

# **CITY OF JASPER, GEORGIA**

## **ANNUAL FINANCIAL REPORT**

**For the Calendar Year Ended  
December 31, 2015**



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**CITY OF JASPER, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended December 31, 2015**

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## **FINANCIAL SECTION**

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*The financial section includes the independent auditor's report on the financial statement audit, management's discussion and analysis, the basic financial statements including footnotes, and supplementary information.*

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## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Jasper, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of and for the year ended December 31, 2015, 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.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 3 through 12, the budgetary comparison information on pages 48 through 49, and the required supplementary information on pages 50 through 53, respectively, 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 Jasper, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax 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 and the schedule of projects financed with special purpose local option sales tax 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 financed with special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2016, on our consideration of the City of Jasper, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jasper, Georgia's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia

May 31, 2016





## City of Jasper

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Jasper, GA 30143  
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Mayor  
John Weaver

Mayor Pro Tem  
Jim Looney

Council  
Allison Boyle  
Tony Fountain  
John Foust  
Anne Sneve

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jasper, it is our pleasure to present this narrative discussion and analysis of the City of Jasper's financial performance, providing an overview of the activities for the year ended December 31, 2015. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Jasper. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

#### Financial Highlights

- The City of Jasper's assets exceeded its liabilities at December 31, 2015, by \$23,091,839 (reported as *net position*).
- As of December 31, 2015, Jasper's governmental funds reported combined ending fund balances of \$1,974,206. Approximately 60% of this total amount, \$1,177,545, is available for spending at the City Council's discretion (unassigned fund balance of the General Fund).

More detailed information regarding these activities and funds begins on page 6.

#### Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to the City of Jasper's basic financial statements. The City of Jasper's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

#### Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Jasper and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The purpose of the **Statement of Net Position** (pages 13 - 14) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The **Statement of Activities** (page 15), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide the City of Jasper into three types of activities:

- **Governmental activities** – Most of the City’s basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.
- **Business-type activities** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City’s water and sewer system and garbage collection fees are reported in this category.
- **Discretely Presented Component Units** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Industrial Development Authority, Downtown Development Authority, and the Jasper Development Authority, although legally separate, functions for all practical purposes as departments of the City of Jasper, and therefore have been included as an integral part of the primary government.

The City’s government-wide financial statements are presented on pages 13-15.

#### **Fund Financial Statements (Reporting the City’s Major Funds)**

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City’s non-major funds can be found beginning on page 54. The City’s funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different accounting approaches.

- **Governmental Funds** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the City’s general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these 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. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided after each statement.

In addition to the General Fund, the City of Jasper maintains two governmental fund types:

1. Special Revenue Funds
2. Capital Projects 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 and 2014 SPLOST Capital Projects Fund, which are considered to be major funds. Information from the other four funds: the Technology Surcharge Special Revenue Fund; the Confiscated Assets Special Revenue Fund; the Hotel/Motel Tax Special Revenue Fund and the SPLOST 2008 Capital Projects Fund are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements in this report.

The City of Jasper adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The City's basic governmental fund financial statements are presented on pages 16-19 of this report.

- **Proprietary Funds** – When the City charges customers for the services it provides – whether to outside customers or to other departments of the City – these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

There are two types of proprietary funds, enterprise funds and internal service funds. The City of Jasper utilizes only enterprise funds. Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. The City of Jasper utilizes enterprise funds to account for its Water and Sewer system, which is reported as a major enterprise fund, and Sanitation function, which is reported as a nonmajor enterprise fund.

The City's proprietary fund financial statements are presented on pages 20-24.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Jasper's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City acts as a trustee or fiduciary for the Municipal Court Agency Fund.

The City's fiduciary fund financial statements are presented on page 25.

### **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 26-45 of this report.

### **Other Supplementary Information**

Other supplementary information includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the general fund which demonstrates compliance with the City's as adopted and final revised budgets.

## Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 13 - 14):

City of Jasper Statement of Net Position For the years ending December 31, 2015 and 2014						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current and other						
assets	\$ 3,178,909	\$ 2,925,136	\$ 1,652,254	\$ 1,474,539	\$ 4,831,163	\$ 4,399,675
Capital assets	6,787,680	3,468,750	20,825,979	21,372,663	27,613,659	24,841,413
Total Assets	9,966,589	6,393,886	22,478,233	22,847,202	32,444,822	29,241,088
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Total Deferred Outflow s						
of Resources	108,032	-	76,336	-	184,368	-
<b>LIABILITIES AND NET POSITION</b>						
Liabilities						
Current and other						
liabilities	396,584	537,695	1,307,508	1,204,248	1,704,092	1,741,943
Noncurrent liabilities	656,634	529,636	6,125,786	6,896,405	6,782,420	7,426,041
Total Liabilities	1,053,218	1,067,331	7,433,294	8,100,653	8,486,512	9,167,984
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Total Deferred Inflow s						
of Resources	1,021,131	975,750	29,708	-	1,050,839	975,750
<b>Net Position</b>						
Net investment in						
capital assets	6,262,039	2,953,929	14,204,463	13,982,816	20,466,502	16,936,745
Restricted	680,253	623,546	-	-	680,253	623,546
Unrestricted	1,057,980	773,330	887,104	763,733	1,945,084	1,537,063
Total Net Position	\$ 8,000,272	\$ 4,350,805	\$ 15,091,567	\$ 14,746,549	\$ 23,091,839	\$ 19,097,354

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Jasper exceeded liabilities by \$23,091,839 at the close of the current year. However, much of the net position either is restricted as to the purposes for which it can be used, or are invested in capital assets.

The largest portion (87%) of the City of Jasper's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses 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.

Although the net position of our business-type activities represents 65% (\$15,091,567) of total net position, these resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use the net position to finance the continuing operations of the business-type activities.

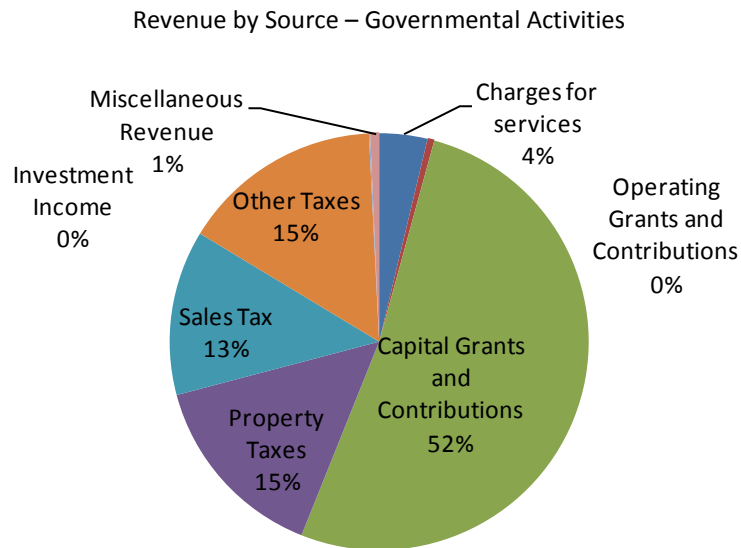
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City of Jasper's net position changed during the year.

City of Jasper  
Changes in Net Position  
For the years ending December 31, 2015 and 2014

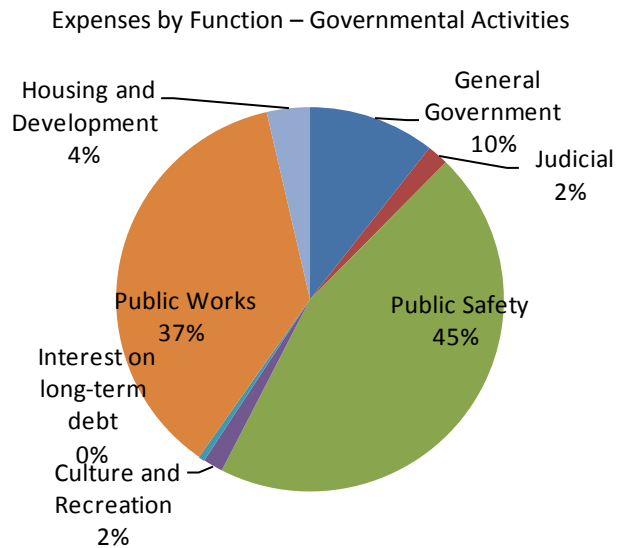
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
PROGRAM REVENUES						
Charges for services	\$ 306,470	\$ 261,552	\$ 4,116,370	\$ 3,614,519	\$ 4,422,840	\$ 3,876,071
Operating grants and contributions	43,444	26,868	-	-	43,444	26,868
Capital grants and contributions	4,258,185	558,974	6,830	160,236	4,265,015	719,210
General revenues:						
Property taxes	1,217,112	1,266,033	-	-	1,217,112	1,266,033
Sales tax	1,046,928	1,042,048	-	-	1,046,928	1,042,048
Other taxes	1,278,810	1,160,051	-	-	1,278,810	1,160,051
Investment income	4,848	3,416	1,012	931	5,860	4,347
Miscellaneous revenue	76,958	66,105	196,058	33,165	273,016	99,270
Total revenues	<u>8,232,755</u>	<u>4,385,047</u>	<u>4,320,270</u>	<u>3,808,851</u>	<u>12,553,025</u>	<u>8,193,898</u>
EXPENSES						
General Government	475,318	482,381	-	-	475,318	482,381
Judicial	80,620	88,493	-	-	80,620	88,493
Public Safety	2,045,261	1,974,807	-	-	2,045,261	1,974,807
Public Works	1,643,239	822,510	-	-	1,643,239	822,510
Culture and Recreation	74,275	67,566	-	-	74,275	67,566
Housing and Development	162,162	218,870	-	-	162,162	218,870
Interest on long-term debt	23,254	26,148	-	-	23,254	26,148
Water and sewer	-	-	3,825,538	3,556,438	3,825,538	3,556,438
Sanitation	-	-	93,780	85,570	93,780	85,570
Total expenses	<u>4,504,129</u>	<u>3,680,775</u>	<u>3,919,318</u>	<u>3,642,008</u>	<u>8,423,447</u>	<u>7,322,783</u>
Increase (decrease) in net position before transfers	3,728,626	704,272	400,952	166,843	4,129,578	871,115
Transfers	-	(3,785)	-	3,785	-	-
Increase (decrease) in net position	3,728,626	700,487	400,952	170,628	4,129,578	871,115
Net position - beginning, (original)	4,350,805	3,397,996	14,746,549	14,575,921	19,097,354	17,973,917
Prior period adjustments	(79,159)	252,322	(55,934)	-	(135,093)	252,322
Net position - beginning, (restated)	<u>4,271,646</u>	<u>3,650,318</u>	<u>14,690,615</u>	<u>14,575,921</u>	<u>18,962,261</u>	<u>18,226,239</u>
Net position - ending	<u>\$ 8,000,272</u>	<u>\$ 4,350,805</u>	<u>\$ 15,091,567</u>	<u>\$ 14,746,549</u>	<u>\$ 23,091,839</u>	<u>\$ 19,097,354</u>

## Governmental Activities –

The following chart depicts revenues of the governmental activities for the year ended December 31, 2015:



The following chart depicts the expenses of the governmental activities for the year ended December 31, 2015:



## Business-type Activities –

Business-type activities increased the City of Jasper's net position by \$400,952; this is \$230,324 more than the increase in net position for 2014. The key elements of this increase are:

- This increase is primarily due to an increase in the leachate dump fee charges in 2015. The City collected approximately \$543,000 in 2015 versus \$183,100 in 2014 in leachate dump fees. This was offset with additional costs to treat the leachate of approximately \$74,000. In addition, the City received grant money for the water pollution control plant additions in the amount of approximately \$200,000 in 2014. The completion of the additions also added approximately \$35,000 to the City's depreciation expense for 2015 versus 2014. Subsequent to the year ended December 31, 2015, the City settled an old outstanding debt. The write-off of the settlement was approximately \$176,000 and the City recorded this write-off as of December 31, 2015. This amount was an addition to miscellaneous revenue (see Note 19).

