631,848
Capital Projects Fund	General Fund	$ 2,982,226

Note 9. Long-Term Debt and Obligations

Primary Government Long-term liability and obligations activity for the year ended December 31, 2024, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	$ 22,271,851	$ -	$ (1,835,000)	$ 20,436,851	$ 1,850,000
Plus issuance premium	662,640	-	(82,090)	580,550	-
Net bonds payable	22,934,491	-	(1,917,090)	21,017,401	1,850,000
Total OPEB liability	8,243,892	964,073	(448,791)	8,759,174	104,963
Net pension liability	1,053,457	908,881	(1,890,379)	71,959	-
Compensated absences	966,451	227,464	-	1,193,915	490,209
Governmental activities					
Long-term liabilities	$ 33,198,291	$ 2,100,418	$ (4,256,260)	$ 31,042,449	$ 2,445,172

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 8,300,000	$ -	$ (855,000)	$ 7,445,000	$ 820,000
Plus premium	554,039	-	(97,724)	456,315	-
Net bonds payable	8,854,039	-	(952,724)	7,901,315	820,000
Notes payable	13,215,378	6,814,963	-	20,030,341	-
Total OPEB liability	2,011,563	295,282	-	2,306,845	27,644
Net pension liability	217,391	56,203	(253,793)	19,801	-
Compensated absences	225,331	32,231	-	257,562	106,591
Business-type activity					
Long-term liabilities	$ 24,523,702	$ 7,198,679	$ (1,206,517)	$ 30,515,864	$ 954,235

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.

For both governmental activities and business-type activities, the beginning balances of the compensated absences liability have been restated due to the implementation of GASB Statement No. 101 by the City. See Note 17.

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

Primary Government (Continued)

Revenue Bonds

On October 2, 2014, the City of Jefferson Public Building Authority issued Series 2014 Refunding Revenue Bonds in the amount of $9,540,000 to refund a portion of the City of Jefferson Public Building Authority 2007A Bonds and the 2007B Intergovernmental Contract with Jackson County.

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

The refunding bonds, maturing in April 2030, have interest rates that range from 2.0% to 4.0%. The amount of refunding revenue bonds outstanding at December 31, 2024 is $4,365,000.

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, 2024 is $11,830,000.

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 Bonds 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, 2024 is $3,461,851.

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

Primary Government (Continued)

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

The net proceeds of the refunding revenue bond issuance were irrevocably deposited in escrow with Regions Bank and U.S. Bank, as escrow agents. The escrow obligations will bear interest and will be scheduled to mature at times sufficient to pay the principal and interest on the Refunding 2007A and 2007B Bonds 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, 2024 is $780,000.

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

Year Ending	Governmental Activities		
December 31,	Principal	Interest	Total
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	520,000	43,711	563,711
2030-2032	1,726,851	62,308	1,789,159
Total	$ 4,241,851	$ 392,458	$ 4,634,309

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, 2024 is $5,420,000.

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, 2024 is $2,025,000.

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
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	920,000	487,050	1,407,050	750,000	146,400	896,400
2030-2034	3,235,000	1,924,650	5,159,650	2,655,000	392,900	3,047,900
2035-2039	3,515,000	1,172,450	4,687,450	595,000	11,900	606,900
2040-2043	3,380,000	366,563	3,746,563	-	-	-
Total	$ 16,195,000	$ 6,372,888	$ 22,567,888	$ 7,445,000	$ 1,514,925	$ 8,959,925

Notes payable from direct borrowings

In February 2023, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to $23,730,000 from the Clean Water State Revolving Fund for various water system upgrades. As of December 31, 2024, the City had made draws totaling $20,030,341 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 July 10, 2013, the City of Jefferson Public Building Authority (the "Authority") issued $13,660,000 of Series 2013 Revenue Refunding Bonds on behalf of Jackson County (the "County"). These bonds were refunded, with the exception of $935,000, by the Series 2022 Bond issuance and bear interest at 2.9%. Total amount of these bonds outstanding as of December 31, 2024 is $750,000.

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, 2024 is $6,775,000.

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, 2024 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, 2024 is $12,665,000.

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 fund repayment of an issue of $11,140,000 of Series 2022 Revenue Refunding Bonds. These new bonds were refunded by the Series 2023 Bond issuance.

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, 2024 is $10,935,000.

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.

