

Comprehensive Annual Financial Report

For the Calendar Year Ended December 31, 2009



City of Jasper, Georgia

The First Mountain City

200 Burnt Mountain Road

Jasper, Georgia 30143

CITY OF JASPER, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Calendar Year Ended
December 31, 2009**

**Prepared By:
Tacie Jo Williams, C.P.A.
Director of Finance/City Clerk
City of Jasper Finance Department**



CITY OF JASPER, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

--TABLE OF CONTENTS--

INTRODUCTORY SECTION

Letter of Transmittal.....	i
Organizational Chart.....	iii
Principal Officers	v

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities.....	14
Fund Financial Statements:	
Governmental Funds—	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance	
Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes	
In Fund Balances.....	17
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities.....	18
Proprietary Funds—	
Statement of Net Assets.....	19
Statement of Revenues, Expenses and Changes in	
Fund Net Assets.....	21
Statement of Cash Flows	22
Notes to Financial Statements.....	24
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual – General Fund	38
Notes to Required Supplementary Information	40
Schedule of Funding Progress for the City of Jasper	
Retirement Plan.....	41
Combining and Individual Nonmajor Fund Statements and Schedules:	
Non Major Governmental Funds—	
Combining Balance Sheet.....	42
Combining Schedule of Revenues, Expenditures	
and Changes in Fund Balances	43
Schedule of Revenues, Expenditures, and Changes in Fund	
Balances – Budget and Actual – Confiscated Assets Fund	44
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Hotel/Motel Tax Fund	45

CITY OF JASPER, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2009

--TABLE OF CONTENTS—
(CONTINUED)

STATISTICAL SECTION (Unaudited)

Net Assets by Component	46
Changes in Net Assets	47
Fund Balances of Governmental Funds	49
Changes in Fund Balances of Governmental Funds	50
Assessed Value and Estimated Actual Value of Taxable Property	52
Direct and Overlapping Property Tax Rates	53
Principal Property Taxpayers	54
Property Tax Levies and Collections	55
Ratios of Outstanding Debt by Type	56
Top Ten Water Customers	57
Water Customers	58
Utility Rates	59
Demographic and Economic Statistics	60
Principal Employers	61
Full-Time Equivalent City Government Employees by Function/Program	62
Operating Indicators by Function	63
Capital Asset Statistics by Function	64

COMPLIANCE AND INTERNAL CONTROL

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
---	----

INTRODUCTORY SECTION

The introductory section includes a transmittal letter from the Director of Finance, a general government organization chart and a list of principal officials for the City of Jasper, Georgia.



City of Jasper

200 Burnt Mountain Road
Jasper, GA 30143
Phone: 706-692-9100
Fax: 706-692-9104

Mayor
John Weaver

Mayor Pro Tem
Jim Looney

Council
Allison Ballew
Tony Fountain
John Foust
Anne Morrow

April 2, 2010

Honorable John W. Weaver, Mayor,
Members of the City Council,
and Citizens of City of Jasper, Georgia

The Comprehensive Annual Financial Report of the City of Jasper, Georgia (the "City") for the calendar year ended December 31, 2009 is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designated to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The responsibility for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles rests with City management. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefit likely to be derived and that the valuation of costs and benefits requires management estimates and judgments for which management is responsible.

RL Jennings & Company, PC, a licensed firm of certified public accountants, has audited the City's financial statements and has issued an unqualified ("clean") opinion in order to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor's report is presented first in the financial section of the report.

Management's discussion and analysis (MD&A) immediately follows the auditor's report, providing a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

PROFILE

The City occupies 3.3 square miles of land area and is located approximately fifty miles north of Atlanta on Highway 515. The City is governed by a Mayor and five council members. The Mayor and Council are elected at large by the City residents to serve four year terms. The Mayor serves as City Manager and is responsible for the daily operations of all departments.

This report includes all City funds. The City provides a full range of services to include police and fire protection, water, sewerage and sanitation services, public works activities, recreational and cultural activities and code enforcement. The City is also financially accountable for three component units, legally separate entities, which include the Industrial Development Authority, the Downtown Development Authority of Jasper and the Jasper Development Authority, which are reported separately within the City's financial statements.

The City and its component units actively seek to improve infrastructure through the construction of and upgrades to the water and sewerage system, through maintenance and construction of roads and streets and through strategic planning for future projects. Additionally, the Mayor and City Council are proactive in implementing programs that support and enrich the quality of life in the community by promoting public safety and providing cultural events for the enjoyment of City residents and visitors.

The City maintains budgetary controls, for which, the objective is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, Hotel/Motel Tax Fund, Confiscated Assets fund, Water and Sewerage Fund and the Sanitation Fund are included in the annual appropriated budget. The level of budgetary control, which is the level at which expenditures cannot legally exceed appropriated amounts, is established as the department level within each respective fund.

LOCAL ECONOMY

The City of Jasper is the county seat of Pickens County, Georgia. The estimated population of 3,166 is anticipated to increase to approximately 3,509 or 11% through 2015. Of the estimated population of 3,166, approximately 67% have graduated from high school, with an additional 15% having obtained a bachelor's degree or higher. Approximately 49% of the workforce located within the City was also a resident. The average drive time to work was 24 minutes.

The most common occupations found in the City were construction, health care, educational services and accommodation and food services. The City's unemployment rate of 9.9% was equal to the rate for the State of Georgia. Median household income was \$37,417.

LONG-TERM FINANCIAL PLANNING

The City is committed to continue providing quality services to residents while keeping a consistent millage rate for property taxes and reasonable water, sewerage and sanitation rates. The tax digest has shown consistent growth in both residential and commercial properties. Therefore, the Mayor and City Council is actively involved in financial planning with the goal of providing quality services to a growing population without increases in taxes and fees.

Long-term financial planning involved identification of resources required to develop groundwater capabilities and a source of raw water which would be obtained through the construction of a reservoir. It was determined that the minimum of 1,000 acres of land would be required for constructing a reservoir and a search for suitable property was initiated. In addition, an expansion of the sewer plant has been designed and the City will begin the process of building a reserve cash account in 2010 to eventually fund the project.

MAJOR INITIATIVES

Key initiatives during 2009:

- Improvements were made to infrastructure to facilitate water and sewerage services to approximately 2,200 acres along Highway 515 recently annexed into the City on the north side.
- Improvements on the south side include increased fire protection and water storage.
- The Crime Watch program has been initiated by the Mayor and Public Safety departments in City neighborhoods to increase public safety and awareness.
- Efforts to revitalize the downtown area include the relocation of the farmer's market to Main Street, the continuation of Main Street Mania events during which a portion of Main Street is utilized to host free concerts in a family-oriented atmosphere.
- "Going Green" efforts include the adoption of a golf cart ordinance which offers City residents alternative transportation and the identification of greenbelts to provide for pedestrian paths as an additional alternative. In addition, the City provided land for a community garden area for residents to cultivate individual vegetable gardens, as a collaborative effort with the Master Gardeners of Pickens County.

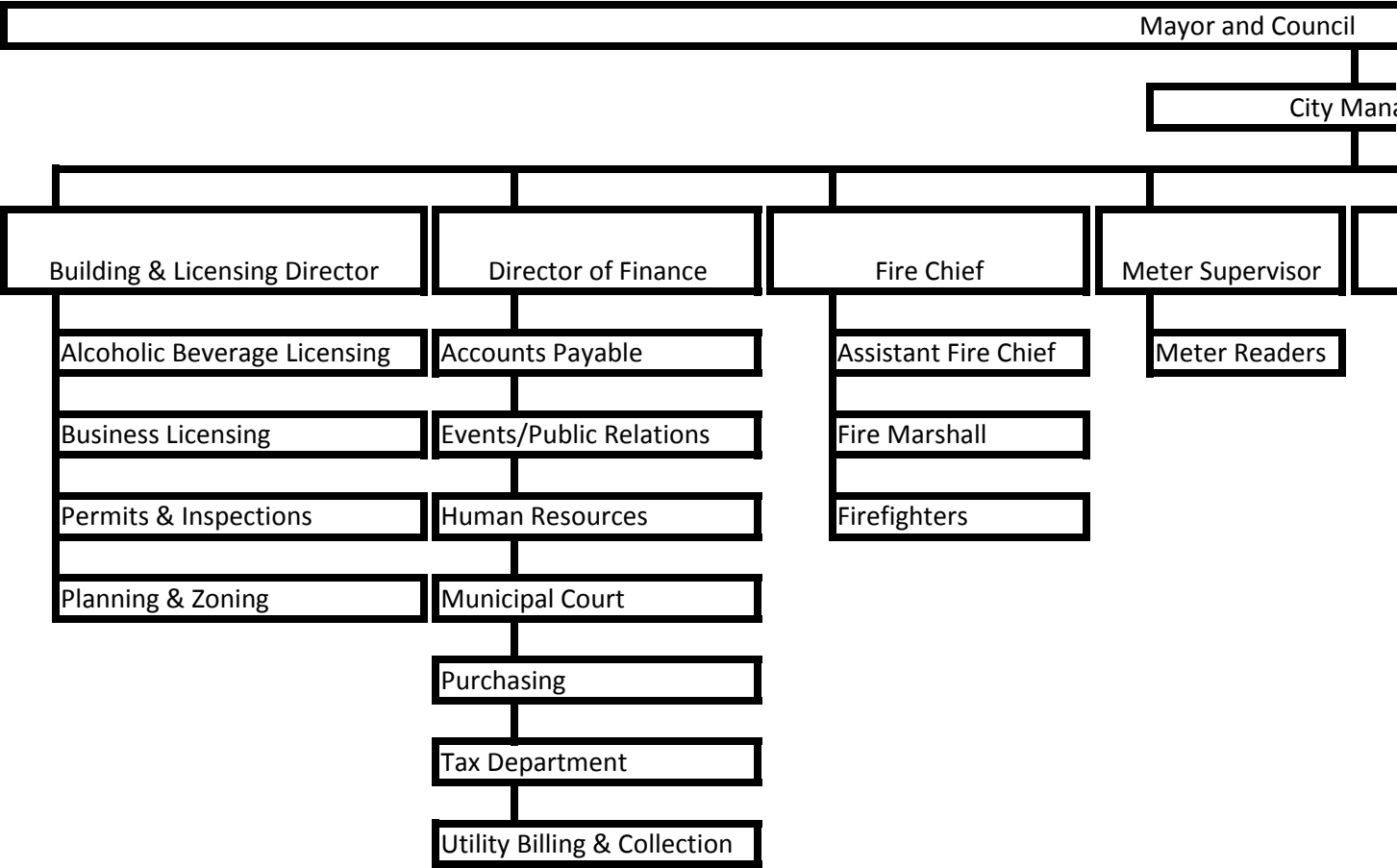
ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of the entire City staff. Additionally, due credit should be extended to the Mayor and members of the City Council for their support and interest in planning and conducting the financial operations of the City in a responsible and progressive manner.