## Financial Analysis of the City's Funds

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

**Governmental Funds.** The focus of the City of Jasper'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'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 year.

As the City completed this year, its governmental funds reported a combined ending fund balance of \$1,974,206. Of this amount, \$1,177,545 (60%) constitutes unassigned fund balance, meaning no constraints have been placed on how this money may be spent. The General Fund is the only governmental fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party or assigned for a specific purpose.

The **General Fund** is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$1,177,545, while total fund balance was \$1,230,017. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33% of total General Fund expenditures, while total fund balance represents 34% of that same amount.

## General Fund Budget Highlights

The City's budget utilized a conservative approach based on available information. Emphasis was placed on long-term stability by meeting financial priorities through disciplined spending. The City employs a budget process whereby appropriations are revisited and compared to actual in order to determine if significant, unexpected variances are present. At this point, any necessary budget amendments are approved by City Council. The original budget for the General Fund was amended by various appropriations approved after the beginning of the year. In addition, Council approved several adjustments to prevent budget overruns.

Adjustments to the General Fund Expenditures: Adjustments were made from one department to another department to prevent budget overruns.

- In the Police Department, overtime salaries were more than estimated. Additionally, a police cruiser budgeted for 2014 was not purchased until the beginning of 2015 creating a budget overrun.
- In the Protective Inspection Department, Salaries were more than estimated due to the training of a replacement position.

## Proprietary Funds

The City of Jasper's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the City's two proprietary funds totaled as follows:

▪ Water and Sewer	\$ 15,061,716
▪ Sanitation	\$29,851

The total increase in net position for both funds was \$400,952. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

## Capital Assets and Debt Administration

**Capital Assets.** The City of Jasper has invested \$27,613,659 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 75% of this investment is related to business-type activities and approximately 25% relates to governmental activities.

During 2015, the City invested \$3,716,982 in new capital assets. Major capital asset events during the current year included the following:

### Business-type Activities 2015

Infrastructure - water line additions	\$ 39,782
Air conditioning unit for waste water plant	5,499
Generator - water plant	25,000
Equipment upgrades	30,907
Pump upgrades	41,035
Server for water/sewer administrative use	4,595
CIP - dredge out water source	2,889
	<u>\$ 149,707</u>

### Governmental-type Activities 2015

Land	\$ 2,166,285
Building improvements - completion of CIP	211
Fencing - parks	9,304
Infrastructure - roads addition	1,251,706
Vehicles - police	67,895
Extrication equipment - fire	39,613
Bush hog - street	6,800
Servers for court, finance and fire	25,461
	<u>\$ 3,567,275</u>



Capital assets held by the City at the end of the current year are summarized as follows:

City of Jasper  
Capital Assets (Net of Accumulated Depreciation)  
As of December 31, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,184,019	\$ 1,017,735	\$ 1,154,128	\$ 1,154,128	\$ 4,338,147	\$ 2,171,863
Construction in progress	2,500	11,109	4,774	2,016,134	7,274	2,027,243
Buildings and improvements	984,195	975,375	2,372,730	2,367,231	3,356,925	3,342,606
Infrastructure	2,535,570	1,283,864	26,091,639	24,037,608	28,627,209	25,321,472
Machinery and equipment	2,233,985	2,124,966	2,036,929	1,935,392	4,270,914	4,060,358
Park improvements	687,021	677,717	-	-	687,021	677,717
Furniture and fixtures	-	-	8,799	8,799	8,799	8,799
Total	9,627,290	6,090,766	31,668,999	31,519,292	41,296,289	37,610,058
Accumulated depreciation	(2,839,610)	(2,622,016)	(10,843,020)	(10,146,629)	(13,682,630)	(12,768,645)
Net Capital Assets	<u>\$ 6,787,680</u>	<u>\$ 3,468,750</u>	<u>\$20,825,979</u>	<u>\$21,372,663</u>	<u>\$27,613,659</u>	<u>\$24,841,413</u>

Additional information on the City of Jasper's capital assets can be found in the Note 7 to the Financial Statements on pages 34-35 of this report.

**Long-term debt.** At December 31, 2015, the City of Jasper had \$7,431,326 in long-term debt which was a decrease of \$663,612 from 2014. The decrease is attributed to the excess of repayment of debt over debt issued in 2015, as well as debt written off (see Note 19).

City of Jasper  
Outstanding Debt  
As of December 31, 2015 and 2014

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Capital leases	\$ 185,935	\$ 129,575	\$ 43,410	\$ 80,057	\$ 229,345	\$ 209,632
Notes payable	-	-	6,200,792	6,593,425	6,200,792	6,593,425
Notes payable - component unit	339,706	385,246	-	-	339,706	385,246
Other contracts payable	-	-	377,314	626,077	377,314	626,077
Compensated absences	177,659	178,553	106,510	102,005	284,169	280,558
Total	<u>\$ 703,300</u>	<u>\$ 693,374</u>	<u>\$6,728,026</u>	<u>\$7,401,564</u>	<u>\$7,431,326</u>	<u>\$8,094,938</u>

Additional information on the City's long-term debt can be found in the Notes 10 and 11 to the Financial Statements on pages 36-41 of this report.

## **Economic Environment and Next Year's Budgets**

We, as management, in considering the current and forecasted economic conditions for 2016, continue to see a slow recovery period ahead. The City considered many factors when adopting the 2016 budget. The City's tax rates, fees and charges for services for governmental and business-type activities also dominated budget considerations. Although 2015 saw some growth in new industry and businesses for the City, we continue to experience slow growth in population and local businesses relative to the local economic conditions. The City has low to moderate cost of living and has comparable, sometimes lower, unemployment to relative state levels, and it expects a continued stable but eventually growing economic environment. In 2014, Pickens County residents voted to adopt a one percent special purpose local option sales tax (2014 SPLOST) over the next six years beginning July 1, 2014. The City is currently receiving 20 percent of monthly collections by the County, which allows for much needed street and road improvements. The City's budget conservatively will experience a small decrease in all other tax revenues during 2016 based on 2015 receipts. Due to the City's increase to municipal court fines to better compare with other Cities in the area, budgeted revenues from fines are increased approximately 60% over 2015. Enterprise fund revenues grew slightly and the City was able to contract with a local sanitation facility for leachate disposal for additional revenues which is reflected in the 2016 budget. The following are some of the major factors considered in preparing the City's budget for 2016:

- Sustainability of existing services – the City has operated with the philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the City. This philosophy is solidified in the budget process with a multi-year forecast mindset that assists in evaluating current priorities, realigning and diversifying revenue structures, and providing the data for decision making for continued financial success. Also, the management of the City strives to provide services at or above current level without further burdening those paying for those services, if at all possible.
- Cost of government – The rate of 4.69 mills has been the City's operating millage rate since 2006. The maintenance of a steady millage rate over the past 10 years is evidence of this government's commitment to a consistent and fair millage rate for property taxes that will continue to facilitate the provision of city services at the general public's expected level.
- Infrastructure improvements – The City continues to provide substantial capital funding to continue improving the water and sewer infrastructure. This long range plan to replace deteriorating infrastructure and continue to expand treatment facilities to serve the growing customer base was considered. Funding was also allocated for the replacement of police cruisers, park improvements and machinery and equipment necessary for city crews to operate efficiently. SPLOST revenue will allow major improvements to the road, street and bridge infrastructure of the City. These infrastructure improvements to the streets, as well as amounts budgeted to improve the water and sewer infrastructure will position the City well for future growth.
- Economy impact – The City's revenue and expenditures were implemented with a conservative approach to reflect the continued anticipation of stagnant economy, as seen in the past year and forecasted to continue into the next year.
- The City restricts the use of one-time revenues to capital projects.

For fiscal year 2016, the City Council approved a total budget of \$10,119,447. This budget includes operating and non-operating funds. The General Fund budget is \$4,025,155 and the Proprietary Funds are budgeted for \$4,694,428 (Water, Sewerage and Sanitation). Capital Projects Funds are budgeted at \$927,599. The City's budgets and relative fund balances are maintained in compliance with the City's adopted financial policies.

## **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact Lisa Hoyle, Finance Director/City Clerk, City of Jasper, Georgia, 200 Burnt Mountain Road, Jasper, GA 30143.

