

**CITY OF JONESBORO, GEORGIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**TOGETHER WITH**

**INDEPENDENT AUDITOR'S REPORT**

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

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**CITY OF JONESBORO, GEORGIA**

**ELECTED OFFICIALS**

**MAYOR**

Joy Day

**CITY COUNCIL**

Bobby Lester  
Tracey Messick  
Billy Powell  
Donya Sartor  
Pat Sebo  
Ed Wise

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of City Council  
City of Jonesboro, Georgia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jonesboro, Georgia ("City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

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, each major fund, and the aggregate remaining fund information of the City of Jonesboro, Georgia as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the Schedule of Changes in the City's Net Pension Liability and Related Ratios on pages 41-42, and the Schedule of City Contributions on pages 43-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

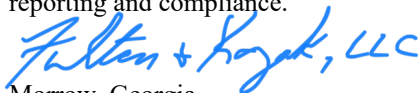
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jonesboro, Georgia's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax, and 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 of Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the City of Jonesboro, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City of Jonesboro, Georgia's internal control over financial reporting and compliance.

  
Morrow, Georgia  
December 20, 2021

## CITY OF JONESBORO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jonesboro, we offer readers of the City of Jonesboro's financial statements this narrative overview and analysis of the financial activities of the City of Jonesboro for fiscal year ended December 31, 2020.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$25,077,898 (*net position*). Of this amount, \$5,597,417 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$1,534,352.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,195,661, an increase of \$1,683,315 in comparison with the prior year. Of this amount \$2,128,461 is restricted, \$85,194 is assigned, and \$5,982,006 is unassigned. The unassigned of \$5,982,006 consists of various assets netted against their respective liabilities. See page 15 for a detail and reconciliation to the governmental activities net position.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,982,006 or 97 percent of total general fund expenditures.
- The City's total long-term debt increased by \$6,729,776 during the current fiscal year. Components of this change include payments made on bond payable and capital leases netted with new capital leases and bond proceeds received in the current year.

### Overview of the financial statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, street, sanitation, and public works. The business-type activity of the City is solid waste management.

The government-wide financial statements can be found on pages 11 through 13 of this report.

**CITY OF JONESBORO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Jonesboro maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the nine special revenue funds, and the two capital project funds.

The City adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 18 of this report.

**Proprietary fund.** The City maintains one type of proprietary fund. *Enterprise funds* (a component of proprietary funds) are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses a utility enterprise fund to account for its sanitation operation.

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 sanitation operation which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 40 of this report.



**CITY OF JONESBORO  
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

**Government-wide financial analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jonesboro, assets exceeded liabilities by \$25,077,898 at the close of the most recent fiscal year.

A portion of the City's net position (70 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Jonesboro, Georgia  
Net Position  
Governmental Activities**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 8,677,792	\$ 6,992,892	\$ 1,684,900
Capital assets	<u>25,719,292</u>	<u>19,656,584</u>	<u>6,062,708</u>
Total assets	<u>34,397,084</u>	<u>26,649,476</u>	<u>7,747,608</u>
Deferred outflows of resources	<u>487,315</u>	<u>127,579</u>	<u>359,736</u>
Current liabilities	293,818	360,684	(66,866)
Long-term liabilities	<u>9,698,363</u>	<u>2,968,587</u>	<u>6,729,776</u>
Total liabilities	<u>9,992,181</u>	<u>3,329,271</u>	<u>6,662,910</u>
Deferred inflows of resources	<u>106,452</u>	<u>186,296</u>	<u>(79,844)</u>
Net position:			
Net investment in capital assets	17,332,841	17,439,415	(106,574)
Restricted	2,128,461	966,805	1,161,656
Unrestricted	<u>5,324,464</u>	<u>4,855,268</u>	<u>469,196</u>
Total net position	<u>\$ 24,785,766</u>	<u>\$ 23,261,488</u>	<u>\$ 1,524,278</u>

**CITY OF JONESBORO  
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

**City of Jonesboro, Georgia  
Net Position  
Business-Type Activities**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 413,052	\$ 284,971	\$ 128,081
Capital assets	<u>19,179</u>	<u>40,148</u>	<u>(20,969)</u>
Total assets	<u>432,231</u>	<u>325,119</u>	<u>107,112</u>
Current liabilities	<u>140,099</u>	<u>43,061</u>	<u>97,038</u>
Total liabilities	<u>140,099</u>	<u>43,061</u>	<u>97,038</u>
Net position:			
Net investment in capital assets	19,179	40,148	(20,969)
Unrestricted	<u>272,953</u>	<u>241,910</u>	<u>31,043</u>
Total net position	<u>\$ 292,132</u>	<u>\$ 282,058</u>	<u>\$ 10,074</u>

**City of Jonesboro, Georgia  
Net Position  
Total**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 9,090,844	\$ 7,277,863	\$ 1,812,981
Capital assets	<u>25,738,471</u>	<u>19,696,732</u>	<u>6,041,739</u>
Total assets	<u>34,829,315</u>	<u>26,974,595</u>	<u>7,854,720</u>
Deferred outflows of resources	<u>487,315</u>	<u>127,579</u>	<u>359,736</u>
Current liabilities	433,917	403,745	30,172
Long-term liabilities	<u>9,698,363</u>	<u>2,968,587</u>	<u>6,729,776</u>
Total liabilities	<u>10,132,280</u>	<u>3,372,332</u>	<u>6,759,948</u>
Deferred inflows of resources	<u>106,452</u>	<u>186,296</u>	<u>(79,844)</u>
Net position:			
Net investment in capital assets	17,352,020	17,479,563	(127,543)
Restricted	2,128,461	966,805	1,161,656
Unrestricted	<u>5,597,417</u>	<u>5,097,178</u>	<u>500,239</u>
Total net position	<u>\$ 25,077,898</u>	<u>\$ 23,543,546</u>	<u>\$ 1,534,352</u>

**CITY OF JONESBORO  
MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

At the end of the current year, the City is able to report positive balances in both categories of net position.

The government's net position increased by \$1,534,352 during the current fiscal year.

The following tabulation summarizes the components of the City's change in net position.

**City of Jonesboro, Georgia  
Change in Net Position**

(In millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue:						
Program Revenues:						
Charges for services	\$ 2.1	\$ 2.7	\$ 0.2	\$ 0.2	\$ 2.3	\$ 2.9
Capital grants and contributions	2.8	1.2	0.0	0.0	2.8	1.2
General Revenues:						
Taxes	2.8	2.6	0.0	0.0	2.8	2.6
Other	<u>0.4</u>	<u>0.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.4</u>	<u>0.2</u>
Total Revenues	<u>8.0</u>	<u>6.7</u>	<u>0.2</u>	<u>0.2</u>	<u>8.2</u>	<u>6.9</u>
Expenses:						
Primary government:						
Administrative	1.8	1.3	0.0	0.0	1.8	1.3
Police	2.7	2.9	0.0	0.0	2.7	2.9
Streets and public works	1.9	1.6	0.0	0.0	1.9	1.6
Interest on long-term debt	0.1	0.1	0.0	0.0	0.1	0.1
Solid waste	<u>0.0</u>	<u>0.0</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total Expenses	<u>6.5</u>	<u>5.9</u>	<u>0.2</u>	<u>0.2</u>	<u>6.7</u>	<u>6.1</u>
Increase in net position	1.5	0.8	0.0	0.0	1.5	0.8
Net position – beginning of year	<u>23.3</u>	<u>22.5</u>	<u>0.3</u>	<u>0.3</u>	<u>23.5</u>	<u>22.7</u>
Net position – end of year	<u>\$ 24.8</u>	<u>\$ 23.3</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>	<u>\$ 25.1</u>	<u>\$ 23.5</u>

**Expenses and Program Revenues**

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**CITY OF JONESBORO  
MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued**

**Financial Analysis**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City of Jonesboro’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Jonesboro’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current year, the City’s governmental funds reported combined ending fund balances of \$8,195,661, an increase of \$1,683,315 in comparison with the prior year. Of this amount, \$5,982,006 constitutes *unassigned fund balance*, which is available for spending at the City’s discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,982,006. As a measure of the general funds liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 97 percent of total general fund expenditures.

The fund balance of the City’s general fund increased by \$493,322 during the current fiscal year. The primary factor in this increase was the additional funding received to cover the costs of the major capital projects.

**Capital assets and debt administration**

**Capital assets.** The City’s investment in capital assets as of December 31, 2020, amounts to \$25,738,471 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, and infrastructure. The total increase in the City’s investment in capital assets for the current fiscal year was 30.7%.

**City of Jonesboro, Georgia  
Capital Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
			<u>Current</u>	<u>Prior</u>
Land	\$ 2,406,550	\$ -	\$ 2,406,550	\$ 1,978,611
Buildings	3,340,897	-	3,340,897	3,340,897
Improvements	94,701	-	94,701	88,861
Vehicles	822,646	223,880	1,046,526	825,974
Machinery and equipment	775,619	6,443	782,062	505,595
Infrastructure	14,992,166	-	14,992,166	14,860,477
Construction in progress	8,360,946	-	8,360,946	2,349,863
Parks and recreation	3,514,265	-	3,514,265	3,514,265
Less accumulated depreciation	<u>(8,588,498)</u>	<u>(211,144)</u>	<u>(8,799,642)</u>	<u>(7,767,811)</u>
Net	<u>\$ 25,719,292</u>	<u>\$ 19,179</u>	<u>\$ 25,738,471</u>	<u>\$ 19,696,732</u>

Additional information on the City of Jonesboro’s capital assets can be found in Note 4-D on page 33 and 34 of this report.