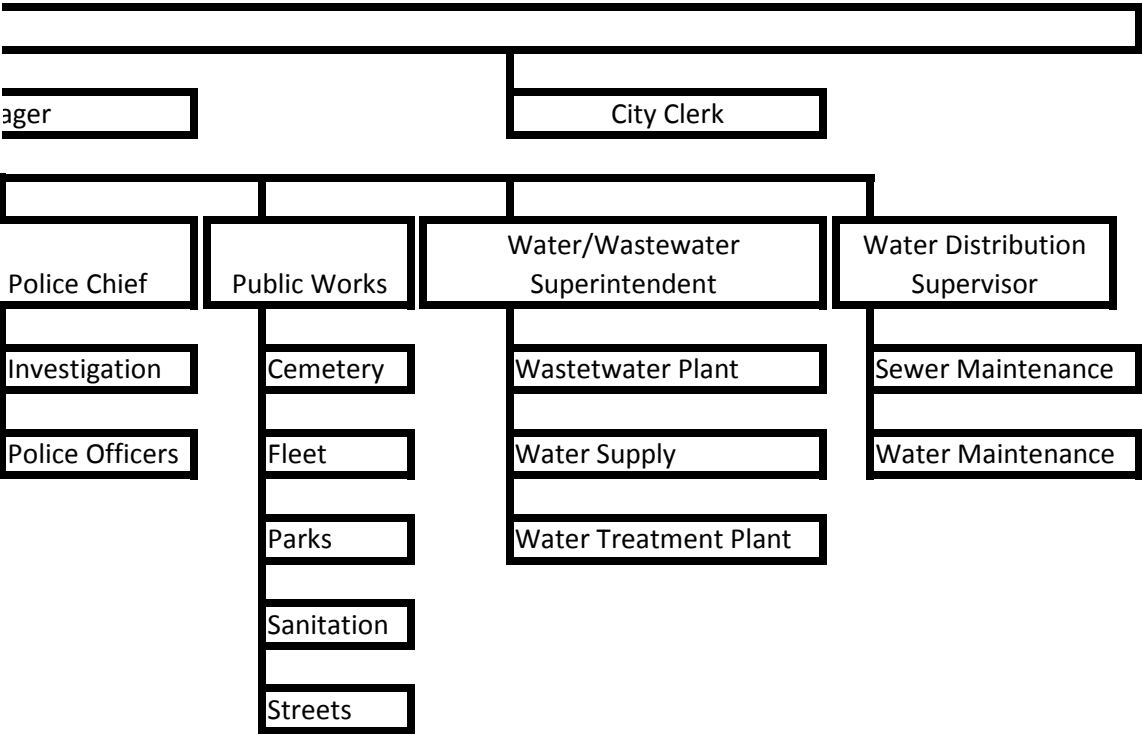
Respectfully submitted,

Tacie Jo Williams, CPA
Finance Director/City Clerk

CITY OF JASPER, GEORGIA
ORGANIZATIONAL CHART



NOTE: City Manager and City Clerk are annual appointees of the Mayor and Council.



**CITY OF JASPER, GEORGIA
PRINCIPAL OFFICIALS
DECEMBER 31, 2009**

CITY COUNCIL

John W. Weaver	Mayor
James A. Looney	Mayor Pro-Tem
Greg C. Burgess	Council Member
Marcia W. Craft	Council Member
Tony D. Fountain	Council Member
John B. Foust, Jr.	Council Member

APPOINTED OFFICIALS

John W. Weaver	City Manager
Pickett, Pickett & Pickett	City Attorney
Tacie Jo Williams	City Clerk
R.L. Jennings & Company, P.C.	Auditors
G. Ben Turnipseed Engineers	Engineers
Rodney Gibson	Municipal Court Judge

DEPARTMENT HEADS

Harold Cantrell	Chief of Police
Michael Castagna	Planning & Zoning Director
Charlotte Fortner	Water Maintenance Supervisor
David Hall	Water & Wastewater Superintendant
Garry Poole	Public Works Director
Steve Roper	Fire Chief
Tacie Jo Williams	Director of Finance

FINANCIAL SECTION

The financial section includes the independent auditor's report on the financial statement audit, the Management's Discussion and Analysis which provides a narrative introduction, overview and analysis of the financial statements, the basic financial statements including footnotes, and supplementary information.

RL Jennings & Company, PC

Accountants & Consultants

142 River Terrace
PO Box 2683
Ellijay, GA 30540
706-276-3700
Fax 706-276-3710

Member of
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jasper, Georgia, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Jasper, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

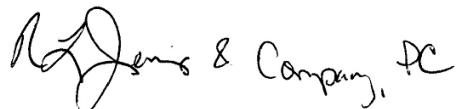
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of December 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2010, on our consideration of the City of Jasper, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 38 through 39 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jasper, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "R. Jones & Company, PC". The signature is written in a cursive, flowing style.

Ellijay, Georgia
April 2, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis of the basic financial statements prepared by the City's Director of Finance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Jasper, Georgia's (the "City") basic financial statements, as management, we provide narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2009. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government. Unless otherwise noted, component units, related organizations, and joint ventures reported separately from the primary government are not included.

Financial Highlights

- The City's assets exceeded its liabilities by \$16,256,025 (net assets) for the fiscal year reported. Of this amount, \$1,879,861 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$1,420,163 primarily due to an increase in water and sewerage service fees implemented on January 1, 2009 and fees collected in relation to a large development project.
- At the end of the fiscal year, unreserved fund balance for the General fund was \$566,930, which was an increase of \$136,414 from the prior year.
- The City's business-type activities revenues (charges for services) increased \$756,442 over the prior year while expenses decreased \$107,509.
- General fund revenues exceeded budget by \$121,093 for the fiscal year, while expenditures were \$72,310 less than the budgeted amount.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, planning and zoning, public safety, and public works. Business-type activities include water, sewerage and sanitation utilities.

The City's financial reporting includes the funds of the City (primary government) and organizations for which the City is accountable (component units). The City had three reportable component units, the Industrial Development Authority, the Downtown Development Authority of Jasper and the Jasper Development Authority. Other organizations such as related organizations and joint ventures are reported separately and are not included in the City's overall reporting entity.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide statements to assist in understanding the difference between these two perspectives.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Information from the other two funds, the Confiscated Assets Fund and the Hotel/Motel Tax 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.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City utilizes only enterprise funds. Enterprise funds essentially encompass the same functions as reported as business-type activities in the government-wide statements. Unlike governmental funds, the enterprise funds also report services provided to customers external to the City limits such as water and sewer utilities.

Proprietary fund statements and statements for discretely presented component units (reporting that is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The city had no component unit enterprise funds, nor any internal service funds.

Notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other information presented in addition to the basic financial statements and accompanying notes consists of 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 adopted and final revised budgets.

The combining statements referred to previously in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled \$16,256,025 at December 31, 2009.

The City has \$14,163,573 of its net assets invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to build or acquire the assets. The City uses these assets to provide services to the citizens and the businesses in the City; consequently, these net assets are not available for future spending. The City has \$212,591 of restricted net assets that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets represents \$1,879,861 of unrestricted net assets that are available to meet ongoing obligations of the City.

The City's current assets amount to \$3,354,569. These assets include \$1,819,043 of cash equivalents. This represents an increase of \$1,025,077 or 44% over the prior year.

Long-term liabilities show a net increase of \$641,220 or 10% primarily due to the acquisition of the new police precinct building and radio system upgrades and the completion of the water treatment plant.

The table below presents the City's condensed Statement of Net Assets as of December 31, 2009:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 2,016,239	\$ 1,869,428	\$ 1,338,330	\$ 460,064	\$ 3,354,569	\$ 2,329,492
Capital Assets	3,023,610	2,489,272	18,152,580	17,571,158	21,176,190	20,060,430
Total Assets	5,039,849	4,358,700	19,490,910	18,031,222	24,530,759	22,389,922
Current and other liabilities	352,577	400,504	1,183,428	1,040,490	1,536,005	1,440,994
Long-term debt outstanding	967,778	593,762	5,684,111	5,479,793	6,651,889	6,073,555
Deferred Revenue	78,840	81,270	8,000	8,000	78,840	89,270
Total Liabilities	1,399,195	1,075,536	6,875,539	6,528,283	8,266,734	7,603,819
Net Assets:						
Invested in capital assets, net of related debt	2,067,336	1,890,426	12,096,237	11,802,875	14,163,573	13,693,301
Restricted	36,360	52,681	176,231	-	212,591	52,681
Unrestricted	1,536,958	1,340,057	342,903	(299,936)	1,879,861	1,040,121
Total Net Assets	\$ 3,640,654	\$ 3,283,164	\$ 12,615,371	\$ 11,502,939	\$ 16,256,025	\$ 14,786,103

The City reported a positive balance in net assets for both governmental and business-type activities. Net assets increased \$357,490 for governmental activities and \$1,112,432 for business-type activities. The City's overall financial position improved during 2009.

The table below presents the City's Condensed Statement of Activities for the year ended December 31, 2009:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 381,824	\$ 493,399	\$ 3,535,796	\$ 2,779,354	\$ 3,917,620	\$ 3,272,753
Operating grants and contributions	2,778	15,000	-	-	2,778	15,000
Capital grants and contributions	72,770	57,096	378,333	44,113	451,103	101,209
General Revenues:					-	-
Property taxes	1,199,539	912,820	-	-	1,199,539	912,820
General sales and use taxes	929,924	1,063,438	-	-	929,924	1,063,438
Franchise and miscellaneous taxes	351,308	346,298	-	-	351,308	346,298
Selective sales and use taxes	357,949	364,940	-	-	357,949	364,940
Business taxes	229,287	229,237	-	-	229,287	229,237
Unrestricted grants and contributions	15,706	71,326	-	79,165	15,706	150,491
Unrestricted investment earnings	48,539	27,118	3,576	3,227	52,115	30,345
Miscellaneous	3,521	9,436	18,632	19,385	22,153	28,821
Total revenues	<u>3,593,145</u>	<u>3,590,108</u>	<u>3,936,337</u>	<u>2,925,244</u>	<u>7,529,482</u>	<u>6,515,352</u>
Expenses:						
General government	556,543	599,677	-	-	556,543	599,677
Judicial	131,285	132,116	-	-	131,285	132,116
Public safety	1,615,089	1,568,807	-	-	1,615,089	1,568,807
Custody of property	1,542	-	-	-	1,542	-
Public works	615,723	675,619	-	-	615,723	675,619
Culture and recreation	85,223	98,076	-	-	85,223	98,076
Housing and Development	153,817	168,755	-	-	153,817	168,755
Tourism	43,473	46,745	-	-	43,473	46,745
Interest charges	32,960	29,443	-	-	32,960	29,443
Water and sewer	-	-	2,717,378	2,864,500	2,717,378	2,864,500
Sanitation	-	-	156,286	116,673	156,286	116,673
Total expenses	<u>3,235,655</u>	<u>3,319,238</u>	<u>2,873,664</u>	<u>2,981,173</u>	<u>6,109,319</u>	<u>6,300,411</u>
Increase (decrease) in net assets	357,490	270,870	1,062,673	(55,929)	1,420,163	214,941
Beginning net assets	3,283,164	3,029,390	11,502,939	11,558,868	14,786,103	14,588,258
Prior period adjustment	-	(17,096)	49,759	-	49,759	(17,096)
Ending net assets	<u>\$ 3,640,654</u>	<u>\$ 3,283,164</u>	<u>\$ 12,615,371</u>	<u>\$ 11,502,939</u>	<u>\$ 16,256,025</u>	<u>\$ 14,786,103</u>

Governmental activities. Governmental activities increased the City's net assets by \$357,490.