## **BASIC FINANCIAL STATEMENTS**

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*The basic financial statements include the government-wide statement of net position and government-wide statement of activities which include all of the primary government's governmental activities and business type activities. In addition, the basic financial statements include the fund financial statements and the notes to the financial statements.*

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**

				Component Units		
	Governmental Activities	Business-type Activities	Total Primary Government	Industrial Development Authority	Downtown Development Authority	Jasper Development Authority
ASSETS						
Current assets						
Cash	\$ 948,249	\$ 631,643	\$ 1,579,892	\$ -	\$ -	\$ 18,414
Restricted cash	12,134	566,992	579,126	1,000	9,092	-
Cash equivalents	529,426	-	529,426	-	-	-
Accounts receivable, net	-	474,301	474,301	-	-	-
Taxes receivable, net	1,291,574	-	1,291,574	-	-	-
Other receivables	70,095	1,365	71,460	-	-	-
Internal balances	128,212	(128,212)	-	-	-	-
Intergovernmental receivable	146,747	-	146,747	-	-	-
Interest receivable-primary government	-	-	-	-	455	-
Note receivable-primary government	-	-	-	-	297,346	-
Prepaid expenses	52,472	22,942	75,414	-	-	-
Inventories	-	83,223	83,223	-	-	-
Total current assets	3,178,909	1,652,254	4,831,163	1,000	306,893	18,414
Noncurrent assets						
Capital assets						
Non-depreciable	3,186,519	1,158,902	4,345,421	-	-	-
Depreciable (net)	3,601,161	19,667,077	23,268,238	-	-	-
Note receivable-primary government	-	-	-	-	42,360	-
Total noncurrent assets	6,787,680	20,825,979	27,613,659	-	42,360	-
Total Assets	9,966,589	22,478,233	32,444,822	1,000	349,253	18,414
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to the measurement date	59,143	41,791	100,934	-	-	-
Pension experience differences	48,889	34,545	83,434	-	-	-
Total Deferred Outflows of Resources	108,032	76,336	184,368	-	-	-
LIABILITIES						
Current liabilities						
Accounts payable	92,000	-	92,000	-	-	-
Accrued salaries	12,129	13,435	25,564	-	-	-
Accrued interest	2,457	17,441	19,898	-	455	-
Interest payable-component unit	455	-	455	-	-	-
Unearned revenue	77,356	8,000	85,356	-	-	-
Other accrued expenses	15,323	1,842	17,165	-	-	-
Liabilities Payable from Restricted Assets:						
Accounts payable	12,134	-	12,134	-	-	-
Customer deposits	-	566,992	566,992	-	-	-
Compensated absences	76,814	57,561	134,375	-	-	-
Notes payable	-	420,828	420,828	-	-	-
Capital leases	65,556	12,733	78,289	-	42,360	-
Note payable to component units	42,360	-	42,360	-	-	-
Other contracts payable	-	208,676	208,676	-	-	-
Total current liabilities	396,584	1,307,508	1,704,092	-	42,815	-
Notes payable	-	5,779,964	5,779,964	-	-	-
Capital leases	120,379	30,677	151,056	-	297,346	-
Note payable to component units	297,346	-	297,346	-	-	-
Other contracts payable	-	168,638	168,638	-	-	-
Compensated absences	100,845	48,949	149,794	-	-	-
Net pension liability	138,064	97,558	235,622	-	-	-
Total noncurrent liabilities	656,634	6,125,786	6,782,420	-	297,346	-
Total Liabilities	1,053,218	7,433,294	8,486,512	-	340,161	-

(Continued)

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total Primary <u>Government</u>	Component Units		
				Industrial Development <u>Authority</u>	Downtown Development <u>Authority</u>	Jasper Development <u>Authority</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>						
Pension assumption changes	16,866	11,919	28,785			-
Pension investment return	25,174	17,789	42,963			-
Unavailable revenue - property taxes	<u>979,091</u>	<u>-</u>	<u>979,091</u>	-	-	-
Total Deferred Inflows of Resources	<u>1,021,131</u>	<u>29,708</u>	<u>1,050,839</u>	-	-	-
<i>NET POSITION</i>						
Net investment in capital assets	6,262,039	14,204,463	20,466,502	-	-	-
Restricted for:						
Police and municipal court departments technological equipment and supplies	88,542		88,542			
Police department equipment and supplies	5,429		5,429			
Capital outlay	586,282	-	586,282	-	-	-
Economic Development	-	-	-	1,000	9,092	-
Unrestricted	<u>1,057,980</u>	<u>887,104</u>	<u>1,945,084</u>	-	-	18,414
Total Net Position	<u>\$ 8,000,272</u>	<u>\$ 15,091,567</u>	<u>\$ 23,091,839</u>	<u>\$ 1,000</u>	<u>\$ 9,092</u>	<u>\$ 18,414</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2015**

				Net (Expense) Revenue and Changes in Net Position						
Program Revenue				Primary Government			Component Units			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Jasper Development Authority
Primary Government										
Governmental Activities:										
General government	\$ 475,318	\$ 66,797	\$ -	\$ -	\$ (408,521)	\$ -	\$ (408,521)	\$ -	\$ -	\$ -
Judicial	80,620	31,667	-	-	(48,953)	-	(48,953)	-	-	-
Public safety	2,045,261	185,851	43,444	-	(1,815,966)	-	(1,815,966)	-	-	-
Public works	1,643,239	-	-	4,258,185	2,614,946	-	2,614,946	-	-	-
Culture and recreation	74,275	-	-	-	(74,275)	-	(74,275)	-	-	-
Housing and development	162,162	22,155	-	-	(140,007)	-	(140,007)	-	-	-
Interest charges	23,254	-	-	-	(23,254)	-	(23,254)	-	-	-
Total Governmental Activities	4,504,129	306,470	43,444	4,258,185	103,970	-	103,970	-	-	-
Business-type Activities:										
Water and sewer	3,825,538	4,027,218	-	6,830	-	208,510	208,510			
Sanitation	93,780	89,152	-	-	-	(4,628)	(4,628)			
Total Business-type Activities	3,919,318	4,116,370	-	6,830	-	203,882	203,882			
Total Primary Government	\$ 8,423,447	\$ 4,422,840	\$ 43,444	\$ 4,265,015	103,970	203,882	307,852			
Component Units--										
Industrial Development Authority	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
Downtown Development Authority	-	-	-	-				-	-	-
Jasper Development Authority	-	-	-	-				-	-	-
Total Component Units	\$ -	\$ -	\$ -	\$ -				-	-	-
General revenues:										
Taxes:										
Property taxes, levied for general purposes					1,217,112	-	1,217,112	-	-	-
General sales and use taxes					1,046,928	-	1,046,928	-	-	-
Franchise taxes					455,128	-	455,128	-	-	-
Selective sales and use taxes					425,774	-	425,774	-	-	-
Business taxes					397,908	-	397,908	-	-	-
Unrestricted investment earnings					4,848	1,012	5,860	-	22	46
Miscellaneous					76,958	196,058	273,016	-	-	-
Total general revenues					3,624,656	197,070	3,821,726	-	22	46
Change in net position					3,728,626	400,952	4,129,578	-	22	46
Net position, beginning (original)					4,350,805	14,746,549	19,097,354	1,000	9,070	18,368
Prior period adjustments					(79,159)	(55,934)	(135,093)	-	-	-
Net position, beginning (restated)					4,271,646	14,690,615	18,962,261	1,000	9,070	18,368
Net position, end of year					\$ 8,000,272	\$ 15,091,567	\$ 23,091,839	\$ 1,000	\$ 9,092	\$ 18,414

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2015**

	General	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<i>ASSETS</i>				
Cash	\$ 346,409	\$ 334,511	\$ 267,329	\$ 948,249
Restricted cash	-	-	12,134	12,134
Cash equivalents	529,426	-	-	529,426
Taxes receivable, net	1,287,627	-	3,947	1,291,574
Other receivables	69,395	-	700	70,095
Intergovernmental receivables	-	146,747	-	146,747
Interfund receivable	128,212	-	-	128,212
Prepaid items	52,472	-	-	52,472
Total Assets	<u>\$ 2,413,541</u>	<u>\$ 481,258</u>	<u>\$ 284,110</u>	<u>\$ 3,178,909</u>
<i>LIABILITIES</i>				
Accounts payable	\$ 82,955	\$ 1,291	\$ 7,754	\$ 92,000
Accrued salaries	12,129	-	-	12,129
Other accrued liabilities	15,323	-	-	15,323
Interfund payable	-	-	-	-
Unearned revenue	77,356	-	-	77,356
Liabilities payable from restricted assets:				
Accounts payable	-	-	12,134	12,134
Total Liabilities	<u>187,763</u>	<u>1,291</u>	<u>19,888</u>	<u>208,942</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>				
Unavailable revenue - property taxes	<u>995,761</u>	-	-	<u>995,761</u>
Total Deferred Inflows of Resources	<u>995,761</u>	-	-	<u>995,761</u>
<i>FUND BALANCES</i>				
Nonspendable prepaids	52,472	-	-	52,472
Restricted for:				
Police and municipal court departments				
technological equipment and supplies	-	-	88,542	88,542
Police department equipment and supplies	-	-	5,429	5,429
Capital outlay	-	479,967	106,315	586,282
Assigned for tourism	-	-	63,936	63,936
Unassigned	<u>1,177,545</u>	-	-	<u>1,177,545</u>
Total Fund Balances	<u>1,230,017</u>	<u>479,967</u>	<u>264,222</u>	<u>1,974,206</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,413,541</u>	<u>\$ 481,258</u>	<u>\$ 284,110</u>	<u>\$ 3,178,909</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2015**

Total fund balance, governmental funds	\$	1,974,206
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		6,787,680
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A portion of the deferred inflows related to property taxes and are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		16,670
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the governmental funds. These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date		59,143
Pension experience differences		48,889

Deferred inflows of resources:

Pension investment return differences		(25,174)
Pension assumption changes		(16,866)

Certain liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. These liabilities include the following:

Accrued interest		(2,457)
Other accrued liabilities		(455)
Compensated absences		(177,659)
Net pension liability		(138,064)
Note payable to component units		(339,706)
Capital leases		(185,935)

Net Position of Governmental Activities in the Statement of Net Position	\$	8,000,272
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The accompanying notes are an integral part of this statement.



**CITY OF JASPER, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2015**

	General	Major Fund 2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,513,667	\$ 814,699	\$ 72,073	\$ 4,400,439
Licenses and permits	88,189	-	-	88,189
Intergovernmental	64,814	-	-	64,814
Charges for services	20,366	-	-	20,366
Fines, fees and forfeitures	171,724	-	26,192	197,916
Investment earnings	4,680	2,851	701	8,232
Contributions and donations	13,709	-	-	13,709
Miscellaneous	60,783	-	16,175	76,958
Penalties and interest on delinquent taxes	11,052	-	1,915	12,967
Total Revenues	<u>3,948,984</u>	<u>817,550</u>	<u>117,056</u>	<u>4,883,590</u>
Expenditures:				
Current:				
General government	459,043	-	-	459,043
Judicial	78,759	-	10,459	89,218
Public safety	2,047,763	-	20,630	2,068,393
Public works	772,872	-	-	772,872
Culture and recreation	59,181	-	-	59,181
Housing and development	86,949	-	75,464	162,413
Capital Outlay:				-
Streets	-	821,378	-	821,378
Debt Service:				-
Principal	96,752	-	-	96,752
Interest and other charges	24,025	-	-	24,025
Total Expenditures	<u>3,625,344</u>	<u>821,378</u>	<u>106,553</u>	<u>4,553,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>323,640</u>	<u>(3,828)</u>	<u>10,503</u>	<u>330,315</u>
Other Financing Sources (Uses):				
Transfers in	-	64,814	-	64,814
Transfers out	(64,814)	-	-	(64,814)
Proceeds from capital leases	107,570	-	-	107,570
Total other financing sources and uses	<u>42,756</u>	<u>64,814</u>	<u>-</u>	<u>107,570</u>
Net changes in fund balances	366,396	60,986	10,503	437,885
Fund balances (deficit), beginning	<u>863,621</u>	<u>418,981</u>	<u>253,719</u>	<u>1,536,321</u>
Fund balances (deficit), ending	<u>\$ 1,230,017</u>	<u>\$ 479,967</u>	<u>\$ 264,222</u>	<u>\$ 1,974,206</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**For the Year Ended December 31, 2015**

Net change in fund balances - total governmental funds: \$ 437,885

Amounts reported for Governmental Activities in the Statement of Activities are different because:

In the statement of activities, the loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources.