**CITY OF JONESBORO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

**Long-term debt.** At the end of the current year, the City had total bond debt outstanding of \$7,885,000. The full amount comprises debt backed by the full faith and credit of the City.

Additional information on the City's long-term debt can be found in Note 4-F on pages 33 through 35 of this report.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Jonesboro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Office of the City Clerk  
City of Jonesboro  
124 North Avenue  
Jonesboro, Georgia 30236

**CITY OF JONESBORO, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 7,256,333	\$ 755,676	\$ 8,012,009
Receivables			
Taxes	371,113	-	371,113
Intergovernmental	556,694	-	556,694
Other	151,028	-	151,028
Internal balances	342,624	(342,624)	-
Capital assets:			
Land	2,406,550	-	2,406,550
Buildings	3,340,897	-	3,340,897
Improvements	94,701	-	94,701
Vehicles	822,646	223,880	1,046,526
Machinery and equipment	775,619	6,443	782,062
Infrastructure	14,992,166	-	14,992,166
Construction in progress	8,360,946	-	8,360,946
Parks and recreation	3,514,265	-	3,514,265
Accumulated depreciation	(8,588,498)	(211,144)	(8,799,642)
Total assets	34,397,084	432,231	34,829,315
<b>Deferred outflows of resources</b>			
Pension	487,315	-	487,315
Total deferred outflows of resources	487,315	-	487,315
<b>Liabilities</b>			
Accounts payable	123,071	599	123,670
Intergovernmental payables	27,742	-	27,742
Accrued liabilities			
Payroll deductions	34,348	-	34,348
Accrued expenses	28,856	-	28,856
Accrued salaries	69,541	-	69,541
Accrued interest	10,260	-	10,260
Unearned revenue	-	139,500	139,500
Long-term liabilities			
Note payable due within one year	5,417	-	5,417
Capital leases due within one year	110,965	-	110,965
Bond payable due within one year	165,000	-	165,000
Note payable due in more than one year	93,174	-	93,174
Capital leases due in more than one year	291,895	-	291,895
Bond payable due in more than one year	7,720,000	-	7,720,000
Compensated absences	139,739	-	139,739
Net pension liability	1,172,173	-	1,172,173
Total liabilities	\$ 9,992,181	\$ 140,099	\$ 10,132,280

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

**CITY OF JONESBORO, GEORGIA**  
**STATEMENT OF NET POSITION – (CONTINUED)**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>Deferred inflows of resources</b>			
Pension	\$ <u>106,452</u>	\$ -	\$ <u>106,452</u>
Total deferred inflows of resources	<u>106,452</u>	<u>-</u>	<u>106,452</u>
<b>Net position</b>			
Net investment in capital assets	17,332,841	19,179	17,352,020
Restricted for –			
Capital projects	1,895,867	-	1,895,867
Police activities	132,061	-	132,061
Hotel/Motel	100,533	-	100,533
Unrestricted	<u>5,324,464</u>	<u>272,953</u>	<u>5,597,417</u>
Total net position	<u>\$ 24,785,766</u>	<u>\$ 292,132</u>	<u>\$ 25,077,898</u>

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

**CITY OF JONESBORO, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>						
Administrative	\$ 1,786,930	\$ 1,077,079	\$ -	\$ (709,851)	\$ -	\$ (709,851)
Police	2,699,592	946,587	-	(1,753,005)	-	(1,753,005)
Streets and public works	1,855,913	-	2,773,260	917,347	-	917,347
Community Development	14,290	37,391	-	23,101	-	23,101
Interest on long-term debt	<u>122,237</u>	<u>-</u>	<u>-</u>	<u>(122,237)</u>	<u>-</u>	<u>(122,237)</u>
Total governmental activities	<u>6,478,962</u>	<u>2,061,057</u>	<u>2,773,260</u>	<u>(1,644,645)</u>	<u>-</u>	<u>(1,644,645)</u>
<b>Business-type activities:</b>						
Sanitation	<u>214,677</u>	<u>224,371</u>	<u>-</u>	<u>-</u>	<u>9,694</u>	<u>9,694</u>
Total business-type activities	<u>214,677</u>	<u>224,371</u>	<u>-</u>	<u>-</u>	<u>9,694</u>	<u>9,694</u>
<b>Total</b>	<u>\$ 6,693,639</u>	<u>\$ 2,285,428</u>	<u>\$ 2,773,260</u>	<u>\$ (1,644,645)</u>	<u>\$ 9,694</u>	<u>\$ (1,634,951)</u>
<b>General revenues:</b>						
Property taxes				\$ 918,694	\$ -	\$ 918,694
Franchise taxes				83,883	-	83,883
Sales taxes				1,562,248	-	1,562,248
Alcoholic beverage taxes				138,952	-	138,952
Hotel motel taxes				68,526	-	68,526
Investment earnings				10,043	-	10,043
Contributions not restricted to specific programs				250,125	-	250,125
Miscellaneous				<u>136,452</u>	<u>380</u>	<u>136,832</u>
Total general revenues				<u>3,168,923</u>	<u>380</u>	<u>3,169,303</u>
Change in net position				1,524,278	10,074	1,534,352
Net position – beginning of period				<u>23,261,488</u>	<u>282,058</u>	<u>23,543,546</u>
Net position – end of period				<u>\$ 24,785,766</u>	<u>\$ 292,132</u>	<u>\$ 25,077,898</u>

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



**CITY OF JONESBORO, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	<u>General Fund</u>	<u>SPLOST 15</u>	<u>Urban Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Current assets:					
Cash	\$ 5,184,960	\$ 894,351	\$ 770,903	\$ 406,119	\$ 7,256,333
Taxes receivable	371,113	-	-	-	371,113
Intergovernmental receivables	389,000	167,694	-	-	556,694
Other receivables	143,167	-	-	7,861	151,028
Due from other funds	<u>346,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,547</u>
Total current assets	<u>6,434,787</u>	<u>1,062,045</u>	<u>770,903</u>	<u>413,980</u>	<u>8,681,715</u>
Total assets	<u>\$ 6,434,787</u>	<u>\$ 1,062,045</u>	<u>\$ 770,903</u>	<u>\$ 413,980</u>	<u>\$ 8,681,715</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 93,721	\$ 21,559	\$ -	\$ 7,791	\$ 123,071
Intergovernmental payable	27,742	-	-	-	27,742
Payroll deductions	34,348	-	-	-	34,348
Accrued expenses	28,856	-	-	-	28,856
Accrued wages	69,541	-	-	-	69,541
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,923</u>	<u>3,923</u>
Total current liabilities	<u>254,208</u>	<u>21,559</u>	<u>-</u>	<u>11,714</u>	<u>287,481</u>
<b>Deferred inflow of resources</b>					
Unavailable revenue – property taxes	<u>198,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,573</u>
<b>Fund balances</b>					
Restricted: capital projects	-	1,040,486	770,903	84,478	1,895,867
Restricted: police activities	-	-	-	132,061	132,061
Restricted: hotel/motel	-	-	-	100,533	100,533
Assigned	-	-	-	85,194	85,194
Unassigned	<u>5,982,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,982,006</u>
Total fund balances	<u>5,982,006</u>	<u>1,040,486</u>	<u>700,903</u>	<u>402,266</u>	<u>8,195,661</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 6,434,787</u>	<u>\$ 1,062,045</u>	<u>\$ 770,903</u>	<u>\$ 413,980</u>	<u>\$ 8,681,715</u>

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

**CITY OF JONESBORO, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

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

Total fund balances – total governmental funds	\$ 8,195,661
Amounts reported for government activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,719,292
Some of the City’s taxes will be collected after year-end, but are not available soon enough to pay for the current period’s expenditures, and therefore are reported as deferred inflow of resources in the funds.	198,573
Net pension liability	(1,172,173)
Deferred outflows of resources related to the recording of the net pension liability are recognized as expense over time and, therefore, are not reported in the funds.	487,315
Deferred inflows of resources related to the recording of the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	(106,452)
Long-term liabilities, including bonds payable, capital leases, notes payable, compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(8,536,450)</u>
Net position of governmental activities	<u>\$ 24,785,766</u>