Total revenues for the City amounted to \$3,593,145, of which property, franchise and business taxes provided 49.54% and sales and use tax provided 35.84%. Therefore, the general economy and local businesses have a major impact on the City's revenue stream and evidences that the City is heavily reliant on tax revenues to support governmental operations.

Property tax revenues increased by \$286,719 or 31.41% as a result of consistent growth in the City's tax digest. Charges for services decreased \$111,575, or 22.61% due to a decrease in fine revenues attributed primarily to a reduction in the City's share of revenue derived from Georgia State Patrol citations, which were being written within City limits, but were being subsequently assigned to Pickens County. Local option sales tax decreased \$133,514, or 12.55% due to the slow economy.

Program expenses for governmental activities totaled \$3,235,655, which is a decrease of \$83,583 over the prior year.

Business-type activities. Business-type activities increased the City's net assets by \$1,062,673.

Total revenues of \$3,936,337 amounts to an increase of \$1,011,093 primarily as a result of both the collection of fees related to the construction of the Wal-Mart development and outparcels and increases in water and sewerage service fees at the beginning of the fiscal year. These rates were increased in an effort to remove the City's standing on a state agency lender's "watch list". This list is comprised of government utility providers that are subsidizing the operation of the utilities with revenue streams other than user fees for usage of the utilities. The state agency sees this as potential problem for future repayment of the loan. The City had not increased water or sewer rates in over 11 years at the time that the rate increase was implemented. The rate increase allowed for the removal of the City from the "watch list".

Program expenses for business-type activities totaled \$2,873,664, which is a decrease of \$107,509 over the prior year.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City'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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$675,143, an increase of \$126,537 in comparison with the prior year. The primary component of the combined ending fund balance is \$609,823, which is contained in the general fund.

Major Governmental Fund

The general fund is the operating fund of the City. At the end of the current fiscal year, the unreserved, undesignated fund balance was \$566,930. This amount is available for spending at the City's discretion. The unreserved, undesignated fund balance increased \$136,414 during the current fiscal year, primarily resulting from the increase in the property tax digest combined with a decrease in department spending.

Non-Major Governmental Funds

Special revenue funds are used to account for the City's collection and disbursement of specific revenues that are legally restricted for specified purposes. The City has two non-major special revenue funds: the Confiscated Assets Fund and the Hotel/Motel Tax Fund.

Non-major governmental funds revenues totaled \$58,149 for the year ended December 31, 2009. Non-major governmental fund expenditures totaled \$45,015. Fund balance for non-major governmental funds was \$65,320, which represents an increase of \$13,134 as compared to the prior year attributed primarily to an increase in the Hotel/Motel Tax Fund, which is the result of hotel/motel tax collected and interest accrued on outstanding balances. There was also a decrease in spending in 2009 due to the fewer number of concerts hosted on Main Street compared to the prior year.

General Fund Budgetary 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 City's comparison of actual revenues and expenditures to the adopted budget can be found in the required supplementary information section of the annual report. Actual revenues exceeded budgeted amounts by \$121,093, primarily as the result of an increase in property taxes attributed to growth in the City's tax digest. Actual expenditures exceeded budget more than \$1,000 in the Executive and Police categories by \$5,283 and \$3,914, respectively. The excess over budget in the Executive department stemmed from personnel expenditures that were unforeseen. The excess in the Police department stemmed from necessary overtime wages that were not originally included in the budget. Over all, expenses were \$72,310 less than budgeted, therefore, compensating for the overages.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide statements for business-type activities, but in greater detail. The City has two enterprise funds: The Water and Sewerage Fund (Major Fund) and the Sanitation Fund (Non-major Fund).

The Water and Sewerage Fund has net assets of \$12,615,371, the result of an increase in the amount of \$1,062,673, attributed to collection of fees related to a large development project and an increase in water and sewer fees for the fiscal year. Net assets invested in capital assets, net of related debt is \$12,096,237, resulting in balances of \$176,231 in restricted net assets and \$342,903 in unrestricted net assets.

Capital Asset and Debt Administration

Capital assets

City of Jasper's investment in capital assets for its governmental and business-type activities as of December 31, 2009 amounts to \$21,176,190 (net of accumulated depreciation). Capital asset investments include land, construction in progress, water and sewerage system, land improvements, buildings, machinery and equipment, infrastructure and vehicles.

Major additions of capital assets this fiscal year include the following:

- Police precinct \$435,844
- Wood bridge improvements \$81,199
- Fire department equipment \$76,600
- Public safety radio upgrades \$42,388
- Land for elevated tank \$51,523
- Water treatment plant placed in service \$1,868,754
- Sewerage system improvements \$31,905

The following table represents capital assets, net of accumulated depreciation as of December 31, 2009:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 975,735	\$ 875,735	\$ 1,030,849	\$ 979,326	\$ 2,006,584	\$ 1,855,061
Construction in progress	5,309	2,809	951,231	1,766,654	956,540	1,769,463
Buildings and improvements	701,107	382,518	2,072,852	268,356	2,773,959	650,874
Infrastructure	427,381	359,013	13,662,492	14,024,515	14,089,873	14,383,528
Machinery and equipment	749,857	703,222	344,598	394,094	1,094,455	1,097,316
Site improvements	164,221	165,975	-	-	164,221	165,975
Furniture and fixtures	-	-	4	43	4	43
Vehicles	-	-	90,554	138,170	90,554	138,170
Total	<u>\$ 3,023,610</u>	<u>\$ 2,489,272</u>	<u>\$ 18,152,580</u>	<u>\$ 17,571,158</u>	<u>\$ 21,176,190</u>	<u>\$ 20,060,430</u>

Refer to Note 3 in the notes to the financial statements for more detailed information relating to the City's capital assets.

Long-term debt

The City of Jasper's long-term debt had a net increase of \$641,220 during the fiscal year. The increase is attributed to the addition of the police precinct and radio system upgrades and the completion of the water treatment plant.

The following table represents long-term debt outstanding as of December 31, 2009:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Notes payable	\$ 625,257	\$ 171,522	\$ 4,795,258	\$ 4,372,311	\$ 5,420,515	\$ 4,543,833
Compensated absences	214,490	220,771	95,637	111,539	310,127	332,310
Contracts payable	-	-	1,011,880	1,043,085	1,011,880	1,043,085
Capital leases	348,932	427,324	249,204	352,886	598,136	780,210
Total	<u>\$ 1,188,679</u>	<u>\$ 819,617</u>	<u>\$ 6,151,979</u>	<u>\$ 5,879,821</u>	<u>\$ 7,340,658</u>	<u>\$ 6,699,438</u>

Additional information on the City's long-term debt can be found in Note 8 to the financial statements.

Economic Environment and Next Year's Budgets

The City considered many factors when adopting the fiscal year 2010 budget. The City's tax rates and fees for business-type activities also dominated budget considerations. The City is experiencing little growth in population and local businesses relative to the local economic conditions. The City has low to moderate cost of living and has comparable unemployment to relative state levels, and it expects a stable but eventually growing economic environment. The City's budget will experience an increase in tax revenues during 2010 when the development that contains a Wal-Mart and several other outparcels is completed. The following are some of the major factors considered in preparing the City's budget for 2010:

- 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 operating millage rate of 4.69 mils has been charged by the City for the last three years. The millage rate for the General Fund has steadily decreased over a period of 15 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.
- Infrastructure improvements – The City provided substantial capital funding to continue improving the water and sewer infrastructure. This long range plan to replace deteriorating infrastructure and continue to expand treatment facilities to serve the growing customer base was considered. Funding was allocated for repaving roads, park improvements, and machinery and equipment necessary for city crews to operate efficiently.
- Economy impact – The City's revenue and expenditures were implemented with a conservative approach to reflect the continued anticipation of a weakening economy, as seen in the past year and forecasted to continue into the next year.

- The City restricts the use of one-time revenues to capital projects.

For fiscal year 2010, the City Council approved a total budget of \$7,585,902. This budget includes operating and non-operating funds. The General Fund budget is \$3,340,733 and the Proprietary Funds are budgeted for \$4,194,719 (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 Tacie Jo Williams, Finance Director/City Clerk, City of Jasper, Georgia, 200 Burnt Mountain Road, Jasper, GA 30143.

BASIC FINANCIAL STATEMENTS

The basic financial statements include the government-wide statement of net assets 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 ASSETS
December 31, 2009

				Component Units		
	Governmental	Business-type	Total Primary	Industrial	Downtown	Jasper
	Activities	Activities	Government	Development	Development	Development
				Authority	Authority	Authority
ASSETS						
Current Assets:						
Cash	\$ 360,198	\$ 247,623	\$ 607,821	\$ -	\$ -	\$ 22,825
Restricted cash	36,817	676,974	713,791	1,000	7,346	-
Cash equivalents	497,431	-	497,431	-	-	-
Accounts receivable, net	-	328,062	328,062	-	-	-
Taxes receivable, net	825,531	-	825,531	-	-	-
Internal balances	62,838	(62,838)	-	-	-	-
Internal balances-component unit	(81,247)	-	(81,247)	-	81,247	-
Receivable from other governments	153,411	42,000	195,411	-	-	-
Fines receivable, net	83,025	-	83,025	-	-	-
Other receivables	45,019	15,527	60,546	-	-	-
Note receivable-primary government	-	-	-	-	625,257	-
Inventories	-	69,695	69,695	-	-	-
Prepaid expenses	33,216	21,286	54,502	-	-	-
Total Current Assets	2,016,239	1,338,329	3,354,568	1,000	713,850	22,825
Capital Assets Not Being Depreciated:						
Land	975,735	1,030,849	2,006,584	-	-	-
Construction in progress	5,309	951,231	956,540	-	-	-
Capital Assets Net of Accumulated Depreciation						
Infrastructure	427,381	13,662,492	14,089,873	-	-	-
Buildings and improvements	701,107	2,072,852	2,773,959	-	-	-
Machinery and equipment	749,857	344,598	1,094,455	-	-	-
Furniture and fixtures	-	4	4	-	-	-
Vehicles	-	90,554	90,554	-	-	-
Park improvements	164,221	-	164,221	-	-	-
Total Capital Assets	3,023,610	18,152,580	21,176,190	-	-	-
Total Assets	\$ 5,039,849	\$ 19,490,909	\$ 24,530,758	\$ 1,000	\$ 713,850	\$ 22,825
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 86,477	\$ 190,863	\$ 277,340	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-	80,000	-
Accrued salaries	20,030	8,527	28,557	-	-	-
Accrued interest	6,361	15,427	21,788	-	1,247	-
Deferred revenue	78,840	8,000	86,840	-	-	-
Court bonds outstanding	10,100	-	10,100	-	-	-
Other accrued expenses	8,251	-	8,251	-	-	-
Restricted liability:						
Customer deposits	-	454,775	454,775	-	-	-
Accounts payable	457	-	457	-	-	-
Retainage payable	-	45,968	45,968	-	-	-
Current Portion of Long-term Liabilities						
Capital leases	100,764	106,603	207,367	-	42,237	-
Notes payable	-	288,024	288,024	-	-	-
Note payable to component units	42,237	-	42,237	-	-	-
Compensated absences	77,900	73,241	151,141	-	-	-
Total Current Liabilities	431,417	1,191,428	1,622,845	-	123,484	-
Long-term Liabilities:						
Note payable to component units	583,020	-	583,020	-	-	-
Other contracts payable	-	1,011,880	1,011,880	-	-	-
Capital leases	248,168	142,601	390,769	-	583,020	-
Notes payable	-	4,507,234	4,507,234	-	-	-
Compensated absences	136,590	22,396	158,986	-	-	-
Total Long-term Liabilities	967,778	5,684,111	6,651,889	-	583,020	-
Total Liabilities	1,399,195	6,875,539	8,274,734	-	706,504	-
Net Assets:						
Invested in capital assets, net of related debt	2,067,336	12,096,237	14,163,573	-	-	-
Restricted for:						
Other purposes	36,360	176,231	212,591	1,000	7,346	-
Unrestricted	1,536,958	342,903	1,879,861	-	-	22,825
Total Net Assets	3,640,654	12,615,371	16,256,025	1,000	7,346	22,825
Total Liabilities and Net Assets						
	\$ 5,039,849	\$ 19,490,910	\$ 24,530,759	\$ 1,000	\$ 713,850	\$ 22,825