Cost of assets disposed	(30,751)	
Related accumulated depreciation	<u>8,968</u>	(21,783)

Governmental funds do not report contributed capital. In contrast, the Statement of Activities reports contributions of infrastructure as a revenue. 3,375,290

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlays	191,985	
Depreciation expense	<u>(226,562)</u>	(34,577)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (26,122)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. (10,820)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions		
Cost of benefits earned net of employee contributions		7,087

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. Likewise, certain expenditures in governmental funds are not recognized as expenses in the Statement of Activities to the extent they reduce accrued liabilities:

Accrued interest	772	
Compensated absences	<u>894</u>	<u>1,666</u>

Change in net position - governmental activities \$ 3,728,626

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2015**

	Business-type Activities - Enterprise Funds		
	Major Fund Water and <u>Sewerage Fund</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 622,172	\$ 9,471	\$ 631,643
Restricted cash	566,992	-	566,992
Accounts receivable, net	465,998	8,303	474,301
Interfund receivable	-	1,456	1,456
Other receivables	1,365	-	1,365
Prepaid items	22,406	536	22,942
Inventories	83,223	-	83,223
Total Current Assets	<u>1,762,156</u>	<u>19,766</u>	<u>1,781,922</u>
Non-Current Assets:			
Capital Assets:			
Non-depreciable	1,158,902	-	1,158,902
Depreciable (net)	<u>19,650,307</u>	<u>16,770</u>	<u>19,667,077</u>
Total Non-Current Assets	<u>20,809,209</u>	<u>16,770</u>	<u>20,825,979</u>
Total Assets	<u>22,571,365</u>	<u>36,536</u>	<u>22,607,901</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to the measurement date	40,264	1,527	41,791
Pension experience differences	<u>33,283</u>	<u>1,262</u>	<u>34,545</u>
Total Deferred Outflows of Resources	<u>73,547</u>	<u>2,789</u>	<u>76,336</u>
<b>LIABILITIES AND NET POSITION</b>			
Current Liabilities:			
Salaries payable	13,167	268	13,435
Other accrued liabilities	1,724	118	1,842
Accrued interest payable	17,441	-	17,441
Interfund payable	125,232	4,436	129,668
Unearned revenue	8,000	-	8,000
Liabilities Payable from Restricted Assets:			
Customer deposits	566,992	-	566,992
Current Portion of Long-term Liabilities:			
Compensated absences	57,561	-	57,561
Notes payable	420,828	-	420,828
Capital lease obligation	12,733	-	12,733
Other contracts payable	<u>208,676</u>	<u>-</u>	<u>208,676</u>
Total Current Liabilities	<u>1,432,354</u>	<u>4,822</u>	<u>1,437,176</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2015**

	Business-type Activities - Enterprise Funds		
	Major Fund Water and <u>Sewerage Fund</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
Non-Current Liabilities:			
Compensated absences	\$ 48,949	\$ -	\$ 48,949
Net pension liability	93,992	3,566	97,558
Notes payable	5,779,964	-	5,779,964
Capital lease obligation	30,677	-	30,677
Other contracts payable	<u>168,638</u>	<u>-</u>	<u>168,638</u>
Total Non-Current Liabilities	<u>6,122,220</u>	<u>3,566</u>	<u>6,125,786</u>
Total Liabilities	<u>7,554,574</u>	<u>8,388</u>	<u>7,562,962</u>
 <i>DEFERRED INFLOWS OF RESOURCES</i>			
Pension assumption changes	11,483	436	11,919
Pension investment return	<u>17,139</u>	<u>650</u>	<u>17,789</u>
Total Deferred Inflows of Resources	<u>28,622</u>	<u>1,086</u>	<u>29,708</u>
 Net Position:			
Net investment in capital assets	14,187,693	16,770	14,204,463
Unrestricted	<u>874,023</u>	<u>13,081</u>	<u>887,104</u>
Total Net Position	<u>\$ 15,061,716</u>	<u>\$ 29,851</u>	<u>\$ 15,091,567</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2015**

	Business-type Activities - Enterprise Funds		
	Major Fund Water and <u>Sewerage</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 4,027,218	\$ 89,152	\$ 4,116,370
Miscellaneous	196,058	-	196,058
Total Operating Revenues	<u>4,223,276</u>	<u>89,152</u>	<u>4,312,428</u>
Operating Expenses:			
Sewer administration	21,362	-	21,362
Sewer maintenance	147,564	-	147,564
Waste water treatment plant	479,831	-	479,831
Water administration	381,940	-	381,940
Meter reading	164,737	-	164,737
Water supply	292,597	-	292,597
Water treatment plant	742,081	-	742,081
Water distribution	606,203	-	606,203
Water fleet maintenance and shop	69,430	-	69,430
Solid waste collection	-	91,338	91,338
Total Operating Expenses before Depreciation	<u>2,905,745</u>	<u>91,338</u>	<u>2,997,083</u>
Depreciation expense	<u>693,949</u>	<u>2,442</u>	<u>696,391</u>
Total Operating Expenses	<u>3,599,694</u>	<u>93,780</u>	<u>3,693,474</u>
Operating Income (Loss)	<u>623,582</u>	<u>(4,628)</u>	<u>618,954</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	6,830	-	6,830
Interest revenue	992	20	1,012
Interest expense	<u>(225,844)</u>	<u>-</u>	<u>(225,844)</u>
Total Non-Operating Revenue (Expenses)	<u>(218,022)</u>	<u>20</u>	<u>(218,002)</u>
Income (loss) before transfers	405,560	(4,608)	400,952
Transfers in	-	15,000	15,000
Transfers out	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Change in net position	<u>390,560</u>	<u>10,392</u>	<u>400,952</u>
Net position, beginning (original)	14,725,046	21,503	14,746,549
Prior period adjustments	<u>(53,890)</u>	<u>(2,044)</u>	<u>(55,934)</u>
Net position, beginning (restated)	<u>14,671,156</u>	<u>19,459</u>	<u>14,690,615</u>
Total net position, ending	<u>\$ 15,061,716</u>	<u>\$ 29,851</u>	<u>\$ 15,091,567</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds		
	Major Fund Water and <u>Sewerage</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 4,098,262	\$ 89,656	\$ 4,187,918
Payments to suppliers	(1,353,474)	(47,807)	(1,401,281)
Payments to employees	(1,656,930)	(43,838)	(1,700,768)
Net cash provided by (used in) operating activities	<u>1,087,858</u>	<u>(1,989)</u>	<u>1,085,869</u>
Cash Flows from Noncapital Financing Activities:			
Interfund loans - proceeds and collections	19,990	913	20,903
Transfers in	-	15,000	15,000
Transfers out	(15,000)	-	(15,000)
Net cash provided by (used in) noncapital financing activities	<u>4,990</u>	<u>15,913</u>	<u>20,903</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(138,140)	(11,567)	(149,707)
Principal paid on capital debt	(502,221)	-	(502,221)
Interest paid on capital debt	(227,114)	-	(227,114)
Proceeds from grant revenue	6,944	-	6,944
Net cash provided by (used in) capital and related financing activities	<u>(860,531)</u>	<u>(11,567)</u>	<u>(872,098)</u>
Cash Flows from Investing Activities:			
Interest income	992	20	1,012
Net cash provided by (used in) investing activities	<u>992</u>	<u>20</u>	<u>1,012</u>
Net increase (decrease) in cash	233,309	2,377	235,686
Cash, beginning of year	955,855	7,094	962,949
Cash, end of year	<u>\$ 1,189,164</u>	<u>\$ 9,471</u>	<u>\$ 1,198,635</u>
Reconciliation of Total Cash:			
Unrestricted	\$ 628,468	\$ 9,471	\$ 637,939
Restricted	560,696	-	560,696
	<u>\$ 1,189,164</u>	<u>\$ 9,471</u>	<u>\$ 1,198,635</u>

(Continued)

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2015**

	Business-type Activities Enterprise Funds		
	Major Fund Water and <u>Sewerage</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash			
Operating income (loss)	<u>\$ 623,582</u>	<u>\$ (4,628)</u>	<u>\$ 618,954</u>
Adjustments to reconcile operating income (loss) to net			
Depreciation expense	693,949	2,442	696,391
Debt forgiveness	(175,822)	-	(175,822)
Change in assets and liabilities:			
Accounts receivable	(17,087)	504	(16,583)
Other receivables	49,672	-	49,672
Inventory	5,062	-	5,062
Prepaid expenses	(1,169)	(28)	(1,197)
Increase (decrease) in pension experiences			
differences	(40,264)	(1,262)	(41,526)
Increase (decrease) in pension contributions			
made after measurement date	(33,283)	(1,527)	(34,810)
Accounts payable	(718)	-	(718)
Retainage payable	(90,288)	-	(90,288)
Customer deposits	18,223	-	18,223
Accrued salaries and benefits	(17,228)	(98)	(17,326)
Compensated absences	4,505	-	4,505
Increase (decrease) in pension assumption			
differences	17,139	650	17,789
Increase (decrease) in pension investment			
return differences	11,483	436	11,919
Increase (decrease) in net pension liability	<u>40,102</u>	<u>1,522</u>	<u>41,624</u>
	<u>464,276</u>	<u>2,639</u>	<u>466,915</u>
Net cash provided by (used in) operating activities	<u>\$ 1,087,858</u>	<u>\$ (1,989)</u>	<u>\$ 1,085,869</u>
Noncash Capital and Related Financing Activities:			
Settlement on old outstanding debt	<u>\$ 175,822</u>		

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2015**

ASSETS

Equity in pooled cash	<u>\$ 23,086</u>
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LIABILITIES

Due to other agencies	<u>\$ 23,086</u>
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The accompanying notes are an integral part of this statement.