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

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

	General Fund	SPLOST 15	Urban Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,581,851	\$ -	\$ -	\$ 68,526	\$ 2,650,377
Licenses and permits	1,030,089	-	-	-	1,030,089
Intergovernmental	1,695,882	960,959	-	116,419	2,773,260
Charges for services	100,465	-	-	-	100,465
Fines and forfeitures	879,728	-	-	38,381	918,109
Interest on investments	10,023	-	-	20	10,043
Contributions and donations	125	-	250,000	-	250,125
Miscellaneous	135,713	-	-	11,694	147,407
Program receipts	-	-	-	28,478	28,478
Issuer fees	-	-	-	15,636	15,636
Membership Fees	-	-	-	10,800	10,800
Total revenues	<u>6,433,876</u>	<u>960,959</u>	<u>250,000</u>	<u>289,954</u>	<u>7,934,789</u>
<b>EXPENDITURES</b>					
Current:					
Administrative	1,381,997	-	-	59,924	1,441,921
Police	2,462,500	-	-	54,419	2,516,919
Street and public works	730,793	-	179	-	730,972
Community development	-	-	-	8,881	8,881
Capital outlay:					
Administrative	456,440	-	-	-	456,440
Police	502,769	-	-	18,588	521,357
Street and public works	803,256	185,266	5,315,817	190,190	6,494,529
Debt service:					
Principal	71,778	198,145	-	57,814	327,737
Interest	18,040	56,177	35,970	12,050	122,237
Total expenditures	<u>6,427,573</u>	<u>439,588</u>	<u>5,351,966</u>	<u>401,866</u>	<u>12,620,993</u>
Excess of revenues over expenditures	<u>6,303</u>	<u>521,371</u>	<u>(5,101,966)</u>	<u>(111,912)</u>	<u>(4,686,204)</u>
Other financing sources:					
Transfers	(10,000)	-	-	10,000	-
Proceeds from capital lease	497,019	-	-	-	497,019
Proceeds from bonds payable	-	-	5,872,500	-	5,872,500
Total other financing sources	<u>487,019</u>	<u>-</u>	<u>5,872,500</u>	<u>10,000</u>	<u>6,369,519</u>
Net change in fund balance	493,322	521,371	770,534	(101,912)	1,683,315
Fund balance:					
Beginning of period	<u>5,488,684</u>	<u>519,115</u>	<u>369</u>	<u>504,178</u>	<u>6,512,346</u>
End of period	<u>\$ 5,982,006</u>	<u>\$ 1,040,486</u>	<u>\$ 770,903</u>	<u>\$ 402,266</u>	<u>\$ 8,195,661</u>

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

**CITY OF JONESBORO, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Net changes in fund balances – total governmental funds \$ 1,683,315

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.

Capital outlay for the current period	7,073,570	
Depreciation expense for the current period	<u>(1,010,862)</u>	6,062,708

Property taxes are reported as revenues in the funds when the resources are measurable and available. Property taxes are reported as revenues in the Statement of Activities when they represent a legally enforceable claim.

68,451

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, however, has no effect on net position.

Proceeds from bonds	(5,872,500)	
Bond principal payments	160,000	
Proceeds from capital lease	(497,019)	
Capital lease principal payments	162,573	
Note payable principal payments	<u>5,164</u>	(6,041,782)

The net pension liability did not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.

(249,053)

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.

Compensated absences	<u>639</u>	<u>639</u>
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Change in net position of governmental activities \$ 1,524,278

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

**CITY OF JONESBORO, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 448,000	\$ 517,943	\$ 796,768	\$ 278,825
Franchise	334,083	336,083	83,883	(252,200)
Sales	1,500,000	1,500,000	1,562,248	62,248
Alcoholic beverages	125,000	116,000	138,952	22,952
Licenses and permits	872,700	915,099	1,030,089	114,990
Intergovernmental	500,000	1,616,885	1,695,882	78,997
Charges for services	63,400	87,400	100,465	13,065
Fines and forfeitures	1,400,000	784,000	879,728	95,728
Investment income	27,430	11,500	10,023	(1,477)
Contributions and donations	40,200	250,115	125	(249,990)
Miscellaneous	340,940	314,132	135,713	(178,419)
Total revenues	<u>5,651,753</u>	<u>6,449,157</u>	<u>6,433,876</u>	<u>(15,281)</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	1,254,031	1,618,411	1,381,997	236,414
Police	2,898,072	2,618,679	2,462,500	156,179
Street and public works	831,552	821,552	730,793	90,759
Capital outlay:				
Administrative	-	425,000	456,440	(31,440)
Police	66,002	66,002	502,769	(436,767)
Street and public works	500,000	953,110	803,256	149,854
Debt service:				
Principal	105,772	106,682	71,778	34,904
Interest	2,744	2,744	18,040	(15,296)
Total expenditures	<u>5,658,173</u>	<u>6,612,180</u>	<u>6,427,573</u>	<u>184,607</u>
(Deficiency) Excess of revenues (under) over expenditures	<u>(6,420)</u>	<u>(163,023)</u>	<u>6,303</u>	<u>169,326</u>
Other financing sources				
Transfer	-	(250,000)	(10,000)	240,000
Proceeds from capital lease	-	-	497,019	497,019
Total	<u>-</u>	<u>(250,000)</u>	<u>487,019</u>	<u>737,019</u>
Net change in fund balance	<u>(6,420)</u>	<u>(413,023)</u>	493,322	<u>906,345</u>
Fund balance – beginning of year			5,488,684	
Fund balance – end of year			<u>\$ 5,982,006</u>	

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

**CITY OF JONESBORO, GEORGIA  
STATEMENTS OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2020**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
	Sanitation Fund
<b>Assets</b>	
Current assets:	
Cash	\$ <u>755,676</u>
Total current assets	<u>755,676</u>
Non-current assets:	
Capital assets	
Vehicles	223,880
Machinery and equipment	6,443
Less accumulated depreciation	<u>(211,144)</u>
Total capital assets (net of accumulated depreciation)	<u>19,179</u>
Total assets	\$ <u>774,855</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 599
Due to other funds	342,624
Unearned revenue	<u>139,500</u>
Total current liabilities	<u>482,723</u>
Total liabilities	<u>482,723</u>
<b>Net Position</b>	
Net investment in capital assets	19,179
Unrestricted	<u>272,953</u>
Total net position	\$ <u>292,132</u>

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

**CITY OF JONESBORO, GEORGIA**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
	Sanitation Fund
<b>Operating Revenues:</b>	
Charges for services	\$ 224,371
Other	<u>380</u>
Total operating revenues	<u>224,751</u>
<b>Operating Expenses:</b>	
Supplies	115,928
Salaries and wages	53,013
Depreciation	20,969
Insurance	20,712
Payroll taxes	<u>4,055</u>
Total operating expenses	<u>214,677</u>
Income from operations	<u>10,074</u>
Change in net position	10,074
Total net position, beginning of year	<u>282,058</u>
Total net position, end of year	<u>\$ 292,132</u>

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

**CITY OF JONESBORO, GEORGIA  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND
	Sanitation Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 321,190
Cash paid to suppliers for goods and services	(136,041)
Cash paid to employees	<u>(57,068)</u>
Net cash used in operating activities	<u>128,081</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
	-
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Due from other funds	<u>32,183</u>
Net cash provided by capital financing activities	<u>32,183</u>
<b>NET CHANGE IN CASH</b>	160,264
<b>CASH AT BEGINNING OF YEAR</b>	<u>595,412</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 755,676</u>
 <b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Net operating income	\$ 10,074
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Depreciation expense	20,969
Increase in accounts payable	599
Increase in deferred revenue	<u>96,439</u>
Net cash provided by operating activities	<u>\$ 128,081</u>

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



**CITY OF JONESBORO, GEORGIA  
NOTE TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

**B. Reporting Entity**

The City of Jonesboro was incorporated December 13, 1859. The City operates under the Mayor and Council form of government and provides general administrative services as authorized by its charter.

The City's combined balance sheet includes the amounts of all City operations. Management of the City has reviewed all potential component units to determine if any should be included in these financial statements. As defined by the Governmental Accounting Standards Board Statement 14, *component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete.*

Management has concluded that there are two blended component units for the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The Urban Redevelopment Agency was created by the City's elected officials to provide for the financing of construction projects throughout the City. Although legally separate, the Urban Redevelopment Agency is blended as a governmental fund into the primary government. Separate financial statements for the Agency are not issued.

The Downtown Development Authority was created by the City's elected officials to revitalize and redevelop the central business district of the City. Although legally separate, the Downtown Development Authority is blended as a governmental fund into the primary government. Separate financial statements for the Authority are not issued.

**C. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**C. Government-wide and fund financial statements – (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges for services and 2) grants and contributions. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**D. 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*; proprietary funds also use the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. 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 60 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 and claims and judgments, are recorded only when payment is due.

Sales tax, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *SPLOST 15 fund* is used for projects related to the special purpose local option sales tax received.

The *Urban Redevelopment Agency* is used to provide for the financing of construction projects throughout the City.

The government reports the following major proprietary funds:

The sanitation fund accounts for the activities of the government's solid waste disposal operations.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**D. Measurement focus, basis of accounting, and financial statement presentation – (continued)**

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

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes other than special purpose sales taxes.

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 sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**E. Assets, liabilities, and net position or equity**

**1. Deposits and investments**

Cash consists of demand and interest-bearing deposits held in banks.

All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. In lieu of a surety bond, a depository of public funds may pledge as collateral any one or more of the securities as enumerated in OCGA 50-17-59.

Investments - Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

Investments in the pension plan are reported at fair value.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Assets, liabilities, and net position or equity – (continued)**

**2. Receivables and payables**

Property taxes were levied on November 6, 2020 based upon property values assessed as of January 1. The City’s millage rate is levied on taxable property, which is assessed at 40% of estimated fair market value. Tax bills were mailed on November 13, 2020, and payable on or before February 19, 2021, for the 2020 taxes. The City did not setup a lien date in the current year.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

**3. 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 activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	20
Automobiles and trucks	5
Machinery and equipment	5/10
Furniture and fixtures	5
Improvements	5/10
Parks and recreation	40

**4. Compensated absences**

It is the City’s policy to permit employees to accumulate earned, but unused annual and sick pay benefits. Annual and sick leave each accrue in hours at the rate of 13 days per year. In addition to the regular accrual, an employee shall receive an additional one-day of annual and sick leave for each two years of full-time service with the City, not to exceed twenty-two days per year. Annual leave may be accrued up to 360 hours or 45 days.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Assets, liabilities, and net position or equity – (continued)**

**4. Compensated absences – (continued)**

There is no limit on the amount of accrual for sick leave. Pay in lieu of accrued annual leave is authorized when an employee is separated from employment. An employee, upon separation from service, shall not be eligible to receive payment for any accumulated sick leave. The government-wide financial statements reflect an accrual for the earned, but unused vacation pay. The liability is recorded as compensated absences.