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

					Net (Expense) Revenue and Changes in Net Assets					
Program Revenue					Primary Government			Component Units		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Industrial Development Authority	Downtown Development Authority	Jasper Development Authority
Primary Government										
Governmental Activities:										
General government	\$ 556,543	\$ 205	\$ -	\$ -	\$ (556,338)	\$ -	\$ (556,338)	\$ -	\$ -	\$ -
Judicial	131,285	24,974	-	-	(106,311)	-	(106,311)	-	-	-
Public safety	1,615,089	230,700	278	72,770	(1,311,341)	-	(1,311,341)	-	-	-
Custody of property	1,542	1,399	-	-	(143)	-	(143)	-	-	-
Public works	615,723	-	2,500	-	(613,223)	-	(613,223)	-	-	-
Culture and recreation	85,223	-	-	-	(85,223)	-	(85,223)	-	-	-
Housing and development	153,817	124,546	-	-	(29,271)	-	(29,271)	-	-	-
Tourism	43,473	-	-	-	(43,473)	-	(43,473)	-	-	-
Interest charges	32,960	-	-	-	(32,960)	-	(32,960)	-	-	-
Total Governmental Activities	<u>3,235,655</u>	<u>381,824</u>	<u>2,778</u>	<u>72,770</u>	<u>(2,778,283)</u>	<u>-</u>	<u>(2,778,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities:										
Water and sewer	2,717,378	3,439,695	-	378,333	-	1,100,650	1,100,650			
Sanitation	156,286	96,101	-	-	-	(60,185)	(60,185)			
Total Business-type Activities	<u>2,873,664</u>	<u>3,535,796</u>	<u>-</u>	<u>378,333</u>	<u>-</u>	<u>1,040,465</u>	<u>1,040,465</u>			
Total Primary Government	<u>\$ 6,109,319</u>	<u>\$ 3,917,620</u>	<u>\$ 2,778</u>	<u>\$ 451,103</u>	<u>(2,778,283)</u>	<u>1,040,465</u>	<u>(1,737,818)</u>			
Component Units--										
Industrial Development Authority	\$ -	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -
Downtown Development Authority	-	-	-	-				-	-	-
Jasper Development Authority	-	-	-	-				-	-	-
Total Component Units	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>-</u>	<u>-</u>	<u>-</u>
General revenues:										
Taxes:										
Property taxes, levied for general purposes					1,199,539	-	1,199,539	-	-	-
General sales and use taxes					929,924	-	929,924	-	-	-
Franchise taxes					351,308	-	351,308	-	-	-
Selective sales and use taxes					357,949	-	357,949	-	-	-
Business taxes					229,287	-	229,287	-	-	-
Grants and contributions not restricted to specific programs					15,706	-	15,706	-	-	-
Unrestricted investment earnings					48,539	3,576	52,115	-	69	208
Miscellaneous					3,521	18,632	22,153	-	-	-
Total general revenues and transfers					<u>3,135,773</u>	<u>22,208</u>	<u>3,157,981</u>	<u>-</u>	<u>69</u>	<u>208</u>
Change in net assets					357,490	1,062,673	1,420,163	-	69	208
Net assets, beginning of year					3,283,164	11,502,939	14,786,103	1,000	7,277	22,617
Prior period adjustment					-	49,759	49,759	-	-	-
Net assets, end of year					<u>\$ 3,640,654</u>	<u>\$ 12,615,371</u>	<u>\$ 16,256,025</u>	<u>\$ 1,000</u>	<u>\$ 7,346</u>	<u>\$ 22,825</u>

The accompanying notes are an integral part of this statement.

**CITY OF JASPER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<i>ASSETS</i>			
Cash	\$ 346,068	\$ 14,130	\$ 360,198
Restricted cash	9,677	27,140	36,817
Cash equivalents	497,431	-	497,431
Taxes receivable, net	801,024	24,507	825,531
Due from other funds	63,026	-	63,026
Receivable from other governments	153,411	-	153,411
Fines receivable, net	83,025	-	83,025
Other receivables	45,019	-	45,019
Prepaid expenses	33,216	-	33,216
Total Assets	<u>\$ 2,031,897</u>	<u>\$ 65,777</u>	<u>\$ 2,097,674</u>
<i>LIABILITIES AND FUND BALANCES</i>			
Liabilities:			
Accounts payable	\$ 86,476	\$ 457	\$ 86,933
Due to other funds	189	-	189
Accrued salaries	20,030	-	20,030
Due to component unit	80,000	-	80,000
Deferred revenue	1,217,028	-	1,217,028
Court bonds outstanding	10,100	-	10,100
Other accrued expenses	8,251	-	8,251
Total Liabilities	<u>1,422,074</u>	<u>457</u>	<u>1,422,531</u>
Fund balances:			
Reserved for:			
Tourism	-	11,244	11,244
Technology fee	9,677	-	9,677
Prepaid expenses	33,216	-	33,216
Seizure of assets	-	15,438	15,438
Unreserved	566,930	-	566,930
Unreserved, reported in non-major:			
Special revenue funds	-	38,638	38,638
Total Fund Balances	<u>609,823</u>	<u>65,320</u>	<u>675,143</u>
Total Liabilities and Fund Balances	<u>\$ 2,031,897</u>	<u>\$ 65,777</u>	<u>\$ 2,097,674</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 ASSETS
December 31, 2009

Total fund balance, governmental funds	\$	675,143
--	----	---------

Amounts reported for governmental activities in the Statement of Net Assets 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 Assets. The cost of the capital assets is \$4,574,918, and the accumulated depreciation is \$1,551,308.		3,023,610
---	--	-----------

Some of the City's tax revenues will be collected after the fiscal year end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred on the fund financial statements.		1,138,188
--	--	-----------

Some 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 Assets. These liabilities include the following:

Accrued interest		(7,608)
Compensated absences		(214,490)
Note payable to component units		(625,257)
Capital leases		(348,932)
		(1,236,287)

Net Assets of Governmental Activities in the Statement of Net Assets	\$	3,640,654
--	----	-----------

CITY OF JASPER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,931,891	\$ 50,241	\$ 2,982,132
Licenses and permits	124,546	-	124,546
Intergovernmental	108,897	-	108,897
Charges for services	29,870	-	29,870
Fines and forfeitures	226,009	1,399	227,408
Investment earnings	17,938	6,509	24,447
Contributions and donations	2,778	-	2,778
Miscellaneous	3,521	-	3,521
Penalties and interest on delinquent taxes	24,092	-	24,092
Total Revenues	<u>3,469,542</u>	<u>58,149</u>	<u>3,527,691</u>
Expenditures:			
Current:			
General government	541,627	-	541,627
Judicial	122,977	-	122,977
Public safety	2,111,326	-	2,111,326
Custody of property	-	1,542	1,542
Public works	694,558	-	694,558
Culture and recreation	77,727	-	77,727
Housing and development	150,084	-	150,084
Tourism	-	43,473	43,473
Debt Service:			
Principal	142,766	-	142,766
Interest and other charges	33,183	-	33,183
Total Expenditures	<u>3,874,248</u>	<u>45,015</u>	<u>3,919,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(404,706)</u>	<u>13,134</u>	<u>(391,572)</u>
Other Financing Sources (Uses):			
Proceeds from capital leases	518,109	-	518,109
Total other financing sources and uses	<u>518,109</u>	<u>-</u>	<u>518,109</u>
Net changes in fund balances	113,403	13,134	126,537
Fund balances (deficit), beginning of year	496,420	52,186	548,606
Fund balances, end of year	<u>\$ 609,823</u>	<u>\$ 65,320</u>	<u>\$ 675,143</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 ACTIVITIES
For the Year Ended December 31, 2009

Net change in fund balances - total governmental funds:	\$	126,537
---	----	---------

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

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.

This is the amount of capital outlays \$734,266 netted with depreciation \$199,928 in the current period.		534,338
---	--	---------

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.

		65,454
--	--	--------

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.

		(375,343)
--	--	-----------

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:

Accrued interest		1,470
------------------	--	-------

Additional amount accrued during the fiscal year for compensated absences related to vacation and comp time for employees.		5,034
		5,034

Change in net assets of governmental activities	\$	357,490
---	----	---------

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	Business-type Activities - Enterprise Funds		
	Major Fund Water and <u>Sewerage Fund</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 242,247	\$ 5,376	\$ 247,623
Restricted cash	676,974	-	676,974
Accounts receivable, net	322,140	5,922	328,062
Due from other funds	-	189	189
Receivables from other governments	42,000	-	42,000
Other receivables	13,047	2,480	15,527
Inventories	69,695	-	69,695
Prepaid expenses	18,576	2,710	21,286
Total Current Assets	<u>1,384,679</u>	<u>16,677</u>	<u>1,401,356</u>
Non-Current Assets:			
Capital Assets Not Being Depreciated:			
Land and improvements	1,030,849	-	1,030,849
Construction in progress	951,231	-	951,231
Capital Assets Net of Accumulated Depreciation:			
Buildings and improvements	2,072,852	-	2,072,852
Machinery and equipment	296,800	47,798	344,598
Vehicles	90,554	-	90,554
Furniture and fixtures	4	-	4
Infrastructure	13,662,492	-	13,662,492
Total Non-Current Assets	<u>18,104,782</u>	<u>47,798</u>	<u>18,152,580</u>
Total Assets	<u>\$ 19,489,461</u>	<u>\$ 64,475</u>	<u>\$ 19,553,936</u>
LIABILITIES AND FUND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 190,863	\$ -	\$ 190,863
Salaries payable	8,136	391	8,527
Accrued interest payable	15,354	73	15,427
Due to other funds	62,532	495	63,027
Deferred revenue	8,000	-	8,000
Restricted liabilities:			
Customer deposits	454,775	-	454,775
Retainage payable	45,968	-	45,968
Current Portion of Long-term Liabilities:			
Compensated absences	68,500	4,741	73,241
Notes payable	288,024	-	288,024
Capital lease obligation	88,431	18,172	106,603
Total Current Liabilities	<u>1,230,583</u>	<u>23,872</u>	<u>1,254,455</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2009

