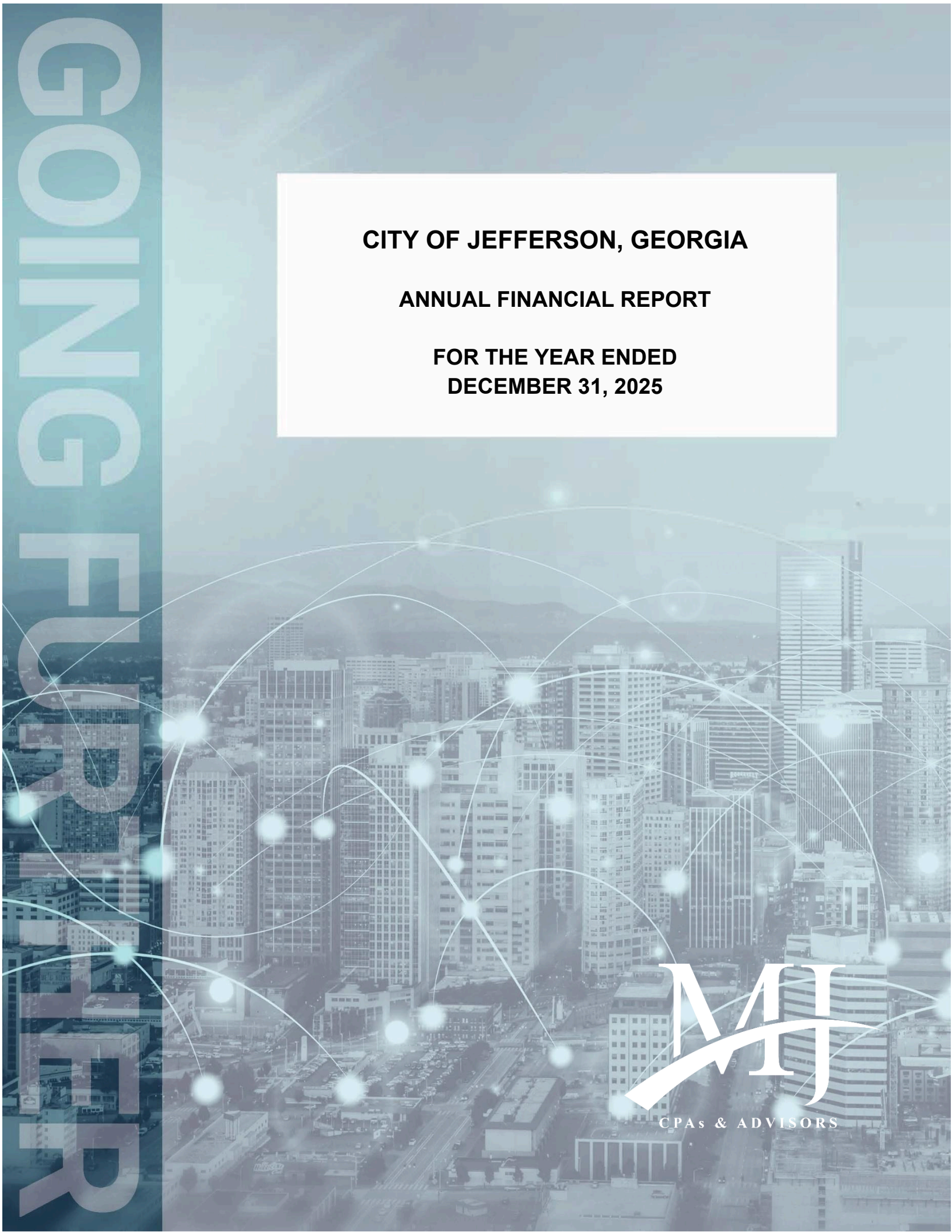
GOING FURTHER

CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2025



CPAs & ADVISORS

CITY OF JEFFERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2025

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, 2025, 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 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, 2025, 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.

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 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 July 24, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 24, 2026

CITY OF JEFFERSON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

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, 2025. 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 $56,189,046 (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 $41,832,283 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 $10,616,104 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $3,740,659 represents 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 $29,006,271 this year. This compared to the prior year ending fund balance of $27,026,968 showing an increase of $1,979,303 during the current year. This increase is due to more revenue collection in the General Fund than expenditures.

- At the end of the current calendar year, the unassigned fund balance for the General Fund was $10,532,389 or 73.53% 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 Fund and the Water and Sewer Fund.

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 two 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 four major governmental fund financial statements and an additional three nonmajor 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. The City's major funds are the General Fund, the Special Purpose Local Options Sales Tax (SPLOST) Fund, the Capital Projects Fund and the Debt Service Fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 64 and 65 of this report. Most of the discussion regarding governmental activities is equally applicable to the finances of the major governmental funds. However, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which focuses on cash and other financial assets that can readily be converted to cash.

There are other significant differences between the totals of the governmental fund and government-wide financial statements due to the different accounting methods used to prepare them and the narrower scope of the governmental fund statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

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.

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. The Water and Sewer Fund is considered to be a major fund 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 $138,994,754. The following table provides a summary of the City's net position:

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 37,280,727	$ 34,410,061	$ 32,649,983	$ 29,608,606	$ 69,930,710	$ 64,018,667
Capital Assets	64,132,924	50,960,097	86,238,101	77,589,055	150,371,025	128,549,152
Total Assets	101,413,651	85,370,158	118,888,084	107,197,661	220,301,735	192,567,819
Deferred outflows of resources	2,762,457	2,682,714	486,523	616,468	3,248,980	3,299,182
Liabilities:						
Current and other liabilities	4,932,660	3,967,464	2,922,396	4,780,665	7,855,056	8,748,129
Long-term debt outstanding	32,873,362	28,597,277	32,925,707	29,561,629	65,799,069	58,158,906
Total Liabilities	37,806,022	34,336,393	35,848,103	34,342,294	73,654,125	66,907,035
Deferred inflows of resources	10,181,040	9,897,757	720,796	1,042,474	10,901,836	10,940,231
Net position:						
Net investment in capital Assets	41,832,283	34,753,509	53,585,361	46,628,286	95,417,644	81,381,795
Restricted	10,616,104	8,579,728	-	-	10,616,104	8,579,728
Unrestricted	3,740,659	2,257,137	29,220,347	25,801,075	32,961,006	28,058,212
Total Net Position	$ 56,189,046	$ 45,590,374	$ 82,805,708	$ 72,429,361	$ 138,994,754	$ 118,019,735

The City reported positive balances in net position for both governmental and business-type activities. During 2025, the net position increased by $10,598,672 for governmental activities and increased by $10,376,347 for business-type activities. The City's overall financial position increased during the calendar year 2025.

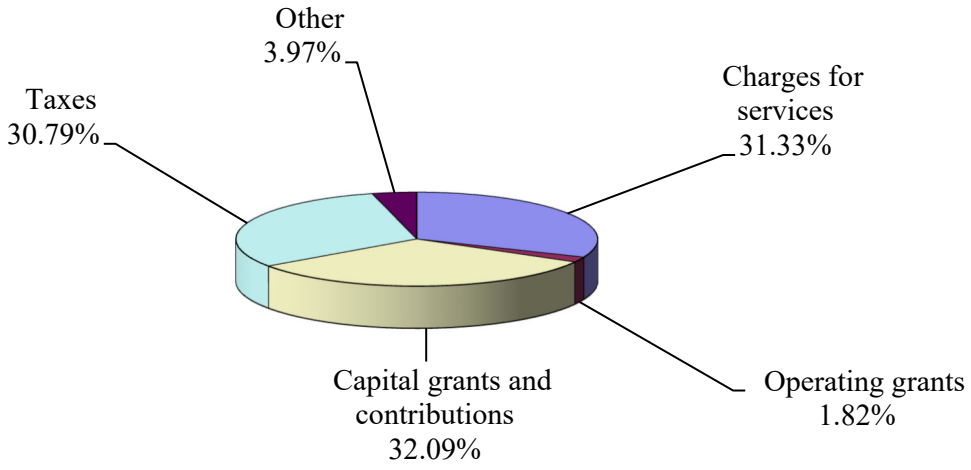
Note that approximately 63.2% of the governmental activities' total assets are tied up in capital assets (with 63.4% of the capital asset cost being depreciable). The City uses these capital assets to provide services to its citizens. Also, 72.5% of the business-type activities assets are tied up in capital assets (with 41% of the capital asset cost being depreciable). Combining governmental activities with business-type activities, the City has invested approximately 68.3% 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	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues:						
Program:						
Charges for services	$2,896,800	$3,041,944	$12,258,774	$12,945,894	$15,155,574	$15,987,838
Operating grants and contribution	881,169	882,446	-	-	881,169	882,446
Capital grants and contributions	11,147,571	7,262,062	4,372,279	3,910,678	15,519,850	11,172,742
General:						
Taxes	14,893,931	13,767,605	-	-	14,893,931	13,767,605
Other	851,670	1,088,796	1,048,613	936,271	1,900,283	2,025,067
Gain on sale of capital assets	19,948	6,949	-	-	19,948	6,949
Total revenues	30,691,089	26,049,802	17,679,666	17,792,843	48,370,755	43,842,645
Program Expenses:						
General government	2,108,818	1,768,677	-	-	2,108,818	1,768,677
Public safety	7,063,398	6,195,779	-	-	7,063,398	6,195,779
Public works	3,958,672	2,699,618	-	-	3,958,672	2,699,618
Culture and recreation	3,462,112	2,981,359	-	-	3,462,112	2,981,359
Economic and community development	2,097,540	1,925,638	-	-	2,097,540	1,925,638
Interest on long-term debt	993,953	796,273	-	-	993,953	796,273
Water and Sewer	-	-	7,411,778	8,049,278	7,411,778	8,049,278
Solid Waste	-	-	299,465	1,081,187	299,465	1,081,187
Total expenses	19,684,493	16,367,344	7,711,243	9,130,465	27,395,736	25,497,809
Revenues over expenses	11,006,596	9,682,458	9,968,423	8,662,378	20,975,019	18,344,836
Transfers	(407,924)	205,000	407,924	(205,000)	-	-
Change in net position	10,598,672	9,887,458	10,376,347	8,457,378	20,975,019	18,344,836
Beginning net position	45,590,374	36,337,688	72,429,361	64,114,670	118,019,735	100,452,358
Restatement – change in accounting principle	-	(634,772)	-	(142,687)	-	(777,459)
Net position, beginning of year, as restated	45,590,374	35,702,916	72,429,361	63,971,983	118,019,735	99,6742,899
Ending net position	$56,189,046	$45,590,374	$82,805,708	$72,429,361	$138,994,754	$118,019,735

Total government-wide revenues for 2025 were $48,370,755. These revenues consisted of $14,893,931 in taxes, $881,169 in operating grants and contributions, $15,519,850 in capital grants and contributions, $15,157,574 in charges for services, $1,900,283 in other revenues, and $19,948 in gain on sale of capital assets. Of this amount, $30,691,089 was in governmental activities and $17,679,666 in business-type activities. The following chart depicts further detail of government-wide revenues.

