

CITY OF JASPER, GEORGIA

ANNUAL FINANCIAL REPORT

**For the Calendar Year Ended
December 31, 2017**



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ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2017

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FINANCIAL SECTION

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 unit, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of and for the year ended December 31, 2017, 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 from 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 City'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 City'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 unit, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 48 through 49, and the required supplementary information on pages 50 through 53, respectively to 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 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 basic financial statements.

The combining and individual 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 basic 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 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 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 21, 2018, 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, 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.

Rushon & Company, LLC

Certified Public Accountants

Gainesville, Georgia
May 21, 2018



City of Jasper

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Mayor
John Weaver

Mayor Pro Tem
Jim Looney

Council
Tony Fountain
John Foust
Dr. Sonny Proctor
Anne Sneve

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, 2017. 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, 2017, by \$24,694,612 (reported as *net position*).
- As of December 31, 2017, Jasper's governmental funds reported combined ending fund balances of \$2,467,793. Approximately 69% of this total amount, \$1,709,992, 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 14 - 15) 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 16), 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 14-16.

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 17-20 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 21-25.

- **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 26.

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 27-47 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's defined benefit pension plan. The required supplementary information can be found on pages 48-53 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 14 - 16):

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other						
assets	\$ 3,797,967	\$ 3,415,938	\$ 2,161,475	\$ 1,872,141	\$ 5,959,442	\$ 5,288,079
Capital assets	7,133,337	7,065,931	20,588,470	20,330,285	27,721,807	27,396,216
Total Assets	<u>10,931,304</u>	<u>10,481,869</u>	<u>22,749,945</u>	<u>22,202,426</u>	<u>33,681,249</u>	<u>32,684,295</u>
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows						
of Resources	<u>137,404</u>	<u>270,328</u>	<u>110,180</u>	<u>183,416</u>	<u>247,584</u>	<u>453,744</u>
LIABILITIES AND NET POSITION						
Liabilities						
Current and other						
liabilities	531,089	441,100	1,357,006	1,204,864	1,888,095	1,645,964
Noncurrent liabilities	<u>673,757</u>	<u>907,091</u>	<u>5,366,606</u>	<u>5,750,513</u>	<u>6,040,363</u>	<u>6,657,604</u>
Total Liabilities	<u>1,204,846</u>	<u>1,348,191</u>	<u>6,723,612</u>	<u>6,955,377</u>	<u>7,928,458</u>	<u>8,303,568</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows						
of Resources	<u>1,171,517</u>	<u>1,027,287</u>	<u>134,246</u>	<u>23,149</u>	<u>1,305,763</u>	<u>1,050,436</u>
Net Position						
Net investment in						
capital assets	6,420,240	6,482,741	14,699,253	14,351,019	21,119,493	20,833,760
Restricted	560,174	514,256	31,318	1,855	591,492	516,111
Unrestricted	<u>1,711,931</u>	<u>1,379,722</u>	<u>1,271,696</u>	<u>1,054,442</u>	<u>2,983,627</u>	<u>2,434,164</u>
Total Net Position	<u>\$ 8,692,345</u>	<u>\$ 8,376,719</u>	<u>\$ 16,002,267</u>	<u>\$ 15,407,316</u>	<u>\$ 24,694,612</u>	<u>\$ 23,784,035</u>

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 \$24,694,612 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 (86%) 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% (\$16,002,267) 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.

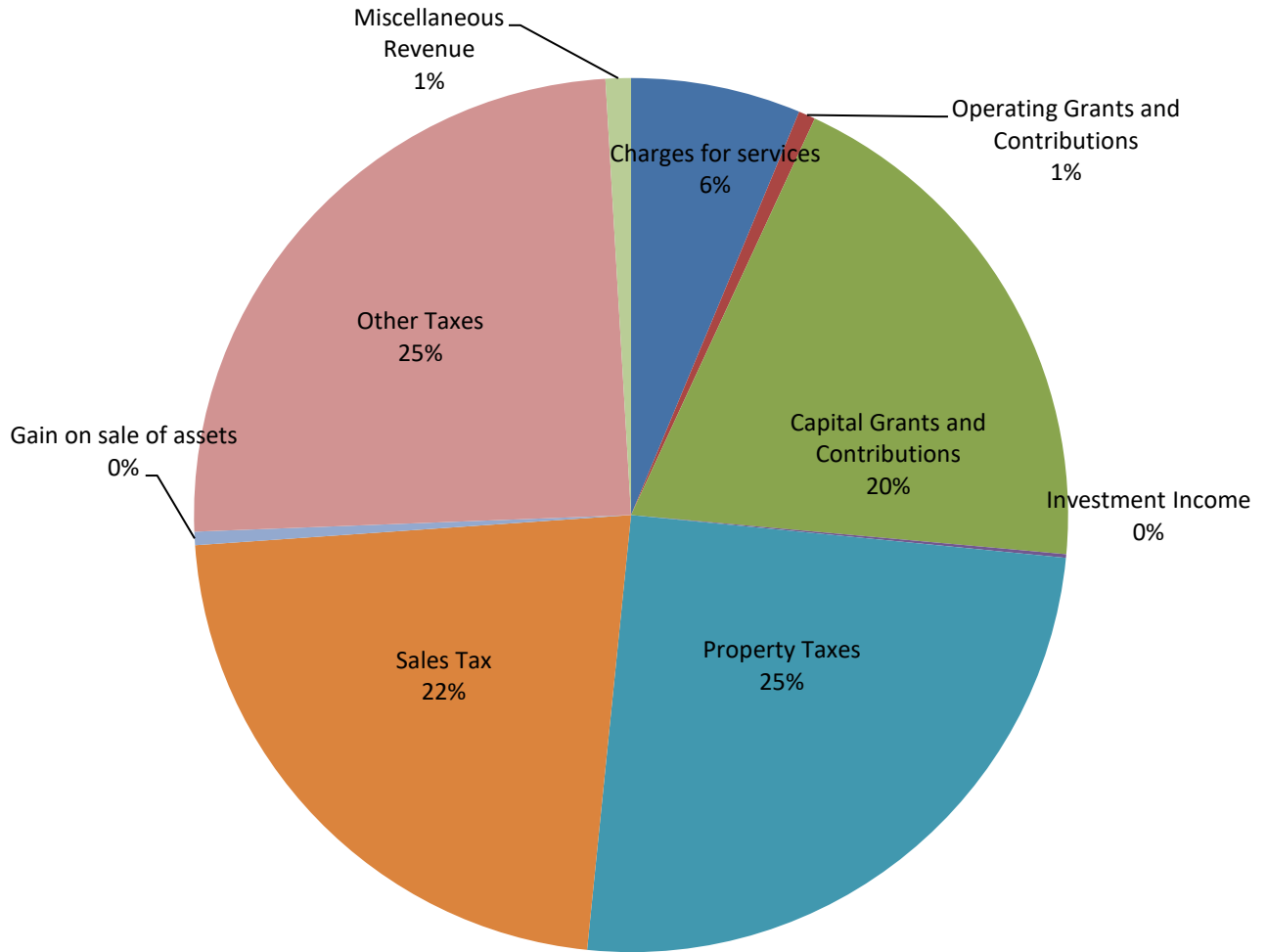
City of Jasper
Changes in Net Position
For the years ending December 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
PROGRAM REVENUES						
Charges for services	\$ 327,951	\$ 384,202	\$ 4,485,777	\$ 4,320,253	\$ 4,813,728	\$ 4,704,455
Operating grants and contributions	32,392	31,205	-	-	32,392	31,205
Capital grants and contributions	1,018,538	888,995	424,387	120,305	1,442,925	1,009,300
General revenues:						
Property taxes	1,306,427	1,249,606	-	-	1,306,427	1,249,606
Sales tax	1,163,190	1,068,441	-	-	1,163,190	1,068,441
Other taxes	1,287,066	1,263,705	-	-	1,287,066	1,263,705
Investment income	6,991	5,850	1,443	1,214	8,434	7,064
Gain on sale of assets	25,835	-	-	-	25,835	-
Miscellaneous revenue	48,847	35,082	22,735	24,987	71,582	60,069
Total revenues	<u>5,217,237</u>	<u>4,927,086</u>	<u>4,934,342</u>	<u>4,466,759</u>	<u>10,151,579</u>	<u>9,393,845</u>
EXPENSES						
General Government	543,014	499,846	-	-	543,014	499,846
Judicial	102,272	88,231	-	-	102,272	88,231
Public Safety	2,259,559	2,134,894	-	-	2,259,559	2,134,894
Public Works	1,714,041	1,575,017	-	-	1,714,041	1,575,017
Culture and Recreation	97,326	72,871	-	-	97,326	72,871
Housing and Development	168,846	158,000	-	-	168,846	158,000
Interest on long-term debt	27,284	21,780	-	-	27,284	21,780
Water and sewer	-	-	4,100,561	4,032,591	4,100,561	4,032,591
Sanitation	-	-	228,099	118,419	228,099	118,419
Total expenses	<u>4,912,342</u>	<u>4,550,639</u>	<u>4,328,660</u>	<u>4,151,010</u>	<u>9,241,002</u>	<u>8,701,649</u>
Increase (decrease) in net position before transfers	304,895	376,447	605,682	315,749	910,577	692,196
Transfers	10,731	-	(10,731)	-	-	-
Increase (decrease) in net position	315,626	376,447	594,951	315,749	910,577	692,196
Net position - beginning	<u>8,376,719</u>	<u>8,000,272</u>	<u>15,407,316</u>	<u>15,091,567</u>	<u>23,784,035</u>	<u>23,091,839</u>
Net position - ending	<u><u>\$ 8,692,345</u></u>	<u><u>\$ 8,376,719</u></u>	<u><u>\$ 16,002,267</u></u>	<u><u>\$ 15,407,316</u></u>	<u><u>\$ 24,694,612</u></u>	<u><u>\$ 23,784,035</u></u>