	Business-type Activities - Enterprise Funds		
	Major Fund Water and <u>Sewerage Fund</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
Non-Current Liabilities:			
Compensated absences	20,023	2,373	22,396
Capital lease obligation	120,965	21,636	142,601
Notes payable	4,507,234	-	4,507,234
Other contracts payable	<u>1,011,880</u>	<u>-</u>	<u>1,011,880</u>
Total Non-Current Liabilities	<u>5,660,102</u>	<u>24,009</u>	<u>5,684,111</u>
Total Liabilities	<u>6,890,685</u>	<u>47,881</u>	<u>6,938,566</u>
Fund Net Assets:			
Invested in capital assets, net of related debt	12,088,247	7,990	12,096,237
Restricted for other purposes	176,231	-	176,231
Unrestricted	<u>334,299</u>	<u>8,604</u>	<u>342,903</u>
Total Fund Net Assets	<u>12,598,777</u>	<u>16,594</u>	<u>12,615,371</u>
Total Liabilities and Fund Net Assets	<u>\$ 19,489,462</u>	<u>\$ 64,475</u>	<u>\$ 19,553,937</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds		
	Major Fund Water and <u>Sewerage</u>	Nonmajor Fund <u>Sanitation</u>	<u>Total</u>
Operating Revenues:			
Intergovernmental	\$ 235,733	\$ -	\$ 235,733
Charges for services	3,439,695	96,101	3,535,796
Miscellaneous	18,632	-	18,632
Total Operating Revenues	<u>3,694,060</u>	<u>96,101</u>	<u>3,790,161</u>
Operating Expenses:			
Sewer administration	18,252	-	18,252
Sewer maintenance	102,913	-	102,913
Waste water treatment plant	269,764	-	269,764
Water administration	128,809	-	128,809
Meter reading	152,844	-	152,844
Water supply	270,000	-	270,000
Water treatment plant	595,277	-	595,277
Water distribution	526,274	-	526,274
Solid waste collection	-	137,006	137,006
Total Operating Expenses before Depreciation	<u>2,064,133</u>	<u>137,006</u>	<u>2,201,139</u>
Depreciation expense	<u>511,420</u>	<u>17,060</u>	<u>528,480</u>
Total Operating Expenses	<u>2,575,553</u>	<u>154,066</u>	<u>2,729,619</u>
Operating Income (Loss)	<u>1,118,507</u>	<u>(57,965)</u>	<u>1,060,542</u>
Non-Operating Revenues (Expenses):			
Interest revenue	3,559	17	3,576
Intergovernmental	-	-	-
Interest expense	(141,825)	(2,220)	(144,045)
Loss on disposal of assets	-	-	-
Total Non-Operating Revenue (Expenses)	<u>(138,266)</u>	<u>(2,203)</u>	<u>(140,469)</u>
Income (loss) before contributions and transfers	980,241	(60,168)	920,073
Contributions and donations	142,600	-	142,600
Transfers in	-	68,318	68,318
Transfers out	<u>(68,318)</u>	<u>-</u>	<u>(68,318)</u>
Change in fund net assets	1,054,523	8,150	1,062,673
Total fund net assets, beginning	11,494,495	8,444	11,502,939
Prior period adjustment	49,759	-	49,759
Total fund net assets, ending	<u>\$ 12,598,777</u>	<u>\$ 16,594</u>	<u>\$ 12,615,371</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, 2009

	Business-type Activities		
	Enterprise Funds		
	Major	Nonmajor	
	Water	Sanitation	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 3,461,749	\$ 95,807	\$ 3,557,556
Other receipts	-	-	-
Payments to suppliers	(659,490)	(28,490)	(687,980)
Payments to employees	(1,280,849)	(105,061)	(1,385,910)
Net cash provided by (used in) operating activities	<u>1,521,410</u>	<u>(37,744)</u>	<u>1,483,666</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds from intergovernmental grants	235,733	-	235,733
Interfund loans - proceeds and collections	(117,452)	(6,441)	(123,893)
Transfers in	-	68,318	68,318
Transfers out	(68,318)	-	(68,318)
Net cash provided by (used in) noncapital financing activities	<u>49,963</u>	<u>61,877</u>	<u>111,840</u>
Cash Flows from Capital Financing Activities:			
Purchase of capital assets	(1,109,903)	-	(1,109,903)
Principal paid on capital debt	(360,915)	(18,220)	(379,135)
Interest paid on capital debt	(111,851)	(2,147)	(113,998)
Proceeds from issuance of capital debt	648,975	-	648,975
Contributions related to capital assets	142,600	-	142,600
Net cash provided by (used in) capital financing activities	<u>(791,094)</u>	<u>(20,367)</u>	<u>(811,461)</u>
Cash Flows from Investing Activities:			
Interest income	<u>3,559</u>	<u>17</u>	<u>3,576</u>
Net cash provided by (used in) investing activities	<u>3,559</u>	<u>17</u>	<u>3,576</u>
Net increase (decrease) in cash	783,838	3,783	787,621
Cash, beginning of year	<u>135,383</u>	<u>1,593</u>	<u>136,976</u>
Cash, end of year	<u>\$ 919,221</u>	<u>\$ 5,376</u>	<u>\$ 924,597</u>
Reconciliation of Total Cash:			
Unrestricted	\$ 242,247	\$ 5,376	\$ 247,623
Restricted	<u>676,974</u>	<u>-</u>	<u>676,974</u>
	<u>\$ 919,221</u>	<u>\$ 5,376</u>	<u>\$ 924,597</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, 2009

	Business-type Activities		
	Enterprise Funds		
	Major	Nonmajor	
	Water	Sanitation	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,118,507	\$ (57,965)	\$ 1,060,542
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	511,420	17,060	528,480
Change in assets and liabilities:			
Accounts receivable	22,171	(295)	21,876
Inventory	(4,759)	-	(4,759)
Prepaid expenses	12,850	492	13,342
Accounts payable	(151,940)	-	(151,940)
Customer deposits	(18,749)	-	(18,749)
Accrued salaries and benefits	12,817	(227)	12,590
Compensated absences	19,093	3,191	22,284
	<u>402,903</u>	<u>20,221</u>	<u>423,124</u>
Net cash provided by (used in) operating activities	<u>\$ 1,521,410</u>	<u>\$ (37,744)</u>	<u>\$ 1,483,666</u>
Noncash transactions:			
Assets purchased through capital leases	\$ 165,904	\$ -	\$ 165,904
Contributed water and sewer lines	50,094	-	50,094

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 have not been disclosed on the face of the financial statements.

CITY OF JASPER, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2009

1. SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the City of Jasper, Georgia, hereafter referred to as “the City”, conform to Generally Accepted Accounting Principles (GAAP). The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Proprietary Fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. 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”, 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 GASB 14, 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.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City’s funds are grouped into two broad fund categories and three generic fund types for financial statement presentation purposes. Governmental funds include the General and Special Revenue funds. Proprietary funds include Enterprise funds.

C. BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

NOTES TO FINANCIAL STATEMENTS (continued)

Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expense identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for capital improvements result from both the capital projects and enterprise funds and the restrictions on their net asset use.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition:

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days of year-end and available to pay obligations of the current period). This includes investment earnings, property and sales taxes, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until all eligibility requirements have been met.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables are recorded and deferred until expenditures are made. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition:

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt and other long term obligations,

NOTES TO FINANCIAL STATEMENTS (continued)

which have not matured, are recognized when due. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocation of costs, such as depreciation, is recorded in proprietary funds. Unbilled utility receivables are recorded at each year-end.

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 City's enterprise funds are charges for water and sewer usage and solid waste collection. Operating expenses for the enterprise funds include all costs to operate the water and sewer system and to deliver water and sewer service to customers as well as providing solid waste collection services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental fund:

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

The City reports the following major enterprise fund:

Water and Sewerage Fund – This fund accounts for the development, operation and maintenance of the utility system that provides water service, and for the development of an infrastructure system capable of providing sewerage service.

D. 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.

E. 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.

NOTES TO FINANCIAL STATEMENTS (continued)

F. PROPERTY TAXES AND OTHER RECEIVABLES

Collection of each year's property taxes by the City is not always completed in the current year. Consequently, current year property taxes receivable are only measurable based on actual collections within thirty days of the year end. Those current and prior property taxes which are collected within thirty days of the year end are susceptible to accrual and therefore are accrued and reflected in revenue. It is not practical to measure delinquent taxes at the end of the year and, further, the amounts thereof are not material in relation to the financial statements taken as a whole. Collections within thirty days of the year end are recorded as revenue and those taxes which are not collected within the specified time period are shown as deferred revenues on the balance sheet. Property taxes receivable are stated at net amounts receivable. An allowance for uncollectible taxes for \$30,658 was established by management at December 31, 2009. The property tax bills for 2009 were levied at the end of 2009 and were intended for use during the 2010 calendar year, the year in which they are due. Therefore, the entire levy of \$985,142 was included in deferred revenue on the governmental financial statements.

The City property tax calendar is as follows:

Levy Date	November 10, 2009
Due Date	January 29, 2010
Delinquent Date	March 1, 2010
Lien Date	July 1, 2010

Accounts receivable in the Water Fund and fines receivable in the General Fund are stated at net amounts receivable. An allowance for doubtful accounts was established by management at December 31, 2009, amounting to \$65,362 in the Water Fund and \$102,098 in the General Fund based on prior years experience and collection policies.

G. 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.

H. PREPAID EXPENSES

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

I. CAPITAL ASSETS AND DEPRECIATION

The City chooses to capitalize assets that have useful life extending beyond one year and exceed the established threshold of \$2,500 for each asset. Purchased or constructed capital assets are reported at cost or estimated at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. 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:

NOTES TO FINANCIAL STATEMENTS (continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30-50 years
Buildings	50 years
Building improvements	20 years
Vehicles	2-15 years
Office equipment	3-15 years
Computer equipment	3-15 years

J. 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.

K. 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.

L. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Eliminations have been made in the governmental and business-type activities columns of the government-wide statements.

Receipts and/or payments to or from other governmental units not included in the reporting entity of the City are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

2. 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, 2009, the City had no bank balance that was exposed to custodial credit risk.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

NOTES TO FINANCIAL STATEMENTS (continued)

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 875,735	\$ 100,000	\$ -	\$ 975,735
Construction in progress	2,809	2,500	-	5,309
Total capital assets not being depreciated	878,544	102,500	-	981,044
Capital assets being depreciated:				
Buildings and improvements	539,355	335,844	-	875,199
Infrastructure	390,658	91,935	-	482,593
Machinery and equipment	1,659,606	192,262	-	1,851,868
Park improvements	372,487	11,725	-	384,212
Total capital assets being depreciated	2,962,106	631,766	-	3,593,872
Less accumulated depreciation:				
Buildings and improvements	(156,837)	(17,255)	-	(174,092)
Infrastructure	(31,645)	(23,567)	-	(55,212)
Machinery and equipment	(956,384)	(145,627)	-	(1,102,011)
Park improvements	(206,512)	(13,479)	-	(219,991)
Total accumulated depreciation	(1,351,378)	(199,928)	-	(1,551,306)
Total capital assets being depreciated, net	1,610,728	431,838	-	2,042,566
Governmental activities capital assets, net	\$ 2,489,272	\$ 534,338	\$ -	\$ 3,023,610
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 979,326	\$ 51,523	\$ -	\$1,030,849
Construction in progress	1,766,654	1,010,897	(1,826,320)	951,231
Total capital assets not being depreciated	2,745,980	1,062,420	(1,826,320)	1,982,080
Capital assets being depreciated:				
Buildings and improvements	351,886	1,828,821	-	2,180,707
Machinery and equipment	886,361	3,874	-	890,235
Vehicles	425,379	-	-	425,379
Furniture and fixtures	8,799	-	-	8,799
Water and sewer infrastructure	19,872,194	41,107	-	19,913,301
Total capital assets being depreciated	21,544,619	1,873,802	-	23,418,421
Less accumulated depreciation:				
Buildings and improvements	(83,530)	(24,325)	-	(107,855)
Machinery and equipment	(492,267)	(53,370)	-	(545,637)
Vehicles	(287,209)	(47,616)	-	(334,825)
Furniture and fixtures	(8,756)	(39)	-	(8,795)
Water and sewer infrastructure	(5,847,679)	(403,130)	-	(6,250,809)
Total accumulated depreciation	(6,719,441)	(528,480)	-	(7,247,921)
Total capital assets being depreciated, net	14,825,178	1,345,322	-	16,170,500
Business-type activities capital assets, net	\$ 17,571,158	\$2,407,742	\$(1,826,320)	\$ 18,152,580