**5. Fund equity**

GASB previously issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

The governmental funds report five categories of fund balance, when applicable. *Non-spendable fund balances* refer to amounts that are not in non-spendable form or are legally required to remain intact. *Restricted fund balances* refer to amounts that are subject to externally enforceable legal restrictions by either debt covenants, or laws or regulations of other governments. *Committed fund balances* refer to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. Only the City Council may modify or rescind the commitment. *Assigned fund balances* refer to amounts that are intended to be used for specific purposes. *Unassigned fund balances* refer to remaining spendable amounts. Fund expenditures and encumbrances are from restricted fund balance to the extent of the restricted fund revenue and followed by committed then assigned and unassigned fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned net position could be used, the City considers committed funds to have been spent first, then assigned and then unassigned.

Equity for government-wide and proprietary fund statements is classified as net position and displayed in three components:

*Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* – Consists of net position with constraints placed on its use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Assets, liabilities, and net position or equity – (continued)**

**5. Fund equity – (continued)**

*Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expenditure is incurred for purpose for which both restricted and unrestricted net position is available, the City considers restricted funds to have been spent first.

**6. Deferred outflows of resources and deferred inflows of resources**

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities* established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City has one item that qualifies for reporting in this category, deferred amounts related to their pension plan. The deferred amount relates to differences in expected and actual expense, changes in assumptions, and differences in projected and actual earnings. Additionally, the City made contributions to the pension plan before year end but subsequent to the measurement date of the City’s net pension liability which are reported as deferred outflows of resources.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, a deferred amount related to the pension plan in the statement of net position and unavailable revenue in the general fund. In the government-wide financial statements, the deferred amount is related to differences in expected and actual expenses for the pension plan. Unavailable property taxes are reported as a deferred inflow in the general fund.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**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 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, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(2,495,307) difference are as follows:

Accrued interest	\$ (10,260)
Bonds payable	(7,885,000)
Capital leases payable	(402,860)
Note payable	(98,591)
Compensated absences	<u>(139,739)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position	<u>\$ (8,536,450)</u>

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The annual budget is the financial plan for the operation of the City for the ensuing annual period. The budget process provides for a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the financial posture of the Government. The City is required to adopt an annual budget no later than the beginning of each fiscal year. The Mayor is required to prepare and submit a budget to the Council for review and adoption. The budget is accompanied by a message from the Mayor containing a statement of general fiscal policies of the City, the important features of the budgets, explanations of the major changes recommended for the next fiscal year, a general summary of the budgets, and such other comments and information as may be deemed pertinent. The Council may approve, reject, or modify the proposed budget. The council holds public hearings and a final budget must be prepared and approved no later than December 31.

Upon recommendation of the Mayor and approval of the Council, the City may make interfund or interdepartmental transfers in the current operating or capital improvements budgets at any regular or special meeting called for such purpose, provided funds are available. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles.

Annual budgets are adopted for the General Fund, and Special Revenue Funds.

The legal level of budgetary control is the department level within individual funds. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the recommendation of the Mayor and approval of the Council.

Appropriations lapse at year-end.

Council made several supplemental budgetary appropriations throughout the year.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – (Continued)**

**B. Excess of expenditures over appropriations**

The following department/function expenditures exceeded the final 2020 year budgets:

<i>General Fund:</i>	
Capital outlay: Administrative	\$ 31,440
Capital outlay: Police	436,767
Debt Service: Interest	15,296
<i>DEA Confiscated Assets Fund:</i>	
Debt service: principal	52,650
Debt service: interest	7,023
<i>LMIG Fund:</i>	
Capital outlay: Street	131,689
<i>Technology Fund:</i>	
Current: Police	5,680
<i>Downtown Development Authority:</i>	
Debt Service Principal	5,164
Debt Service Interest	5,027

**4. DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

At year-end, the City’s carrying amount of deposits was \$8,012,009 and the bank balance was \$8,085,863. Of the bank balance \$588,014 was covered by federal depository insurance or by collateral held by the City’s agent in the City’s name. Of the remaining balance, \$7,497,849 was collateralized by the pledging financial institution with securities held in its pooled account as provided for by state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. All the City’s deposits are covered by a combination of federal depository insurance and securities pledged by the financial institution as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for its deposits. The City does not have a deposit policy for custodial credit risk.



**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. DETAILED NOTES ON ALL FUNDS – (Continued)**

**B. Receivables**

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

	<u>General</u>	<u>SPLOST 15</u>	<u>Hotel/ Motel</u>	<u>Total</u>
Receivables:				
Taxes	\$ 371,113	\$ -	-	\$ 371,113
Intergovernmental	389,000	167,694	-	556,694
Other	<u>143,167</u>	<u>-</u>	<u>7,861</u>	<u>151,028</u>
 Gross receivables	 <u>\$ 903,280</u>	 <u>\$ 167,694</u>	 <u>\$ 7,861</u>	 <u>\$ 1,078,835</u>

**C. Interfund balances and transfers**

Interfund balances and transfers represent amounts transferred among funds to establish new funds, and meet cash flow requirements. Interfund balances and transfers for the year were as follows.

Interfund balances:

Due from: DEA Confiscated Fund	\$ <u>3,923</u>
Due to: General Fund	\$ <u>3,923</u>
 Due from: Sanitation Fund	 \$ <u>342,624</u>
Due to: General Fund	\$ <u>342,624</u>

Interfund transfers:

To: Downtown Development Authority	\$ <u>10,000</u>
From: General Fund	\$ <u>10,000</u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. DETAILED NOTES ON ALL FUNDS – (Continued)**

**D. Capital assets**

Capital assets activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,978,611	\$ 427,939	\$ -	\$ 2,406,550
Construction in progress	<u>2,349,863</u>	<u>6,011,083</u>	<u>-</u>	<u>8,360,946</u>
Total capital assets, not being depreciated	4,328,474	6,439,022	-	10,767,496
Capital assets, being depreciated:				
Buildings	3,340,897	-	-	3,340,897
Improvements	88,861	5,840	-	94,701
Vehicles	602,094	220,552	-	822,646
Machinery and equipment	499,152	276,467	-	775,619
Infrastructure	14,860,477	131,689	-	14,992,166
Parks and recreation	<u>3,514,265</u>	<u>-</u>	<u>-</u>	<u>3,514,265</u>
Total capital assets, being depreciated	<u>22,905,746</u>	<u>634,548</u>	<u>-</u>	<u>23,540,294</u>
Less accumulated depreciation for:				
Buildings	1,387,804	92,044	-	1,479,848
Improvements	44,657	5,676	-	50,333
Vehicles	390,650	114,031	-	504,681
Machinery and equipment	287,837	55,711	-	343,548
Infrastructure	5,144,546	655,543	-	5,800,089
Parks and recreation	<u>322,142</u>	<u>87,857</u>	<u>-</u>	<u>409,999</u>
Total accumulated depreciation	<u>7,577,636</u>	<u>1,010,862</u>	<u>-</u>	<u>8,588,498</u>
Total capital assets being depreciated, net	<u>15,328,110</u>	<u>(376,314)</u>	<u>-</u>	<u>14,951,796</u>
Governmental activities capital assets, net	<u>\$ 19,656,584</u>	<u>\$ 6,062,708</u>	<u>\$ -</u>	<u>\$ 25,719,292</u>

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

**Governmental activities:**

Administrative	\$ 74,425
Police	161,288
Streets	769,740
Community development	<u>5,409</u>
Total Depreciation Expense – Governmental Activities	<u>\$1,010,862</u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. DETAILED NOTES ON ALL FUNDS – (Continued)**

Capital assets activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Vehicles	\$ 223,880	\$ -	\$ -	\$ 223,880
Machinery and equipment	<u>6,443</u>	<u>-</u>	<u>-</u>	<u>6,443</u>
Total capital assets, being depreciated	<u>230,323</u>	<u>-</u>	<u>-</u>	<u>230,323</u>
Less accumulated depreciation for:				
Vehicles	187,920	19,680	-	207,600
Machinery and equipment	<u>2,255</u>	<u>1,289</u>	<u>-</u>	<u>3,544</u>
Total accumulated depreciation	<u>190,175</u>	<u>20,969</u>	<u>-</u>	<u>211,144</u>
Business-type activities capital assets, net	\$ <u>40,148</u>	\$ <u>(20,969)</u>	\$ <u>-</u>	\$ <u>19,179</u>

**E. Capital leases**

The City has entered into lease agreements as lessee for financing the acquisition of police vehicles by means of lease. These agreements qualify as capital leases and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Vehicles	\$ 671,730	\$ 125,480
Machinery and equipment	289,861	-
Less: accumulated depreciation	<u>(409,941)</u>	<u>(125,480)</u>
Total	<u>\$ 551,650</u>	<u>\$ -</u>

Amortization of assets recorded under capital leases is included with depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

<u>Year ending December 31</u>	<u>Governmental Activities</u>
2021	\$ 121,357
2022	121,357
2023	121,357
2024	74,357
Less amount representing interest	<u>(35,568)</u>
Present value of minimum lease payments	<u>\$ 402,860</u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. DETAILED NOTES ON ALL FUNDS – (Continued)**

**F. Long-term debt**

*Series 2015 Revenue Bond*

On June 1, 2015, the Urban Redevelopment Agency of the City of Jonesboro, Georgia authorized the issuance and sale of \$2,500,000 in principal amount of its Revenue Bond (The City of Jonesboro, Georgia Project), Series 2015. The proceeds of the Series 2015 Bond will be applied to costs of acquiring, constructing, and installing an urban redevelopment project consisting of various improvements to Lee Street Park.