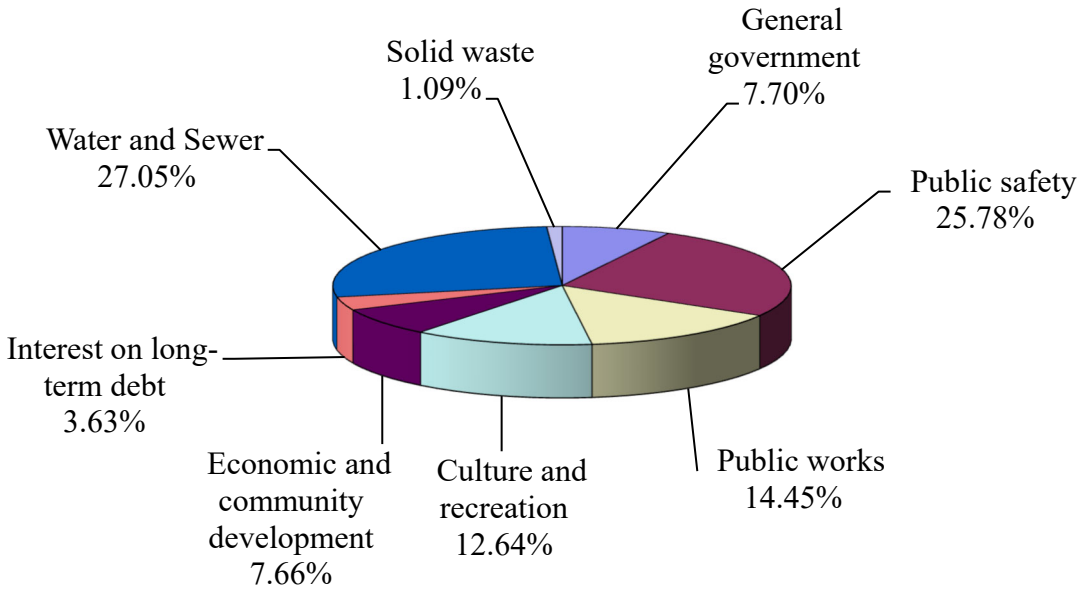
REVENUES BY SOURCE - GOVERNMENT-WIDE ACTIVITY



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

Government-wide expenses for the City were $27,395,736 for 2025, of which $19,684,493 were for governmental activities and $7,711,243 for business-type activities. The chart below depicts further detail of government-wide total expenses.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY

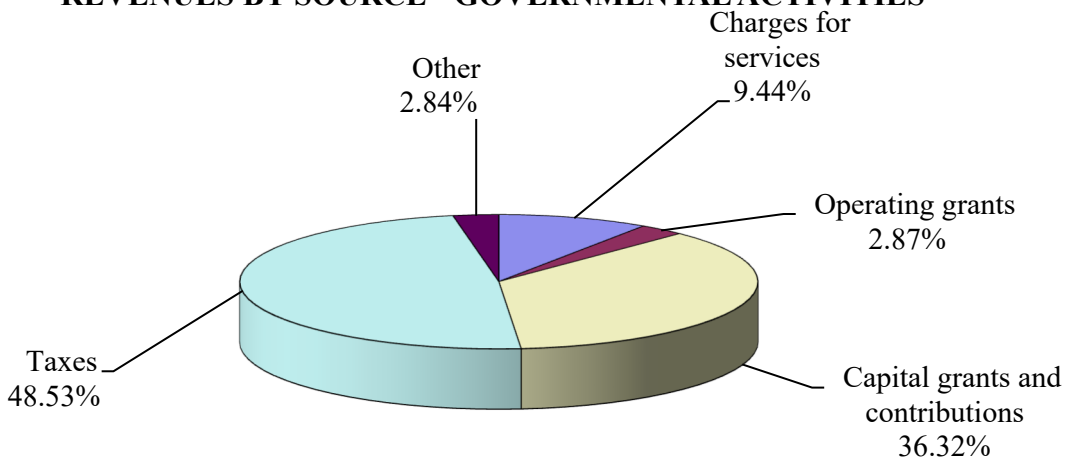


Note: Graph may not equal 100% due to rounding.

Governmental Activities Revenues

The City's sales taxes (which include the Local Option Sales Tax), one of the General Fund's most significant revenue sources, yielded $155,378 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 $4,096,566. 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 ended June 30, 2023. The SPLOST number seven, effective for six years, was approved by the voters on November 8, 2022 with collections starting July 1, 2023. The SPLOST tax is for specific capital projects and debt related to capital projects and constitutes a significant portion of the City's ability to fund capital projects in the areas of water and sewerage, road and bridges, recreation, and public safety. A total of $3,465,327 was expended during 2025 for these capital projects and related debt.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

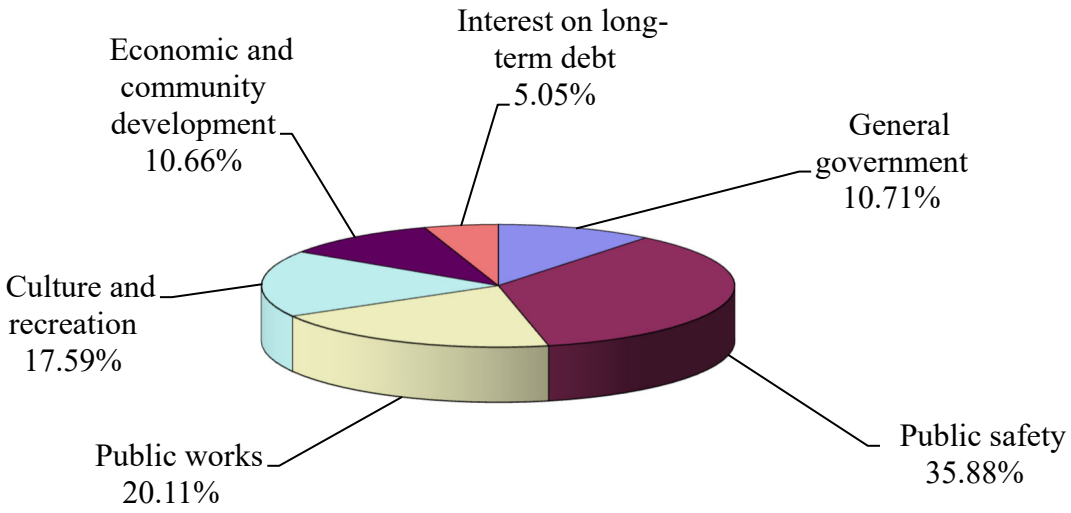


Note: Graph may not equal 100% due to rounding.

Governmental Activities Expenses

Expenses in the governmental activities were $19,684,493, up $3,317,149 from 2024. 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 $399,692 from the prior year while non-operating revenues, expenses, and capital contributions (excluding transfers out) increased by $1,783,882. The increase in non-operating revenue and capital contributions is mainly due to the increase in water and sewer tap fees paid. Operating expenses decreased by $848,426 from 2024. The decrease in expenses is attributable to a decrease in OPEB liability.

Solid Waste Fund – The operating revenue for Solid Waste Fund was down by $1,086,812 from the prior year and operating expenses increased by $781,722. The revenue and expense within this fund decreased due to the City no longer charging our residential customers. The garbage provider now bills and collects payments from residents. The City now bills and collects payments solely for the community dumpsters located in the downtown area.

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 $29,006,271 at December 31, 2025, compared to $27,026,968 at December 31, 2024. The increase is mainly due to the General Fund's increase in transfers in and decrease in transfers out during 2025.

General Fund increased by $3,332,096 due to revenues coming in higher than projected and expenses lower than expected. The SPLOST Fund increased by $436,281 due to SPLOST revenue that is being saved to do larger projects. Capital Projects Fund decreased by $1,315,737 due to spending the bond money. Debt Service Fund decreased by $6,261. Lastly, there was a decrease of $467,076 in the Nonmajor Governmental Funds mainly due to the Multi-Grant Fund reimbursing the General Fund with grant funds we received from a project completed in prior year.

Of this year-end total, $4,385,983 is assigned for appropriation of subsequent year's fund balance. There is $422,814 assigned for various purposes. There is also $176,783 assigned for planning and development use and $1,553,314 of impact fees restricted for approved purposes. There is $10,532,389 that is unassigned indicating availability for continuing City service delivery requirements. There is $389,039 restricted for prepaid items. There is $459,783 restricted for debt service, $10,898,841 restricted for capital projects which is mostly SPLOST funds and fire station bond funds, and $187,325 is restricted for public safety.

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 $3,332,096 or 24%. The ending unassigned fund balance represents the equivalent of 73.5% 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 $436,281 from the prior year. This was due to SPLOST revenue being greater than expenditures in 2025.

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 $1,315,737 from the prior year. This was mostly due to spending the bond funds.

Debt Service – The Debt Service Fund is used to show principal and interest payments made to pay off existing debt. Fund balance decrease by $6,261 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 2025 by $783,490, to account for part of the increase in sales tax revenue and interest income.

Property taxes came in over budget by $205,201. This was due to a higher payment rate than expected.

Sales taxes came in over budget by $202,162. This increase is due to collections coming in higher than anticipated.

Franchise fees came in $175,287 over budget due to electric franchise fees being higher than 2024 collections.