Note 10. Pension Plan (Continued)

Plan Membership. At July 1, 2024, the date of the most recent actuarial valuation, there were 171 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	38
Terminated vested participants not yet receiving benefits	46
Active employees - vested	57
Active employees - nonvested	30
Total	171

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 2024, the actuarially determined contribution rate was 7.95% of covered payroll. The City makes all contributions to the Plan. For 2024, the City's contribution to the Plan was $918,655 which was made prior to the measurement date of the Plan.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2024. 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, 2024.

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.

Note 10. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

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, 2024 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.91%
International equity	20%	7.21%
Domestic fixed income	20%	1.61%
Real estate	10%	3.61%
Global fixed income	5%	1.67%
Cash	--%	
	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that 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.

Note 10. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2024 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2023	$ 9,677,999	$ 8,407,151	$ 1,270,848
Changes for the year:			
Service cost	257,077	-	257,077
Interest	720,211	-	720,211
Differences between expected and actual experience	181,712	-	181,712
Contributions—employer	-	918,655	(918,655)
Net investment income	-	1,436,304	(1,436,304)
Benefit payments, including refunds of employee contributions	(339,007)	(339,007)	-
Administrative expense	-	(16,871)	16,871
Net changes	819,993	1,999,081	(1,179,088)
Balances at 12/31/2024	$ 10,497,992	$ 10,406,232	$ 91,760

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) 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 (asset)	$ 1,578,794	$ 91,760	$ (1,139,094)

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, 2024 and the current sharing pattern of costs between employer and employee.

Note 10. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

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

For the year ended December 31, 2024, the City recognized pension expense of $498,935. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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
2025	$ (167,088)
2026	149,929
2027	156,040
2028	(122,763)
	$ 16,118

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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 healthcare 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 $1,500 per year 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

Plan Membership

At December 31, 2023, 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	93
Total	105

City Contributions

The City has elected to fund the plan on a pay-as-you-go basis. For the year ended December 31, 2023, the City contributed $149,657 for the pay-as-you-go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $11,066,019 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023.

Note 11. Other Postemployment Benefits (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 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	3.77%
Healthcare cost trends	7.50% 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).

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended December 31, 2024 were as follows:

	Total OPEB Liability
Balance at December 31, 2023	$ 10,255,455
Service cost	774,271
Interest	443,703
Experience differences	(34,203)
Change of assumptions	(223,550)
Benefit payments	(149,657)
Balance at December 31, 2024	$ 11,066,019

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.

Note 11. Other Postemployment Benefits (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) 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 HealthCare Cost Trend Rates	Current HealthCare Cost Trend Rates	1% Increase HealthCare Cost Trend Rates
Total OPEB liability	$ 9,098,784	$ 11,066,019	$ 13,669,538

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, 2024 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, 2024, the City recognized OPEB expense of $1,000,105. At December 31, 2024, 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	$ 150,470	$ -
Difference between expected and actual experience	654,685	(29,643)
Changes in plan assumptions	1,826,268	(4,644,661)
Total	$ 2,631,423	$ (4,674,304)

City contributions made subsequent to the measurement date of $150,470 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, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31:	
2025	$ (217,869)
2026	(217,869)
2027	(217,869)
2028	(211,515)
2029	(154,337)
Thereafter	(1,173,892)
	$ (2,193,351)

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, 2024, the City paid $13,496 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 $53,554 for the year ended December 31, 2024. Of this amount 60%, or $32,132, was transferred to the General Fund in accordance with O.C.G.A. 48-13-51. The remaining $21,422 was used to promote tourism.

Note 17. Accounting Changes

Change in Accounting Principle

During the year ended December 31, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*, which establishes standards for recognizing and measuring liabilities, expenses, and related disclosures for compensated absences, such as vacation, sick leave, and other leave types. GASB Statement No. 101 requires governments to recognize a liability for compensated absences when employees earn leave that is attributable to services already rendered and is expected to be used or paid in the future.

The adoption of GASB Statement No. 101 was applied retrospectively, requiring restatements of beginning net position, as follows:

	Governmental Activities	Business-Type Activities	Water and Sewer Fund
Beginning net position, as previously reported	$ 36,337,688	$ 64,114,670	$ 63,704,619
Restatement due to implementation of GASB No. 101 and implementation of GASB No. 100	(634,772)	(142,687)	(142,687)
Beginning net position, as restated	$ 35,702,916	$ 63,971,983	$ 63,561,932

Note 18. Subsequent Event

On March 21, 2025, the City issued $4,515,000 in City of Jefferson Public Building Authority Revenue Bonds, Series 2025, City of Jefferson Fire Station Project (the “Series 2025 Bonds”) for the purpose of providing funds to pay: (1) the costs of acquiring, constructing, installing, and equipping a new fire station and (2) the costs of issuance of the Series 2025 Bonds. Series 2025 Bonds maturing August 1, 2025 through August 1, 2039 accrue interest at 4.14% per annum. Annual principal payments begin on August 1, 2026 and end on August 1, 2039 in amounts ranging from $245,000 to $415,000.