Annual maturities for the Series 2015 Bond are as follows:

<b>Year ending December 31</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 165,000	\$ 50,831	\$ 215,831
2022	170,000	46,107	216,107
2023	175,000	41,243	216,243
2024	180,000	36,237	216,237
2025	185,000	31,091	216,091
2026-2030	<u>1,010,000</u>	<u>73,038</u>	<u>1,083,038</u>
	<u>\$ 1,885,000</u>	<u>\$ 278,547</u>	<u>\$ 2,163,547</u>

*Series 2019, Series 2021A and Series 2021B Revenue Bonds*

On December 31, 2019, the Urban Redevelopment Agency of the City of Jonesboro, Georgia authorized the issuance and sale of \$6,000,000 in principal amount of its Revenue Bond (Broad Street Project), Series 2019. The proceeds of the Series 2019 Bond will be applied to costs of construction of the Broad Street Project. The amount remaining on the Series 2019 Bond, \$5,872,500, was drawn down during 2020. The total outstanding balance on the Series 2019 Bond as of December 31, 2020 was \$6,000,000.

In January 2021, the Urban Redevelopment Agency of the City of Jonesboro, Georgia authorized the issuance and sale of \$14,125,000 in principal amount of its Revenue Bond, Series 2021A, and \$5,525,000 in principal amount of its Revenue Bond, Series 2021B. The proceeds of the Series 2021A and 2021B Bonds will be applied to costs of construction of the Municipal Complex. As part of the issuance of the Series 2021A and 2021B Bonds, the proceeds of the Series 2019 Bond were paid off.

Annual maturities for the Series 2021A Bond are as follows:

<b>Year ending December 31</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ -	\$ 170,559	\$ 170,559
2022	-	324,875	324,875
2023	605,000	317,918	922,918
2024	615,000	303,888	918,888
2025	630,000	289,570	919,570
2026-2030	3,380,000	1,220,955	4,600,955
2031-2035	3,790,000	809,025	4,599,025
2036	<u>5,105,000</u>	<u>58,708</u>	<u>5,163,708</u>
	<u>\$14,125,000</u>	<u>\$ 3,495,498</u>	<u>\$17,620,498</u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. DETAILED NOTES ON ALL FUNDS – (Continued)**

Annual maturities for the Series 2021B Bond are as follows:

<b><u>Year ending</u></b> <b><u>December 31</u></b>	<b><u>Governmental Activities</u></b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2021	\$ -	\$ 81,798	\$ 81,798
2022	-	155,805	155,805
2023	225,000	152,633	377,633
2024	230,000	146,217	376,217
2025	235,000	139,661	374,661
2026-2030	1,285,000	592,976	1,877,976
2031-2035	1,480,000	398,325	1,878,325
2036	<u>2,070,000</u>	<u>29,187</u>	<u>2,099,187</u>
	<u>\$ 5,525,000</u>	<u>\$ 1,696,602</u>	<u>\$ 7,221,602</u>

*Note payable*

On April 25, 2019, the Downtown Development Authority took out a loan to purchase property in the City. The loan amount was \$106,250, with monthly payments of \$2,456 through April 25, 2034. The initial interest rate is 4.5%.

The future minimum note payments are as follows:

<b><u>Year ending</u></b> <b><u>December 31</u></b>	<b><u>Governmental</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2021	\$ 5,417	\$ 4,406
2022	5,668	4,155
2023	5,931	3,892
2024	6,196	3,627
2025	6,494	3,329
2026-2030	37,275	11,841
2031-2034	<u>31,610</u>	<u>2,773</u>
	<u>\$ 98,591</u>	<u>\$ 34,023</u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**4. DETAILED NOTES ON ALL FUNDS – (Continued)**

**Changes in long-term liabilities:**

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One year
Governmental activities:					
*Capital leases	\$ 68,414	\$ 497,019	\$ 162,573	\$ 402,860	\$ 110,965
*Bond payable	2,172,500	5,872,500	160,000	7,885,000	165,000
*Note payable	103,755	-	5,164	98,591	5,417
*Compensated absences	140,378	139,739	140,378	139,739	139,739
*Net pension liability	<u>483,540</u>	<u>688,633</u>	<u>-</u>	<u>1,172,173</u>	<u>-</u>
Total	<u>\$2,968,587</u>	<u>\$7,197,891</u>	<u>\$ 468,115</u>	<u>\$9,698,363</u>	<u>\$ 421,121</u>

\* Typically liquidated with General Fund resources.

**5. OTHER INFORMATION**

**A. Risk management**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance coverage on real and personal property, automobiles, and liability with a private insurance carrier.

**B. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s counsel the resolution of these matters will most likely not have a material effect on the financial condition of the government.

**C. Joint venture**

Under Georgia law, the City, in conjunction with other cities and counties in the thirteen County Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. During its year ended December 31, 2020, the City paid all dues assessed. Membership in the ARC is required by the *Official Code of Georgia Annotated* (OCGA) Section 50-8-34 which provides for the organization structure of the Regional Commission (RC) in Georgia. The ARC 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 an RC. Separate financial statements may be obtained from:

Atlanta Regional Commission  
40 Courtland St. NE  
Atlanta, GA 30303

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. OTHER INFORMATION – (Continued)**

**D. Hotel/Motel tax**

The City has levied a lodging tax pursuant to state statutes. A summary of the transactions for the year ended December 31, 2020, follows:

Receipts	
Hotel/Motel tax collected	\$ 68,526
Expenditures	
Visitors Center/Tourism	48,429
Administrative	<u>11,495</u>
	<u>\$ 8,602</u>

**E. Employee retirement system and pension plans**

**Defined Benefit Pension Plan**

**Plan Description –**

The City, as authorized by the City Council, has established a non-contributory defined pension plan, City of Jonesboro Retirement Plan (JRP), covering all full-time employees. JRP is affiliated with the Georgia Municipal Employees 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. 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 by writing to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia, 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire on reaching the age of 65, depending on their classification. Early retirement is possible on reaching the age of 55, depending on the member’s classification. In addition, police officers can retire at age 55 and 10 years of service with full benefits. Benefits are calculated at 1.75% of the average monthly earnings for the period of the five highest years’ earnings prior to retirement.

Current membership in the plan is as follows:

Retirees and beneficiaries currently receiving benefits	26
Terminated vested participants entitled to but not yet receiving benefits	17
Active participants	43
Active elected officials	<u>4</u>
Total number of participants	<u><u>90</u></u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. OTHER INFORMATION – (Continued)**

*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 is to contribute an amount equal to the recommended contribution described below. For 2020, the actuarially determined contribution rate was 7.21% of covered payroll. For 2020, the City's contribution to the plan totaled \$145,905.

**Net Pension Liability of the City**

Effective October 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

The City's net pension liability was measured as of July 1, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of March 31, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of July 1, 2020.

*Actuarial assumptions:* The total pension liability in the March 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

The actuarial assumptions used in the July 1, 2020 valuation were based on results of an actuarial experience study for the period January 1, 2015 – June 30, 2019. There is no cost of living adjustment by the Plan.

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. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:



**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. OTHER INFORMATION – (Continued)**

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected real rate of return*</u>
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	0%	0.00%

\* Rates shows 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. Base on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

*Changes in the Net Pension Liability of the City:* The changes in the components of the net pension liability of the City for the year ended December 31, 2020, were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) – (b)</u>
Balances at December 31, 2019	\$ 3,034,794	\$ 2,551,254	\$ 483,540
Changes for the year:			
Service cost	105,574	-	105,574
Interest	228,775	-	228,775
Differences between expected and actual experience	9,440	-	9,440
Net investment income	-	(161,099)	161,099
Benefit payments, including refunds of employee contributions	(180,058)	(180,058)	-
Administrative expense	-	(14,006)	14,006
Other	169,739	-	169,739
Net changes	<u>333,470</u>	<u>(355,163)</u>	<u>688,633</u>
Balances at December 31, 2020	<u>\$ 3,368,264</u>	<u>\$ 2,196,091</u>	<u>\$ 1,172,173</u>

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.