## NOTES TO THE FINANCIAL STATEMENTS

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*The notes to the financial statements are a required component of the basic financial statements of the City. The notes present required and essential information for the fair presentation of the statements that has not been disclosed on the face of the financial statements.*

**CITY OF JASPER, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2015**

**1. DESCRIPTION OF GOVERNMENT UNIT**

The City of Jasper was established in 1857. The City operates under a council/mayor form of government and provides the following services: public safety, street and sanitation, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities for water and sewer for the incorporated and immediate surrounding areas.

The City is governed by an elected five-member council.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. THE REPORTING ENTITY**

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The City's financial statements include the accounts of all operations. The criteria for including organizations within the City's reporting entity, as set forth in Governmental Accounting Standards Board's Statement No. 14 (GASB 14), "The Financial Reporting Entity", as amended by Statement No. 61 (GASB 61), is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. As a result of applying the criteria of GASBs 14 and 61, the Industrial Development Authority, the Downtown Development Authority of Jasper and the Jasper Development Authority have been included in the City's financial statements in a discrete presentation in a separate column in the government-wide financial statements in order to express that they are legally separate from the City. The City is liable for repayment of debt incurred by the Industrial Development Authority, the Downtown Development Authority of Jasper and the Jasper Development Authority due to the City appointing the board; in addition, the City has agreed to financially support the Authorities, if necessary, in the future. All component units have the same year end as the City and this is consistent with all past years. Financial information pertaining to the component units can be obtained from the City upon request.

Also, the Housing Authority is recognized as a related organization of the City in that the City appoints the board members of the Authority. It exists in order to provide housing for low-income individuals that reside in the City limits and meet certain eligibility requirements. Payments in lieu of taxes are made to the City rather than property taxes.

**C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

## NOTES TO FINANCIAL STATEMENTS (continued)

As discussed earlier, the government has three discretely presented component units. While the Development Authorities are not considered to be major component units, they are nevertheless shown in a separate column in the government-wide financial statements.

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

### **D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

*General Fund* - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

*2014 SPLOST Capital Projects Fund* – This fund is used to account for long-term projects financed by the passage of the 2014 Pickens County special purpose local option sales tax.

The City reports the following major proprietary funds:

*Water and Sewer Fund* - This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Jasper.

Additionally, the City reports the following fund types:

#### **Governmental Fund Types**

*Special Revenue Funds* - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

*Capital Projects Funds* - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

#### **Fiduciary Fund Types**

*Agency Funds* – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has an agency fund to account for the activity of the Municipal Court.

#### **Component Units**

The Industrial Development Authority, the Downtown Development Authority of Jasper and the Jasper Development Authority are accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

## NOTES TO FINANCIAL STATEMENTS (continued)

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using 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. Property 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.

The 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS (continued)

### F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services 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.

### G. CASH AND INVESTMENTS

For the purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Cash includes amounts in demand deposits. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

### H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In preparing the accompanying financial statements, the City has implemented GASB Statement 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. These new standards establish 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 financial position. The City reports deferred outflows/inflows of resources related to their defined benefit pension plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Items which qualify to be reported within this element include property taxes levied in 2015 for the 2016 budget and certain unavailable revenues under the *current financial resources measurement focus*. Accordingly, such items appear in the governmental funds balance sheet as deferred inflows of resources and will be recognized as an inflow of resources in 2016 or the period in which the amounts become available.

### I. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is considered unnecessary to assure effective budgetary control or to facilitate effective cash planning and control.

# NOTES TO FINANCIAL STATEMENTS (continued)

## J. INVENTORIES

Inventories consist of supplies and are stated at cost. Inventories are accounted for on the first-in, first-out (FIFO) method of accounting for inventories. The City uses the purchases method of accounting for inventories; under which materials and supplies are recorded as expenses when purchased and are adjusted as inventory when accounted for at interval periods during the year.

## K. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period in governmental funds are accounted for on the consumption basis. Prepaid expenditures are similarly reported in the government-wide and fund financial statements.

## L. CAPITAL ASSETS AND DEPRECIATION

The City chooses to capitalize assets that have useful life extending beyond one year and exceed the established threshold of \$5,000 for each asset. Purchased or constructed capital assets are reported at cost or estimated at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. Infrastructure is capitalized if the acquisition value is \$25,000 or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	10-50 years
Buildings	50 years
Building improvements	20 years
Vehicles	2-15 years
Office equipment	3-15 years
Computer equipment	3-15 years
Park improvements	10-20 years

## M. COMPENSATED ABSENCES

The liability for compensated absences in the government-wide and proprietary fund statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

## N. PENSIONS

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

## NOTES TO FINANCIAL STATEMENTS (continued)

### O. FUND BALANCE

#### Fund Balance

During 2011, the City adopted GASB Statement No. 54, which establishes criteria for classifying fund balances in governmental fund financial statements. Accordingly, fund balances are presented in various classifications that comprise a hierarchy which is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items as being Nonspendable as these items are not resources in spendable form.

Restricted: This classification includes amounts that are restricted to specific purposes whereby constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City's special revenue and capital projects funds are legally restricted to expenditures for specific purposes.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the City's intent to use for a specific purpose but are neither restricted nor committed. This intent can be expressed by (a) the City Council itself or (b) the Council delegating this responsibility to City management through the budgetary process. This classification also includes all remaining positive fund balance for all government funds other than the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

#### Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### Minimum Fund Balance Policy

The Mayor and City Council have adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 20%, which is approximately two to three months of general fund annual revenues. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a five-year period.

## NOTES TO FINANCIAL STATEMENTS (continued)

### P. NET POSITION

Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. The remaining portion of net position is reported as unrestricted.

The City applies restricted resources first to fund outlays for which both restricted and unrestricted net position is available.

### Q. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

### R. INTERFUND BALANCES

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables and payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

## 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended December 31, 2015, there were no departmental expenditures that materially exceeded appropriations in the governmental funds.

## 4. CASH DEPOSITS

### Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2015, the City had no bank balance that was exposed to custodial credit risk.

### Interest Rate Risk

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

### Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.



## NOTES TO FINANCIAL STATEMENTS (continued)

### Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

### Foreign currency risk

The City has no investments denominated in a foreign currency.

## 5. RESTRICTED CASH

### Business-type activities

Water Fund – The Water Fund has restricted cash totaling \$566,992, for the purpose of repayment of customer deposits in the amount of \$566,992 (which has a corresponding restricted liability).

## 6. PROPERTY TAXES AND OTHER RECEIVABLES

### Governmental Activities

The City bills and collects its own property taxes. Property taxes receivable are stated at net amounts receivable. An allowance for uncollectible taxes for \$136,724 was established by management at December 31, 2015. The property tax bills for 2015 were levied at the end of 2015 and were intended for use during the 2016 budget year, the year in which they are due. Therefore, the entire levy of \$979,091 is reported as a deferred inflow on the government-wide financial statements. Prior levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually for collectability.

The City property tax calendar is as follows:

Levy Date	November 25, 2015
Due Date	February 1, 2016
Delinquent Date	April 1, 2016
Lien Date	May 1, 2016

### Business-type Activities

Accounts receivable in the Water Fund is stated at net amounts receivable. An allowance for doubtful accounts was established by management at December 31, 2015, amounting to \$135,881 in the Water Fund based on prior years' experience and collection policies.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Transfers <u>In (Out)</u>	Balance <u>12/31/2015</u>
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$ 1,017,735	\$ 2,166,284	\$ -	\$ -	\$ 3,184,019
Construction in progress	11,109	211	-	(8,820)	2,500
Total capital assets not being depreciated	<u>1,028,844</u>	<u>2,166,495</u>	<u>-</u>	<u>(8,820)</u>	<u>3,186,519</u>
Capital assets being depreciated:					
Buildings and improvements	975,375	-	-	8,820	984,195
Infrastructure	1,283,864	1,251,706	-	-	2,535,570
Machinery and equipment	2,124,966	139,770	(30,751)	-	2,233,985
Park improvements	<u>677,717</u>	<u>9,304</u>	<u>-</u>	<u>-</u>	<u>687,021</u>
Total capital assets being depreciated	<u>5,061,922</u>	<u>1,400,780</u>	<u>(30,751)</u>	<u>8,820</u>	<u>6,440,771</u>
Less accumulated depreciation:					
Buildings and improvements	285,984	25,904	-	-	311,888
Infrastructure	344,356	75,076	-	-	419,432
Machinery and equipment	1,694,908	103,488	(8,968)	-	1,789,428
Park improvements	<u>296,768</u>	<u>22,094</u>	<u>-</u>	<u>-</u>	<u>318,862</u>
Total accumulated depreciation	<u>2,622,016</u>	<u>226,562</u>	<u>(8,968)</u>	<u>-</u>	<u>2,839,610</u>
Total capital assets being depreciated, net	<u>2,439,906</u>	<u>1,174,218</u>	<u>(21,783)</u>	<u>8,820</u>	<u>3,601,161</u>
Governmental activities capital assets, net	<u>\$ 3,468,750</u>	<u>\$ 3,340,713</u>	<u>\$ (21,783)</u>	<u>\$ -</u>	<u>\$ 6,787,680</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

	Beginning Balances	Increases	Decreases	Transfers In (Out)	Balance 12/31/2015
<i><u>Business-type activities</u></i>					
Capital assets not being depreciated:					
Land	\$ 1,154,128	\$ -	\$ -	\$ -	\$ 1,154,128
Construction in progress	2,016,134	2,889	-	(2,014,249)	4,774
Total capital assets not being depreciated	3,170,262	2,889	-	(2,014,249)	1,158,902
Capital assets being depreciated:					
Buildings and improvements	2,367,231	5,499	-	-	2,372,730
Water and sewer infrastructure	24,037,608	39,782	-	2,014,249	26,091,639
Machinery and equipment	1,318,109	101,537	-	-	1,419,646
Vehicles	617,283	-	-	-	617,283
Furniture and fixtures	8,799	-	-	-	8,799
Total capital assets being depreciated	28,349,030	146,818	-	2,014,249	30,510,097
Less accumulated depreciation:					
Buildings and improvements	349,975	53,665	-	-	403,640
Water and sewer infrastructure	8,467,798	530,375	-	-	8,998,173
Machinery and equipment	815,217	71,807	-	-	887,024
Vehicles	504,840	40,544	-	-	545,384
Furniture and fixtures	8,799	-	-	-	8,799
Total accumulated depreciation	10,146,629	696,391	-	-	10,843,020
Total capital assets being depreciated, net	18,202,401	(549,573)	-	2,014,249	19,667,077
Business-type activities capital assets, net	\$ 21,372,663	\$ (546,684)	\$ -	\$ -	\$ 20,825,979

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

### *Governmental Activities*

General government	\$ 22,098
Public safety	80,208
Public works	96,114
Culture and recreation	28,130
Housing and development	12
	<u>\$ 226,562</u>

### *Business-type Activities*

Water and Sewerage	\$ 693,950
Sanitation	2,441
	<u>\$ 696,391</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

### 8. INTERFUND BALANCES AND ACTIVITY

#### Transfer to/from other funds

Transfers In	Transfers Out	Amount
Sanitation Fund	Water Fund	\$ 15,000
2014 SPLOST	General Fund	64,814
		<u>\$ 79,814</u>

#### Balances due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	\$ 123,776
General Fund	Sanitation Fund	4,436
Sanitation Fund	Water Fund	1,456
		<u>\$ 129,668</u>

The outstanding balances between funds primarily result from the time lag between the dates that (1) interfund reimbursable expenditures occur and (2) payments between funds are made. All interfund balances are expected to be repaid within one year from the date of the financial statements. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in accordance with budgetary authorizations.