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

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$ 257,077	$ 196,732	$ 222,669	$ 220,246	$ 186,529
Interest on total pension liability	720,211	662,886	635,144	574,495	481,453
Differences between expected and actual experience	181,712	190,113	(143,610)	276,349	337,972
Changes of assumptions	-	-	-	-	524,736
Benefit payments, including refunds of employee contributions	(339,007)	(326,582)	(297,608)	(204,704)	(183,321)
Net change in total pension liability	819,993	723,149	416,595	866,386	1,347,369
Total pension liability - beginning	9,677,999	8,954,850	8,538,255	7,671,869	6,324,500
Total pension liability - ending (a)	$ 10,497,992	$ 9,677,999	$ 8,954,850	$ 8,538,255	$ 7,671,869
Plan fiduciary net position					
Contributions - employer	$ 918,655	$ 815,238	$ 681,297	$ 661,968	$ 660,894
Net investment income (loss)	1,436,304	(559,871)	465,885	2,245,105	(320,064)
Benefit payments, including refunds of member contributions	(339,007)	(326,582)	(297,608)	(204,704)	(183,321)
Administrative expenses	(16,871)	(19,858)	(19,070)	(16,656)	(18,326)
Net change in plan fiduciary net position	1,999,081	(91,073)	830,504	2,685,713	139,183
Plan fiduciary net position - beginning	8,407,151	8,498,224	7,667,720	4,982,007	4,842,824
Plan fiduciary net position - ending (b)	$ 10,406,232	$ 8,407,151	$ 8,498,224	$ 7,667,720	$ 4,982,007
City's net pension liability - ending (a) - (b)	$ 91,760	$ 1,270,848	$ 456,626	$ 870,535	$ 2,689,862
Plan fiduciary net position as a percentage of the total pension liability	99.13%	86.87%	94.90%	89.80%	64.94%
Covered payroll	$ 3,963,741	$ 3,989,281	$ 3,953,735	$ 3,669,832	$ 3,251,702
City's net pension liability as a percentage of covered payroll	2.31%	31.86%	11.55%	23.72%	82.72%

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 162,345	$ 125,794	$ 113,574	$ 108,171	$ 121,093
Interest on total pension liability	445,635	337,907	314,714	291,318	280,638
Differences between expected and actual experience	27,877	113,485	55,509	90,191	(6,345)
Changes of assumptions	-	85,114	-	-	(79,297)
Changes of benefit terms	-	939,301	-	-	-
Benefit payments, including refunds of employee contributions	(181,618)	(182,854)	(186,223)	(189,354)	(167,210)
Net change in total pension liability	454,239	1,418,747	297,574	300,326	148,879
Total pension liability - beginning	5,870,261	4,451,514	4,153,940	3,853,614	3,704,735
Total pension liability - ending (a)	$ 6,324,500	$ 5,870,261	$ 4,451,514	$ 4,153,940	$ 3,853,614
Plan fiduciary net position					
Contributions - employer	$ 617,549	$ 423,870	$ 376,367	$ 184,718	$ 182,991
Net investment income (loss)	150,015	438,875	390,875	4,990	278,899
Benefit payments, including refunds of member contributions	(181,618)	(182,854)	(186,223)	(189,354)	(167,210)
Administrative expenses	(17,014)	(18,809)	(16,530)	(14,165)	(11,119)
Net change in plan fiduciary net position	568,932	661,082	564,489	(13,811)	283,561
Plan fiduciary net position - beginning	4,273,892	3,612,810	3,048,321	3,062,132	2,778,571
Plan fiduciary net position - ending (b)	$ 4,842,824	$ 4,273,892	$ 3,612,810	$ 3,048,321	$ 3,062,132
City's net pension liability - ending (a) - (b)	$ 1,481,676	$ 1,596,369	$ 838,704	$ 1,105,619	$ 791,482
Plan fiduciary net position as a percentage of the total pension liability	76.57%	72.81%	81.16%	73.38%	79.46%
Covered payroll	$ 2,645,512	$ 2,550,484	$ 2,624,348	$ 2,590,591	$ 2,573,713
City's net pension liability as a percentage of covered payroll	56.01%	62.59%	31.96%	42.68%	30.75%