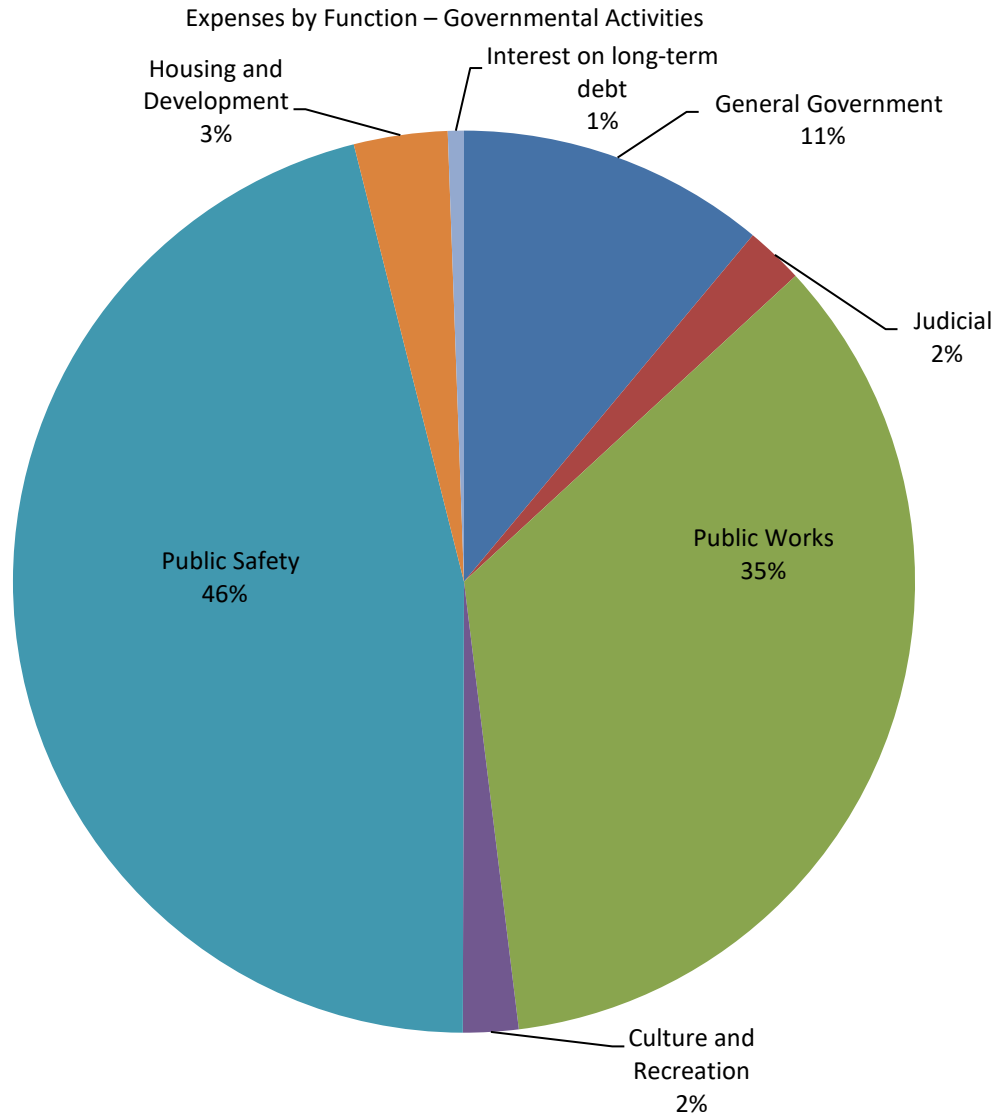
Governmental Activities –

The following chart depicts revenues of the governmental activities for the year ended December 31, 2017:

Revenue by Source – Governmental Activities



The following chart depicts the expenses of the governmental activities for the year ended December 31, 2017:



Business-type Activities –

Business-type activities increased the City of Jasper’s net position by \$594,951; this is \$279,202 more than the increase in net position for 2016. The key elements of this increase are:

- This increase is partially because the City was forced to purchase water from other governments due to the drought conditions in 2016. Water purchased in 2016 over 2017 amounted to \$32,800. The City had several large equipment repairs during 2016 as opposed to 2017 as well as several water line repairs due to an internet line installation by an outside contractor. City water lines were broken four times with significant damage. Due to the additional work required, the City moved several employees from the general fund to the water department. Additional salaries in the business-type activities were \$85,000 over 2016. In 2016 the City received \$97,520 in Federal and State emergency grant funds to pay for a dredge and improvements to the City’s water source. In 2017 the City received \$344,344 in emergency grant funding for generators to be used for water supply. In addition, the City received \$80,000 versus \$4,000 in capital contributions from construction contractors.

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 \$2,467,793. Of this amount, \$1,709,992 (69%) 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 \$1,709,992, while total fund balance was \$1,794,457. 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 40% of total General Fund expenditures, while total fund balance represents 41% 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 Legislative Department, group insurance was higher than budgeted; also salaries were higher than budgeted due to the City council held more work sessions in 2017 than in 2016.
- In the Elections Department, election costs were higher than budgeted.
- In the Municipal Court Department, judge and public defender costs were higher than budgeted. Additionally, salaries were higher than budgeted.

- In the Protective Inspection Department, the City transferred an employee from another department.

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	\$ 15,995,565
▪ Sanitation	\$6,702

The total increase in net position for both funds was \$594,951. 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 \$27,721,807 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 74% of this investment is related to business-type activities and approximately 26% relates to governmental activities.

During 2017, the City invested \$1,403,629 in new capital assets. Major capital asset events during the current year included the following:

Business-type Activities
2017

Emergency generators - water & sewer	\$ 299,975
Pump station rebuilds water & sewer	146,964
Rubber-track loaders, excavators - water & sewer	130,456
Trucks, dump trucks - water & sewer	176,920
Meter reader trucks - water	58,839
GIS mapping system - water & sewer	22,775
CIP - Water pollution control plant expansion	27,580
CIP - emergency generator - Cove well	86,315
	<u>\$ 949,824</u>

Governmental-type Activities
2017

Emergency generator - police	\$ 46,125
Vehicle - police	32,105
Emergency equipment - fire	43,053
Emergency vehicle - fire	32,422
Road extension - street	36,450
Bridge improvements - street	44,000
Dump truck - street	76,839
	<u>\$ 310,994</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, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 3,284,051	\$ 3,284,051	\$ 1,162,347	\$ 1,154,128	\$ 4,446,398	\$ 4,438,179
Construction in progress	78,524	42,073	113,896	22,101	192,420	64,174
Buildings and improvements	1,044,094	1,030,244	2,487,714	2,487,714	3,531,808	3,517,958
Infrastructure	2,579,570	2,535,570	26,109,589	26,109,589	28,689,159	28,645,159
Machinery and equipment	2,696,431	2,611,845	2,753,711	2,094,610	5,450,142	4,706,455
Park improvements	687,021	687,021	-	-	687,021	687,021
Furniture and fixtures	-	-	8,799	8,799	8,799	8,799
Total	10,369,691	10,190,804	32,636,056	31,876,941	43,005,747	42,067,745
Accumulated depreciation	(3,236,354)	(3,124,873)	(12,047,586)	(11,546,656)	(15,283,940)	(14,671,529)
Net Capital Assets	<u>\$ 7,133,337</u>	<u>\$ 7,065,931</u>	<u>\$20,588,470</u>	<u>\$20,330,285</u>	<u>\$ 27,721,807</u>	<u>\$ 27,396,216</u>

Additional information on the City of Jasper's capital assets can be found in the Note 7 to the Financial Statements on pages 35-36 of this report.