Licenses and permits came in over budget by $70,493 due to more building permits and business license being issued than anticipated.

Fines and forfeitures came in $157,438 over budget due to more fines being collected by patrol and within the safety zone.

Charges for services came in $486,000 under budget due to the natatorium not opening until December. It was budgeted for a whole year's worth of revenue.

Business taxes came in $14,294 under budget due to receiving financial institution tax checks past the reporting period.

The City also saw revenues coming in under budget by $128,191 for intergovernmental, due to requesting less than projected in reimbursement from Jefferson City Schools for the school resource officers cost.

Lastly, contributions and donations came in under budget by $2,380. Other revenues came in under budget by $77,648, due mostly to not meeting rental revenue expectations at the Civic Center. Interest earnings came in over budget by $125,662.

In total, the City recognized 101.2% of the final revenue budget. The General Fund's expenditure budget was increased $916,934 or 5.7%. Most of the increase was in general government. These increases were to allow for the donation/purchase of the Jackson County administration building. In total, the City under spent the final expenditure budget by $2,713,074 or 15.9%.

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, 2025, were $64,132,924 and $86,238,101; respectively. The change in this net investment was an approximate $21,821,873 increase for governmental activities and business-type activities. See Note 6 for additional information about changes in capital assets during the calendar year and Note 8 for outstanding debt at the end of the year.

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Non-depreciable assets:						
Land	$ 5,649,346	$ 4,919,513	$10,924,412	$11,275,369	$ 16,573,758	$ 16,194,882
Construction in progress	17,850,369	13,814,733	38,465,201	35,343,036	56,315,570	49,157,769
Intangible	-	-	1,450,059	1,450,059	1,450,059	1,450,059
Total non-depreciable	23,499,715	18,734,246	50,839,672	48,068,464	74,339,387	66,802,710
Depreciable assets:						
Buildings	24,306,867	22,418,171	-	-	24,306,867	22,418,171
Water Distribution	-	-	22,226,564	21,712,539	22,226,564	21,712,539
Sewer Distribution	-	-	33,124,185	26,617,976	33,124,185	26,617,976
Improvements	1,507,512	1,507,512	75,180	75,180	1,582,692	1,582,692
Machinery and Equipment	8,807,272	7,675,343	2,709,464	2,290,862	11,516,736	9,966,205
Infrastructure	31,530,773	23,704,842	-	-	31,530,773	23,704,842
Intangibles	175,760	175,760	99,668	99,668	275,428	275,428
Total depreciable assets	66,328,184	55,481,628	58,235,061	50,796,225	124,563,245	106,277,853
Less accumulated depreciation	25,694,975	23,255,777	22,836,632	21,275,634	48,531,607	44,531,411
Book value – depreciable assets	40,633,209	32,225,851	35,398,429	29,520,591	76,031,638	61,746,442
Percentage depreciated	39%	42%	39%	42%	39%	42%
Total book value	$64,132,924	$50,960,097	$86,238,101	$77,589,055	$150,371,025	$128,549,152

Major capital asset activities in governmental activities in 2025 were:

- Land increased by $729,833; purchase/donation of old Jackson County administration building. Also, the City removed $14,167 due to land with a building being sold.

- Construction in progress increased by $4,035,636; mostly due to the construction of a natatorium and the new fire station.

- Buildings increased by $1,888,696; purchase/donation of old Jackson County administration building. Also, the City removed $170,037 due to a building being sold.

- Machinery and equipment increased by $1,131,929; due to the addition of four new SRO vehicles costing $128,000, three patrol vehicles costing 187,542, airpaks and cylinders, turnout gear industrial washers and dryers for fire costing $416,769, field groomer for recreation costing $14,267, a vehicle, leaf vacuum truck for road and grounds costing $320,699, audio equipment for theater costing $22,062, audio/video equipment for council and replace three ac units at Jefferson Station costing $87,740, and new chairs at Civic Center costing $148,928 Also, the City removed $194,078 due to vehicle being sold.

- Infrastructure increased by $7,825,931 due to the $3,083,084 in donations from developers for roads, sidewalks and storm water drainage. The increase was also due to $56,110 of sidewalk projects on Old Pendergrass Road, repaved Oak Avenue costing $124,856, other additions were various projects costing $224,381.

On December 31, 2025, the depreciable capital assets for governmental activities were 39% depreciated, slightly lower than 2024. 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 2025 were:

- Land decreased $350,957 due to the sale of land near Concord WWTP.

- Construction in progress increased by $3,122,165. The increase was mainly due to the construction of the I-85 Wastewater Treatment Facility, Old Pendergrass Gravity Line, West Side Wastewater Pump Station, Central Cities Upgrade, and Parks Creek Reservoir projects totaling $2,114,854, $1,347,282, $432,003, $3,449,486, and $1,363,766 respectively. These projects were started but were not completed in 2025, along with $307,978 of other projects. Projects totaling $5,885,429 were completed and removed from CIP.

- Additions to water distribution in the amount of $514,025. Of this total, $340,695 worth of water lines were donated by developers. The remaining balance of $173,330 replaced vaults on Concord and Hog Mountain Road.

- Additions to sewer distribution in the amount of $6,506,209. Developers contributed sewer lines costing $214,416. The increase also includes a new generator at the MLK Lift Station and new pumps at Central Cities costing $379,364. Construction in progress that was completed totaling $5,558,429.

- Additions to machinery and equipment in the amount of $439,589. Two vehicles costing $185,739, a skid steer costing $159,831 and various equipment were purchased costing $65,594.

At December 31, 2025, the depreciable capital assets for business-type activities were 39% depreciated, slightly lower than 2024 percentage of 42%. 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 $8,039,855 during 2025.

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds and Intergovernmental contracts payable	$ 23,605,443	$ 21,017,401	$ 6,988,959	$ 7,901,315	$ 30,594,402	$ 28,918,716
Notes payable	-	-	24,585,296	20,030,341	24,585,296	20,030,341
Net pension liability	1,463,827	71,959	373,728	19,801	1,837,555	91,760
Net OPEB obligation	9,452,774	8,759,174	1,712,079	2,306,845	11,164,853	11,066,019
Compensated absences	1,148,446	1,193,915	267,617	257,563	1,416,063	1,451,478
Total	$ 35,670,490	$ 31,042,449	$ 33,927,679	$ 30,515,865	$ 69,598,169	$ 61,558,314

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

Economic Factors

Industrial development comprises the majority of private sector employment in Jackson County as of 2025. 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. Shops at Jefferson Pointe are currently under development. This will provide additional retail and restaurant space in Jefferson. A new industry in our industrial park is in the construction phase. This will provide around 200 jobs to the area. Additional phases of single-family dwellings, both attached and detached, are still being developed. Approximately 100 new single-family homes were permitted in 2025. 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
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, 2025

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 28,792,010	$ 27,096,569	$ 55,888,579	$ 683,071
Receivables, net of allowance for uncollectibles	4,178,443	1,632,073	5,810,516	1,057
Intergovernmental receivable	1,313,406	3,641,992	4,955,398	-
Inventory	-	275,989	275,989	-
Due from component unit	263	-	263	-
Restricted cash and cash equivalents	2,607,566	-	2,607,566	-
Prepaid items	389,039	3,360	392,399	-
Capital assets, nondepreciable	23,499,715	50,839,672	74,339,387	54,193
Capital assets, depreciable, net of accumulated depreciation	40,633,209	35,398,429	76,031,638	24,240
Total assets	101,413,651	118,888,084	220,301,735	762,561
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	295,697	-	295,697	-
Pension related items	535,718	136,774	672,492	-
OPEB related items	1,931,042	349,749	2,280,791	-
Total deferred outflows of resources	2,762,457	486,523	3,248,980	-
LIABILITIES				
Accounts payable	1,498,611	1,126,643	2,625,254	3,108
Retainage payable	209,393	164,836	374,229	-
Accrued liabilities	427,528	125,101	552,629	-
Due to other governments	-	11,113	11,113	263
Customer deposits payable	-	331,226	331,226	-
Unearned revenue - intergovernmental	-	161,505	161,505	-
Compensated absences, due within one year	529,856	126,637	656,493	-
Compensated absences, due in more than one year	618,590	140,980	759,570	-
Bonds payable, due within one year	2,155,000	855,000	3,010,000	-
Bonds payable, due in more than one year	21,450,443	6,133,959	27,584,402	-
Notes payable, due in more than one year	-	24,585,296	24,585,296	-
Net pension liability, due in more than one year	1,463,827	373,728	1,837,555	-
Total OPEB liability, due in one year	112,272	20,335	132,607	-
Total OPEB liability, due in more than one year	9,340,502	1,691,744	11,032,246	-
Total liabilities	37,806,022	35,848,103	73,654,125	3,371
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding	-	2,896	2,896	-
Deferred revenues - property taxes	6,226,724	-	6,226,724	-
Pension related items	22,880	5,842	28,722	-
OPEB related items	3,931,436	712,058	4,643,494	-
Total deferred inflows of resources	10,181,040	720,796	10,901,836	-
NET POSITION				
Net investment in capital assets	41,832,283	53,585,361	95,417,644	78,433
Restricted for:				
Debt service	156,222	-	156,222	-
Capital projects	10,272,557	-	10,272,557	-
Public safety	187,325	-	187,325	-
Unrestricted	3,740,659	29,220,347	32,961,006	680,757
Total net position	$ 56,189,046	$ 82,805,708	$ 138,994,754	$ 759,190