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**5. OTHER INFORMATION – (Continued)**

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the City, calculated using the discount rate of 7.375 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease <u>(6.375%)</u>	Current Discount Rate <u>(7.375%)</u>	1% Increase <u>(8.375%)</u>
City’s net pension liability	\$ 1,605,399	\$ 1,172,173	\$ 812,748

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 July 1, 2020, and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2020, the City recognized pension expense of \$249,053. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expense	\$ 65,078	\$ (106,452)
Changes in assumptions	147,035	-
Net difference between projected and actual earnings on pension plan investments	<u>275,202</u>	<u>-</u>
Total	<u>\$ 487,315</u>	<u>\$ (106,452)</u>

Amounts reports as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2021	\$ 97,335
2022	116,235
2023	98,260
2024	<u>69,033</u>
	<u>\$ 380,863</u>

**CITY OF JONESBORO, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS – (Continued)**

**6. POST EMPLOYMENT BENEFITS**

Pursuant to City statutes, employees who retire with 30 or more years of service, but before they have attained the age to be eligible for Medicare benefits, the City provides health care coverage for up to 36 months. For the year 2020, no retired employees were eligible for this health care benefit.

**CITY OF JONESBORO, GEORGIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Total pension liability</b>					
Service cost	\$ 105,574	\$ 103,671	\$ 99,296	\$ 97,219	\$ 94,317
Interest	228,775	230,023	204,176	206,386	197,911
Differences between expected and actual experience	9,440	(177,421)	144,995	(163,271)	(17,710)
Changes of assumptions	169,739	-	49,323	-	-
Benefit payments, including refunds of employee contributions	<u>(180,058)</u>	<u>(169,566)</u>	<u>(168,465)</u>	<u>(169,226)</u>	<u>(161,104)</u>
<b>Net change in total pension liability</b>	333,470	(13,293)	329,325	(28,892)	113,414
<b>Total pension liability – beginning</b>	<u>3,034,794</u>	<u>3,048,087</u>	<u>2,718,762</u>	<u>2,747,654</u>	<u>2,634,240</u>
<b>Total pension liability – ending (a)</b>	<u>\$ 3,368,264</u>	<u>\$ 3,034,794</u>	<u>\$ 3,048,087</u>	<u>\$ 2,718,762</u>	<u>\$ 2,747,654</u>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$ -	\$ 133,244	\$ 108,278	\$ 112,169	\$ 213,208
Net investment income	(161,099)	87,117	280,433	256,230	3,672
Benefit payments, including refunds of employee contributions	(180,058)	(169,566)	(168,465)	(169,226)	(161,104)
Administrative expenses	<u>(14,006)</u>	<u>(13,934)</u>	<u>(13,496)</u>	<u>(13,792)</u>	<u>(11,558)</u>
<b>Net change in plan fiduciary net pension</b>	(355,163)	36,861	206,750	185,381	44,218
<b>Plan fiduciary net position – beginning</b>	<u>2,551,254</u>	<u>2,514,393</u>	<u>2,307,643</u>	<u>2,122,262</u>	<u>2,078,044</u>
<b>Plan fiduciary net position – ending (b)</b>	<u>\$ 2,196,091</u>	<u>\$ 2,551,254</u>	<u>\$ 2,514,393</u>	<u>\$ 2,307,643</u>	<u>\$ 2,122,262</u>
<b>City's net pension liability – ending (a) - (b)</b>	<u>\$ 1,172,173</u>	<u>\$ 483,540</u>	<u>\$ 533,694</u>	<u>\$ 411,119</u>	<u>\$ 625,392</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.20%	84.07%	82.49%	84.88%	77.24%
<b>Covered-employee payroll</b>	\$ 1,999,919	\$ 2,071,964	\$ 2,167,522	\$ 1,894,803	\$ 1,857,003
City's net pension liability as a percentage of covered employee payroll	58.61%	23.34%	24.62%	21.70%	33.68%

**Notes to the Schedule**

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

**CITY OF JONESBORO, GEORGIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS – CONTINUED**

	2015
<b>Total pension liability</b>	
Service cost	\$ 88,349
Interest	188,558
Differences between expected and actual experience	45,382
Changes of assumptions	(44,312)
Benefit payments, including refunds of employee contributions	(153,488)
<b>Net change in total pension liability</b>	124,489
<b>Total pension liability – beginning</b>	<u>2,509,751</u>
<b>Total pension liability – ending (a)</b>	<u>\$ 2,634,240</u>
 <b>Plan fiduciary net position</b>	
Contributions – employer	\$ -
Net investment income	191,788
Benefit payments, including refunds of employee contributions	(153,488)
Administrative expenses	(8,729)
<b>Net change in plan fiduciary net position</b>	29,571
<b>Plan fiduciary net position – beginning</b>	<u>2,048,473</u>
<b>Plan fiduciary net position – ending (b)</b>	<u>\$ 2,078,044</u>
 <b>City's net pension liability – ending (a) - (b)</b>	<u>\$ 556,196</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	78.89%
 <b>Covered-employee payroll</b>	\$ 1,741,566
 City's net pension liability as a percentage of covered employee payroll	31.94%

**Notes to the Schedule**

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

**CITY OF JONESBORO, GEORGIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ - <sup>1</sup>	\$ 133,244	\$ 108,278	\$ 112,169	\$ 118,870
Contributions in relation to the actuarially determined	\$ - <sup>1</sup>	\$ 133,244 <sup>2</sup>	\$ 108,278	\$ 112,169	\$ 118,870
Contribution deficiency (excess)	\$ - <sup>1</sup>	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ - <sup>1</sup>	\$ 2,071,964 <sup>3</sup>	\$ 2,167,522	\$ 1,894,803	\$ 1,857,003
Contributions as a percentage of Covered-employee payroll	- <sup>1</sup>	6.43%	5.00%	5.92%	6.40%

<sup>1</sup> 2020 information will be determined after fiscal year end and will be included in the 2021 valuation report.

<sup>2</sup> Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

<sup>3</sup> 2019 covered payroll is based on data collected as of March 31, 2019 for the 2019 actuarial valuation.

**Notes to the Schedule**

Valuation date	July 1, 2020
Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 16 years
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
<b>Actuarial assumptions:</b>	
Investment rate of return	7.375%
Projected salary increase	2.25% plus service based merit increases

**CITY OF JONESBORO, GEORGIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CITY CONTRIBUTIONS – CONTINUED**

	2015
Actuarially determined contribution	\$ 94,338
Contributions in relation to the actuarially determined Contribution	94,338
Contribution deficiency (excess)	\$ <u><u>          -</u></u>
Covered-employee payroll	1,741,566
Contributions as a percentage of Covered-employee payroll	5.42%

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



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

	Special Revenue Funds					
	Confiscated Fund	DEA Confiscated Fund	LMIG Fund	Hotel/Motel Tax Fund	Technology Fund	Downtown Development Authority
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 42,586	\$ 90,629	\$ 46,063	\$ 100,463	\$ 2,769	\$ 85,194
Other receivables	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>      7,861</u>	<u>          -</u>	<u>          -</u>
Total assets	<u>\$ 42,586</u>	<u>\$ 90,629</u>	<u>\$ 46,063</u>	<u>\$ 108,324</u>	<u>\$ 2,769</u>	<u>\$ 85,194</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 7,791	\$ -	\$ -
Due to other funds	-	3,923	-	-	-	-
Fund balance:						
Restricted	42,586	86,706	46,063	100,533	2,769	-
Assigned	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>      85,194</u>
Total liabilities and fund balance	<u>\$ 42,586</u>	<u>\$ 90,629</u>	<u>\$ 46,063</u>	<u>\$ 108,324</u>	<u>\$ 2,769</u>	<u>\$ 85,194</u>

**CITY OF JONESBORO, GEORGIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS – (CONTINUED)  
 DECEMBER 31, 2020**

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>SPLOST Fund</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 38,415	\$ 406,119
Other receivables	<u>          -</u>	<u>      7,861</u>
Total assets	<u>\$ 38,415</u>	<u>\$ 413,980</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Current liabilities:		
Accounts payable	\$ -	\$ 7,791
Due to other funds	-	3,923
Fund balance:		
Restricted	38,415	317,072
Assigned	<u>          -</u>	<u>      85,194</u>
Total liabilities and fund balance	<u>\$ 38,415</u>	<u>\$ 413,980</u>

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

	Special Revenue Funds				
	Confiscated Fund	DEA Confiscated Fund	LMIG Fund	Hotel/ Motel Tax Fund	Technology Fund
<b>REVENUES:</b>					
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ 68,526	\$ -
Intergovernmental	-	-	116,419	-	-
Fines and forfeitures	-	-	-	-	38,381
Interest on investments	-	-	2	-	-
Miscellaneous	-	739	-	-	-
Program receipts	848	27,630	-	-	-
Issuer fees	-	-	-	-	-
Membership fees	-	-	-	-	-
<b>Total revenues</b>	<u>848</u>	<u>28,369</u>	<u>116,421</u>	<u>68,526</u>	<u>38,381</u>
<b>EXPENDITURES:</b>					
Current:					
Administrative	-	-	-	59,924	-
Police	-	739	-	-	53,680
Community development	-	-	-	-	-
<b>Total current expenditures</b>	<u>-</u>	<u>739</u>	<u>-</u>	<u>59,924</u>	<u>53,680</u>
Capital outlay:					
Police	-	18,588	-	-	-
Street and public works	-	-	131,689	-	-
<b>Total capital outlay</b>	<u>-</u>	<u>18,588</u>	<u>131,689</u>	<u>-</u>	<u>-</u>
Debt service:					
Principal	-	52,650	-	-	-
Interest	-	7,023	-	-	-
<b>Total debt service</b>	<u>-</u>	<u>59,673</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>79,000</u>	<u>131,689</u>	<u>59,924</u>	<u>53,680</u>
(Deficiency) Excess of revenues over expenditures	<u>848</u>	<u>(50,631)</u>	<u>(15,268)</u>	<u>8,602</u>	<u>(15,299)</u>
Other financing sources:					
Transfers	-	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>848</u>	<u>(50,631)</u>	<u>(15,268)</u>	<u>8,602</u>	<u>(15,299)</u>
Fund balance, beginning of year	<u>41,738</u>	<u>137,337</u>	<u>61,331</u>	<u>91,931</u>	<u>18,068</u>
Fund balance, end of year	<u>\$ 42,586</u>	<u>\$ 86,706</u>	<u>\$ 46,063</u>	<u>\$ 100,533</u>	<u>\$ 2,769</u>