NOTES TO FINANCIAL STATEMENTS (continued)

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

Governmental activities:

General government	\$ 14,464
Judicial	7,548
Public safety	98,706
Public works	57,205
Culture and recreation	19,352
Housing and development	<u>2,653</u>
	<u>\$199,928</u>

Business-type activities:

Water and Sewerage	\$ 511,420
Sanitation	<u>17,060</u>
	<u>\$ 528,480</u>

4. INTERFUND BALANCES AND ACTIVITY

A. TRANSFER TO/FROM OTHER FUNDS

Transfers between funds consisted of the following at year end:

\$68,318 Transfer to Sanitation Fund from Water Fund for administrative supplement

B. BALANCES DUE TO/FROM OTHER FUNDS

Balances due to/from other funds consisted of the following at year end:

\$44,625	Due from Water Fund to General Fund for vendor payments
17,907	Due from Water Fund to General Fund for taxes inadvertently deposited in the Water operating account
<u>495</u>	Due from Sanitation Fund to General Fund for vendor payments
<u>\$63,027</u>	

\$ 189 Due from General Fund to Sanitation Fund for insurance payment

All interfund balances are expected to be repaid within one year from the date of the financial statements.

5. DUE FROM OTHER GOVERNMENTS

The receivable consists of the following at year end:

Governmental Activities

Georgia Department of Revenue \$153,411

6. RESTRICTED ASSETS AND RESERVED EQUITY

At December 31, 2009, the General Fund reserved a portion of fund balance for the purposes of restricted cash and prepaid insurance totaling \$9,677 and \$33,216, respectively, reflected in the current assets of the fund. The Hotel/Motel Tax Fund reserved a portion of fund balance for tourism purposes totaling \$11,244, which is the balance of cash restricted of \$11,702 less the restricted liability of \$457, as reflected on the balance sheet. The Confiscated Assets Fund reserved a portion of fund balance for restricted cash totaling \$15,438, as reflected on the balance sheet.

NOTES TO FINANCIAL STATEMENTS (continued)

7. NOTES PAYABLE TO THE COMPONENT UNITS

The Downtown Development Authority of Jasper currently holds three notes at various financial institutions for assets leased to the City through a lease purchase agreement. The annual lease payments for the buildings and adjoining land parcels equal the amount of the annual debt service payments. Upon the payment in full of the debt, the assets are to be sold to the City at a purchase price of \$1. The amount due from the General Fund at year end was \$625,257.

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 \$625,257. 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 8.

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>
2010	\$ 42,237	\$ 29,041	\$ 71,278
2011	46,532	26,035	72,567
2012	48,722	23,844	72,566
2013	51,021	21,546	72,567
2014	53,431	19,134	72,565
2015 - 2024	<u>383,314</u>	<u>89,236</u>	<u>472,550</u>
	<u>\$ 625,257</u>	<u>\$208,836</u>	<u>\$834,093</u>

8. CHANGES IN LONG-TERM DEBT

Governmental Activities:

The following capital leases had outstanding balances at December 31, 2009:

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.	\$ 196,338
BB&T Governmental Finance Corporation, turnout gear lease, payable in monthly installments of \$529, including interest at 4.53%. Original balance \$28,326, matures in 2012.	12,592
RBC Centura Bank, vehicle lease, payable in monthly installments of \$1,323, including interest at 4.19%. Original balance \$71,903, matures in 2012.	34,478
Agricredit Acceptance, equipment lease, payable in monthly installments of \$958, including interest at 4.186%. Original balance \$52,300, matures in 2010.	7,000
RBC Centura Bank, vehicle lease, payable in monthly installments of \$2,687, including interest at 4.25%. Original balance \$72,500, matures in 2011.	23,358
BB&T Governmental Finance Corporation, court software lease, payable in monthly installments of \$1,111, including interest at 3.87%. Original balance \$37,741, matures in 2011.	21,492
Agricredit Acceptance, equipment lease, payable in monthly installments of \$501, including interest at 5.015%. Original balance \$11,420, matures in 2010.	2,961
BB&T Governmental Finance Corporation, phone upgrades, payable in monthly installments of \$458, including interest at 3.66%. Original balance \$10,582, matures in 2010.	3,156

NOTES TO FINANCIAL STATEMENTS (continued)

BB&T Governmental Finance Corporation, police cruiser lease, payable in monthly installments of \$706, including interest at 3.85%. Original balance \$23,917, matures in 2011. 15,624

BB&T Governmental Finance Corporation, Motorola radio system upgrade, payable in monthly installments of \$1,192, including interest at 3.66%. Original balance \$40,609, matures in 2012. 31,933

Less current portion of debt 348,932
(100,764)
\$ 248,168

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>
2010	\$ 100,764	\$ 14,982	\$ 115,746
2011	78,134	11,081	89,215
2012	29,061	8,643	37,704
2013	20,469	7,534	28,003
2014	21,567	6,437	28,004
2015 - 2018	<u>98,937</u>	<u>13,545</u>	<u>112,482</u>
TOTAL	<u>\$ 348,932</u>	<u>\$ 62,222</u>	<u>\$ 411,154</u>

The following total represents capital assets purchased with the above capital leases and the related accumulated depreciation:

	<u>Asset</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Machinery and equipment	<u>\$ 627,087</u>	<u>\$ 234,321</u>	<u>\$ 390,330</u>

Business-Type Activities:

The following capital leases had outstanding balances at December 31, 2009:

Jasper Banking Company, land acquisition, payable in monthly installments of \$1,462, including interest at 5.25%. Original balance \$181,832, matures in 2014. \$ 61,938

RBC Centura Bank, vehicle lease, payable in monthly installments of \$2,687, including interest at 4.25%. Original balance \$72,500, matures in 2001. 23,148

Agricredit Acceptance, equipment lease, payable in monthly installments of \$933, including interest at 9.61%. Original balance \$45,374, matures in 2010. 9,776

Kubota Credit, equipment lease, payable in monthly installments of \$797, including interest at 5.99%. Original balance \$41,235, matures in 2011. 10,007

BB&T Governmental Finance Corporation, equipment lease, payable in monthly installments of \$1,175, including interest at 4.59%. Original balance \$61,680, matures in 2012. 29,038

RBC Centura Bank, vehicle lease, payable in monthly installments of \$3,088, including interest at 4.186%. Original balance \$166,250, matures in 2012. 78,926

Bancorp South Equipment, equipment lease, payable in monthly installments of \$969, including interest at 3.9%. Original balance \$54,603, matures in 2011. 36,371

NOTES TO FINANCIAL STATEMENTS (continued)

	249,204
Less current portion of debt	<u>(106,603)</u>
	<u>\$ 142,601</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>
2010	\$ 106,760	\$ 4,550	\$ 111,310
2011	99,269	2,353	101,622
2012	26,539	1,429	27,968
2013	16,370	563	16,933
2014	<u>266</u>	<u>10</u>	<u>276</u>
	<u>\$ 249,204</u>	<u>\$ 8,905</u>	<u>\$ 258,109</u>

The following totals represent capital assets purchased with the above capital leases and the related accumulated depreciation:

	<u>Asset</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 181,832	\$ -	\$ 181,832
Machinery and equipment	<u>434,952</u>	<u>161,801</u>	<u>273,151</u>
	<u>\$ 616,784</u>	<u>\$ 161,801</u>	<u>\$ 454,983</u>

The following notes payable had outstanding balances at December 31, 2009:

Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$2,459, including interest at 6.7%. Original balance \$306,432, matures in 2011.	\$ 39,780
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$1,686, including interest at 5.12%. Original balance \$198,107, matures in 2011.	29,149
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$3,304, including interest at 5.5%. Original balance \$391,283, matures in 2013.	125,957
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.	1,026,542
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.	598,548
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.	613,246
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of \$11,501, including interest at 4.19%. Interim financing for first phase of a construction loan, placed in interim repayment until second phase is complete, total loan matures in 2029.	1,856,992

NOTES TO FINANCIAL STATEMENTS (continued)

Georgia Environmental Facilities Authority, infrastructure construction, accruing interest at 4%, not yet in repayment.

Less current portion of debt

505,044
 4,795,258
(288,024)
\$4,507,234

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>
2010	\$ 288,024	\$ 179,905	\$ 467,929
2011	274,010	163,588	437,598
2012	263,218	151,966	415,184
2013	255,003	140,360	395,363
2014	245,585	129,955	375,540
2015-2019	1,329,000	482,966	1,811,966
2020-2024	932,532	245,895	1,178,427
2025-2029	<u>702,842</u>	<u>68,691</u>	<u>771,533</u>
	4,290,214	1,563,326	5,853,540
Amount not yet in repayment	505,044	-	505,044
	<u>\$ 4,795,258</u>	<u>\$ 1,563,326</u>	<u>\$ 6,358,584</u>

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

	<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	\$ 427,324	\$ 40,609	\$ 119,001	\$ 348,932	\$ 100,764
Note payable-component unit	171,522	477,500	23,765	625,257	42,237
Compensated absences	<u>220,771</u>	<u>71,609</u>	<u>77,890</u>	<u>214,490</u>	<u>77,900</u>
	<u>819,617</u>	<u>589,718</u>	<u>220,656</u>	<u>1,188,679</u>	<u>220,901</u>
Business-Type Activities:					
Capital leases	352,886	-	103,682	249,204	106,603
Notes payable	4,372,311	648,975	226,028	4,795,258	288,024
Other contracts payable	1,043,085	-	31,205	1,011,880	-
Compensated absences	<u>111,539</u>	<u>76,468</u>	<u>92,370</u>	<u>95,637</u>	<u>73,241</u>
	<u>5,879,821</u>	<u>725,443</u>	<u>453,285</u>	<u>6,151,979</u>	<u>467,868</u>
Total long-term liabilities	<u>\$6,699,438</u>	<u>\$1,315,161</u>	<u>\$ 673,941</u>	<u>\$7,340,658</u>	<u>\$ 688,769</u>

Long-term liabilities such as compensated absences are liquidated by the fund to which the liability is related. Interest expense for the year was included in the Statement of Activities as follows:

General Fund	\$ 32,960
Water and Sewerage Fund	\$ 141,825
Sanitation Fund	\$ 2,220

9. 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.

NOTES TO FINANCIAL STATEMENTS (continued)

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. There were no liabilities for such claims at December 31, 2009.