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

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	$ 2,108,818	$ 354,970	$ 84,808	$ 2,071,025	$ 401,985	$ -	$ 401,985	$ -
Public safety	7,063,398	819,474	346,991	705,316	(5,191,617)	-	(5,191,617)	-
Public works	3,958,672	3,566	118,750	7,178,027	3,341,671	-	3,341,671	-
Culture and recreation	3,462,112	783,048	325,120	1,193,203	(1,160,741)	-	(1,160,741)	-
Economic and community development	2,097,540	935,742	5,500	-	(1,156,298)	-	(1,156,298)	-
Interest on long-term debt	993,953	-	-	-	(993,953)	-	(993,953)	-
Total governmental activities	19,684,493	2,896,800	881,169	11,147,571	(4,758,953)	-	(4,758,953)	-
Business-type activities:								
Water and sewer	7,411,778	12,236,275	-	4,372,279	-	9,196,776	9,196,776	-
Solid waste	299,465	22,499	-	-	-	(276,966)	(276,966)	-
Total business-type activities	7,711,243	12,258,774	-	4,372,279	-	8,919,810	8,919,810	-
Total primary government	$ 27,395,736	$ 15,155,574	$ 881,169	$ 15,519,850	$ (4,758,953)	$ 8,919,810	$ 4,160,857	$ -
Component unit:								
Downtown Development Authority	$ 50,409	$ 34,345	$ -	$ -	$ -	$ -	$ -	$ (16,064)
General revenues:								
Property taxes					6,917,721	-	6,917,721	-
Sales taxes					4,385,742	-	4,385,742	-
Franchise taxes					2,037,287	-	2,037,287	-
Hotel/Motel occupancy tax					52,216	-	52,216	-
Business taxes					1,500,965	-	1,500,965	-
Unrestricted investment earnings					851,670	1,048,613	1,900,283	253
Gain on sale of capital assets					19,948	-	19,948	441,553
Transfers					(407,924)	407,924	-	-
Total general revenues and transfers					15,357,625	1,456,537	16,814,162	441,806
Change in net position					10,598,672	10,376,347	20,975,019	425,742
Net position, beginning of year					45,590,374	72,429,361	118,019,735	333,448
Net position, end of year					$ 56,189,046	$ 82,805,708	$ 138,994,754	$ 759,190

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

CITY OF JEFFERSON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Governmental Funds				Nonmajor	Totals
ASSETS	General	SPLOST	Capital Projects	Debt Service	Governmental Funds	Governmental Funds
Cash and cash equivalents	$ 19,415,565	$ 7,538,041	$ 1,675,028	$ -	$ 163,376	$ 28,792,010
Taxes receivable, net	2,239,537	-	-	-	3,294	2,242,831
Accounts receivable, net	1,935,612	-	-	-	-	1,935,612
Intergovernmental receivable	643,399	670,007	-	-	-	1,313,406
Due from other funds	2,075	-	-	-	-	2,075
Due from component unit	263	-	-	-	-	263
Restricted cash and cash equivalents	-	-	2,114,445	459,783	33,338	2,607,566
Prepaid items	6,218	-	382,821	-	-	389,039
Total assets	$ 24,242,669	$ 8,208,048	$ 4,172,294	$ 459,783	$ 200,008	$ 37,282,802
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 598,716	$ 381,420	$ 514,527	$ -	$ 3,948	$ 1,498,611
Accrued salaries	123,967	-	-	-	-	123,967
Retainage payable	-	-	209,393	-	-	209,393
Due to other funds	-	-	-	-	2,075	2,075
Total liabilities	722,683	381,420	723,920	-	6,023	1,834,046
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	6,226,724	-	-	-	-	6,226,724
Deferred inflow - rent	60,000	-	-	-	-	60,000
Unavailable revenue - business taxes	126,136	-	-	-	-	126,136
Unavailable revenue - property taxes	29,625	-	-	-	-	29,625
Total deferred inflows of resources	6,442,485	-	-	-	-	6,442,485
FUND BALANCES						
Nonspendable:						
Prepaid items	6,218	-	382,821	-	-	389,039
Restricted for:						
Debt service	-	-	-	459,783	-	459,783
Public safety	-	-	-	-	187,325	187,325
Capital projects	-	7,826,628	3,065,553	-	6,660	10,898,841
Assigned for:						
Appropriation of subsequent year's fund balance	4,385,983	-	-	-	-	4,385,983
Tree Bank	125,855	-	-	-	-	125,855
Jefferson Community Theater	24,844	-	-	-	-	24,844
Future improvement of new library	43,734	-	-	-	-	43,734
Police technology	19,926	-	-	-	-	19,926
Planning and development	176,783	-	-	-	-	176,783
Pool	208,455	-	-	-	-	208,455
Impact fee projects	1,553,314	-	-	-	-	1,553,314
Unassigned	10,532,389	-	-	-	-	10,532,389
Total fund balances	17,077,501	7,826,628	3,448,374	459,783	193,985	29,006,271
Total liabilities, deferred inflows of resources, and fund balances	$ 24,242,669	$ 8,208,048	$ 4,172,294	$ 459,783	$ 200,008	

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.	64,132,924
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	215,761
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.	(12,404,157)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(24,761,753)
Net position of governmental activities	$ 56,189,046

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, 2025

	Major Governmental Funds				Nonmajor Governmental Funds	Totals Governmental Funds
	General	SPLOST	Capital Projects	Debt Service		
Revenues						
Taxes:						
Property taxes	$ 6,905,207	$ -	$ -	$ -	$ -	$ 6,905,207
Sales taxes	4,385,742	-	-	-	-	4,385,742
Hotel/Motel occupancy taxes	-	-	-	-	52,216	52,216
Franchise taxes	2,037,287	-	-	-	-	2,037,287
Business taxes	1,482,866	-	-	-	-	1,482,866
Licenses and permits	756,993	-	-	-	-	756,993
Intergovernmental	446,809	3,571,891	1,585,883	-	451,905	6,056,488
Fines and forfeitures	731,438	-	-	-	26,211	757,649
Charges for services	942,506	-	-	-	-	942,506
Contributions and donations	450,370	-	138,500	-	-	588,870
Other revenues	379,652	-	-	-	-	379,652
Interest earnings	627,662	329,717	222,106	1,902	-	1,181,387
Total revenues	19,146,532	3,901,608	1,946,489	1,902	530,332	25,526,863
Expenditures						
Current:						
General government	2,315,183	-	31,905	-	-	2,347,088
Public safety	5,787,478	-	2,681,946	-	58,777	8,528,201
Public works	1,925,060	-	379,465	-	459,612	2,764,137
Culture and recreation	2,776,597	-	5,937,642	-	-	8,714,239
Economic and community development	1,519,722	-	285,392	-	20,886	1,826,000
Capital outlay	-	2,245,962	-	-	-	2,245,962
Debt service:						
Principal	-	-	-	1,850,000	-	1,850,000
Issuance costs	-	-	108,726	-	-	108,726
Interest and fees	-	-	-	845,343	-	845,343
Total expenditures	14,324,040	2,245,962	9,425,076	2,695,343	539,275	29,229,696
Excess (deficiency) of revenues over (under) expenditures	4,822,492	1,655,646	(7,478,587)	(2,693,441)	(8,943)	(3,702,833)
Other financing sources (uses)						
Proceeds from sale of capital assets	168,161	-	-	-	-	168,161
Bonds issued	-	-	4,515,000	-	-	4,515,000
Transfers in	1,457,108	-	1,647,850	2,687,180	-	5,792,138
Transfers out	(3,115,665)	(1,219,365)	-	-	(458,133)	(4,793,163)
Total other financing sources (uses)	(1,490,396)	(1,219,365)	6,162,850	2,687,180	(458,133)	5,682,136
Net change in fund balances	3,332,096	436,281	(1,315,737)	(6,261)	(467,076)	1,979,303
Fund balances, beginning of year	13,745,405	7,390,347	4,764,111	466,044	661,061	27,026,968
Fund balances, end of year	$ 17,077,501	$ 7,826,628	$ 3,448,374	$ 459,783	$ 193,985	$ 29,006,271

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, 2025

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

Net change in fund balances - total governmental funds	$	1,979,303
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.		9,658,264
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.		4,921,462
The transfer of capital assets from governmental activities to business-type activities does not involve the flow of current financial resources and is not reported in the governmental funds, but is reported as a transfer in the statement of activities.		(1,406,899)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		74,603
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 issuance of long-term debt and principal payments on long-term debt.		(2,665,000)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		(1,963,061)
Change in net position - governmental activities	$	10,598,672

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 6,700,006	$ 6,700,006	$ 6,905,207	$ 205,201
Sales taxes	4,095,000	4,183,580	4,385,742	202,162
Franchise taxes	1,722,000	1,862,000	2,037,287	175,287
Business taxes	1,235,000	1,497,160	1,482,866	(14,294)
Licenses and permits	686,500	686,500	756,993	70,493
Intergovernmental	543,000	575,000	446,809	(128,191)
Fines and forfeitures	574,000	574,000	731,438	157,438
Charges for services	1,428,506	1,428,506	942,506	(486,000)
Contributions and donations	332,000	452,750	450,370	(2,380)
Other revenues	457,300	457,300	379,652	(77,648)
Interest earnings	362,000	502,000	627,662	125,662
Total revenues	18,135,312	18,918,802	19,146,532	227,730
Expenditures:				
Current:				
General government	1,788,959	2,669,539	2,315,183	354,356
Public safety:				
Police	4,362,434	4,394,434	3,644,806	749,628
Fire	2,230,487	2,230,487	2,142,672	87,815
Total public safety	6,592,921	6,624,921	5,787,478	837,443
Public works	2,218,847	2,218,847	1,925,060	293,787
Culture and recreation:				
Recreation	139,181	139,181	89,816	49,365
Parks	2,937,320	2,937,320	2,058,011	879,309
Libraries	617,463	617,463	589,987	27,476
Payments to other agencies	33,500	43,500	38,783	4,717
Total culture and recreation	3,727,464	3,737,464	2,776,597	960,867
Economic and community development	1,791,989	1,786,343	1,519,722	266,621
Total expenditures	16,120,180	17,037,114	14,324,040	2,713,074
Excess of revenues over expenditures	2,015,132	1,881,688	4,822,492	2,940,804
Other financing sources (uses):				
Proceeds from sale of capital assets	-	149,975	168,161	18,186
Transfers in	393,000	1,619,803	1,457,108	(162,695)
Transfers out	(2,686,612)	(8,183,637)	(3,115,665)	5,067,972
Total other financing sources (uses)	(2,293,612)	(6,413,859)	(1,490,396)	4,923,463
Net change in fund balances	(278,480)	(4,532,171)	3,332,096	7,864,267
Fund balances, beginning of year	13,745,405	13,745,405	13,745,405	-
Fund balances, end of year	$ 13,466,925	$ 9,213,234	$ 17,077,501	$ 7,864,267