### 9. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at December 31, 2015 consist of SPLOST in the amount of \$146,747 due from Pickens County in the 2014 SPLOST Fund.

### 10. NOTES PAYABLE TO THE COMPONENT UNITS

The Downtown Development Authority of Jasper currently holds three notes at various financial institutions for assets leased to the City through a lease purchase agreement. The annual lease payments for the buildings and adjoining land parcels equal the amount of the annual debt service payments. Upon the payment in full of the debt, the assets are to be sold to the City at a purchase price of \$1. The amount due from the General Fund at year end was \$339,706.

Community Bank of Pickens County, land purchase, payable in monthly installments of \$1,044, including interest at 5.88%. Original balance \$136,400, matures in 2017.	\$ 18,156
Regions Bank, police precinct, payable in monthly installments of \$3,104, including interest at 4.75%. Original balance \$475,500, matures in 2024.	321,550
	339,706
	(42,360)
Less current portion of debt	<u>\$ 297,346</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

Therefore, as reflected in the government-wide financial statements, the total amount of the note payable due to the component units from the primary government was \$339,706. The long-term debt activity for this note has been included in the summary of changes in long-term debt at the end of Note 11. Payments of principal and interest related to the above leases for the next five years and until maturity are as follows:

	Principal	Interest	Total
2016	\$ 42,360	\$ 14,908	\$ 57,268
2017	38,091	13,089	51,180
2018	33,437	11,535	44,972
2019	35,062	9,910	44,972
2020	36,765	8,206	44,971
2021 - 2025	153,991	14,136	168,127
	<u>\$ 339,706</u>	<u>\$ 71,784</u>	<u>\$ 411,490</u>

### 11. LONG-TERM LIABILITIES

#### Governmental Activities

##### Capital Leases:

The following capital leases had outstanding balances at December 31, 2015:

Kubota Leasing, equipment lease, payable in monthly installments of \$623.81, including interest at 6.91%. Original balance \$26,095, matures in 2018.	\$ 18,183
First State Bank of Livingston, fire truck lease, payable in annual installments of \$28,003, including interest at 4.14%. Original balance \$278,000, matures in 2018.	75,745
BB&T Governmental Finance Corporation, emergency extrication equipment lease, payable in monthly installments of \$1,157, including interest at 3.34%. Original balance \$39,593, matures in 2018.	35,387
BB&T Governmental Finance Corporation, police vehicle Lease, payable in monthly installments of \$1,057, including interest at 3.39%. Original balance \$36,138, matures in 2018.	26,465
BB&T Governmental Finance Corporation, police vehicle lease, payable in monthly installments of \$932, including interest at 3.45%. Original balance \$31,839, matures in 2018.	30,155
	185,935
Less current portion of debt	(65,556)
	<u>\$ 120,379</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

Payments of principal and interest related to the above leases for the next five years and until maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 65,556	\$ 7,694	\$ 73,250
2017	68,510	4,740	73,250
2018	51,869	1,821	53,690
	<u>\$ 185,935</u>	<u>\$ 14,255</u>	<u>\$ 200,190</u>

The expense resulting from amortization of assets recorded under capital leases is included with depreciation expense. The following total represents capital assets purchased with the above capital leases and the related accumulated depreciation (which includes amortization):

	<u>Asset</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Machinery and Equipment	\$ 65,708	\$ 4,260	\$ 61,448
Vehicles	<u>345,896</u>	<u>241,533</u>	<u>104,363</u>
	<u>\$ 411,604</u>	<u>\$ 245,793</u>	<u>\$ 165,811</u>

The following represents the changes in long-term debt from the previous year for governmental activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
Capital leases	\$ 129,575	\$ 107,570	\$ 51,210	\$ 185,935	\$ 65,556
Note payable-component unit	385,246	-	45,540	339,706	42,360
Compensated absences	<u>178,553</u>	<u>75,920</u>	<u>76,814</u>	<u>177,659</u>	<u>76,814</u>
	<u>\$ 693,374</u>	<u>\$ 183,490</u>	<u>\$ 173,564</u>	<u>\$ 703,300</u>	<u>\$ 184,730</u>

Long-term liabilities such as compensated absences are liquidated by the fund to which the liability is related. Reductions shown above in governmental activities were liquidated by General Fund.

### Business-Type Activities

#### Capital Leases:

The following capital leases had outstanding balances at December 31, 2015:

Caterpillar Financial Services, equipment lease, payable in monthly installments of \$1,161, including interest at 3.2%. Original balance \$62,757 matures in 2017.	\$ 43,410
Less current portion of debt	<u>(12,733)</u>
	<u>\$ 30,677</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

Payments of principal and interest related to the above leases for the next five years and until maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	12,733	1,203	13,936
2017	30,677	381	31,058
	<u>\$ 43,410</u>	<u>\$ 1,584</u>	<u>\$ 44,994</u>

The expense resulting from amortization of assets recorded under capital leases is included with depreciation expense. The following totals represent capital assets purchased with the above capital leases and the related accumulated depreciation (which includes amortization):

	<u>Asset</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Machinery and Equipment	<u>\$ 62,757</u>	<u>\$ 4,707</u>	<u>\$ 58,050</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

### Notes Payable:

The following notes payable had outstanding balances at December 31, 2015:

Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$10,955, including interest at 4.24%. Original balance \$1,771,316, matures in 2019.	\$ 426,914
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$4,661, including interest at 4.21%. Original balance \$757,484, matures in 2024.	389,219
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$4,178 including interest at 4.14%. Original balance \$681,126, matures in 2027.	445,025
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$11,501, including interest at 4.19%. Original balance \$1,866,938, matures in 2029.	1,446,721
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$7,103, including interest at 4.19%. Original balance \$1,153,040, matures in 2031.	977,916
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$4,172, including interest at 3.81%. Original balance \$700,000, matures in 2033.	636,594
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$1,626.47 accruing interest at 2.82%. Original balance \$298,091, matures in 2034.	282,050
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$8,257 accruing interest at 1.82%. Original balance \$1,660,000, matures in 2035.	<u>1,596,353</u>
	6,200,792
Less current portion of debt	<u>(420,828)</u>
	<u>\$ 5,779,964</u>



## NOTES TO FINANCIAL STATEMENTS (continued)

Payments of principal and interest related to the above notes payable for the next five years and until maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 420,828	\$ 208,613	\$ 629,441
2017	436,866	192,576	629,442
2018	453,550	175,891	629,441
2019	404,591	159,118	563,709
2020	352,051	145,925	497,976
2021 - 2025	1,862,364	529,644	2,392,008
2026 - 2030	1,643,115	209,754	1,852,869
2031 - 2035	627,427	24,010	651,437
	<u>\$ 6,200,792</u>	<u>\$ 1,645,531</u>	<u>\$ 7,846,323</u>

### *Contracts Payable:*

In 2005, the City extended sewer service along Highway 515 and Hwy 108 in order to provide necessary infrastructure for economic development in the area. The majority of the project was funded with low-interest loans. However, a portion of the construction was paid through a long-term contract not to exceed 30 years with a contractor who installed the infrastructure. Annual payments are determined by Council on an annual basis dependent on budgetary considerations, and the contract allowed for additional principal payments to be applied to development costs for future development from the contractor. The original balance of the contract was \$821,200, and the remaining balance at December 31, 2015 was \$334,498 prior to a settlement agreed upon in 2016. In April 2016, the City settled this outstanding debt for \$158,676 and the remainder of the debt was written off as of December 31, 2016, leaving a balance at December 31, 2015 of \$158,676. See Note 19 for more details.

In 2005, the City entered into a contract to purchase 14.158 acres of land located above the raw water source for the City's water system on Cove Road in order to secure the water rights. The total purchase price for those water rights and the land was \$710,900. This was a long-term contract not to exceed 30 years. Annual payments are determined by Council dependent on budgetary considerations, and the contract allowed for additional principal payments to be applied to development costs for future development from the seller. The balance on December 31, 2015 was \$218,638.

The following represents the changes in long-term debt from the previous year for business-type activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due in One Year</u>
Business-Type Activities:					
Capital leases	\$ 80,057	\$ -	\$ 36,647	\$ 43,410	\$ 12,733
Notes payable	6,593,425	-	392,633	6,200,792	420,828
Other contracts payable	626,077	-	248,763	377,314	208,676
Compensated absences	102,005	62,066	57,561	106,510	57,561
	<u>\$7,401,564</u>	<u>\$ 62,066</u>	<u>\$ 735,604</u>	<u>\$6,728,026</u>	<u>\$ 699,798</u>

Long-term liabilities such as compensated absences are liquidated by the fund to which the liability is related. Reductions shown above in business-type activities were liquidated primarily by Water and Sewerage Fund. Total interest costs incurred by the business-type activities during 2015 amounted to \$225,844, of which \$-0- was capitalized to construction in progress.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 12. PRIOR PERIOD ADJUSTMENTS

#### Governmental activities

A prior period adjustment has been made to record a net pension liability and deferred outflows of resources at December 31, 2015. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by \$79,159.

#### Business-type activities

A prior period adjustment has been made to record a net pension liability and deferred outflows of resources at December 31, 2015. This adjustment was required with the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This adjustment decreased beginning net position by \$55,934.

### 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and workers compensation for which the City carries the insurance coverage. There were no significant reductions of insurance coverage compared to the prior year. Settled claims have not exceeded the commercial excess coverage in any of the past three years.

#### Self Insurance

The City pays unemployment claims to the state department of labor on a reimbursement basis. The City paid \$-0- in unemployment claims during 2015. There were no liabilities for such claims at December 31, 2015.