Long-term debt. At December 31, 2017, the City of Jasper had \$6,818,506 in long-term debt which was a decrease of \$58,057 from 2016. The decrease is attributed to the excess of repayment of debt over debt issued in 2016.

City of Jasper
Outstanding Debt
As of December 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital leases	\$ 279,836	\$ 154,864	\$ 380,785	\$ 30,677	\$ 660,621	\$ 185,541
Notes payable	-	-	5,343,056	5,779,951	5,343,056	5,779,951
Notes payable - component unit	388,261	428,326	-	-	388,261	428,326
Other contracts payable	-	-	118,638	168,638	118,638	168,638
Compensated absences	179,844	195,967	128,086	118,134	307,930	314,101
Total	<u>\$ 847,941</u>	<u>\$ 779,157</u>	<u>\$5,970,565</u>	<u>\$6,097,400</u>	<u>\$6,818,506</u>	<u>\$6,876,557</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 37-42 of this report.

Economic Environment and Next Year's Budgets

The City continues to anticipate new challenges ahead with what appears to be an improving economy. The City considered many factors when adopting the 2018 budget. The City's tax rates, fees and charges for services for governmental and business-type activities also dominated budget considerations. The City is experiencing 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 is expecting a slow but steady growth in population in the future. Enterprise fund revenues are starting to increase and the City expects this to continue in the future. The City continues to contract with a local sanitation facility for leachate disposal for additional revenues which is reflected in the 2018 budget. The following are some of the major factors considered in preparing the City's budget for 2018:

- 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 City's operating millage rate has not been above 4.690 mils since 2006. The City decreased the rate in 2016 and again in 2017 to 4.655 in order not to create a tax increase. The millage rate for the General Fund has steadily decreased over a period of 22 years, which 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.
- Capital Assets – For 2018, the City has budgeted for a new fire engine, park improvements, street equipment as well as street signage required by the State of Georgia.
- Infrastructure improvements – The City continues to provide substantial capital funding to improve the water and sewer infrastructure. This long-range plan includes seeking additional water sources, replacing deteriorating infrastructure as well as continuing to expand treatment facilities to serve the growing customer base. SPLOST revenue will continue to 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, although the City is seeing more economic growth in the area.
- The City restricts the use of one-time revenues to capital projects.

For fiscal year 2018, the City Council approved a total budget of \$11,700,171. This budget includes operating and non-operating funds. The General Fund budget is \$4,989,124 and the Proprietary Funds are budgeted for \$5,087,288 (Water, Sewerage and Sanitation). 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.

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BASIC FINANCIAL STATEMENTS

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, 2017

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units		
				Industrial Development Authority	Downtown Development Authority	Jasper Development Authority
ASSETS						
<i>Current assets</i>						
Cash	\$ 1,046,693	\$ 908,189	\$ 1,954,882	\$ -	\$ -	\$ 18,499
Restricted cash	15,593	658,832	674,425	976	9,149	-
Cash equivalents	1,116,413	-	1,116,413	-	-	-
Accounts receivable, net	-	501,554	501,554	-	-	-
Taxes receivable, net	1,251,912	-	1,251,912	-	-	-
Other receivables	68	57,514	57,582	24	-	-
Internal balances	156,427	(156,427)	-	-	-	-
Intergovernmental receivable	126,396	31,318	157,714	-	-	-
Interest receivable-primary government	-	-	-	-	332	-
Note receivable-primary government	-	-	-	-	36,749	-
Prepaid items	84,465	52,734	137,199	-	-	-
Inventories	-	107,761	107,761	-	-	-
Total current assets	<u>3,797,967</u>	<u>2,161,475</u>	<u>5,959,442</u>	<u>1,000</u>	<u>46,230</u>	<u>18,499</u>
<i>Noncurrent assets</i>						
<i>Capital assets</i>						
Non-depreciable	3,362,575	1,276,243	4,638,818	-	-	-
Depreciable (net)	3,770,762	19,312,227	23,082,989	-	-	-
Note receivable-primary government	-	-	-	-	351,512	-
Total noncurrent assets	<u>7,133,337</u>	<u>20,588,470</u>	<u>27,721,807</u>	<u>-</u>	<u>351,512</u>	<u>-</u>
Total Assets	<u>10,931,304</u>	<u>22,749,945</u>	<u>33,681,249</u>	<u>1,000</u>	<u>397,742</u>	<u>18,499</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to the measurement date	66,328	54,454	120,782	-	-	-
Pension experience differences	68,789	55,726	124,515	-	-	-
Pension investment return differences	<u>2,287</u>	<u>-</u>	<u>2,287</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>137,404</u>	<u>110,180</u>	<u>247,584</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
<i>Current liabilities</i>						
Accounts payable	139,695	6,375	146,070	-	-	-
Accrued salaries	20,728	18,629	39,357	-	-	-
Accrued interest	1,131	14,957	16,088	-	332	-
Interest payable-component unit	332	-	332	-	-	-
Unearned revenue	78,655	8,000	86,655	-	-	-
Other accrued expenses	5,954	-	5,954	-	-	-
Liabilities Payable from Restricted Assets:						
Accounts payable	57,946	-	57,946	-	-	-
Retainage payable	-	40,363	40,363	-	-	-
Customer deposits	-	618,469	618,469	-	-	-
Compensated absences	80,303	67,129	147,432	-	-	-
Notes payable	-	453,550	453,550	-	-	-
Capital leases payable	109,596	79,534	189,130	-	36,749	-
Note payable to component units	36,749	-	36,749	-	-	-
Other contracts payable	-	50,000	50,000	-	-	-
Total current liabilities	<u>531,089</u>	<u>1,357,006</u>	<u>1,888,095</u>	<u>-</u>	<u>37,081</u>	<u>-</u>
Compensated absences	99,541	60,957	160,498	-	-	-
Net pension liability	52,464	46,254	98,718	-	-	-
Notes payable	-	4,889,506	4,889,506	-	-	-
Capital leases payable	170,240	301,251	471,491	-	351,512	-
Note payable to component units	351,512	-	351,512	-	-	-
Other contracts payable	-	68,638	68,638	-	-	-
Total noncurrent liabilities	<u>673,757</u>	<u>5,366,606</u>	<u>6,040,363</u>	<u>-</u>	<u>351,512</u>	<u>-</u>
Total Liabilities	<u>1,204,846</u>	<u>6,723,612</u>	<u>7,928,458</u>	<u>-</u>	<u>388,593</u>	<u>-</u>

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF NET POSITION
December 31, 2017