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

CITY OF JEFFERSON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025

	Business-Type Activities - Enterprise Funds		
		Nonmajor Enterprise Fund	
ASSETS	Water and Sewer Fund	Solid Waste Fund	Totals
CURRENT ASSETS			
Cash and cash equivalents	$ 27,006,678	$ 89,891	$ 27,096,569
Accounts receivable, net	1,627,256	4,817	1,632,073
Intergovernmental receivable	3,641,992	-	3,641,992
Inventory	275,989	-	275,989
Prepaid items	3,360	-	3,360
Total current assets	32,555,275	94,708	32,649,983
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	50,839,672	-	50,839,672
Depreciable assets, net of accumulated depreciation	35,363,449	34,980	35,398,429
Total noncurrent assets	86,203,121	34,980	86,238,101
Total assets	118,758,396	129,688	118,888,084
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	136,774	-	136,774
OPEB related items	349,749	-	349,749
Total deferred outflows of resources	486,523	-	486,523
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	1,124,550	2,093	1,126,643
Retainage payable	164,836	-	164,836
Due to other governments	11,113	-	11,113
Accrued salaries	27,918	-	27,918
Accrued interest	97,183	-	97,183
Compensated absences payable, current	126,637	-	126,637
Customer deposits payable	331,226	-	331,226
Unearned revenue - intergovernmental	161,505	-	161,505
Bonds payable, current	855,000	-	855,000
Total OPEB liability, current	20,335	-	20,335
Total current liabilities	2,920,303	2,093	2,922,396
NONCURRENT LIABILITIES			
Compensated absences payable	140,980	-	140,980
Bonds payable	6,133,959	-	6,133,959
Notes payable	24,585,296	-	24,585,296
Total OPEB liability	1,691,744	-	1,691,744
Net pension liability	373,728	-	373,728
Total noncurrent liabilities	32,925,707	-	32,925,707
Total liabilities	35,846,010	2,093	35,848,103
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on refunding	2,896	-	2,896
Pension related items	5,842	-	5,842
OPEB related items	712,058	-	712,058
Total deferred inflows of resources	720,796	-	720,796
NET POSITION			
Net investment in capital assets	53,550,381	34,980	53,585,361
Unrestricted	29,127,732	92,615	29,220,347
Total net position	$ 82,678,113	$ 127,595	$ 82,805,708

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, 2025

	Business-Type Activities - Enterprise Funds		
		Nonmajor Enterprise Fund	
OPERATING REVENUES	**Water and Sewer Fund**	**Solid Waste Fund**	**Totals**
Charges for services:			
Water charges	$ 7,342,154	$ -	$ 7,342,154
Sewer charges	4,715,753	-	4,715,753
Refuse collection charges	-	22,499	22,499
Miscellaneous revenue	178,368	-	178,368
Total operating revenues	12,236,275	22,499	12,258,774
OPERATING EXPENSES			
Personal services and benefits	1,515,808	-	1,515,808
Purchased and contracted services	1,906,195	296,921	2,203,116
Supplies	1,911,015	-	1,911,015
Depreciation	1,579,442	2,544	1,581,986
Total operating expenses	6,912,460	299,465	7,211,925
Operating income (loss)	5,323,815	(276,966)	5,046,849
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	1,042,403	6,210	1,048,613
Interest expense and fiscal charges	(424,129)	-	(424,129)
Loss on sale of capital assets	(75,189)	-	(75,189)
Total non-operating revenues	543,085	6,210	549,295
Income (loss) before contributions and transfers	5,866,900	(270,756)	5,596,144
Capital contributions - tap fees	3,186,880	-	3,186,880
Capital contributions - water and sewer lines	1,989,010	-	1,989,010
Capital contributions - intergovernmental	603,288	-	603,288
Transfers out	(968,975)	(30,000)	(998,975)
	4,810,203	(30,000)	4,780,203
Change in net position	10,677,103	(300,756)	10,376,347
NET POSITION, beginning of year	72,001,010	428,351	72,429,361
NET POSITION, end of year	$ 82,678,113	$ 127,595	$ 82,805,708

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, 2025

	Business-Type Activities - Enterprise Funds		
	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 11,847,456	$ 44,302	$ 11,891,758
Payments to vendors	(3,838,316)	(388,378)	(4,226,694)
Payments to or on behalf of employees	(1,931,710)	-	(1,931,710)
Net cash provided by (used in) operating activities	6,077,430	(344,076)	5,733,354
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(968,975)	(30,000)	(998,975)
Net cash used in non-capital financing activities	(968,975)	(30,000)	(998,975)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on bonds payable	(820,000)	-	(820,000)
Issuance of note payable	4,554,955	-	4,554,955
Capital contributions from tap fees	3,186,880	-	3,186,880
Capital contributions from other governments	475,788	-	475,788
Interest paid	(527,825)	-	(527,825)
Purchases of capital assets	(10,423,156)	-	(10,423,156)
Proceeds from the sale of capital assets	283,543	-	283,543
Net cash used in capital and related financing activities	(3,269,815)	-	(3,269,815)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1,042,403	6,210	1,048,613
Net cash provided by investing activities	1,042,403	6,210	1,048,613
Net increase (decrease) in cash and cash equivalents	2,881,043	(367,866)	2,513,177
Cash and cash equivalents, beginning of year	24,125,635	457,757	24,583,392
Cash and cash equivalents, end of year	$ 27,006,678	$ 89,891	$ 27,096,569
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ 5,323,815	$ (276,966)	$ 5,046,849
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,579,442	2,544	1,581,986
Change in assets and liabilities:			
(Increase) decrease in accounts and intergovernmental receivables	(564,651)	21,803	(542,848)
Decrease in inventory	14,507	-	14,507
Decrease in prepaid expenses	141	-	141
Decrease in accounts payable	(35,613)	(91,457)	(127,070)
Increase in accrued salaries	5,890	-	5,890
Increase in unearned revenue	161,505	-	161,505
Increase in compensated absences	10,055	-	10,055
Increase in customer deposits payable	14,186	-	14,186
Decrease in OPEB related items	(658,320)	-	(658,320)
Increase in pension related items	226,473	-	226,473
Net cash provided by (used in) operating activities	$ 6,077,430	$ (344,076)	$ 5,733,354
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	$ 709,611	$ -	$ 709,611
Contributions of capital assets from governmental activities	1,406,899	-	1,406,899
Amounts recorded as accruals for capital assets	(1,949,902)	-	(1,949,902)
Total non-cash capital and related financing activities	$ 166,608	$ -	$ 166,608

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 fund:

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.

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, 2025, 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. 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.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several types of items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other sources as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. Additionally, the governmental funds balance sheet and the government-wide statement of net position will report unearned property tax revenues as a deferred inflow of resources as the amount represents property taxes which have been received or are receivable as of the balance sheet date but which are meant to fund expenditures for the upcoming year and thus will be recognized as revenue in the period for which they were levied.

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

Note 1. Summary of Significant Accounting Policies (Continued)

L. 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.

M. Long-Term Obligations

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

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

N. Net Position

For government-wide reporting as well as in proprietary funds, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 Balance section (Note 1.O). All other net position is reported as unrestricted.

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

Note 1. Summary of Significant Accounting Policies (Continued)

N. Net Position (Continued)

For purposes of calculating net investment in capital assets for the Governmental Activities, the amount of $41,832,283 as shown in the financial statements, was determined by taking capital assets in the amount of $64,132,924 less total outstanding debt of $23,605,443 (bonds payable, including premium), less liabilities related to capital assets of $1,105,340, plus deferred charges on refunding of $295,697, plus total unspent bond proceeds of $2,114,445.

O. Fund Balance

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.

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balance (Continued)

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.

P. Pensions

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

Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds." The details of this $24,761,753 difference are as follows:

Revenue bonds payable	$	(23,101,851)
Plus: Unamortized premium (to be amortized as interest expense)		(503,592)
Deferred charges on refunding		295,697
Accrued interest payable		(303,561)
Compensated absences		(1,148,446)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(24,761,753)

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 $12,404,157 difference are as follows:

Net pension liability	$	(1,463,827)
Total OPEB liability		(9,452,774)
Deferred outflows of resources:		
Pension related item		535,718
OPEB related item		1,931,042
Deferred inflows of resources:		
Pension related item		(22,880)
OPEB related item		(3,931,436)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(12,404,157)

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

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 $9,658,264 difference are as follows:

Capital outlay	$	12,327,531
Depreciation expense		(2,669,267)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	9,658,264

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $1,963,061 difference are as follows:

Compensated absences	$	45,469
Amortization of premium		76,958
Amortization of deferred charges on refunding		(57,355)
Accrued interest		(59,487)
Net pension liability and related deferred inflows and outflows of resources		(891,670)
Total OPEB liability and related deferred inflows and outflows of resources		(1,076,976)
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	(1,963,061)

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 $74,603 difference are as follows:

Property taxes	$	12,514
Intergovernmental revenues		(16,010)
Rent revenues		60,000
Business taxes		18,099
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	74,603

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 "The net effect of various miscellaneous transactions involving capital assets is to increase net position." The details of this $4,921,462 difference are as follows:

Net book value of capital assets disposed	$	(148,213)
Donations of capital assets		5,069,675
Net adjustment to increase *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	4,921,462

Another element of that reconciliation states that "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 issuance of long-term debt and principal payments on long-term debt." The details of this $2,665,000 difference are as follows:

Issuance of bonds	$	(4,515,000)
Principal payment of bonds payable		1,850,000
Net adjustment to decrease *net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities*	$	(2,665,000)

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

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, 2025, 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, 2025, all of the City's bank balances were insured and/or collateralized as defined by GASB standards.

Note 5. Receivables

The City receives property tax assessments from Jackson County, Georgia. Property taxes are levied on property values assessed as of January 1. Tax bills were levied on all real and personal property and mailed to taxpayers as of November 7, 2025. The due date for these taxes was January 10, 2026, and after that date, both penalty and interest are accrued until the taxes are collected. The taxes are subject to lien after May 1, 2026. 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 2025 are for the year 2026. The amount recorded as a receivable as well as amounts collected as of December 31, 2025 related to these taxes are recorded as deferred inflows of resources – deferred revenues property taxes in the fund financial statements and the government wide statement of net position.