### 14. DEFERRED COMPENSATION PLANS

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code §457. The Mayor and Council established the defined contribution plan and Southern Financial Advisors administers the plan. All City employees are eligible immediately upon employment at a full-time status and participation is optional. This is a noncontributory plan in that all contributions are made by the employees only. Employees' actual contributions are calculated and made based on a weekly payroll basis, and employees are 100% vested upon participation in the plan. The deferred compensation amounts are not available to employees until termination, retirement, death (payable to a beneficiary) or unforeseeable emergency. During the year ended December 31, 2015, employee contributions for both plans were \$3,442.

### 15. PENSION PLAN

*Plan Description.* The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits hereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

## NOTES TO FINANCIAL STATEMENTS (continued)

There are no loans to any of the City officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Jasper. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At July 1, 2014, the date of the most recent actuarial valuation, there were 103 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	19
Terminated vested participants entitled to but not yet receiving benefits	20
Active participants	64
Total number of participants	<u>103</u>

*Benefits Provided.* The plan provides retirement, disability, and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Officials are not covered under the plan; except for the Mayor, if he or she serves as City Manager and meets the minimum hour requirements. Members with ten years of total service are eligible to retire at age 55 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.25% to 2.00% dynamic breakpoint with benefits vesting 50% after 5 years of service, 60% after 6 years of service, 70% after 7 years of service, 80% after 8 years of service, 90% after 9 years of service, and 100% after 10 years of service.

*Contributions.* Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At December 31, 2015, the City reported a net pension liability of \$235,622. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. For the fiscal year ended December 31, 2015, the City recognized pension expense in the amount of \$109,030.

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 83,434	\$ -
Changes of assumptions	-	(28,785)
Net difference between projected and actual earnings on pension plan investments	-	(42,963)
City contributions subsequent to the measurement date	100,934	-
Totals	<u>\$ 184,368</u>	<u>\$ (71,748)</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

The \$100,934 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2016	\$ 189
2017	189
2018	189
2019	189
2020	10,930
Totals	<u>\$ 11,686</u>

*Actuarial Assumptions.* The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.50% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.75%

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 through June 30, 2009.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## NOTES TO FINANCIAL STATEMENTS (continued)

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.50%	9.00%
International equity	10%	5.50%	9.00%
Fixed income	35%	2.50%	6.00%
Real estate	5%	4.00%	7.50%
Cash	0%		
Total	100%		

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### *Changes in Net Pension Liability*

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 3/31/14	\$ 2,952,333	\$ 2,687,264	\$ 265,069
Changes for the year:			
Service cost	86,325	-	86,325
Interest	225,394	-	225,394
Differences between expected and actual experience	100,123	-	100,123
Contributions—employer	-	150,163	(150,163)
Net investment income	-	264,083	(264,083)
Benefit payments, including refunds of employee contributions	(88,050)	(88,050)	-
Administrative expense	-	(7,498)	7,498
Other changes	(34,541)	-	(34,541)
Net changes	289,251	318,698	(29,447)
Balances at 3/31/15	\$ 3,241,584	\$ 3,005,962	\$ 235,622

## NOTES TO FINANCIAL STATEMENTS (continued)

*Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.75%	\$ 704,485
Current discount rate	7.75%	235,622
1% increase	8.75%	(151,059)

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report

*Other Plans.* In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report.

### 16. JOINT VENTURE

The City, in conjunction with cities and counties in the fifteen (15) county Northwest Georgia area are members of the Northwest Georgia Regional Commission (NWGRC), formerly known as the North Georgia Regional Development Center which merged with Coosa Valley Regional Development Center (the "RDCs") in 2009 as mandated by state law. Membership in NWGRC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs, and was amended in 2008 to consolidate the existing RDCs into fewer larger organizations called Regional Commissions ("RC"). Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The City paid annual dues to the RC for the year ended December 31, 2015, in the amount of \$3,708. The RC Board membership includes the chief elected official of each county and the chief elected official of the largest municipality in each county. The county board members elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs (later transferred to RCs) as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources, (O.C.G.A. 50-8-39.1). Complete financial statements of the Northwest Georgia Regional Commission can be obtained directly from their office:

Northwest Georgia Regional Commission  
503 Waugh Street  
Dalton, Georgia 30720

The City is a member of the Northwest Georgia Water Resources Partnership. This is an organization of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Water Resources Partnership is a regional organization of water related interests in Northwest Georgia for monitoring and contributing to the development of federal, state and local policy; educating the citizenry on water related issues; funding and managing regional water-related activities; and coordinating the activities of federal, state and local entities. No annual dues were paid during 2015 by the City. Complete financial statements of the Northwest Georgia Water Resources Partnership can be obtained directly from their office:

North Georgia Water Resources Partnership  
P. O. Box 1793  
Rome, Georgia 30162-1793

## NOTES TO FINANCIAL STATEMENTS (continued)

### 17. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

In October 2005, the Mayor and Council rescinded the hotel/motel tax at the rate of 7% and established a new ordinance in November 2005 changing the rate of collection to 6%. This tax became effective for collection in January 2006. The code section requires that the City expend an amount equal to 66.66% to promote tourism. For the year ended December 31, 2015 the City collected a total of \$72,073. The City expended \$48,049 for the promotion of tourism.

### 18. CONTINGENCIES

The City is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The City's legal counsel has stated that the outcome of these lawsuits is not presently determinable. The City expects insurance to cover any negative judgments.

### 19. SUBSEQUENT EVENTS

#### *Enterprise Fund Contract Payable:*

On April 12, 2016, the City signed an agreement to settle a long-term contract entered into with a contractor in 2005. See Note 11 for more details of this long-term contract. The settlement agreement lowered the amount that the City owed the contractor by \$175,822. This amount was recognized and written off the City's books as of December 31, 2015 leaving a balance at December 31, 2015 of \$158,676. The amount of the debt written off of \$175,822 appears as miscellaneous income. On April 12, 2016, the City paid the remaining debt of \$158,676.

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## REQUIRED SUPPLEMENTARY INFORMATION

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*The required supplementary information section includes a budgetary comparison schedule for the General Fund as well as pertinent information as to the preparation of and policies pertaining to the City's annual budget. In addition, this section includes additional information and schedules regarding the City's defined benefit pension plan.*

**CITY OF JASPER, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Final Budget</u>
Revenues:				
Property taxes	\$ 1,251,200	\$ 1,251,200	\$ 1,261,917	\$ 10,717
Franchise taxes	394,000	394,000	455,128	61,128
Business taxes	328,000	328,000	397,908	69,908
General sales and use taxes	1,100,000	1,100,000	1,046,928	(53,072)
Selective use taxes	369,000	369,000	351,786	(17,214)
Licenses and permits	89,700	89,700	88,189	(1,511)
Intergovernmental	40,000	40,000	64,814	24,814
Charges for services	8,730	8,730	20,366	11,636
Fines and forfeitures	154,280	154,280	171,724	17,444
Investment earnings	3,400	3,400	4,680	1,280
Contributions and donations	5,000	5,000	13,709	8,709
Miscellaneous	3,385	3,385	60,783	57,398
Penalties and interest on delinquent taxes	33,500	33,500	11,052	(22,448)
Total Revenues	<u>3,780,195</u>	<u>3,780,195</u>	<u>3,948,984</u>	<u>168,789</u>
Expenditures:				
Current:				
General government:				
Legislative	53,860	53,860	53,354	506
Executive	132,000	132,000	125,429	6,571
Elections	2,805	2,805	80	2,725
Financial administration	299,477	299,477	280,180	19,297
Judicial:				
Municipal court	82,552	82,552	78,759	3,793
Public Safety:				
Police	1,062,508	1,102,508	1,101,184	1,324
Fire	928,321	928,321	913,672	14,649
Animal Control	36,959	36,959	32,907	4,052
Public Works:				
Streets	725,207	682,207	620,304	61,903
Fleet maintenance and shop	237,191	237,191	152,568	84,623
Cemetery	500	500	-	500
Culture and Recreation:				
Parks administration	130,150	130,150	59,181	70,969
Housing and development:				
Protective inspection	33,892	36,892	36,166	726
Planning and zoning	61,604	61,604	50,783	10,821
Debt service	145,784	145,784	120,777	25,007
Total Expenditures	<u>3,932,810</u>	<u>3,932,810</u>	<u>3,625,344</u>	<u>307,466</u>

(Continued)

The accompanying notes to the required supplementary information are an integral part of this schedule.

**CITY OF JASPER, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Final Budget</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(152,615)</u>	<u>(152,615)</u>	<u>323,640</u>	<u>476,255</u>
Other Financing Sources (Uses)				
Transfer in	25,615	25,615	-	(25,615)
Transfer out	-	-	(64,814)	(64,814)
Proceeds from capital leases	<u>127,000</u>	<u>127,000</u>	<u>107,570</u>	<u>(19,430)</u>
Total Other Financing Sources and Uses	<u>152,615</u>	<u>152,615</u>	<u>42,756</u>	<u>(109,859)</u>
Net change in fund balance	-	-	366,396	366,396
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>863,621</u>	<u>863,621</u>
Fund balance (deficit), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230,017</u>	<u>\$ 1,230,017</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

**CITY OF JASPER, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**December 31, 2015**  
**(Unaudited)**

Total pension liability:	
Service cost	\$ 86,325
Interest	225,394
Differences between expected and actual experience	100,123
Changes of assumptions	(34,541)
Changes of benefit terms	-
Benefit payments, including refunds of employee contributions	<u>(88,050)</u>
Net change in total pension liability	289,251
 Total pension liability - beginning	 <u>2,952,333</u>
 Total pension liability - ending (a)	 <u><u>\$ 3,241,584</u></u>
 Plan fiduciary net position:	
Contributions - employer	\$ 150,163
Contributions - employee	-
Net investment income	264,083
Benefit payments, including refunds of employee contributions	(88,050)
Administrative expense	(7,498)
Other	<u>-</u>
 Net change in total pension liability	 318,698
 Plan fiduciary net position - beginning	 <u>2,687,264</u>
 Plan fiduciary net position - ending (b)	 <u><u>\$ 3,005,962</u></u>
 Net pension liability (asset) - ending : (a) - (b)	 <u><u>\$ 235,622</u></u>
 Plan's fiduciary net position as a percentage of the total pension liability	 92.73%
 Covered-employee payroll	 \$ 2,826,201
 Net pension liability as a percentage of covered-employee payroll	 8.34%

Note: The year 2015 was the first year of implementation, therefore, only one year is shown.

**CITY OF JASPER, GEORGIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN YEARS**  
**December 31, 2015**  
**(Unaudited)**

Actuarially determined contribution	\$ 150,163
Contributions in relation to the actuarially determined contribution	<u>(150,163)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered employee payroll	 \$ 2,826,201
 Contributions as a percentage of covered employee payroll	 5.31%

Note: The year 2015 was the first year of implementation, therefore, only one year is shown.