	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 experience differences	152,000	118,760	270,760	-	-	-
Pension assumption changes	9,257	8,013	17,270	-	-	-
Pension investment return differences	-	7,473	7,473	-	-	-
Property taxes levied for subsequent year	<u>1,010,260</u>	<u>-</u>	<u>1,010,260</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,171,517</u>	<u>134,246</u>	<u>1,305,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>NET POSITION</i>						
Net investment in capital assets	6,420,240	14,699,253	21,119,493	-	-	-
Restricted for:						
Police and municipal court departments technological equipment and supplies	94,383	-	94,383	-	-	-
Police department equipment and supplies	5,430	-	5,430	-	-	-
Capital outlay	460,361	31,318	491,679	-	-	-
Economic Development	-	-	-	1,000	9,149	-
Unrestricted	<u>1,711,931</u>	<u>1,271,696</u>	<u>2,983,627</u>	<u>-</u>	<u>-</u>	<u>18,499</u>
Total Net Position	<u>\$ 8,692,345</u>	<u>\$ 16,002,267</u>	<u>\$ 24,694,612</u>	<u>\$ 1,000</u>	<u>\$ 9,149</u>	<u>\$ 18,499</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenue				Primary Government			Component Units		
	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	\$ 543,014	\$ 66,543	\$ -	\$ -	\$ (476,471)	\$ -	\$ (476,471)	\$ -	\$ -	\$ -
Judicial	102,272	20,265	-	-	(82,007)	-	(82,007)	-	-	-
Public safety	2,259,559	193,569	32,392	33,750	(1,999,848)	-	(1,999,848)	-	-	-
Public works	1,714,041	-	-	984,788	(729,253)	-	(729,253)	-	-	-
Culture and recreation	97,326	-	-	-	(97,326)	-	(97,326)	-	-	-
Housing and development	168,846	47,574	-	-	(121,272)	-	(121,272)	-	-	-
Interest charges	27,284	-	-	-	(27,284)	-	(27,284)	-	-	-
Total Governmental Activities	<u>4,912,342</u>	<u>327,951</u>	<u>32,392</u>	<u>1,018,538</u>	<u>(3,533,461)</u>	<u>-</u>	<u>(3,533,461)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities:										
Water and sewerage	4,100,560	4,390,555	-	424,386	-	714,381	714,381			
Sanitation	228,099	95,222	-	-	-	(132,877)	(132,877)			
Total Business-type Activities	<u>4,328,659</u>	<u>4,485,777</u>	<u>-</u>	<u>424,386</u>	<u>-</u>	<u>581,504</u>	<u>581,504</u>			
Total Primary Government	<u>\$ 9,241,001</u>	<u>\$ 4,813,728</u>	<u>\$ 32,392</u>	<u>\$ 1,442,924</u>	<u>(3,533,461)</u>	<u>581,504</u>	<u>(2,951,957)</u>			
Component Units--										
Industrial Development Authority	\$ 24	\$ -	\$ -	\$ -			\$ (24)	\$ -	\$ -	
Downtown Development Authority	-	-	-	-			-	-	-	
Jasper Development Authority	-	-	-	-			-	-	-	
Total Component Units	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			<u>(24)</u>	<u>-</u>	<u>-</u>	
General revenues:										
Taxes:										
Property taxes, levied for general purposes					1,306,427	-	1,306,427	-	-	-
General sales and use taxes					1,163,190	-	1,163,190	-	-	-
Franchise taxes					404,969	-	404,969	-	-	-
Selective sales and use taxes					473,516	-	473,516	-	-	-
Business taxes					408,581	-	408,581	-	-	-
Unrestricted investment earnings					6,991	1,443	8,434	-	26	39
Gain on sale of assets					25,835	-	25,835	-	-	-
Miscellaneous					48,847	22,735	71,582	-	-	-
Transfers					10,731	(10,731)	-	24	-	-
Total general revenues and transfers					<u>3,849,087</u>	<u>13,447</u>	<u>3,862,534</u>	<u>24</u>	<u>26</u>	<u>39</u>
Change in net position					<u>315,626</u>	<u>594,951</u>	<u>910,577</u>	<u>-</u>	<u>26</u>	<u>39</u>
Net position, beginning					<u>8,376,719</u>	<u>15,407,316</u>	<u>23,784,035</u>	<u>1,000</u>	<u>9,123</u>	<u>18,460</u>
Net position, end of year					<u>\$ 8,692,345</u>	<u>\$ 16,002,267</u>	<u>\$ 24,694,612</u>	<u>\$ 1,000</u>	<u>\$ 9,149</u>	<u>\$ 18,499</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<i>ASSETS</i>				
Cash	\$ 459,588	\$ 375,080	\$ 212,025	\$ 1,046,693
Restricted cash	-	-	15,593	15,593
Cash equivalents	1,116,413	-	-	1,116,413
Taxes receivable, net	1,245,757	-	6,155	1,251,912
Other receivables	68	-	-	68
Intergovernmental receivables	38,250	88,146	-	126,396
Interfund receivable	156,427	-	-	156,427
Prepaid items	84,465	-	-	84,465
Total Assets	<u>\$ 3,100,968</u>	<u>\$ 463,226</u>	<u>\$ 233,773</u>	<u>\$ 3,797,967</u>
<i>LIABILITIES</i>				
Accounts payable	\$ 135,728	\$ 2,865	\$ 1,102	\$ 139,695
Accrued salaries	20,728	-	-	20,728
Other accrued liabilities	5,954	-	-	5,954
Unearned revenue	78,655	-	-	78,655
Liabilities payable from restricted assets:				
Accounts payable	38,250	-	19,696	57,946
Total Liabilities	<u>279,315</u>	<u>2,865</u>	<u>20,798</u>	<u>302,978</u>
<i>DEFERRED INFLOWS OF RESOURCES</i>				
Property taxes levied for subsequent year	1,010,260	-	-	1,010,260
Unavailable revenue - property taxes	16,936	-	-	16,936
Total Deferred Inflows of Resources	<u>1,027,196</u>	<u>-</u>	<u>-</u>	<u>1,027,196</u>
<i>FUND BALANCES</i>				
Nonspendable prepaid items	84,465	-	-	84,465
Restricted for:				
Police and municipal court departments				
technological equipment and supplies	-	-	94,383	94,383
Police department equipment and supplies	-	-	5,430	5,430
Capital outlay	-	460,361	-	460,361
Assigned for tourism	-	-	113,162	113,162
Unassigned	1,709,992	-	-	1,709,992
Total Fund Balances	<u>1,794,457</u>	<u>460,361</u>	<u>212,975</u>	<u>2,467,793</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,100,968</u>	<u>\$ 463,226</u>	<u>\$ 233,773</u>	<u>\$ 3,797,967</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, 2017

Total fund balance, governmental funds \$ 2,467,793

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. 7,133,337

A portion of the deferred inflows are 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. 16,936

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	66,328
Pension experience differences	68,789
Pension investment return differences	2,287

Deferred inflows of resources:

Pension experience differences	(152,000)
Pension assumption changes	(9,257)

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	(1,131)
Interest payable - component unit	(332)
Compensated absences	(179,844)
Net pension liability	(52,464)
Note payable to component units	(388,261)
Capital leases payable	(279,836)
	<u>(279,836)</u>

Net Position of Governmental Activities in the Statement of Net Position \$ 8,692,345

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, 2017

	General	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,705,468	\$ -	\$ 89,229	\$ 3,794,697
Licenses and permits	113,849	-	-	113,849
Intergovernmental	38,250	977,406	-	1,015,656
Charges for services	17,628	-	-	17,628
Fines, fees and forfeitures	176,209	-	20,265	196,474
Investment earnings	6,869	2,882	122	9,873
Contributions and donations	3,530	-	-	3,530
Miscellaneous	32,042	-	16,805	48,847
Penalties and interest on delinquent taxes	5,140	-	-	5,140
Total Revenues	<u>4,098,985</u>	<u>980,288</u>	<u>126,421</u>	<u>5,205,694</u>
Expenditures:				
Current:				
General government	523,599	-	-	523,599
Judicial	89,592	-	13,034	102,626
Public safety	2,158,438	-	10,299	2,168,737
Public works	701,989	-	-	701,989
Culture and recreation	70,014	-	-	70,014
Housing and development	94,997	-	75,456	170,453
Capital Outlay:				
Police	78,230	-	-	78,230
Fire	75,476	-	-	75,476
Streets	142,744	931,396	-	1,074,140
Fleet maintenance and shop	23,097	-	-	23,097
Debt Service:				
Principal	140,253	-	-	140,253
Interest and other charges	27,944	-	-	27,944
Total Expenditures	<u>4,126,373</u>	<u>931,396</u>	<u>98,789</u>	<u>5,156,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,388)</u>	<u>48,892</u>	<u>27,632</u>	<u>49,136</u>
Other Financing Sources (Uses):				
Proceeds from sale of property	35,559	-	-	35,559
Proceeds from issuance of debt	225,160	-	-	225,160
Total other financing sources and uses	<u>260,719</u>	<u>-</u>	<u>-</u>	<u>260,719</u>
Net changes in fund balances	233,331	48,892	27,632	309,855
Fund balances (deficit), beginning	<u>1,561,126</u>	<u>411,469</u>	<u>185,343</u>	<u>2,157,938</u>
Fund balances (deficit), ending	<u>\$ 1,794,457</u>	<u>\$ 460,361</u>	<u>\$ 212,975</u>	<u>\$ 2,467,793</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, 2017

Net change in fund balances - total governmental funds: \$ 309,855

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	\$ (189,260)	
Related accumulated depreciation	<u>179,536</u>	(9,724)

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	\$ 368,147	
Depreciation expense	<u>(291,017)</u>	77,130

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. (14,292)

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. (84,907)

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	\$ 140,253	
Costs of benefits earned net of employee contributions	<u>(130,202)</u>	10,051

Transfers of pension liabilities and related deferred outflows and inflows of resources increase net position in the statement of activities, but do not appear in the governmental funds because pension liabilities and related deferred outflows and inflows of resources are not recognized. 10,731

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	\$ 659	
Compensated absences	<u>16,123</u>	<u>16,782</u>