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

	General	SPLOST	Water and Sewer	Nonmajor Enterprise Fund	Nonmajor Governmental Funds
Receivables:					
Taxes	$ 2,266,915	$ -	$ -	$ -	$ 3,294
Accounts	1,944,398	-	2,048,760	83,382	-
Intergovernmental	643,399	670,007	3,641,992	-	-
Less allowance for uncollectibles	(36,164)	-	(421,504)	(78,565)	-
Net total receivables	$ 4,818,548	$ 670,007	$ 5,269,248	$ 4,817	$ 3,294

Note 6. Capital Assets

Primary Government: Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 4,919,513	$ 744,000	$ (14,167)	$ -	$ 5,649,346
Construction in progress	13,814,733	9,296,772	-	(5,261,136)	17,850,369
Total assets, not being depreciated	18,734,246	10,040,772	(14,167)	(5,261,136)	23,499,715
Capital assets, being depreciated:					
Buildings	22,418,171	2,058,733	(170,037)	-	24,306,867
Improvements	1,507,512	-	-	-	1,507,512
Machinery and equipment	7,675,343	1,809,271	(194,078)	(483,264)	8,807,272
Infrastructure	23,704,842	3,488,430	-	4,337,501	31,530,773
Intangible	175,760	-	-	-	175,760
Total assets, being depreciated	55,481,628	7,356,434	(364,115)	3,854,237	66,328,184
Less accumulated depreciation for:					
Buildings	(9,871,380)	(847,015)	35,991	-	(10,682,404)
Improvements	(455,636)	(78,387)	-	-	(534,023)
Machinery and equipment	(5,511,237)	(544,264)	194,078	-	(5,861,423)
Infrastructure	(7,301,875)	(1,185,925)	-	-	(8,487,800)
Intangible	(115,649)	(13,676)	-	-	(129,325)
Total accumulated depreciation	(23,255,777)	(2,669,267)	230,069	-	(25,694,975)
Total assets, being depreciated, net	32,225,851	4,687,167	(134,046)	3,854,237	40,633,209
Governmental activities capital assets, net	$ 50,960,097	$ 14,727,939	$ (148,213)	$ (1,406,899)	$ 64,132,924
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 11,275,369	$ -	$ (350,957)	$ -	$ 10,924,412
Construction in progress	35,343,036	8,091,734	(7,775)	(4,961,794)	38,465,201
Intangible	1,450,059	-	-	-	1,450,059
Total assets, not being depreciated	48,068,464	8,091,734	(358,732)	(4,961,794)	50,839,672
Capital assets, being depreciated:					
Water distribution	21,712,539	340,695	-	173,330	22,226,564
Sewer distribution	26,617,976	310,846	-	6,195,363	33,124,185
Improvements	75,180	-	-	-	75,180
Machinery and equipment	2,290,862	439,590	(20,988)	-	2,709,464
Intangible	99,668	-	-	-	99,668
Total assets, being depreciated	50,796,225	1,091,131	(20,988)	6,368,693	58,235,061
Less accumulated depreciation for:					
Water distribution	(8,771,770)	(602,967)	-	-	(9,374,737)
Sewer distribution	(11,138,499)	(805,397)	-	-	(11,943,896)
Improvements	(30,119)	(3,292)	-	-	(33,411)
Machinery and equipment	(1,319,465)	(160,363)	20,988	-	(1,458,840)
Intangible	(15,781)	(9,967)	-	-	(25,748)
Total accumulated depreciation	(21,275,634)	(1,581,986)	20,988	-	(22,836,632)
Total assets, being depreciated, net	29,520,591	(490,855)	-	6,368,693	35,398,429
Business-type activities capital assets, net	$ 77,589,055	$ 7,600,879	$ (358,732)	$ 1,406,899	$ 86,238,101

Note 6. Capital Assets (Continued)

Discretely Presented Component Unit - DDA: Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority:					
Capital assets, not being depreciated:					
Land	$ 66,365	$ -	$ (12,172)	$ -	$ 54,193
Total assets, not being depreciated	66,365	-	(12,172)	-	54,193
Capital assets, being depreciated:					
Buildings	214,825	-	(174,425)	(25,146)	15,254
Infrastructure	-	-	-	25,146	25,146
Total assets, being depreciated	214,825	-	(174,425)	-	40,400
Less accumulated depreciation for:					
Buildings	(72,607)	(6,752)	64,037	9,220	(6,102)
Infrastructure	-	(838)	-	(9,220)	(10,058)
Total accumulated depreciation	(72,607)	(7,590)	64,037	-	(16,160)
Total assets, being depreciated, net	142,218	(7,590)	(110,388)	-	24,240
Governmental activities capital assets, net	$ 208,583	$ (7,590)	$ (122,560)	$ -	$ 78,433

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

Governmental activities:	
General government	$ 223,429
Public safety	552,471
Public works	1,258,323
Recreation	461,732
Economic and community development	173,312
Total depreciation expense - governmental activities	$ 2,669,267
Business-type activities:	
Water and sewer	$ 1,579,442
Solid waste	2,544
Total depreciation expense - business-type activities	$ 1,581,986

Note 6. Capital Assets (Continued)

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at December 31, 2025, the City has contractual commitments on uncompleted construction contracts of approximately $6,654,408 for various projects.

Note 7. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2025, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 2,075
Total		$ 2,075

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
General Fund	Downtown Development Authority	$ 263
Total		$ 263

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, 2025:

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 and, 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	$ 968,975
General Fund	Nonmajor Enterprise Fund	30,000
General Fund	Nonmajor Governmental Funds	458,133
		$ 1,457,108
Debt Service Fund	General Fund	$ 1,467,815
Debt Service Fund	SPLOST Fund	1,219,365
		$ 2,687,180
Capital Projects Fund	General Fund	$ 1,647,850

Note 8. Long-Term Debt and Obligations

Primary Government: Long-term liability and obligations activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Revenue bonds	$ 20,436,851	$ 4,515,000	$ (1,850,000)	$ 23,101,851	$ 2,155,000
Plus issuance premium	580,550	-	(76,958)	503,592	-
Net bonds payable	21,017,401	4,515,000	(1,926,958)	23,605,443	2,155,000
Total OPEB liability	8,759,174	759,684	(66,084)	9,452,774	112,272
Net pension liability	71,959	2,194,634	(802,766)	1,463,827	-
Compensated absences*	1,193,915	-	(45,469)	1,148,446	529,856
Governmental activities					
Long-term liabilities	$ 31,042,449	$ 7,469,318	$ (2,841,277)	$ 35,670,490	$ 2,797,128

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 7,445,000	$ -	$ (820,000)	$ 6,625,000	$ 855,000
Plus premium	456,315	-	(92,356)	363,959	-
Net bonds payable	7,901,315	-	(912,356)	6,988,959	855,000
Notes payable	20,030,341	4,554,955	-	24,585,296	-
Total OPEB liability	2,306,845	-	(594,766)	1,712,079	20,335
Net pension liability	19,801	560,311	(206,384)	373,728	-
Compensated absences*	257,562	10,055	-	267,617	126,637
Business-type activity					
Long-term liabilities	$ 30,515,864	$ 5,125,321	$ (1,713,506)	$ 33,927,679	$ 1,001,972

* The change in the City's compensated absences liability is presented as a net change.

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

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

Primary Government (Continued)

Revenue Bonds

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

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

The refunding bonds, maturing in April 2030, have interest rates that range from 2.0% to 4.0%. The amount of refunding revenue bonds outstanding at December 31, 2025 is $3,395,000.

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 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, 2025 is $11,435,000.

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 an interest rate of 2.20%. The amount of refunding revenue bonds outstanding at December 31, 2025 is $3,101,851.

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

Primary Government (Continued)

Direct Placement Revenue Bonds (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 an interest rate of 2.20%. The amount of refunding revenue bonds outstanding at December 31, 2025 is $655,000.

On March 21, 2025, the City of Jefferson Public Building Authority issued direct placement Series 2025 Revenue Bonds in the amount of $4,515,000 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.

The net proceeds of the revenue bond issuance were irrevocably deposited into escrow with JPMorgan Chase 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 Series 2025 Bonds until August 2039, the earliest date of redemption.

The revenue bonds, maturing in August 2039, have an interest rate of 4.14%. The amount of the revenue bonds outstanding at December 31, 2025 is $4,515,000.

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2026	$ 740,000	$ 264,127	$ 1,004,127
2027	760,000	242,984	1,002,984
2028	775,000	221,262	996,262
2029	795,000	198,961	993,961
2030	830,000	175,916	1,005,916
2031-2035	2,811,851	560,384	3,372,235
2036-2039	1,560,000	164,979	1,724,979
Total	$ 8,271,851	$ 1,828,613	$ 10,100,464

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

Primary Government (Continued)

Business-Type Activities

On June 11, 2015, the City issued City of Jefferson Public Building Authority Revenue Bonds (City of Jefferson Public Facilities Project) Series 2015 Bonds in the amount of $8,570,000 for the purpose of acquiring, constructing, installing, and equipping certain improvements to its sewer system and acquiring certain real property for the purpose of 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, 2025 is $5,020,000.

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, 2025 is $1,605,000.

The net proceeds of the refunding revenue bond issuance were irrevocably deposited in escrow with the escrow agent. The escrow obligations will bear interest and will be scheduled to mature at times sufficient to pay the principal and interest on the refunding 2009 and 2012 Bonds until January 2032, the earliest date of redemption. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of $7,965. This difference is reported in the accompanying financial statements as a deferred inflow of resources and is being charged through operations through year 2029 using the straight-line method. The City advance refunded the Series 2009 Bonds and 2012 Bonds to reduce its total debt service payments over the next 13 years by $156,905 and 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
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	970,000	445,000	1,415,000	490,000	120,200	610,200
2031-2035	2,905,000	1,777,000	4,682,000	2,760,000	284,600	3,044,600
2036-2040	3,670,000	1,018,750	4,688,750	-	-	-
2041-2043	2,585,000	222,913	2,807,913	-	-	-
Total	$ 14,830,000	$ 5,686,263	$ 20,516,263	$ 6,625,000	$ 1,217,375	$ 7,842,375

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

Primary Government (Continued)

Business-Type Activities (Continued)

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, 2025, the City had made draws totaling $23,730,000 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.