10. RETIREMENT PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The Mayor and Council established the defined contribution plan and Southern Financial Advisors administers the plan. All City employees are eligible immediately upon employment at a full-time status and participation is optional. This is a noncontributory plan in that all contributions are made by the employees only. Employees' actual contributions are calculated and made based on a weekly payroll basis, and employees are 100% vested upon participation in the plan. The deferred compensation amounts are not available to employees until termination, retirement, death (payable to a beneficiary) or unforeseeable emergency. During the year ended December 31, 2009, employee contributions were \$3,542.

The City also offers a defined benefit pension plan, City of Jasper Retirement Plan (CJRP), which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CJRP is affiliated with Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The GMEBS assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for the CJRP, that authority rests with the City. Georgia Municipal Association issued a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to the Georgia Municipal Association or by calling (404) 688-0472.

Funding Policy. The Commission is required to contribute at an actuarially determined rate; the current rate is 7.57% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the GMEBS Board of Trustees. Participant contributions are not made due to this particular plan being a noncontributory defined benefit pension plan.

Annual Pension Cost. Based on results of the January 1, 2010 actuarial valuation, the City's annual pension cost for GMEBS was equal to the City's required contributions. The City's actual contribution for the year ended December 31, 2009 was \$151,426. The required contribution was determined as part of the May 1, 2009 actuarial valuation using the projected unit credit actuarial cost method. (Note that on January 1, 2010, the GMEBS Plan has changed the year end date of the report to January 1st and has reported year end totals as of the end of the calendar year 2009.) The significant actuarial assumptions used to compute the actuarial accrued liability and the annual recommended contribution of the Plan meet the actuarial standards of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

The actuarial assumptions included (a) 7.75% investment rate of return, and (b) projected salary increases for inflation of 3.50% and for merit or seniority of .5%. The actuarial value of CJRP assets was determined using a smoothing technique, which gradually incorporates investment performance that exceeds or falls short of the expected return of 7.75%. The period, and related method for amortizing the initial unfunded actuarial accrued liability over 30 years from 1988 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which any change arises as a level dollar amount. The amortization periods, if applicable, are closed for this plan year.

NOTES TO FINANCIAL STATEMENTS (continued)

Trend of Information for CJRP
(Dollar amounts in thousands)
Note: Year-end change beginning 2007

	Annual Pension <u>Cost (APC)</u>	Percentage of <u>APC Contributed</u>	Net Pension <u>Obligation</u>
12-31-09	\$ 151,426	100%	-
12-31-08	\$ 139,214	100%	-
12-31-07	\$ 35,027	100%	-
9-30-07	\$ 123,842	100%	-
9-30-06	\$ 118,156	100%	-
9-30-05	\$ 114,854	100%	-
9-30-04	\$ 100,735	100%	-

Funding Schedule for Most Recent Valuation Date

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (ALL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b)-(a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/c]</u>
1/1/10	\$1,688,831	\$1,911,003	\$222,172	88.37%	\$2,171,370	10.23%

Note—one year of this disclosure is included in the notes to the financial statements; however, the remainder is located in required supplementary information immediately following the notes to financial statements. This required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable.

11. JOINT VENTURE

The City, in conjunction with cities and counties in the five (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 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 RDCs, and was amended in 2008 to consolidate the existing RDC's 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, 2009, in the amount of \$3,094. 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 and municipal board members from the same county 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 RDC's (later transferred to RC's) 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:

NOTES TO FINANCIAL STATEMENTS (continued)

North Georgia Regional Commission
503 Waugh Street
Dalton, Georgia 30720

The City is a member of the Northwest Georgia Regional Water Sources 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. The City pays annual dues in the amount of \$1,500. Complete financial statements of the Northwest Georgia Water Resources Partnership can be obtained directly from their office:

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

12. 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, 2009, the City collected a total of \$37,533. The City expended the required funds in accordance with state law and had \$11,702 in tourism funds remaining at the year end, and \$14,130 in unrestricted hotel/motel taxes collected. Note that these totals reflect the cash activity of the tax collected and expended, which excludes any accrued collections at the end of the fiscal year.

13. COMMITMENTS AND CONTINGENCIES

The City is in the process of constructing a 500,000 gallon elevated water storage tank for an estimated total cost of \$1,113,905. \$300,000 of the cost is funded by an Appalachian Regional Commission grant, and the remaining cost is funded by a loan from Georgia Environmental Facilities Authority. The loan funds have been distributed from the current outstanding GEFA note (2007 L05 WS) shown as "not yet in repayment" in Note 8. The total note was originally intended to fund a two part project including a water treatment plant expansion for \$1,827,000 and the elevated tank construction for \$1,000,000. Upon completion of the water treatment plant expansion in early 2009, the City began repayment on the portion of the note used for the expansion and continues to draw down funds for the elevated tank. In addition to the elevated tank construction, GEFA has authorized the City to use remaining GEFA funds from this same 2007 note to refurbish and repaint three water tanks on the current system. The maintenance of these tanks will be completed by August 1, 2010. Upon completion of all of the aforementioned tank projects, the entire balance of the 2007 L05 WS loan will be re-amortized and placed in repayment.

In 2009, management of the City performed an audit of excise taxes collected and remitted by a local hotel. The amount determined to be outstanding at December 31, 2009 is \$22,866, \$16,807 of which is excise tax unpaid and \$6,059 of which is penalties and interest accrued through the end of the year. The City filed a lawsuit in 2009 to continue pursuing collection of these funds.

14. RESTATEMENTS OF PRIOR PERIOD FINANCIAL INFORMATION

Interest accrued and expensed in the 2008 financial statements for the Water and Sewerage Fund was not actually paid when the GEFA 2007 L05 WS loan was placed in interim repayment; instead, the interest was capitalized into the principal balance to be repaid. Therefore, a prior period adjustment was required to restate fund balance for an overstatement of interest expense totaling \$49,759.

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Property taxes	\$ 1,043,141	\$ 1,003,425	\$ 1,113,664	\$ 110,239
Franchise taxes	350,000	347,750	351,308	3,558
Business taxes	254,775	229,087	229,287	200
General sales and use taxes	1,000,000	925,000	929,924	4,924
Selective use taxes	282,000	321,100	307,708	(13,392)
Licenses and permits	74,050	119,625	124,546	4,921
Intergovernmental	295,017	107,476	108,897	1,421
Charges for services	42,200	28,955	29,870	915
Fines and forfeitures	300,000	230,000	226,009	(3,991)
Investment earnings	9,000	12,500	17,938	5,438
Contributions and donations	4,500	2,500	2,778	278
Miscellaneous	1,000	3,131	3,521	390
Penalties and interest on delinquent taxes	18,800	17,900	24,092	6,192
Total Revenues	<u>3,674,483</u>	<u>3,348,449</u>	<u>3,469,542</u>	<u>121,093</u>
Expenditures:				
Current:				
General government:				
Legislative	34,203	23,478	23,818	(340)
Executive	180,232	178,760	184,043	(5,283)
Elections	2,730	2,753	2,753	-
Financial administration	373,811	356,217	331,013	25,204
Judicial:				
Municipal court	149,252	128,732	122,977	5,755
Public Safety:				
Police	888,760	1,299,733	1,303,647	(3,914)
Fire	866,034	824,224	806,853	17,371
Animal Control	-	1,283	826	457
Public Works:				
Streets	759,988	587,001	571,731	15,270
Fleet maintenance and shop	76,531	122,312	120,327	1,985
Cemetery	2,500	2,500	2,500	-
Culture and Recreation:				
Parks administration	101,425	86,032	77,727	8,305
Housing and development:				
Protective inspection	103,369	102,794	95,392	7,402
Planning and zoning	59,611	54,767	54,692	75
Debt service	181,037	175,972	175,949	23
Total Expenditures	<u>3,779,483</u>	<u>3,946,558</u>	<u>3,874,248</u>	<u>72,310</u>

The accompanying notes to RSI 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, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(105,000)</u>	<u>(598,109)</u>	<u>(404,706)</u>	<u>193,403</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfer in from component unit	-	80,000	-	(80,000)
Transfer out	-	-	-	-
Proceeds from capital leases	105,000	518,109	518,109	-
Sale of fixed assets	-	-	-	-
Total Other Financing Sources and Uses	<u>105,000</u>	<u>598,109</u>	<u>518,109</u>	<u>(80,000)</u>
Net change in fund balance	-	-	113,403	113,403
Fund balance, beginning of year	<u>496,420</u>	<u>496,420</u>	<u>496,420</u>	<u>-</u>
Fund balance, end of year	<u>\$ 496,420</u>	<u>\$ 496,420</u>	<u>\$ 609,823</u>	<u>\$ 113,403</u>

The accompanying notes to RSI are an integral part of this schedule.

CITY OF JASPER, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2009

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. 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.

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: operating expenditures/expenses, capital outlay and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to approval by the City Council and Mayor. Revisions to the budget were made throughout the year.

During the year ended December 31, 2009, some expenditures exceeded appropriated amounts as shown in the preceding budgetary comparison statement. However, management operated overall with a positive budget variance of \$72,310 by using sound budgeting practices city-wide. The following expenditure categories in the General Fund exceeded budgeted amounts by a minimum of \$1,000 as indicated below in the City's funds:

Executive	\$ 5,283
Police	\$ 3,914

CITY OF JASPER, GEORGIA
SCHEDULE OF FUNDING PROGRESS FOR THE
CITY OF JASPER RETIREMENT PLAN
For the Year Ended December 31, 2009

Funded Status

The table below sets forth required supplementary information to be disclosed in the schedule of funding progress. The items presented are based on the actuarial valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (ALL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
**1/1/10	\$1,668,831	\$1,911,003	\$222,172	88.4%	\$2,171,370	10.2%
5/1/09	\$1,271,688	\$1,841,356	\$569,668	69.1%	\$2,243,546	25.4%
5/1/08	\$1,577,943	\$1,759,368	\$181,425	89.7%	\$2,530,373	7.2%
5/1/07	\$1,384,624	\$1,615,413	\$230,789	85.7%	\$2,291,284	10.1%
5/1/06	\$1,209,878	\$1,399,153	\$189,275	86.5%	\$2,181,189	8.7%
5/1/05	\$1,063,242	\$1,311,997	\$248,755	81.0%	\$1,914,069	12.9%
5/1/04	\$ 939,199	\$1,163,891	\$226,378	80.7%	\$1,710,569	13.1%
5/1/03	\$ 821,613	\$1,058,823	\$237,210	77.6%	\$1,783,175	13.3%
5/1/02	\$ 750,176	\$1,036,021	\$285,845	72.4%	\$1,480,540	19.3%
5/1/01	\$ 676,800	\$ 992,959	\$316,159	68.2%	\$1,345,836	23.5%
5/1/00	\$ 612,921	\$ 919,604	\$306,683	66.7%	\$1,135,820	27.0%
5/1/99	\$ 546,874	\$ 824,432	\$277,558	66.3%	\$ 989,015	28.1%
5/1/98	\$ 488,437	\$ 764,343	\$275,906	63.9%	\$ 854,064	32.3%

Effect of plan changes on the actuarial accrued liability

The effect on the actuarial accrued liability of any current-year changes in actuarial assumptions or benefit provisions is:

The plan provisions valued and the actuarial assumptions are the same as those used in the preceding valuation.

Effect of plan changes on recommended contributions

The effect on the recommended contributions of any current-year changes in actuarial assumptions, benefit provisions or actuarial funding method is:

The plan provisions valued and the actuarial assumptions and cost methods are the same as those used to determine the contribution requirement for the preceding year.