Change in net position - governmental activities \$ 315,626

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage Fund	Nonmajor Fund Sanitation	Total
<i>ASSETS</i>			
Current Assets:			
Cash	\$ 902,701	\$ 5,488	\$ 908,189
Restricted cash	658,832	-	658,832
Accounts receivable, net	491,463	10,091	501,554
Intergovernmental receivable	31,318	-	31,318
Interfund receivable	-	1,223	1,223
Other receivables	57,514	-	57,514
Prepaid items	46,691	6,043	52,734
Inventories	107,761	-	107,761
Total Current Assets	<u>2,296,280</u>	<u>22,845</u>	<u>2,319,125</u>
Non-Current Assets:			
Capital Assets:			
Non-depreciable	1,276,243	-	1,276,243
Depreciable (net)	19,302,268	9,959	19,312,227
Total Non-Current Assets	<u>20,578,511</u>	<u>9,959</u>	<u>20,588,470</u>
Total Assets	<u>22,874,791</u>	<u>32,804</u>	<u>22,907,595</u>
<i>DEFERRED OUTFLOWS OF RESOURCES</i>			
Pension contributions subsequent to the measurement date	47,989	6,465	54,454
Pension experience differences	48,215	7,511	55,726
Total Deferred Outflows of Resources	<u>96,204</u>	<u>13,976</u>	<u>110,180</u>
<i>LIABILITIES</i>			
Current Liabilities:			
Accounts payable	6,375	-	6,375
Salaries payable	17,646	983	18,629
Accrued interest payable	14,957	-	14,957
Interfund payable	152,880	4,770	157,650
Unearned revenue	8,000	-	8,000
Liabilities Payable from Restricted Assets:			
Customer deposits	618,469	-	618,469
Retainage payable	40,363	-	40,363
Current Portion of Long-term Liabilities:			
Compensated absences	66,289	840	67,129
Notes payable	453,550	-	453,550
Capital leases payable	79,534	-	79,534
Other contracts payable	50,000	-	50,000
Total Current Liabilities	<u>1,508,063</u>	<u>6,593</u>	<u>1,514,656</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2017

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage Fund	Nonmajor Fund Sanitation	Total
<i>Non-Current Liabilities:</i>			
Compensated absences	\$ 54,058	\$ 6,899	\$ 60,957
Net pension liability	31,517	14,737	46,254
Notes payable	4,889,506	-	4,889,506
Capital leases payable	301,251	-	301,251
Other contracts payable	68,638	-	68,638
Total Non-Current Liabilities	5,344,970	21,636	5,366,606
Total Liabilities	6,853,033	28,229	6,881,262
 <i>DEFERRED INFLOWS OF RESOURCES</i>			
Pension experience differences	109,412	9,348	118,760
Pension assumption changes	6,956	1,057	8,013
Pension investment return	6,029	1,444	7,473
Total Deferred Inflows of Resources	122,397	11,849	134,246
 <i>NET POSITION</i>			
Net investment in capital assets	14,689,294	9,959	14,699,253
Restricted for capital projects	31,318	-	31,318
Unrestricted	1,274,953	(3,257)	1,271,696
Total Net Position	\$ 15,995,565	\$ 6,702	\$ 16,002,267

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, 2017

	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	\$ 4,390,555	\$ 95,222	\$ 4,485,777
Miscellaneous	22,735	-	22,735
Total Operating Revenues	<u>4,413,290</u>	<u>95,222</u>	<u>4,508,512</u>
Operating Expenses:			
Sewer administration	27,582	-	27,582
Sewer maintenance	230,985	-	230,985
Waste water treatment plant	595,079	-	595,079
Water administration	382,120	-	382,120
Meter reading	233,966	-	233,966
Water supply	203,599	-	203,599
Water treatment plant	713,432	-	713,432
Water distribution	669,875	-	669,875
Water fleet maintenance and shop	128,582	-	128,582
Solid waste collection	-	224,694	224,694
Total Operating Expenses before Depreciation	<u>3,185,220</u>	<u>224,694</u>	<u>3,409,914</u>
Depreciation expense	<u>716,995</u>	<u>3,405</u>	<u>720,400</u>
Total Operating Expenses	<u>3,902,215</u>	<u>228,099</u>	<u>4,130,314</u>
Operating Income (Loss)	<u>511,075</u>	<u>(132,877)</u>	<u>378,198</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	344,343	-	344,343
Loss on sale of property	(2,600)	-	(2,600)
Interest revenue	1,413	30	1,443
Interest expense	(195,745)	-	(195,745)
Total Non-Operating Revenue (Expenses)	<u>147,411</u>	<u>30</u>	<u>147,441</u>
Income (loss) before capital contributions and transfers	658,486	(132,847)	525,639
Capital Contributions	<u>80,043</u>	<u>-</u>	<u>80,043</u>
Income (loss) before transfers	<u>738,529</u>	<u>(132,847)</u>	<u>605,682</u>
Transfers in (out)			
Transfers in	-	130,000	130,000
Transfers out	(130,000)	-	(130,000)
Transfer of net pension liability and related deferred outflows and inflows of resources from the Governmental Activities	-	(10,731)	(10,731)
Total transfers in (out)	<u>(130,000)</u>	<u>119,269</u>	<u>(10,731)</u>
Change in net position	608,529	(13,578)	594,951
Net position, beginning	<u>15,387,036</u>	<u>20,280</u>	<u>15,407,316</u>
Total net position, ending	<u>\$ 15,995,565</u>	<u>\$ 6,702</u>	<u>\$ 16,002,267</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, 2017

	Business-type Activities		
	Enterprise Funds		
	Major Fund Water and Sewerage	Nonmajor Fund Sanitation	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 4,486,782	\$ 94,323	\$ 4,581,105
Payments to suppliers	(1,300,659)	(79,599)	(1,380,258)
Payments to employees	(1,909,383)	(143,013)	(2,052,396)
Net cash provided by (used in) operating activities	1,276,740	(128,289)	1,148,451
 Cash Flows from Noncapital Financing Activities:			
Interfund loans - proceeds and collections	3,441	671	4,112
Transfers in	-	130,000	130,000
Transfers out	(130,000)	-	(130,000)
Net cash provided by (used in) noncapital financing activities	(126,559)	130,671	4,112
 Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(995,119)	-	(995,119)
Principal paid on capital debt	(550,150)	-	(550,150)
Interest paid on capital debt	(196,948)	-	(196,948)
Proceeds from issuance of capital debt	413,363	-	413,363
Receipts of capital contributions	80,043	-	80,043
Proceeds from grant revenue	314,881	-	314,881
Proceeds from sale of capital assets	54,297	-	54,297
Net cash provided by (used in) capital and related financing activities	(879,633)	-	(879,633)
 Cash Flows from Investing Activities:			
Interest received	1,413	30	1,443
Net increase (decrease) in cash	271,961	2,412	274,373
Cash, beginning of year	1,289,572	3,076	1,292,648
Cash, end of year	\$ 1,561,533	\$ 5,488	\$ 1,567,021
 Reconciliation of Total Cash:			
Unrestricted	\$ 902,701	\$ 5,488	\$ 908,189
Restricted	658,832	-	658,832
	\$ 1,561,533	\$ 5,488	\$ 1,567,021

(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, 2017

	Business-type Activities		
	Enterprise Funds		
	Major Fund Water and <u>Sewerage</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
by (used in) operating activities:			
Operating income (loss)	\$ 511,075	\$ (132,877)	\$ 378,198
provided by (used in) operating activities:			
Depreciation expense	716,995	3,405	720,400
Change in assets and liabilities:			
Accounts receivable	(4,006)	(899)	(4,905)
Other receivables	45,958	-	45,958
Inventory	(16,670)	-	(16,670)
Prepaid items	(9,120)	(4,873)	(13,993)
(Increase) decrease in pension experience differences	123,677	4,265	127,942
(Increase) decrease in pension contributions made after measurement date	(2,569)	(4,732)	(7,301)
(Increase) decrease in pension investment return differences	61,611	3,698	65,309
Accounts payable	6,375	-	6,375
Customer deposits	31,540	-	31,540
Salaries payable	(384)	(165)	(549)
Compensated absences	2,213	7,739	9,952
Increase (decrease) in pension assumption changes	(2,327)	709	(1,618)
Increase (decrease) in net pension liability	(187,628)	(4,559)	(192,187)
	<u>765,665</u>	<u>4,588</u>	<u>770,253</u>
Net cash provided by (used in) operating activities	<u>\$ 1,276,740</u>	<u>\$ (128,289)</u>	<u>\$ 1,148,451</u>

Noncash Investing, Capital, and Financing Activities:

Acquisition of capital assets through retainage payable totaled \$ 40,363.

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2017

ASSETS

Equity in pooled cash

\$ 18,137

LIABILITIES

Due to other agencies

\$ 18,137

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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, 2017

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).

Proprietary Fund Types

Enterprise Funds – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

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.

NOTES TO FINANCIAL STATEMENTS (continued)

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).

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).

NOTES TO FINANCIAL STATEMENTS (continued)

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.

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 2017 for the 2018 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 2018 or the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS (continued)

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.

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 items 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 acquisition value. 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

NOTES TO FINANCIAL STATEMENTS (continued)

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.

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

NOTES TO FINANCIAL STATEMENTS (continued)

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.

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, 2017, 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, 2017, 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

NOTES TO FINANCIAL STATEMENTS (continued)

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.