In June 2025, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to $8,000,000 from the Georgia Fund for various water system upgrades. As of December 31, 2025, the City had made draws totaling $855,296 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.

In November 2025, the City executed a promissory note to the Georgia Environmental Finance Authority to borrow up to $8,000,000 from the Georgia Fund for various water system upgrades. As of December 31, 2025, the City had not made any draws on this note payable to GEFA and thus no liability is reported in the current year. As the project is still in the construction phase, an amortization schedule has not been determined for this note.

Conduit Debt

On August 19, 2015, Jackson 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, 2025 is $1,810,000.

On February 23, 2021, Jackson 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, 2025 is $11,060,000.

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

Primary Government (Continued)

Conduit Debt (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, 2025 is $10,315,000.

Note 9. Pension Plan

Plan Description

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

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. Plan benefit provisions are established and may be amended by the City Council. Employees are eligible to participate in the Plan immediately. Covered employees are not required to contribute to the Plan. Employees become vested after 5 years of service. The benefits of the Plan are paid in the form of a monthly life annuity based on the employees' final average earnings. Benefits are calculated at 1.25% to 2.5% 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 9. Pension Plan (Continued)

Plan Description (Continued)

Plan Membership. At July 1, 2025, the date of the most recent actuarial valuation, there were 178 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	38
Terminated vested participants not yet receiving benefits	49
Active employees - vested	57
Active employees - nonvested	34
Total	178

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 2025, the actuarially determined contribution rate was 9.79% of covered payroll. The City makes all contributions to the Plan. For 2025, the City's contribution to the Plan was $1,009,150 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, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2025.

Actuarial assumptions. The total pension liability in the July 1, 2024 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, 2024 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 9. Pension Plan (Continued)

Net Pension Liability of the City (Continued)

The actuarial assumptions used in the July 1, 2024 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, 2025 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
Cash	0%	
	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 9. 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, 2025 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/2024	$ 10,497,992	$ 10,406,232	$ 91,760
Changes for the year:			
Service cost	244,976	-	244,976
Interest	780,212	-	780,212
Differences between expected and actual experience	291,399	-	291,399
Contributions—employer	-	1,009,150	(1,009,150)
Net investment income	-	507,409	(507,409)
Benefit payments, including refunds of employee contributions	(327,634)	(327,634)	-
Administrative expense	-	(23,710)	23,710
Other changes	1,922,057	-	1,922,057
Net changes	2,911,010	1,165,215	1,745,795
Balances at 12/31/2025	$ 13,409,002	$ 11,571,447	$ 1,837,555

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, 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	$ 3,774,779	$ 1,837,555	$ 233,572

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, 2025 and the current sharing pattern of costs between employer and employee.

Note 9. 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, 2025, the City recognized pension expense of $2,127,293. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 418,192	$ 28,722
Net difference between projected and actual earnings on pension plan investments	254,300	-
Total	$ 672,492	$ 28,722

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
2026	$ 265,070
2027	271,181
2028	(7,622)
2029	115,141
	$ 643,770

Note 10. Other Postemployment Benefits

Plan Description and Benefits

The City of Jefferson Postretirement Health Plan (the "OPEB Plan") is a single employer defined benefit postretirement 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 105 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, 2024, the City contributed $150,470 for the pay-as-you-go benefits for the OPEB plan.

Total OPEB Liability

The City's total OPEB liability of $11,164,853 was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2023.

Note 10. 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	4.08%
Healthcare cost trends	7.00% decreasing to 4.00% for 2070 and thereafter
Medicare cost trend	4.50%

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, 2025 were as follows:

	Total OPEB Liability
Balance at December 31, 2024	$ 11,066,019
Service cost	465,354
Interest	431,923
Change of assumptions	(647,973)
Benefit payments	(150,470)
Balance at December 31, 2025	$ 11,164,853

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 10. 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 (3.08%) or 1-percentage-point higher (5.08%) than the current discount rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	$ 13,451,879	$ 11,164,853	$ 9,383,232

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	$ 9,158,366	$ 11,164,853	$ 13,820,535

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, 2025 and the current sharing pattern of costs between employer and inactive employees.

Note 10. Other Postemployment Benefits (Continued)

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

For the year ended December 31, 2025, the City recognized OPEB expense of $593,012. At December 31, 2025, 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	$ 174,356	$ -
Difference between expected and actual experience	552,425	(25,083)
Changes in plan assumptions	1,554,010	(4,618,411)
Total	$ 2,280,791	$ (4,643,494)

City contributions made subsequent to the measurement date of $174,356 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, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2026	$ (304,265)
2027	(304,265)
2028	(297,911)
2029	(240,733)
2030	(266,843)
Thereafter	(1,123,042)
	$ (2,537,059)

Note 11. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the twelve-county northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the current year ended December 31, 2025, the City paid $14,249 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 12. 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 13. Risk Management

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

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

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

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

Note 14. Contingent Liabilities

Litigation

The City is 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 15. Hotel/Motel Occupancy Tax

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 5%. Revenues were $52,216 for the year ended December 31, 2025. Of this amount 60%, or $31,330, was transferred to the General Fund in accordance with O.C.G.A. 48-13-51. The remaining $20,886 was used to promote tourism.

Note 16. Accounting Changes

Change within the Financial Reporting Entity

During the fiscal year-ended December 31, 2025, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. As a result, the City recognized a change within the financial reporting entity regarding the Solid Waste Fund.

The Solid Waste Fund, which was previously reported as a major enterprise fund, no longer met the quantitative criteria for major fund reporting. Accordingly, it is now reported within the "Nonmajor Enterprise Fund" column in the proprietary fund financial statements.

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

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	$ 244,976	$ 257,077	$ 196,732	$ 222,669	$ 220,246
Interest on total pension liability	780,212	720,211	662,886	635,144	574,495
Differences between expected and actual experience	291,399	181,712	190,113	(143,610)	276,349
Benefit payments, including refunds of employee contributions	(327,634)	(339,007)	(326,582)	(297,608)	(204,704)
Other	1,922,057	-	-	-	-
Net change in total pension liability	2,911,010	819,993	723,149	416,595	866,386
Total pension liability - beginning	10,497,992	9,677,999	8,954,850	8,538,255	7,671,869
Total pension liability - ending (a)	$ 13,409,002	$ 10,497,992	$ 9,677,999	$ 8,954,850	$ 8,538,255
Plan fiduciary net position					
Contributions - employer	$ 1,009,150	$ 918,655	$ 815,238	$ 681,297	$ 661,968
Net investment income (loss)	507,409	1,436,304	(559,871)	465,885	2,245,105
Benefit payments, including refunds of member contributions	(327,634)	(339,007)	(326,582)	(297,608)	(204,704)
Administrative expenses	(23,710)	(16,871)	(19,858)	(19,070)	(16,656)
Net change in plan fiduciary net position	1,165,215	1,999,081	(91,073)	830,504	2,685,713
Plan fiduciary net position - beginning	10,406,232	8,407,151	8,498,224	7,667,720	4,982,007
Plan fiduciary net position - ending (b)	$ 11,571,447	$ 10,406,232	$ 8,407,151	$ 8,498,224	$ 7,667,720
City's net pension liability - ending (a) - (b)	$ 1,837,555	$ 91,760	$ 1,270,848	$ 456,626	$ 870,535
Plan fiduciary net position as a percentage of the total pension liability	86.30%	99.13%	86.87%	94.90%	89.80%
Covered payroll	$ 4,599,978	$ 3,963,741	$ 3,989,281	$ 3,953,735	$ 3,669,832
City's net pension liability as a percentage of covered payroll	39.95%	2.31%	31.86%	11.55%	23.72%

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	$ 186,529	$ 162,345	$ 125,794	$ 113,574	$ 108,171
Interest on total pension liability	481,453	445,635	337,907	314,714	291,318
Differences between expected and actual experience	337,972	27,877	113,485	55,509	90,191
Decrease in accounts payable	524,736	-	85,114	-	-
Changes of benefit terms	-	-	939,301	-	-
Benefit payments, including refunds of employee contributions	(183,321)	(181,618)	(182,854)	(186,223)	(189,354)
Net change in total pension liability	1,347,369	454,239	1,418,747	297,574	300,326
Total pension liability - beginning	6,324,500	5,870,261	4,451,514	4,153,940	3,853,614
Total pension liability - ending (a)	$ 7,671,869	$ 6,324,500	$ 5,870,261	$ 4,451,514	$ 4,153,940
Plan fiduciary net position					
Contributions - employer	$ 660,894	$ 617,549	$ 423,870	$ 376,367	$ 184,718
Net investment income (loss)	(320,064)	150,015	438,875	390,875	4,990
Benefit payments, including refunds of member contributions	(183,321)	(181,618)	(182,854)	(186,223)	(189,354)
Administrative expenses	(18,326)	(17,014)	(18,809)	(16,530)	(14,165)
Net change in plan fiduciary net position	139,183	568,932	661,082	564,489	(13,811)
Plan fiduciary net position - beginning	4,842,824	4,273,892	3,612,810	3,048,321	3,062,132
Plan fiduciary net position - ending (b)	$ 4,982,007	$ 4,842,824	$ 4,273,892	$ 3,612,810	$ 3,048,321
City's net pension liability - ending (a) - (b)	$ 2,689,862	$ 1,481,676	$ 1,596,369	$ 838,704	$ 1,105,619
Plan fiduciary net position as a percentage of the total pension liability	64.94%	76.57%	72.81%	81.16%	73.38%
Covered payroll	$ 3,251,702	$ 2,645,512	$ 2,550,484	$ 2,624,348	$ 2,590,591
City's net pension liability as a percentage of covered payroll	82.72%	56.01%	62.59%	31.96%	42.68%

CITY OF JEFFERSON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PENSION PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ 373,435	$ 361,230	$ 301,837	$ 379,132	$ 390,203
Contributions in relation to the actuarially determined contribution	1,009,150	918,655	815,238	681,297	661,968
Contribution excess	$ (635,715)	$ (557,425)	$ (513,401)	$ (302,165)	$ (271,765)
Covered payroll	$ 4,626,027	$ 4,591,295	$ 3,754,556	$ 4,067,522	$ 3,915,806
Contributions as a percentage of covered payroll	21.81%	20.01%	21.71%	16.75%	16.91%