**CITY OF JONESBORO, GEORGIA**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS – (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
	Downtown Development Authority	SPLOST Fund	
<b>REVENUES:</b>			
Hotel/Motel tax	\$ -	\$ -	\$ 68,526
Intergovernmental	-	-	116,419
Fines and forfeitures	-	-	38,381
Interest on investments	18	-	20
Miscellaneous	10,955	-	11,694
Program receipts	-	-	28,478
Issuer fees	15,636	-	15,636
Membership fees	<u>10,800</u>	<u>-</u>	<u>10,800</u>
 Total revenues	 <u>37,409</u>	 <u>-</u>	 <u>289,954</u>
<b>EXPENDITURES:</b>			
Current:			
Administrative	-	-	59,924
Police	-	-	54,419
Community development	<u>8,881</u>	<u>-</u>	<u>8,881</u>
Total current expenditures	<u>8,881</u>	<u>-</u>	<u>123,224</u>
Capital outlay:			
Police	-	-	18,588
Street and public works	<u>-</u>	<u>58,501</u>	<u>190,190</u>
Total capital outlay	<u>-</u>	<u>58,501</u>	<u>208,778</u>
Debt service:			
Principal	5,164	-	57,814
Interest	<u>5,027</u>	<u>-</u>	<u>12,050</u>
Total debt service	<u>10,191</u>	<u>-</u>	<u>69,864</u>
 Total expenditures	 <u>19,072</u>	 <u>58,501</u>	 <u>401,866</u>
(Deficiency) Excess of revenues over expenditures	<u>18,337</u>	<u>(58,501)</u>	<u>(111,912)</u>
Other financing sources:			
Transfers	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total other financing sources	<u>10,000</u>	<u>-</u>	<u>10,000</u>
 Net change in fund balance	 28,337	 (58,501)	 (101,912)
 Fund balance, beginning of year	 <u>56,857</u>	 <u>96,916</u>	 <u>504,178</u>
 Fund balance, end of year	 <u>\$ 85,194</u>	 <u>\$ 38,415</u>	 <u>\$ 402,266</u>

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
CONFISCATED ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Program receipts	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>848</u>	\$ <u>(9,152)</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>848</u>	<u>(9,152)</u>
<b>EXPENDITURES</b>				
Current:				
Police	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total current expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Capital outlay:				
Police	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	848	\$ <u>848</u>
Fund balance, beginning of year			<u>41,738</u>	
Fund balance, end of year			\$ <u>42,586</u>	

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
DEA CONFISCATED ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 739	\$ (19,261)
Program receipts	<u>80,000</u>	<u>80,000</u>	<u>27,630</u>	<u>(52,370)</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>28,369</u>	<u>(71,631)</u>
<b>EXPENDITURES</b>				
Current:				
Police	<u>20,000</u>	<u>20,000</u>	<u>739</u>	<u>19,261</u>
Total current expenditures	<u>20,000</u>	<u>20,000</u>	<u>739</u>	<u>19,261</u>
Capital outlay:				
Police	<u>80,000</u>	<u>80,000</u>	<u>18,588</u>	<u>61,412</u>
Total capital outlay	<u>80,000</u>	<u>80,000</u>	<u>18,588</u>	<u>61,412</u>
Debt service:				
Principal	-	-	52,650	(52,650)
Interest	<u>-</u>	<u>-</u>	<u>7,023</u>	<u>(7,023)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>59,673</u>	<u>(59,673)</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>79,000</u>	<u>21,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(50,631)	<u>\$ (50,631)</u>
Fund balance, beginning of year			<u>137,337</u>	
Fund balance, end of year			<u>\$ 86,706</u>	

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
LMIG FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 116,419	\$ 116,419
Interest on investments	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total revenues	<u>-</u>	<u>-</u>	<u>116,421</u>	<u>116,421</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Street	<u>-</u>	<u>-</u>	<u>131,689</u>	<u>(131,689)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>131,689</u>	<u>(131,689)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(15,268)	<u>\$ (15,268)</u>
Fund balance, beginning of year			<u>61,331</u>	
Fund balance, end of year			<u>\$ 46,063</u>	

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
HOTEL/MOTEL TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Taxes				
Hotel/Motel tax	\$ <u>60,000</u>	\$ <u>60,000</u>	\$ <u>68,526</u>	\$ <u>8,526</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>68,526</u>	<u>8,526</u>
<b>EXPENDITURES</b>				
Current:				
Administrative	<u>60,000</u>	<u>60,000</u>	<u>59,924</u>	<u>76</u>
Total current expenditures	<u>60,000</u>	<u>60,000</u>	<u>59,924</u>	<u>76</u>
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>59,924</u>	<u>76</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	8,602	\$ <u>8,602</u>
Fund balance, beginning of year			<u>91,931</u>	
Fund balance, end of year			<u>\$ 100,533</u>	



**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
TECHNOLOGY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Fines and forfeitures	\$ <u>48,000</u>	\$ <u>48,000</u>	\$ <u>38,381</u>	\$ <u>(9,619)</u>
Total revenues	<u>48,000</u>	<u>48,000</u>	<u>38,381</u>	<u>(9,619)</u>
<b>EXPENDITURES</b>				
Current:				
Police	<u>48,000</u>	<u>48,000</u>	<u>53,680</u>	<u>(5,680)</u>
Total current expenditures	<u>48,000</u>	<u>48,000</u>	<u>53,680</u>	<u>(5,680)</u>
Total expenditures	<u>48,000</u>	<u>48,000</u>	<u>53,680</u>	<u>(5,680)</u>
Net change in fund balance	\$ <u>          -</u>	\$ <u>          -</u>	(15,299)	\$ <u>(15,299)</u>
Fund balance, beginning of year			<u>18,068</u>	
Fund balance, end of year			\$ <u>2,769</u>	

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
DOWNTOWN DEVELOPMENT AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>BUDGET AMOUNTS</u>			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Interest on investments	\$ -	\$ -	\$ 18	\$ 18
Miscellaneous	42,500	26,500	10,955	(15,545)
Issuer fees	15,000	15,636	15,636	-
Membership revenue	<u>13,000</u>	<u>10,700</u>	<u>10,800</u>	<u>100</u>
Total revenues	<u>70,500</u>	<u>52,836</u>	<u>37,409</u>	<u>(15,427)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>80,500</u>	<u>67,200</u>	<u>8,881</u>	<u>58,319</u>
Total current expenditures	<u>80,500</u>	<u>67,200</u>	<u>8,881</u>	<u>58,319</u>
Debt service:				
Principal	-	-	5,164	(5,164)
Interest	<u>-</u>	<u>-</u>	<u>5,027</u>	<u>(5,027)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>10,191</u>	<u>(10,191)</u>
Total expenditures	<u>80,500</u>	<u>67,200</u>	<u>19,072</u>	<u>48,128</u>
(Deficiency) Excess of revenues (under) over expenditures	<u>(10,000)</u>	<u>(14,364)</u>	<u>18,337</u>	<u>32,701</u>
Other financing sources:				
Transfers	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>(4,364)</u>	28,337	\$ <u>32,701</u>
Fund balance, beginning of year			<u>56,857</u>	
Fund balance, end of year			\$ <u>85,194</u>	

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
URBAN REDEVELOPMENT AGENCY  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>TOTAL ESTIMATED PROJECT COSTS</u>	<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>TOTAL</u>
<b>EXPENDITURES</b>				
Park construction	\$ 8,292,500	\$ 2,420,029	\$ 5,351,966	\$ 7,771,995
Bond issuance costs	<u>207,500</u>	<u>207,500</u>	<u>-</u>	<u>207,500</u>
	<u>\$ 8,500,000</u>	<u>\$ 2,627,529</u>	<u>\$ 5,351,966</u>	<u>\$ 7,979,495</u>

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF PROJECTS CONSTRUCTED  
WITH SPECIAL SALES TAX PROCEEDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Project	SPLOST Total Estimated Project Costs	Expenditures		Total
		Prior Years	Current Year	
<b>SPLOST 2012:</b>				
Streets, curbs, and sidewalks	\$ 3,170,000	\$ 1,898,798	\$ 58,501	\$ 1,957,299
Cemetery remapping, paving, and lighting	450,000	-	-	-
Gateway projects	500,000	-	-	-
Streetscape projects	2,150,000	2,150,000	-	2,150,000
Parks and recreation facilities	<u>1,850,000</u>	<u>1,161,175</u>	<u>-</u>	<u>1,161,175</u>
	<u>\$ 8,120,000</u>	<u>\$ 5,209,973</u>	<u>\$ 58,501</u>	<u>\$ 5,268,474</u>
<b>SPLOST 2015:</b>				
Infrastructure projects	\$ 2,205,039	\$ 2,902,919	\$ 76,972	\$ 2,979,891
Public safety – public works Equipment and vehicles	450,000	-	38,909	38,909
Park enhancements	300,000	693,618	160,000	853,618
Municipal complex	<u>2,000,000</u>	<u>142,300</u>	<u>163,707</u>	<u>306,007</u>
	<u>\$ 4,955,039</u>	<u>\$ 3,738,837</u>	<u>\$ 439,588</u>	<u>\$ 4,178,425</u>

SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council  
City of Jonesboro, 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, each major fund, and the aggregate remaining fund information of the City of Jonesboro, Georgia as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Jonesboro, Georgia’s basic financial statements and have issued our report thereon dated December 20, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Jonesboro, Georgia’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 City of Jonesboro, Georgia’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Jonesboro, Georgia’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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule

of findings and questioned costs as items 2020-001 and 2020-003 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Jonesboro, Georgia'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-002.