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 and Sewerage Fund has restricted cash totaling \$658,832, for the purpose of repayment of customer deposits and retainage in the amount of \$658,832 (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 \$130,499 was established by management at December 31, 2017. The property tax bills for 2017 were levied at the end of 2017 and were intended for use during the 2018 budget year, the year in which they are due. Therefore, the entire levy of \$1,010,260 is reported as a deferred inflow of resources 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 27, 2017
Due Date	January 31, 2018
Delinquent Date	April 1, 2018
Lien Date	May 1, 2018

Business-type Activities

Accounts receivable in the Water and Sewerage Fund is stated at net amounts receivable. An allowance for doubtful accounts was established by management at December 31, 2017, amounting to \$145,172 in the Water and Sewerage 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, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Transfers In (Out)	Balance 12/31/2017
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$ 3,284,051	\$ -	\$ -	\$ -	\$ 3,284,051
Construction in progress	<u>42,073</u>	<u>36,451</u>	<u>-</u>	<u>-</u>	<u>78,524</u>
Total capital assets not being depreciated	<u>3,326,124</u>	<u>36,451</u>	<u>-</u>	<u>-</u>	<u>3,362,575</u>
Capital assets being depreciated:					
Buildings and improvements	1,030,244	13,850	-	-	1,044,094
Infrastructure	2,535,570	44,000	-	-	2,579,570
Machinery and equipment	2,611,845	273,846	(189,260)	-	2,696,431
Park improvements	<u>687,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>687,021</u>
Total capital assets being depreciated	<u>6,864,680</u>	<u>331,696</u>	<u>(189,260)</u>	<u>-</u>	<u>7,007,116</u>
Less accumulated depreciation:					
Buildings and improvements	336,998	22,635	-	-	359,633
Infrastructure (see note 1)	527,189	105,047	-	-	632,236
Machinery and equipment	1,920,036	142,931	(179,536)	-	1,883,431
Park improvements (see note 1)	<u>340,650</u>	<u>20,404</u>	<u>-</u>	<u>-</u>	<u>361,054</u>
Total accumulated depreciation	<u>3,124,873</u>	<u>291,017</u>	<u>(179,536)</u>	<u>-</u>	<u>3,236,354</u>
Total capital assets being depreciated, net	<u>3,739,807</u>	<u>40,679</u>	<u>(9,724)</u>	<u>-</u>	<u>3,770,762</u>
Governmental activities capital assets, net	<u>\$ 7,065,931</u>	<u>\$ 77,130</u>	<u>\$ (9,724)</u>	<u>\$ -</u>	<u>\$ 7,133,337</u>

Note 1: Beginning balances of accumulated depreciation differ from amounts reported in the prior year due to a classification error corrected in the current year. Total accumulated depreciation reported in the prior year was correct.

NOTES TO FINANCIAL STATEMENTS (continued)

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Transfers <u>In (Out)</u>	Balance <u>12/31/2017</u>
<i><u>Business-type activities</u></i>					
Capital assets not being depreciated:					
Land	\$ 1,154,128	\$ 8,219	\$ -	\$ -	\$ 1,162,347
Construction in progress	<u>22,101</u>	<u>111,026</u>	<u>-</u>	<u>(19,231)</u>	<u>113,896</u>
Total capital assets not being depreciated	<u>1,176,229</u>	<u>119,245</u>	<u>-</u>	<u>(19,231)</u>	<u>1,276,243</u>
Capital assets being depreciated:					
Buildings and improvements	2,487,714	-	-	-	2,487,714
Water and sewer infrastructure	26,109,589	-	-	-	26,109,589
Machinery and equipment	1,477,327	655,278	(135,382)	19,231	2,016,454
Vehicles	617,283	260,959	(140,985)	-	737,257
Furniture and fixtures	<u>8,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,799</u>
Total capital assets being depreciated	<u>30,700,712</u>	<u>916,237</u>	<u>(276,367)</u>	<u>19,231</u>	<u>31,359,813</u>
Less accumulated depreciation:					
Buildings and improvements	458,925	59,635	-	-	518,560
Water and sewer infrastructure	9,531,659	530,594	-	-	10,062,253
Machinery and equipment	964,855	87,511	(87,217)	-	965,149
Vehicles	582,418	42,660	(132,253)	-	492,825
Furniture and fixtures	<u>8,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,799</u>
Total accumulated depreciation	<u>11,546,656</u>	<u>720,400</u>	<u>(219,470)</u>	<u>-</u>	<u>12,047,586</u>
Total capital assets being depreciated, net	<u>19,154,056</u>	<u>195,837</u>	<u>(56,897)</u>	<u>19,231</u>	<u>19,312,227</u>
Business-type activities capital assets, net	<u>\$ 20,330,285</u>	<u>\$ 315,082</u>	<u>\$ (56,897)</u>	<u>\$ -</u>	<u>\$ 20,588,470</u>

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

Governmental Activities

General government	\$ 17,205
Public safety	98,606
Public works	147,890
Culture and recreation	27,313
Housing and development	<u>3</u>
	<u>\$ 291,017</u>

Business-type Activities

Water and Sewerage	\$ 716,995
Sanitation	<u>3,405</u>
	<u>\$ 720,400</u>

NOTES TO FINANCIAL STATEMENTS (continued)

8. INTERFUND BALANCES AND ACTIVITY

Transfer to/from other funds

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Sanitation Fund	Water and Sewerage Fund	\$ 130,000
Transfer of net pension liability and related deferred outflows and inflows of resources		
Governmental Activities	Sanitation Fund	10,731
		<u>\$ 140,731</u>

Balances due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water and Sewerage Fund	\$ 151,657
General Fund	Sanitation Fund	4,770
Sanitation Fund	Water and Sewerage Fund	1,223
		<u>\$ 157,650</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, 2017 consists of \$38,250 in grant money due from FEMA/GEMA in the General Fund, \$31,318 in grant money due from FEMA/GEMA in the Water and Sewerage Fund and SPLOST in the amount of \$88,146 due from Pickens County in the 2014 SPLOST Fund.

10. NOTES PAYABLE TO THE COMPONENT UNITS

The Downtown Development Authority of Jasper currently holds two 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 Governmental Activities at year end was \$388,261.

Regions Bank, police precinct, payable in monthly installments of \$3,104, including interest at 4.75%. Original balance \$475,500, matures in 2024.	\$ 259,894
United Community Bank, land and building purchase, payable in monthly installments of \$883.27, including interest at 5.07%. Original balance \$132,000, matures in 2026.	<u>128,367</u>
	388,261
Less current portion of debt	<u>(36,749)</u>
	<u>\$ 351,512</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 \$388,261. 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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 36,749	\$ 18,055	\$ 54,804
2019	39,356	16,215	55,571
2020	41,269	14,302	55,571
2021	43,310	12,261	55,571
2022	45,434	10,137	55,571
2023 - 2027	<u>182,143</u>	<u>27,625</u>	<u>209,768</u>
	<u>\$ 388,261</u>	<u>\$ 98,595</u>	<u>\$ 486,856</u>

11. LONG-TERM LIABILITIES

Governmental Activities

Capital Leases:

The following capital leases had outstanding balances at December 31, 2017:

Kubota Leasing, equipment lease, payable in monthly installments of \$623.81, including interest at 6.91%. Original balance \$26,095, matures in 2018.	\$ 4,864
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.	26,578
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.	9,144
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.	2,105
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.	9,177
BB&T Governmental Finance Corporation, police vehicle lease, payable in monthly installments of \$1,240, including interest at 3.35%. Original balance \$42,401, matures in 2019.	20,553
BB&T Governmental Finance Corporation, equipment and vehicle lease, payable in monthly installments of \$3,987, including interest at 2.41%. Original balance \$225,155, matures in 2022.	<u>207,415</u>
	279,836
Less current portion of debt	<u>(109,596)</u>
	<u>\$ 170,240</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>
2018	\$ 109,596	\$ 7,286	\$ 116,882
2019	50,524	3,935	54,459
2020	45,459	2,437	47,896
2021	46,566	223	46,789
2022	27,691	1,277	28,968
	<u>\$ 279,836</u>	<u>\$ 15,158</u>	<u>\$ 219,237</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	\$ 128,966	\$ 16,510	\$ 112,456
Vehicles	567,255	326,784	240,471
	<u>\$ 696,221</u>	<u>\$ 343,294</u>	<u>\$ 352,927</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	\$ 154,864	\$ 225,160	\$ 100,188	\$ 279,836	\$ 109,596
Note payable-component unit	428,326	-	40,065	388,261	36,749
Compensated absences	<u>195,967</u>	<u>64,180</u>	<u>80,303</u>	<u>179,844</u>	<u>80,303</u>
	<u>\$ 779,157</u>	<u>\$ 289,340</u>	<u>\$ 220,556</u>	<u>\$ 847,941</u>	<u>\$ 226,648</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. Total interest costs incurred by the governmental activities during 2017 amounted to \$27,284.