CITY OF JEFFERSON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PENSION PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 361,230	$ 301,837	$ 379,132	$ 390,203	$ 317,674
Contributions in relation to the actuarially determined contribution	918,655	815,238	681,297	661,968	660,894
Contribution excess	$ (557,425)	$ (513,401)	$ (302,165)	$ (271,765)	$ (343,220)
Covered payroll	$ 4,591,295	$ 3,754,556	$ 4,067,522	$ 3,915,806	$ 3,587,840
Contributions as a percentage of covered payroll	20.01%	21.71%	16.75%	16.91%	18.42%

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

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

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	$ 774,271	$ 1,185,720	$ 1,008,135	$ 742,521	$ 656,345
Interest on total OPEB liability	443,703	280,473	259,025	278,213	282,185
Experience differences	(34,203)	-	380,333	-	713,208
Assumption changes	(223,550)	(5,192,120)	590,745	1,636,464	696,303
Benefit payments	(149,657)	(151,302)	(96,863)	(79,893)	(59,520)
Net change in total OPEB liability	810,564	(3,877,229)	2,141,375	2,577,305	2,288,521
Total OPEB liability - beginning	10,255,455	14,132,684	11,991,309	9,414,004	7,125,483
Total OPEB liability - ending	$11,066,019	$10,255,455	$14,132,684	$ 11,991,309	$ 9,414,004
Covered-employee payroll	$ 5,555,422	$ 4,920,526	$ 4,350,249	$ 4,345,961	$ 4,344,972
Total OPEB liability as a percentage of covered-employee payroll	199.2%	208.4%	324.9%	275.9%	216.7%

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

Notes to the Schedule:

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

CITY OF JEFFERSON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

ASSETS	Special Revenue Funds: Hotel/ Motel	Special Revenue Funds: Confiscated Assets	Special Revenue Funds: Multi-Grant Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ -	$ 186,786	$ 14,365	$ 201,151
Taxes receivable	3,570	-	-	3,570
Intergovernmental receivable	-	-	426,805	426,805
Restricted cash and cash equivalents	-	37,502	-	37,502
Total assets	$ 3,570	$ 224,288	$ 441,170	$ 669,028
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,428	$ 2,577	$ -	$ 4,005
Due to other funds	2,142	1,820	-	3,962
Total liabilities	3,570	4,397	-	7,967
FUND BALANCES				
Restricted for:				
Capital projects	-	-	441,170	441,170
Public safety	-	219,891	-	219,891
Total fund balances	-	219,891	441,170	661,061
Total liabilities and fund balances	$ 3,570	$ 224,288	$ 441,170	$ 669,028

CITY OF JEFFERSON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds			
	Hotel/ Motel	Confiscated Assets	Multi-Grant Fund	Total Nonmajor Governmental Funds
Revenues:				
Hotel/Motel occupancy taxes	$ 53,554	$ -	$ -	$ 53,554
Fines and forfeitures	-	72,917	-	72,917
Intergovernmental	-	-	854,054	854,054
Total revenues	53,554	72,917	854,054	980,525
Expenditures:				
Current:				
Public safety	-	28,110	-	28,110
Public works	-	-	427,249	427,249
Economic and community development	21,422	-	-	21,422
Total expenditures	21,422	28,110	427,249	476,781
Excess of revenues over expenditures	32,132	44,807	426,805	503,744
Other financing uses:				
Transfers out	(32,132)	-	-	(32,132)
Total other financing uses	(32,132)	-	-	(32,132)
Net change in fund balances	-	44,807	426,805	471,612
Fund balances, beginning of year	-	175,084	14,365	189,449
Fund balances, end of year	$ -	$ 219,891	$ 441,170	$ 661,061

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, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel occupancy taxes	$ 55,000	$ 55,000	$ 53,554	$ (1,446)
Total revenues	55,000	55,000	53,554	(1,446)
Expenditures:				
Current:				
Economic and community development	22,000	22,000	21,422	578
Total expenditures	22,000	22,000	21,422	578
Excess of revenues over expenditures	33,000	33,000	32,132	(868)
Other financing uses:				
Transfers out	(33,000)	(33,000)	(32,132)	868
Total other financing uses	(33,000)	(33,000)	(32,132)	868
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, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ -	$ 72,917	$ 72,917
Total revenues	-	-	72,917	72,917
Expenditures:				
Current:				
Public safety	30,000	30,000	28,110	1,890
Total expenditures	30,000	30,000	28,110	1,890
Net changes in fund balances	(30,000)	(30,000)	44,807	74,807
Fund balances, beginning of year	175,084	175,084	175,084	-
Fund balances, end of year	$ 145,084	$ 145,084	$ 219,891	$ 74,807