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 317,674	$ 324,141	$ 188,640	$ 197,159	$ 179,208
Contributions in relation to the actuarially determined contribution	660,894	617,549	305,879	315,150	376,367
Contribution excess	$ (343,220)	$ (293,408)	$ (117,239)	$ (117,991)	$ (197,159)
Covered payroll	$ 3,587,840	$ 3,139,656	$ 2,480,797	$ 2,573,713	$ 2,641,226
Contributions as a percentage of covered payroll	18.42%	19.67%	12.33%	12.24%	14.25%

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

	2025	2024	2023	2022	2021
Total OPEB liability					
Service cost	$ 465,354	$ 774,271	$ 1,185,720	$ 1,008,135	$ 742,521
Interest on total OPEB liability	431,923	443,703	280,473	259,025	278,213
Experience differences	-	(34,203)	-	380,333	-
Assumption changes	(647,973)	(223,550)	(5,192,120)	590,745	1,636,464
Benefit payments	(150,470)	(149,657)	(151,302)	(96,863)	(79,893)
Net change in total OPEB liability	98,834	810,564	(3,877,229)	2,141,375	2,577,305
Total OPEB liability - beginning	11,066,019	10,255,455	14,132,684	11,991,309	9,414,004
Total OPEB liability - ending	$11,164,853	$11,066,019	$10,255,455	$ 14,132,684	$ 11,991,309
Covered-employee payroll	$ 5,755,117	$ 5,555,422	$ 4,920,526	$ 4,350,249	$ 4,345,961
Total OPEB liability as a percentage of covered-employee payroll	194.0%	199.2%	208.4%	324.9%	275.9%

	2020	2019	2018
Total OPEB liability			
Service cost	$ 656,345	$ 536,956	$ 521,317
Interest on total OPEB liability	282,185	221,930	200,838
Experience differences	713,208	-	-
Assumption changes	696,303	(628,966)	-
Benefit payments	(59,520)	(54,654)	(54,742)
Net change in total OPEB liability	2,288,521	75,266	667,413
Total OPEB liability - beginning	7,125,483	7,050,217	6,382,804
Total OPEB liability - ending	$ 9,414,004	$ 7,125,483	$ 7,050,217
Covered-employee payroll	$ 4,344,972	$ 3,506,050	$ 3,984,678
Total OPEB liability as a percentage of covered-employee payroll	216.7%	203.2%	176.9%

Notes to the Schedule:

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

CITY OF JEFFERSON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

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	$ -	$ 156,716	$ 6,660	$ 163,376
Taxes receivable	3,294	-	-	3,294
Restricted cash and cash equivalents	-	33,338	-	33,338
Total assets	$ 3,294	$ 190,054	$ 6,660	$ 200,008
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,318	$ 2,630	$ -	$ 3,948
Due to other funds	1,976	99	-	2,075
Total liabilities	3,294	2,729	-	6,023
FUND BALANCES				
Restricted for:				
Capital projects	-	-	6,660	6,660
Public safety	-	187,325	-	187,325
Total fund balances	-	187,325	6,660	193,985
Total liabilities and fund balances	$ 3,294	$ 190,054	$ 6,660	$ 200,008

CITY OF JEFFERSON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue Funds			
	Hotel/ Motel	Confiscated Assets	Multi-Grant Fund	Total Nonmajor Governmental Funds
Revenues:				
Hotel/Motel occupancy taxes	$ 52,216	$ -	$ -	$ 52,216
Fines and forfeitures	-	26,211	-	26,211
Intergovernmental	-	-	451,905	451,905
Total revenues	52,216	26,211	451,905	530,332
Expenditures:				
Current:				
Public safety	-	58,777	-	58,777
Public works	-	-	459,612	459,612
Economic and community development	20,886	-	-	20,886
Total expenditures	20,886	58,777	459,612	539,275
Excess (deficiency) of revenues over (under) expenditures	31,330	(32,566)	(7,707)	(8,943)
Other financing uses:				
Transfers out	(31,330)	-	(426,803)	(458,133)
Total other financing uses	(31,330)	-	(426,803)	(458,133)
Net change in fund balances	-	(32,566)	(434,510)	(467,076)
Fund balances, beginning of year	-	219,891	441,170	661,061
Fund balances, end of year	$ -	$ 187,325	$ 6,660	$ 193,985

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel occupancy taxes	$ 55,000	$ 55,000	$ 52,216	$ (2,784)
Total revenues	55,000	55,000	52,216	(2,784)
Expenditures:				
Current:				
Economic and community development	22,000	22,000	20,886	1,114
Total expenditures	22,000	22,000	20,886	1,114
Excess of revenues over expenditures	33,000	33,000	31,330	(1,670)
Other financing uses:				
Transfers out	(33,000)	(33,000)	(31,330)	1,670
Total other financing uses	(33,000)	(33,000)	(31,330)	1,670
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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ 24,986	$ 26,211	$ 1,225
Total revenues	-	24,986	26,211	1,225
Expenditures:				
Current:				
Public safety	30,000	59,622	58,777	845
Total expenditures	30,000	59,622	58,777	845
Net changes in fund balances	(30,000)	(34,636)	(32,566)	2,070
Fund balances, beginning of year	219,891	219,891	219,891	-
Fund balances, end of year	$ 189,891	$ 185,255	$ 187,325	$ 2,070

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ -	$ 451,908	$ 451,905	$ (3)
Total revenues	-	451,908	451,905	(3)
Expenditures:				
Current:				
Public works	-	459,614	459,612	2
Total expenditures	-	459,614	459,612	2
Deficiency of revenues over expenditures	-	(7,706)	(7,707)	(1)
Other financing uses:				
Transfers out	-	(426,803)	(426,803)	-
Total other financing uses	-	(426,803)	(426,803)	-
Net changes in fund balances	-	(434,509)	(434,510)	(1)
Fund balances, beginning of year	441,170	441,170	441,170	-
Fund balances, end of year	$ 441,170	$ 6,661	$ 6,660	$ (1)

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, 2025

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Investment earnings	$ -	$ -	$ 1,902	$ 1,902
Total revenues	-	-	1,902	1,902
Expenditures:				
Debt service:				
Principal	2,250,000	2,250,000	1,850,000	400,000
Interest	892,280	892,280	845,343	46,937
Total expenditures	3,142,280	3,142,280	2,695,343	446,937
Deficiency of revenues over expenditures	(3,142,280)	(3,142,280)	(2,693,441)	448,839
Other financing sources:				
Transfers in	3,142,280	3,142,280	2,687,180	(455,100)
Total other financing sources	3,142,280	3,142,280	2,687,180	(455,100)
Net change in fund balances	-	-	(6,261)	(6,261)
Fund balances, beginning of year	466,044	466,044	466,044	-
Fund balances, end of year	$ 466,044	$ 466,044	$ 459,783	$ (6,261)

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2025

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	$ 2,443,857	$ 2,443,855	$ 2	$ 2,443,857
Cultural, historical, and recreation facilities	1,665,000	2,993,679	2,992,090	1,577	2,993,667
Public safety facilities	865,800	1,547,198	96,963	-	96,963
Water and sewer facilities	1,359,750	2,490,479	1,558,028	932,449	2,490,477
SPLOST VI Total	$ 5,250,300	$ 9,475,213	$ 7,090,936	$ 934,028	$ 8,024,964
SPLOST VII:					
Roads, streets, bridges, and stormwater management facilities	$ 4,963,901	$ 4,963,901	$ 371,501	$ 493,140	$ 864,641
Cultural, historical, and recreation facilities	6,075,509	6,075,509	158,652	1,150,289	1,308,941
Public safety facilities	3,162,331	3,162,331	-	413,420	413,420
Water and sewer facilities	4,963,900	4,963,900	-	474,450	474,450
SPLOST VII Total	$ 19,165,641	$ 19,165,641	$ 530,153	$ 2,531,299	$ 3,061,452

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	$ 2,245,962
Transfer Out (see Note 1 below)	1,219,365
Total	$ 3,465,327

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), the bond issued in 2023 for the Natatorium, and the new bond issued in 2024 for the Sewer Line.

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, 2025

	Downtown Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 45,506
Payments to vendors	(139,533)
Net cash used by operating activities	(94,027)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from the sale of capital assets	564,113
Net cash provided by capital and related financing activities	564,113
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	253
Net cash provided by investing activities	253
Net increase in cash and cash equivalents	470,339
Cash and cash equivalents, beginning of year	212,732
Cash and cash equivalents, end of year	$ 683,071
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (16,064)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,590
Change in assets and liabilities:	
Decrease in accounts receivable	9,403
Decrease in lease receivable and associated deferred inflows	1,758
Decrease in accounts payable	(54,477)
Decrease in due to primary government	(42,237)
Net cash used in operating activities	$ (94,027)

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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 24, 2026.

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 2025-001 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
July 24, 2026

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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
July 24, 2026

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

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	$ 58,776
Total U.S. Department of Justice			58,776
Environmental Protection Agency			
Passed Through Georgia Environmental Finance Authority			
Clean Water State Revolving Program	66.458	CW2022002	3,699,659
Passed Through Appalachian Regional Commission (ARC)			
Gravity Sewer Line Extension at Jackson County Airport	23.002	GA-22037-2024	127,500
Total Environmental Protection Agency			3,827,159
Total Expenditures of Federal Awards			$ 3,885,935

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, 2025

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 pass through any federal funds to subrecipients. The City did not utilize the 15% de minimis indirect cost rate.

CITY OF JEFFERSON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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:	$1,000,000
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, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS

2025-001 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, 2025

2024-001 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 2025-001

Dawn Maddox
Mayor

Priscilla A. Murphy
City Manager

Wendy Wilson
City Clerk

JEFFERSON
GEORGIA

Council Members
Steve Kinney
Annette Studivant
Cody Cain
Mark Mobley
Alex Crawford

City of Jefferson
FYE December 31, 2025

Corrective Action Plan

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

2025-001 Segregation of Duties

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

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