NOTES TO FINANCIAL STATEMENTS (continued)

Business-Type Activities

Capital Leases:

The following capital leases had outstanding balances at December 31, 2017:

BB&T Governmental Finance Corporation, equipment and vehicle lease, payable in monthly installments of \$3,987, including interest at 2.41%. Original balance \$225,155, matures in 2022.	\$ 380,785
Less current portion of debt	<u>(79,534)</u>
	<u>\$ 301,251</u>

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>
2018	\$ 79,534	\$ 8,302	\$ 87,836
2019	81,473	6,364	87,837
2020	83,458	4,379	87,837
2021	85,491	2,345	87,836
2022	50,829	409	51,238
	<u>\$ 380,785</u>	<u>\$ 21,799</u>	<u>\$ 402,584</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	\$ 256,606	\$ 21,788	\$ 234,818
Vehicles	<u>156,757</u>	<u>7,057</u>	<u>149,700</u>
	<u>\$ 413,363</u>	<u>\$ 28,845</u>	<u>\$ 384,518</u>

NOTES TO FINANCIAL STATEMENTS (continued)

Notes Payable:

The following notes payable had outstanding balances at December 31, 2017:

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.	\$ 190,730
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.	306,864
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.	379,022
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.	1,285,541
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.	885,741
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.	583,042
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.	258,287
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.	1,453,829
	<u>5,343,056</u>
Less current portion of debt	<u>(453,550)</u>
	<u>\$ 4,889,506</u>

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>
2018	\$ 453,550	\$ 175,891	\$ 629,441
2019	404,591	159,118	563,709
2020	352,051	145,925	497,976
2021	364,922	133,054	497,976
2022	378,299	133,054	511,353
2023 - 2027	1,837,811	396,386	2,234,197
2028 - 2032	1,298,621	110,258	1,408,879
2033 - 2035	253,211	4,033	257,244
	<u>\$ 5,343,056</u>	<u>\$ 1,257,719</u>	<u>\$ 6,600,775</u>

NOTES TO FINANCIAL STATEMENTS (continued)

Contracts Payable:

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, 2017 was \$118,638.

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

	Beginning			Ending	Amounts Due
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>in One Year</u>
Business-Type Activities:					
Capital leases	\$ 30,677	\$ 413,363	\$ 63,255	\$ 380,785	\$ 79,534
Notes payable	5,779,951	-	436,895	5,343,056	453,550
Other contracts payable	168,638	-	50,000	118,638	50,000
Compensated absences	<u>118,134</u>	<u>77,081</u>	<u>67,129</u>	<u>128,086</u>	<u>67,129</u>
	<u>\$6,097,400</u>	<u>\$ 490,444</u>	<u>\$ 617,279</u>	<u>\$5,970,565</u>	<u>\$ 650,213</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 2017 amounted to \$185,282, of which \$-0- was capitalized to construction in progress.

12. 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 2017. There were no liabilities for such claims at December 31, 2017.

13. DEFERRED COMPENSATION PLANS

The City offers its employees one deferred compensation plan created in accordance with Internal Revenue Code §457(b). The Mayor and Council established the defined contribution plan and VALIC 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, 2017, employee contributions were \$20,800.

NOTES TO FINANCIAL STATEMENTS (continued)

14. 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 not covered under the plan except for the Mayor, if he serves as City Manager and is considered a full-time employee of the City.

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, 2017, the date of the most recent actuarial valuation, there were 108 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	21
Terminated vested participants entitled to but not yet receiving benefits	18
Active participants	<u>69</u>
	<u>108</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. The City’s actuarially determined contribution rate for the year ended December 31, 2017 was \$138,580 or 4.55% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2017, the City reported a net pension liability of \$98,718. The Governmental Activities net pension liability is liquidated by the General Fund. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July

NOTES TO FINANCIAL STATEMENTS (continued)

1, 2016. For the fiscal year ended December 31, 2017, the City recognized pension expense in the amount of \$127,031.

At December 31, 2017, 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	\$ 124,515	\$ (270,760)
Changes of assumptions	-	(17,270)
Net difference between projected and actual earnings on pension plan investments	2,287	(7,473)
City contributions subsequent to the measurement date	<u>120,782</u>	<u>-</u>
Totals	<u>\$ 247,584</u>	<u>\$ (295,503)</u>

The \$120,782 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31	
2018	\$ (20,056)
2019	(20,056)
2020	(9,315)
2021	(65,121)
2022	<u>(54,153)</u>
	<u>\$ (168,701)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Projected salary increases	3.25% 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.

NOTES TO FINANCIAL STATEMENTS (continued)

The mortality and economic actuarial assumptions used in the July 1, 2017 valuation were based on the results of a four year review of mortality experience for the period January 1, 2010 to June 30, 2014.

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.

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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Fixed income	25%	2.11%
Real estate	10%	5.21%
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 3/31/16	\$ 3,596,542	\$ 3,033,504	\$ 563,038
Changes for the year:			
Service cost	96,340	-	96,340
Interest	274,439	-	274,439
Differences between expected and actual experience	(324,913)	-	(324,913)
Contributions—employer	-	138,580	(138,580)
Net investment income	-	383,621	(383,621)
Benefit payments, including refunds of employee contributions	(110,788)	(110,788)	-
Administrative expense	-	(12,015)	12,015
Net changes	(64,922)	399,398	(464,320)
Balances at 3/31/17	\$ 3,531,620	\$ 3,432,902	\$ 98,718

NOTES TO FINANCIAL STATEMENTS (continued)

Plan's fiduciary net position as a percentage of the total pension liability	97.20%
Covered payroll	\$ 2,883,728
Net pension liability as a percentage of covered payroll	3.42%

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%	\$ 614,379
Current discount rate	7.75%	98,718
1% increase	8.75%	325,924

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. These plans are immaterial to the financial statements.

15. 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, 2017, in the amount of \$3,762. 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

NOTES TO FINANCIAL STATEMENTS (continued)

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 2017 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

16. 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, 2017 the City collected a total of \$89,229. The City expended \$59,486 for the promotion of tourism.

17. 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.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2017

	Budgeted Amounts		Actual Amounts (See Note A)	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 1,278,150	\$ 1,278,150	\$ 1,345,090	\$ 66,940
Franchise taxes	419,000	419,000	404,969	(14,031)
Business taxes	373,000	373,000	407,932	34,932
General sales and use taxes	1,100,000	1,100,000	1,163,190	63,190
Selective use taxes	369,000	369,000	384,287	15,287
Licenses and permits	91,200	91,200	113,849	22,649
Intergovernmental	41,720	41,720	38,250	(3,470)
Charges for services	29,850	29,850	17,628	(12,222)
Fines and forfeitures	242,695	242,695	176,209	(66,486)
Investment earnings	5,350	5,350	6,869	1,519
Contributions and donations	2,500	2,500	3,530	1,030
Miscellaneous	956	956	32,042	31,086
Penalties and interest on delinquent taxes	17,500	17,500	5,140	(12,360)
Total Revenues	<u>3,970,921</u>	<u>3,970,921</u>	<u>4,098,985</u>	<u>128,064</u>
Expenditures:				
Current:				
General government:				
Legislative	90,568	100,568	94,507	6,061
Executive	154,903	154,903	135,283	19,620
Elections	2,805	12,805	6,571	6,234
Financial administration	300,229	300,229	287,238	12,991
Judicial:				
Municipal court	86,262	96,262	89,592	6,670
Public Safety:				
Police	1,244,511	1,244,511	1,243,368	1,143
Fire	1,052,439	1,042,439	1,033,627	8,812
Animal Control	37,502	37,502	35,149	2,353
Public Works:				
Streets	702,859	696,859	689,139	7,720
Fleet maintenance and shop	182,159	182,159	178,631	3,528
Cemetery	500	500	60	440
Culture and Recreation:				
Parks administration	109,160	85,160	70,014	15,146
Housing and development:				
Protective inspection	36,270	61,270	51,748	9,522
Planning and zoning	48,514	48,514	43,249	5,265
Debt service	187,205	172,205	168,197	4,008
Total Expenditures	<u>4,235,886</u>	<u>4,235,886</u>	<u>4,126,373</u>	<u>109,513</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(See Note A)</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(264,965)</u>	<u>(264,965)</u>	<u>(27,388)</u>	<u>237,577</u>
Other Financing Sources (Uses)				
Transfer in	27,515	27,515	-	(27,515)
Proceeds from sale of property	-	-	35,559	35,559
Proceeds from issuance of debt	<u>237,450</u>	<u>237,450</u>	<u>225,160</u>	<u>(12,290)</u>
Total Other Financing Sources and Uses	<u>264,965</u>	<u>264,965</u>	<u>260,719</u>	<u>(4,246)</u>
Net change in fund balance	-	-	233,331	233,331
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>1,561,126</u>	<u>1,561,126</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,794,457</u>	<u>\$ 1,794,457</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, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:			
Service cost	\$ 96,340	\$ 93,171	\$ 86,325
Interest	274,439	247,450	225,394
Differences between expected and actual experience	(324,913)	111,686	100,123
Changes of assumptions	-	-	(34,541)
Benefit payments, including refunds of employee contributions	<u>(110,788)</u>	<u>(97,349)</u>	<u>(88,050)</u>
Net change in total pension liability	(64,922)	354,958	289,251
Total pension liability - beginning	<u>3,596,542</u>	<u>3,241,584</u>	<u>2,952,333</u>
Total pension liability - ending (a)	<u>\$ 3,531,620</u>	<u>\$ 3,596,542</u>	<u>\$ 3,241,584</u>
Plan fiduciary net position:			
Contributions - employer	\$ 138,580	\$ 123,819	\$ 150,163
Net investment income	383,621	9,291	264,083
Benefit payments, including refunds of employee contributions	(110,788)	(97,349)	(88,050)
Administrative expense	<u>(12,015)</u>	<u>(8,219)</u>	<u>(7,498)</u>
Net change in total pension liability	399,398	27,542	318,698
Plan fiduciary net position - beginning	<u>3,033,504</u>	<u>3,005,962</u>	<u>2,687,264</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,432,902</u>	<u>\$ 3,033,504</u>	<u>\$ 3,005,962</u>
Net pension liability (asset) - ending : (a) - (b)	<u>\$ 98,718</u>	<u>\$ 563,038</u>	<u>\$ 235,622</u>
Plan's fiduciary net position as a percentage of the total pension liability	97.20%	84.35%	92.73%
Covered payroll	\$ 2,883,728	\$ 3,101,939	\$ 2,826,201
Net pension liability as a percentage of covered payroll	3.42%	18.15%	8.34%