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, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 190,872	$ 427,250	$ 854,054	$ 426,804
Total revenues	190,872	427,250	854,054	426,804
Expenditures:				
Current:				
Public works	250,000	486,378	427,249	59,129
Total expenditures	250,000	486,378	427,249	59,129
Excess (deficiency) of revenues over expenditures	(59,128)	(59,128)	426,805	485,933
Other financing sources:				
Transfers in	59,128	59,128	-	(59,128)
Total other financing sources	59,128	59,128	-	(59,128)
Net changes in fund balances	-	-	426,805	426,805
Fund balances, beginning of year	14,365	14,365	14,365	-
Fund balances, end of year	$ 14,365	$ 14,365	$ 441,170	$ 426,805

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, 2024

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	$ -	$ -	$ 4,821	$ 4,821
Total revenues	-	-	4,821	4,821
Expenditures:				
Debt service:				
Principal	1,835,000	1,835,000	1,835,000	-
Interest	802,645	802,645	796,848	5,797
Total expenditures	2,637,645	2,637,645	2,631,848	5,797
Deficiency of revenues over expenditures	(2,637,645)	(2,637,645)	(2,627,027)	10,618
Other financing sources:				
Transfers in	2,637,645	2,637,645	2,631,848	(5,797)
Total other financing sources	2,637,645	2,637,645	2,631,848	(5,797)
Net change in fund balances	-	-	4,821	4,821
Fund balances, beginning of year	461,223	461,223	461,223	-
Fund balances, end of year	$ 461,223	$ 461,223	$ 466,044	$ 4,821

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2024

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	$ 2,443,855	$ 1,733,523		$ 710,332	$ 2,443,855
Cultural, historical and recreation facilities	1,665,000	2,993,679	1,950,685		1,041,405	2,992,090
Public safety facilities	865,800	1,547,198	96,963		-	96,963
Water and sewer facilities	1,359,750	2,469,928	1,558,028	(2)	-	1,558,028
SPLOST VI Total	$ 5,250,300	$ 9,454,660	$ 5,339,199		$ 1,751,737	$ 7,090,936
SPLOST VII:						
Roads, streets, bridges, and stormwater management facilities	$ 4,963,901	$ 4,963,901	$ -		$ 371,501	$ 371,501
Cultural, historical, and recreation facilities	6,075,509	6,075,509	-		158,652	158,652
SPLOST VII Total	$ 11,039,410	$ 11,039,410	$ -		$ 530,153	$ 530,153

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	$ 1,133,467
Transfer Out (see Note 1 below)	1,148,423
Total	$ 2,281,890

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) and new bond issued in 2023 for the Natatorium.

Note 2: The balance of expenditures reported from prior years for these projects has been corrected by the City to reflect the actual balance of SPLOST funds expended in accordance with voter-approved referendum.

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, 2024

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 45,395
Payments to vendors	(139,973)
Net cash used by operating activities	(94,578)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the sale of capital assets	201,299
Net cash provided by capital and related financing activities	201,299
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,596
Net cash provided by investing activities	1,596
Net increase in cash and cash equivalents	108,317
Cash and cash equivalents, beginning of year	104,415
Cash and cash equivalents, end of year	$ 212,732
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (14,177)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	8,639
Change in assets and liabilities:	
Decrease in accounts receivable	822
Decrease in lease receivable and associated deferred inflows	1,850
Increase in accounts payable	8,355
Decrease in due to primary government	(100,067)
Net cash used in operating activities	$ (94,578)

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 18, 2025. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections* and Statement No. 101, *Compensated Absences*.

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 2024-001 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 Response to the Finding

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

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
June 18, 2025

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, 2024. 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, 2024.

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
June 18, 2025

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

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	$ 16,082
Total U.S. Department of Justice			16,082
Environmental Protection Agency			
Passed Through Georgia Environmental Finance Authority			
Clean Water State Revolving Program	66.458	CW2022002	6,814,963
Passed Through Appalachian Regional Commission (ARC)			
Gravity Sewer Line Extension at Jackson County Airport	66.458	GA-22037-2024	37,043
Total Clean Water State Revolving Program			6,852,006
Passed Through Georgia Environmental Finance Authority			
Drinking Water State Revolving Program	66.442	DWLSL2022051	100,000
Total Environmental Protection Agency			6,952,006
Total Expenditures of Federal Awards			$ 6,968,088

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, 2024

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, 2024

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 Program

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, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS

2024-001 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, 2024

2023-001 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 2024-001