**CITY OF JASPER, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2015**

**A. BUDGETS AND BUDGETARY CONTROL**

The Director of Finance prepares a draft of the annual budget and submits it to the Mayor for approval. Once the Mayor approves the budget, it is submitted to the Council Budget Committee for approval to submit to Council. The City then advertises in a local newspaper giving notice regarding a public hearing in which local citizens may give their input regarding the proposed budget. The City also places a copy of the proposed budget on file at City Hall for public inspection, as well as publishes it on the City website. Once the proposed budget has been presented to Council, the City holds a public hearing. After all of the above steps have been taken, the City Council and Mayor then formally adopt the annual balance budget in a legally permissible manner. The legal level of control of the budget of the City is the department level. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by the City Council and Mayor. All appropriations lapse at the fiscal year end.

Budgets have been legally adopted for all funds. Budgets are adopted on a basis consistent with generally accepted accounting principles, and on the same basis of accounting used by each fund to which the budget applies.

During the year ended December 31, 2015 General Fund departmental expenditures did not exceed appropriated budget amounts.

**B. RETIREMENT PLAN**

**1. Valuation Date**

- a. The actuarially determined contribution rate was determined as of July 1, 2014, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2015.

**2. Methods and Assumptions Used to Determine Contribution Rates**

- a. Actuarial cost method = Projected unit credit
- b. Amortization method = Closed level dollar for remaining unfunded liability
- c. Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
- d. 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

**CITY OF JASPER, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended December 31, 2015**

year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

- e. Net investment rate of return = 7.75%
- f. Projected salary increases = 3.50% plus service based merit increases
- g. Cost of living adjustments = 0.00%
- h. Retirement age for inactive vested participants = 65
- i. Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

3. Changes in Benefits

Effective July 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

4. Changes of Assumptions

There have been no assumption changes since GASB 67/68 implementation.

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## **OTHER SUPPLEMENTARY INFORMATION**

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## NONMAJOR GOVERNMENTAL FUNDS

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***Technology Surcharge Special Revenue Fund:***

*This fund is used to account for the Technology Surcharge that is collected on fines and forfeitures and are restricted for technology needs in the police department or municipal court.*

***Confiscated Assets Special Revenue Fund:***

*This fund is used to account for the City's share of monies that have been forfeited through the court system that are restricted for law enforcement purposes.*

***Hotel/Motel Tax Special Revenue Fund:***

*This fund is used to account for the 6% lodging tax levied by the City.*

***2008 SPLOST Capital Projects Fund:***

*This fund is used to account for long-term projects financed by the passage of the 2008 Pickens County special purpose local option sales tax.*

**CITY OF JASPER, GEORGIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**December 31, 2015**

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Technology Surcharge	Confiscated Assets	Hotel/Motel Tax	2008 SPLOST	
ASSETS					
Cash	\$ 88,542	\$ 5,429	\$ 67,043	\$ 106,315	\$ 267,329
Restricted cash	-	-	12,134	-	12,134
Taxes receivable	-	-	3,947	-	3,947
Other receivables	-	-	700	-	700
Total Assets	<u>\$ 88,542</u>	<u>\$ 5,429</u>	<u>\$ 83,824</u>	<u>\$ 106,315</u>	<u>\$ 284,110</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 7,754	\$ -	\$ 7,754
Liabilities payable from restricted assets:					
Accounts payable	-	-	12,134	-	12,134
Total Liabilities	<u>-</u>	<u>-</u>	<u>19,888</u>	<u>-</u>	<u>19,888</u>
FUND BALANCES					
Restricted for:					
Police and municipal court departments technological equipment and supplies	88,542	-	-	-	88,542
Police department equipment and supplies	-	5,429	-	-	5,429
Capital outlay	-	-	-	106,315	106,315
Assigned for tourism	-	-	63,936	-	63,936
Total Fund Balances	<u>88,542</u>	<u>5,429</u>	<u>63,936</u>	<u>106,315</u>	<u>264,222</u>
Total Liabilities and Fund Balances	<u>\$ 88,542</u>	<u>\$ 5,429</u>	<u>\$ 83,824</u>	<u>\$ 106,315</u>	<u>\$ 284,110</u>

**CITY OF JASPER, GEORGIA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2015**

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Technology Surcharge	Confiscated Assets	Hotel/Motel Tax	2008 SPLOST	
REVENUES					
Taxes	\$ -	\$ -	\$ 72,073	\$ -	\$ 72,073
Fines, fees and forfeitures	26,192	-	-	-	26,192
Miscellaneous	-	-	16,175	-	16,175
Penalties and interest on delinquent taxes	-	-	1,915	-	1,915
Interest	87	-	83	531	701
Total Revenues	26,279	-	90,246	531	117,056
EXPENDITURES					
<i>Current</i>					
Judicial:					
Materials and supplies	10,459	-	-	-	10,459
Public Safety:					
Materials and supplies	11,051	-	-	-	11,051
Capital outlay	9,579	-	-	-	9,579
Housing and Development:					
Contract services	-	-	75,464	-	75,464
Total Expenditures	31,089	-	75,464	-	106,553
Net change in fund balances	(4,810)	-	14,782	531	10,503
Fund balances, beginning	93,352	5,429	49,154	105,784	253,719
Fund balances, ending	\$ 88,542	\$ 5,429	\$ 63,936	\$ 106,315	\$ 264,222

**CITY OF JASPER, GEORGIA**  
**TECHNOLOGY SURCHARGE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines, fees and forfeitures	\$ 36,100	\$ 36,100	\$ 26,192	\$ (9,908)
Interest	<u>-</u>	<u>-</u>	<u>87</u>	<u>87</u>
Total Revenues	<u>36,100</u>	<u>36,100</u>	<u>26,279</u>	<u>(9,821)</u>
EXPENDITURES				
<i>Current</i>				
Judicial:				
Materials and supplies	46,100	25,550	10,459	15,091
Public Safety:				
Materials and supplies	-	15,550	11,051	4,499
Capital outlay	<u>5,000</u>	<u>10,000</u>	<u>9,579</u>	<u>421</u>
Total Expenditures	<u>51,100</u>	<u>51,100</u>	<u>31,089</u>	<u>20,011</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>42,100</u>	<u>(15,000)</u>	<u>(4,810)</u>	<u>10,190</u>
Net change in fund balances	(15,000)	(15,000)	(4,810)	10,190
Fund balances, beginning	<u>15,000</u>	<u>15,000</u>	<u>93,352</u>	<u>78,352</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,542</u>	<u>\$ 88,542</u>

**CITY OF JASPER, GEORGIA**  
**CONFISCATED ASSETS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines, fees and forfeitures	\$ 650	\$ 650	\$ -	\$ (650)
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>650</u>	<u>650</u>	<u>-</u>	<u>(650)</u>
EXPENDITURES				
<i>Current</i>				
Public Safety:				
Custody of property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	650	650	-	(650)
Fund balances, beginning	<u>(650)</u>	<u>(650)</u>	<u>5,429</u>	<u>6,079</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,429</u></u>	<u><u>\$ 5,429</u></u>

**CITY OF JASPER, GEORGIA**  
**HOTEL/MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 60,000	\$ 60,000	\$ 72,073	\$ 12,073
Miscellaneous	16,000	16,000	16,175	175
Penalties and interest on delinquent taxes	-	-	1,915	1,915
Interest	<u>15</u>	<u>15</u>	<u>83</u>	<u>68</u>
Total Revenues	<u>76,015</u>	<u>76,015</u>	<u>90,246</u>	<u>14,231</u>
EXPENDITURES				
<i>Current</i>				
Housing and Development:				
Contract services	<u>76,015</u>	<u>76,015</u>	<u>75,464</u>	<u>551</u>
Total Expenditures	<u>76,015</u>	<u>76,015</u>	<u>75,464</u>	<u>551</u>
Net change in fund balances	-	-	14,782	14,782
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>49,154</u>	<u>49,154</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 63,936</u></u>	<u><u>\$ 63,936</u></u>



**CITY OF JASPER, GEORGIA**  
**2008 SPLOST FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 531	\$ 531
Total Revenues	<u>-</u>	<u>-</u>	<u>531</u>	<u>531</u>
EXPENDITURES				
<i>Capital Outlay</i>				
Public Works:				
Streets	<u>105,583</u>	<u>105,583</u>	<u>-</u>	<u>105,583</u>
Total Expenditures	<u>105,583</u>	<u>105,583</u>	<u>-</u>	<u>105,583</u>
Net change in fund balances	(105,583)	(105,583)	531	106,114
Fund balances, beginning	<u>105,583</u>	<u>105,583</u>	<u>105,784</u>	<u>201</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,315</u>	<u>\$ 106,315</u>

**CITY OF JASPER, GEORGIA  
MUNICIPAL COURT AGENCY FUND  
STATEMENT OF ASSETS AND LIABILITIES  
December 31, 2015**

ASSETS

Equity in pooled cash	<u>\$ 23,086</u>
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LIABILITIES

Due to other agencies	<u>\$ 23,086</u>
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**CITY OF JASPER, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the Year Ended December 31, 2015**

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31</u>
ASSETS				
Equity in pooled cash	\$ <u>6,565</u>	\$ <u>250,179</u>	\$ <u>(233,658)</u>	\$ <u>23,086</u>
LIABILITIES				
Due to other agencies	\$ <u>6,565</u>	\$ <u>250,179</u>	\$ <u>(233,658)</u>	\$ <u>23,086</u>

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## **COMPLIANCE AND INTERNAL CONTROL**

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**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance with *Government Auditing Standards***

Honorable Mayor and  
Members of the City Council  
City of Jasper, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Jasper, Georgia's basic financial statements and have issued our report thereon dated May 31, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Jasper, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia

May 31, 2016



## **STATE REPORTING SECTION**

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**CITY OF JASPER, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**For the year ended December 31, 2015**

Project	Estimated Cost *		Prior Years	Expenditures	
	Original	Current		Current Year	Total
2008 Referendum					
Roads, Streets, and Bridges	\$ 954,889	\$ 954,889	\$ 0	\$ 0	\$ 0
Total	<u>\$ 954,889</u>	<u>\$ 954,889</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
2014 Referendum					
Roads, Streets, and Bridges	\$ 6,000,000	\$ 6,000,000	\$ 497	\$ 756,564	\$ 757,061
Total	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 497</u>	<u>\$ 756,564</u>	<u>\$ 757,061</u>
Current year expenditures				\$ 756,564	
Expenditures financed through other revenues, financing sources, and transfers from other funds				64,814	
				<u>\$ 821,378</u>	

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.