Note: The year 2015 was the first year of implementation.

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

CITY OF JASPER, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
December 31, 2017
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 138,580	\$ 123,819	\$ 150,163
Contributions in relation to the actuarially determined contribution	<u>(138,580)</u>	<u>(123,819)</u>	<u>(150,163)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 3,048,645	 \$ 2,883,728	 \$ 3,101,939
 Contributions as a percentage of covered payroll	 4.55%	 3.99%	 5.31%

Note: The year 2015 was the first year of implementation.

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

CITY OF JASPER, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2017

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, 2017 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, 2017, 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, 2017.

2. Methods and Assumptions Used to Determine Contribution Rates

- a. Actuarial cost method = Entry age normal
- 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, 2017

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 = 3.25% 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**

There were no changes in benefit provisions in the last two fiscal years.

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

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.

**CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2017**

	Special Revenue			Total Nonmajor Governmental Funds
	Technology Surcharge	Confiscated Assets	Hotel/Motel Tax	
ASSETS				
Cash	\$ 95,485	\$ 5,430	\$ 111,110	\$ 212,025
Restricted cash	-	-	15,593	15,593
Taxes receivable	-	-	6,155	6,155
Total Assets	\$ 95,485	\$ 5,430	\$ 132,858	\$ 233,773
LIABILITIES				
Accounts payable	\$ 1,102	\$ -	\$ -	\$ 1,102
Liabilities payable from restricted assets:				
Accounts payable	-	-	19,696	19,696
Total Liabilities	1,102	-	19,696	20,798
FUND BALANCES				
Restricted for:				
Police and municipal court departments technological equipment and supplies	94,383	-	-	94,383
Police department equipment and supplies	-	5,430	-	5,430
Assigned for tourism	-	-	113,162	113,162
Total Fund Balances	94,383	5,430	113,162	212,975
Total Liabilities and Fund Balances	\$ 95,485	\$ 5,430	\$ 132,858	\$ 233,773

CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2017

	Special Revenue			Total Nonmajor Governmental Funds
	Technology Surcharge	Confiscated Assets	Hotel/Motel Tax	
REVENUES				
Taxes	\$ -	\$ -	\$ 89,229	\$ 89,229
Fines, fees and forfeitures	20,265	-	-	20,265
Miscellaneous	-	-	16,805	16,805
Interest	93	1	28	122
Total Revenues	20,358	1	106,062	126,421
EXPENDITURES				
<i>Current</i>				
Judicial:				
Materials and supplies	13,034	-	-	13,034
Public Safety:				
Materials and supplies	10,299	-	-	10,299
Housing and Development:				
Contract services	-	-	75,456	75,456
Total Expenditures	23,333	-	75,456	98,789
Net change in fund balances	(2,975)	1	30,606	27,632
Fund balances, beginning	97,358	5,429	82,556	185,343
Fund balances, ending	\$ 94,383	\$ 5,430	\$ 113,162	\$ 212,975

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, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines, fees and forfeitures	\$ 38,389	\$ 38,389	\$ 20,265	\$ (18,124)
Interest	-	-	93	93
Total Revenues	<u>38,389</u>	<u>38,389</u>	<u>20,358</u>	<u>(18,031)</u>
EXPENDITURES				
<i>Current</i>				
Judicial:				
Materials and supplies	11,450	11,450	13,034	(1,584)
Public Safety:				
Materials and supplies	11,939	11,939	10,299	1,640
Capital outlay	<u>15,000</u>	<u>15,000</u>	-	<u>15,000</u>
Total Expenditures	<u>38,389</u>	<u>38,389</u>	<u>23,333</u>	<u>15,056</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(2,975)</u>	<u>(2,975)</u>
Net change in fund balances	-	-	(2,975)	(2,975)
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>97,358</u>	<u>97,358</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,383</u>	<u>\$ 94,383</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, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Fines, fees and forfeitures	\$ 650	\$ 650	\$ -	\$ (650)
Interest	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total Revenues	<u>650</u>	<u>650</u>	<u>1</u>	<u>(649)</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	1	(649)
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>\$ 5,430</u>	<u>\$ 5,430</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 60,000	\$ 60,000	\$ 89,229	\$ 29,229
Miscellaneous	16,500	16,500	16,805	305
Interest	15	15	28	13
Total Revenues	<u>76,515</u>	<u>76,515</u>	<u>106,062</u>	<u>29,547</u>
EXPENDITURES				
<i>Current</i>				
Housing and Development:				
Contract services	<u>76,515</u>	<u>76,515</u>	<u>75,456</u>	<u>1,059</u>
Total Expenditures	<u>76,515</u>	<u>76,515</u>	<u>75,456</u>	<u>1,059</u>
Net change in fund balances	-	-	30,606	30,606
Fund balances, beginning	-	-	82,556	82,556
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,162</u>	<u>\$ 113,162</u>

**CITY OF JASPER, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
December 31, 2017**

ASSETS

Equity in pooled cash

\$ 18,137

LIABILITIES

Due to other agencies

\$ 18,137

CITY OF JASPER, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended December 31, 2017

	<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>20,451</u>	\$ <u>272,637</u>	\$ <u>(274,951)</u>	\$ <u>18,137</u>
LIABILITIES				
Due to other agencies	\$ <u>20,451</u>	\$ <u>272,637</u>	\$ <u>(274,951)</u>	\$ <u>18,137</u>

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, 2017, 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 21, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described below, that we consider to be a significant deficiency.

2017-001

Condition: While performing audit procedures on receipts for alcohol and business licenses, we noted that there is a lack of segregation of duties. The clerk processes cash receipts, records cash receipts, and takes the deposit to the bank.

Criteria: Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the City to greater risk of misappropriation.

2017-001, continued

Recommendation: To ensure that sufficient internal controls are in place, the City should properly segregate duties.

Management Response: Management concurs with this finding. Management intends to evaluate the current policies and procedures to ensure that duties are segregated to the greatest extent possible utilizing the City's current resources. This action was taken immediately upon receipt of the comment from our auditors.

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*.

City of Jasper, Georgia's Responses to Findings

The City of Jasper, Georgia's response to the finding identified in our audit is described previously. The City of Jasper, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jasper, Georgia'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
May 21, 2018

STATE REPORTING SECTION

CITY OF JASPER, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2017

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2014 Referendum					
Roads, Streets, and Bridges	\$ 6,000,000	\$ 6,000,000	\$ 1,714,464	\$ 859,082	\$ 2,573,546
Total	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 1,714,464</u>	\$ 859,082	<u>\$ 2,573,546</u>
Expenditures financed through other integovernmental revenues				72,314	
Total expenditures of the 2014 SPLOST Capital Projects Fund				<u>\$ 931,396</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.