### **City of Jonesboro, Georgia's Response to the Finding**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in blue ink that reads "Fulton + Koyak, LLC". The signature is written in a cursive, flowing style.

Morrow, Georgia  
December 20, 2021

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

To the Honorable Mayor and Members of City Council  
City of Jonesboro, Georgia

**Report on Compliance for Each Major Federal Program**

We have audited City of Jonesboro, Georgia's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of City of Jonesboro, Georgia's major federal programs for the year ended December 31, 2020. City of Jonesboro, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Jonesboro, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Jonesboro, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Jonesboro, Georgia's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, City of Jonesboro, Georgia complied, in all material respects, with the types of 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, 2020.

### **Report on Internal Control over Compliance**

Management of City of Jonesboro, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Jonesboro, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jonesboro, Georgia's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

## **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jonesboro, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Jonesboro, Georgia's basic financial statements. We issued our report thereon dated December 20, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Morrow, Georgia  
December 20, 2021

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor / Program Title	Grant ID No.	CFDA Number	Passed through to Subrecipients	Revenue/ Expenditures
CDBG Entitlement Grants Cluster -				
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through Clayton County, Georgia</i>				
Community Development Block Grants	B-18-UC-13-0005	14.218	\$ -	\$ 152,022
Community Development Block Grants	B-19-UC-13-0005	14.218	-	636,619
Community Development Block Grants	B-2020-UC-13-0005	14.218	-	200,000
COVID-19 Community Development Block Grants	B-20-UW-13-005	14.218	-	189,000
Total Community Development Block Grants			-	1,177,641
<b>Total U.S. Department of Housing and Urban Development</b>			-	1,177,641
Total CDBG Entitlement Grants Cluster			-	1,177,641
Other Programs -				
<b>U.S. Department of Treasury</b>				
<i>Passed through State of Georgia</i>				
Coronavirus Relief Fund	N/A	21.019	-	259,749
<b>Total U.S. Department of Commerce</b>			-	259,749
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 1,437,390

*See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.*

**CITY OF JONESBORO, GEORGIA**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2020**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) includes the federal award activity of City of Jonesboro, Georgia (the “City”) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Costs**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2020**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

	Yes	No	None Reported
• Material weakness(es) identified?		X	
• Significant deficiencies identified that are not considered to be material weaknesses?	X		
Noncompliance material to financial statements noted?		X	

**Federal Awards**

Internal control over major programs:

• Material weakness(es) identified?		X	
• Significant deficiencies identified that are not considered to be material weaknesses?			X

Type of auditor’s report issued on compliance for Major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?

	X	
--	---	--

Identification of major federal programs:

14.218 Community Development Block Grants/Entitlement Grants Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000		
	Yes	No

Auditee qualified as low-risk auditee?

X

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Section II – Financial Statement Findings**

**Internal Control Finding:**

**2020-001: Significant Number of Proposed Adjustments**

**Criteria:** The auditor had to make a high number of journal entries, some material, during the audit.

**Condition:** These misstatements were not discovered during the course of closing the books and records of the city indicating a deficiency in internal controls over the financial reporting process.

**Effect:** Without the adjustments made throughout the year, the financial statements that are given to the council for review are misstated and could lead to decisions being made on incomplete financial information.

**Recommendations:** We recommend that on a monthly basis the City review the financials and work with the finance manager to close out the books, making any necessary adjustments.

**Views of Responsible  
Officials and Corrective  
Actions:**

The City agrees with this finding. Please refer to the Corrective Action Plan.

**Compliance Finding:**

**2020-002: SPLOST Funds in Excess of Voter Approved Referendum**

**Criteria:** SPLOST Funds were spent in excess of the specified budget in the voter approved referendum.

**Condition:** Georgia Law requires that SPLOST funds be used for the purposes and amounts specified in the voter approved referendum.

**Cause:** SPLOST spending has not been tracked in comparison with the budget specified in the voter approved referendum.

**Effect:** SPLOST funds were not spent in accordance with the voter approved referendum.

**Recommendations:** The City should track SPLOST funds to ensure they are not spending funds in excess of voter approved referendum.

**CITY OF JONESBORO, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Views of Responsible  
Officials and Corrective**

**Actions:** The City agrees with this finding. Please refer to the Corrective Action Plan.

**Finding 2020-003: Schedule of Expenditures of Federal Awards**

**Criteria:** 2 CFR 200.510(b) – Schedule of expenditures of Federal awards – The auditee must prepare a SEFA for the period covered by the auditee’s financial statements. The SEFA must list total Federal awards expended listed by CFDA number, the name of the Pass Through Entity and the identifying number assigned, and include notes that describe the significant accounting policies used in preparing the schedule.

**Condition:** The Schedule of Expenditures of Federal and State Awards (SEFA) did not contain all appropriate information required of the auditee. These errors were corrected during the course of the audit. However, the occurrence of these errors indicates a lack of internal controls over the preparation of a complete and accurate SEFA.

**Effect:** Absent effective procedures for reviewing the SEFA and notes to the SEFA, information may not be reported accurately and in accordance with Federal and other guidelines.

**Recommendation:** We recommend that the City enhance review procedures to ensure that the amounts and information reported on the SEFA and notes to the SEFA are completed, accurate and presented in accordance with Federal and other guidelines.

**Views of Responsible  
Officials and Corrective**

**Actions:** The City agrees with this finding. Please refer to the Corrective Action Plan.

**Section III – Federal Award Findings and Questioned Costs**

*There were no findings related to federal awards for the year ended December 31, 2020.*

**CITY OF JONESBORO, GEORGIA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Financial Statement Findings:**

**Internal Control Finding:**

**2019-001: Significant Number of Proposed Adjustments**

- Criteria:** The auditor had to make a high number of journal entries, some material, during the audit.
- Condition:** These misstatements were not discovered during the course of closing the books and records of the city indicating a deficiency in internal controls over the financial reporting process.
- Effect:** Without the adjustments made throughout the year, the financial statements that are given to the council for review are misstated and could lead to decisions being made on incomplete financial information.
- Status:** Unresolved. See current year finding 2020-001.

**Compliance Findings:**

**2019-002: SPLOST Funds in Excess of Voter Approved Referendum**

- Criteria:** SPLOST Funds were spent in excess of the specified budget in the voter approved referendum.
- Condition:** Georgia Law requires that SPLOST funds be used for the purposes and amounts specified in the voter approved referendum.
- Cause:** SPLOST spending has not been tracked in comparison with the budget specified in the voter approved referendum.
- Effect:** SPLOST funds were not spent in accordance with the voter approved referendum.
- Status:** Unresolved. See current year finding 2020-002.



**CITY OF JONESBORO, GEORGIA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**2019-003: SPLOST Funds Used for Other Fund Expenditures**

<b>Criteria:</b>	SPLOST Funds were used on project expenditures that should have been paid from other funds of the City.
<b>Condition:</b>	Georgia Law does not allow for SPLOST Funds to be loaned to other funds.
<b>Cause:</b>	The City did not follow the proper procedures in identifying the proper fund to pay the expenditures out of. The City wrote the check out of SPLOST in mid-December. When the error was recognized, the funds were transferred back into SPLOST in January.
<b>Effect:</b>	SPLOST funds were erroneously used to pay for expenditures of another fund.
<b>Status:</b>	Resolved.

December 17, 2021

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Finding: 2020-001 Significant Number of Proposed Adjustments**

**Correction action:** Management will institute measures to ensure proper statement of financials at year-end.

**Responsible Person:** Nina Robinson, Finance Director

**Proposed completion date:** August 1, 2021

**Finding: 2020-002 SPLOST Funds in Excess of Voter Approved Referendum**

**Correction action:** A large reason for this error was due to the City's decision to participate in the Enterprise Lease Program in lieu of purchasing vehicles so that the City could institute its first Capital Improvement Plan. Strategically the governing body attempted to amend the budget by resolution to mitigate the error that resulted in an over expenditure. The city will make sure that the remaining SPLOST funds are properly expended and that any required amendments are approved by voter referendum.

**Responsible Person:** Nina Robinson, Finance Director

**Proposed completion date:** August 1, 2021

**Finding: 2020-003 Schedule of Expenditures of Federal Awards**

**Correction action:** Management has been made aware of the issue related to preparing the SEFA in advance and has gained a full understanding of the importance of tracking revenue and expenditures for compliance with the requirements for a Single Audit. The city will invest efforts into training staff and implementing processes that will provide for all future SEFA documents to be prepared in a timely and complete manner.

**Responsible Person:** Nina Robinson, Finance Director

**Proposed completion date:** August 1, 2021