***Note—the plan date has been amended to January 1 each year. The information provided in the January 1, 2010 report reflects activity through December 31, 2009, and is therefore included in the 2009 financial report.*

See actuarial assumptions used, disclosed in Note 10 to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Confiscated Assets 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 Fund:

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

CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2009

	<u>Confiscated</u> <u>Assets Fund</u>	<u>Hotel/Motel</u> <u>Tax Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 14,130	\$ 14,130
Restricted cash	15,438	11,702	27,140
Taxes receivable	<u>-</u>	<u>24,507</u>	<u>24,507</u>
Total Assets	<u>\$ 15,438</u>	<u>\$ 50,339</u>	<u>\$ 65,777</u>
LIABILITIES			
Accounts payable	<u>\$ -</u>	<u>\$ 457</u>	<u>\$ 457</u>
Total Liabilities	<u>-</u>	<u>457</u>	<u>457</u>
FUND BALANCES			
Reserved fund balance	15,438	11,244	26,682
Unreserved fund balance	<u>-</u>	<u>38,638</u>	<u>38,638</u>
Total Fund Balances	<u>15,438</u>	<u>49,882</u>	<u>65,320</u>
Total Liabilities and Fund Balances	<u>\$ 15,438</u>	<u>\$ 50,339</u>	<u>\$ 65,777</u>

CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2009

	<u>Confiscated Assets Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Total</u>
REVENUES			
Taxes	\$ -	\$ 50,241	\$ 50,241
Confiscation	1,399	-	1,399
Interest	<u>151</u>	<u>6,358</u>	<u>6,509</u>
Total Revenues	<u>1,550</u>	<u>56,599</u>	<u>58,149</u>
EXPENDITURES			
<i>Current:</i>			
Custody of property	1,542	-	1,542
Tourism	<u>-</u>	<u>43,473</u>	<u>43,473</u>
Total Expenditures	<u>1,542</u>	<u>43,473</u>	<u>45,015</u>
Net change in fund balances	8	13,126	13,134
Fund balances, beginning	<u>15,430</u>	<u>36,756</u>	<u>52,186</u>
Fund balances, ending	<u>\$ 15,438</u>	<u>\$ 49,882</u>	<u>\$ 65,320</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Confiscation	\$ -	\$ 1,399	\$ 1,399	\$ -
Interest	-	155	151	4
Total Revenues	-	1,554	1,550	4
EXPENDITURES				
<i>Current:</i>				
Custody of property	-	1,554	1,542	12
Total Expenditures	-	1,554	1,542	12
Net change in fund balances	-	-	8	8
Fund balances, beginning	15,430	15,430	15,430	-
Fund balances, ending	<u>\$ 15,430</u>	<u>\$ 15,430</u>	<u>\$ 15,438</u>	<u>\$ 8</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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 45,000	\$ 55,000	\$ 50,241	\$ (4,759)
Interest	<u>250</u>	<u>300</u>	<u>6,358</u>	<u>6,058</u>
Total Revenues	<u>45,250</u>	<u>55,300</u>	<u>56,599</u>	<u>1,299</u>
EXPENDITURES				
<i>Current:</i>				
Tourism	<u>45,250</u>	<u>55,300</u>	<u>43,473</u>	<u>11,827</u>
Total Expenditures	<u>45,250</u>	<u>55,300</u>	<u>43,473</u>	<u>11,827</u>
Net change in fund balances	-	-	13,126	13,126
Fund balances, beginning	<u>36,756</u>	<u>36,756</u>	<u>36,756</u>	<u>-</u>
Fund balances, ending	<u>\$ 36,756</u>	<u>\$ 36,756</u>	<u>\$ 49,882</u>	<u>\$ 13,126</u>

STATISTICAL SECTION (Unaudited)

The statistical section presents detailed information as a context for understanding what the information presented in the components of the financial section says about the overall financial health of the City of Jasper, Georgia.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial well-being has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, which is property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.

Sources: *Unless otherwise noted, the information presented in these schedules is derived from the financial report for the relevant year. The City implemented Statement 34 in 2004; therefore, schedules reflecting government-wide information include information beginning that year.*

Note: *The City of Jasper converted its fiscal year from a September 30th year end to a calendar year end in 2007. Therefore, information presented for years 2007 and prior reflects information for such fiscal year end and information presented for years 2008 and subsequent reflect the calendar year end. Information for the conversion period of October 1st through December 31st, 2007 is not included so as to minimize confusion in comparisons.*

CITY OF JASPER, GEORGIA
NET ASSETS BY COMPONENT
Last Four Fiscal Years
(accrual basis of accounting)

	<u>Fiscal Year</u>		<u>Calendar Year</u>	
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 1,392,887	\$ 1,714,403	\$ 1,890,426	\$ 2,049,421
Restricted ⁽¹⁾	119,890	9,632	52,681	36,360
Unrestricted	<u>995,945</u>	<u>850,360</u>	<u>1,340,057</u>	<u>1,554,873</u>
Total governmental activities net assets	<u>2,508,722</u>	<u>2,574,395</u>	<u>3,283,164</u>	<u>3,640,654</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	11,499,457	11,869,093	11,802,875	12,096,237
Restricted	-	-	-	176,231
Unrestricted	<u>122,104</u>	<u>(223,016)</u>	<u>(299,936)</u>	<u>342,903</u>
Total business-type activities net assets	<u>11,621,561</u>	<u>11,646,077</u>	<u>11,502,939</u>	<u>12,615,371</u>
Primary Government:				
Invested in capital assets, net of related debt	12,892,344	13,583,496	13,693,301	14,145,658
Restricted	119,890	9,632	52,681	212,591
Unrestricted	<u>1,118,049</u>	<u>627,344</u>	<u>1,040,121</u>	<u>1,897,776</u>
Total primary government activities net assets	<u>\$ 14,130,283</u>	<u>\$ 14,220,472</u>	<u>\$ 14,786,103</u>	<u>\$ 16,256,025</u>

(1) In the governmental activities for years 2007 through 2009, the restricted net assets consists primarily of restricted cash from the special revenue funds net of any restricted liabilities.

CITY OF JASPER, GEORGIA
CHANGES IN NET ASSETS
Last Four Fiscal Years
(accrual basis of accounting)

	<u>Fiscal Year</u>		<u>Calendar Year</u>	
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses				
Governmental Activities:				
General government	\$ 627,900	\$ 700,229	\$ 599,677	\$ 556,543
Judicial	130,532	138,904	132,116	131,285
Public safety	1,375,324	1,498,070	1,568,807	1,615,089
Custody of property	-	-	-	1,542
Public works	644,545	680,869	675,619	615,723
Culture and recreation	93,336	106,109	98,076	85,223
Housing and development	135,800	166,864	168,755	153,817
Tourism	33,738	34,862	46,745	43,473
Interest charges	56,038	38,219	29,443	32,960
Total governmental activities expenses	<u>3,097,213</u>	<u>3,364,126</u>	<u>3,319,238</u>	<u>3,235,655</u>
Business-type Activities:				
Water and sewer	2,686,957	2,895,119	2,864,500	2,717,378
Sanitation	126,588	120,731	116,673	156,286
Total business-type activities expenses	<u>2,813,545</u>	<u>3,015,850</u>	<u>2,981,173</u>	<u>2,873,664</u>
Total primary government expenses	<u>5,910,758</u>	<u>6,379,976</u>	<u>6,300,411</u>	<u>6,109,319</u>
Program Revenues				
Governmental Activities:				
Charges for service:				
General government	26,210	86,678	255	205
Judicial	269,193	274,334	33,462	24,974
Public safety	12,115	8,592	360,990	230,700
Custody of property	-	-	-	1,399
Public works	-	2,500	-	-
Culture and recreation	-	-	-	-
Housing and development	42,852	55,374	98,692	124,546
Tourism	-	5,000	-	-
Operating grants and contributions	90,495	18,241	15,000	2,778
Capital grants and contributions	32,101	149,951	57,096	72,770
Total governmental activities program revenues	<u>472,966</u>	<u>600,670</u>	<u>565,495</u>	<u>457,372</u>
Business-type Activities:				
Charges for service:				
Water and sewer	2,740,335	3,038,378	2,684,656	3,439,695
Sanitation	63,087	60,705	94,698	96,101
Capital grants and contributions	1,239,838	-	44,113	378,333
Total business-type activities expenses	<u>4,043,260</u>	<u>3,099,083</u>	<u>2,823,467</u>	<u>3,914,129</u>
Total primary government program revenues	<u>4,516,226</u>	<u>3,699,753</u>	<u>3,388,962</u>	<u>4,371,501</u>

CITY OF JASPER, GEORGIA
CHANGES IN NET ASSETS
Last Four Fiscal Years
(accrual basis of accounting)

Net (Expense)/Revenue

Governmental activities	(2,624,247)	(2,763,456)	(2,753,743)	(2,778,283)
Business-type activities	<u>1,229,715</u>	<u>83,233</u>	<u>(157,706)</u>	<u>1,040,465</u>
Total primary government net (expense)/revenue	<u>(1,394,532)</u>	<u>(2,680,223)</u>	<u>(2,911,449)</u>	<u>(1,737,818)</u>

General Revenue and Other Changes in Net Assets

Governmental Activities:

Taxes				
Property taxes	683,212	732,832	912,820	1,199,539
Sales taxes	1,143,138	1,170,253	1,063,438	929,924
Other taxes	788,533	881,470	940,475	938,544
Grants and contributions not restricted to specific programs	-	-	71,326	15,706
Unrestricted investment earnings	15,702	46,798	27,118	48,539
Miscellaneous	34,480	33,103	9,436	3,521
Gain from sale of capital assets	-	-	-	-
Transfers	<u>94,572</u>	<u>84,563</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>2,759,637</u>	<u>2,949,019</u>	<u>3,024,613</u>	<u>3,135,773</u>

Business-Type Activities:

Grants and contributions not restricted to specific programs	-	-	79,165	-
Investment earnings	7,848	5,907	3,227	3,576
Miscellaneous	-	19,939	19,385	18,632
Transfers	<u>(94,572)</u>	<u>(84,563)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(86,724)</u>	<u>(58,717)</u>	<u>101,777</u>	<u>22,208</u>

Total primary government	<u>2,672,913</u>	<u>2,890,302</u>	<u>3,126,390</u>	<u>3,157,981</u>
--------------------------	------------------	------------------	------------------	------------------

Change in Net Assets

Governmental activities	135,390	185,563	270,870	357,490
Business-type activities	<u>1,142,991</u>	<u>24,516</u>	<u>(55,929)</u>	<u>1,062,673</u>
Total primary government	<u>\$ 1,278,381</u>	<u>\$ 210,079</u>	<u>\$ 214,941</u>	<u>\$ 1,420,163</u>

CITY OF JASPER, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								Calendar Year	
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 6,834	\$ 5,136	\$ 4,758	\$ 6,587	\$ 125,306	\$ 140,119	\$ 149,472	\$ 22,473	\$ 65,904	\$ 42,893
Unreserved	<u>358,105</u>	<u>404,307</u>	<u>463,838</u>	<u>874,354</u>	<u>1,065,959</u>	<u>977,119</u>	<u>972,108</u>	<u>865,086</u>	<u>430,516</u>	<u>566,930</u>
Total general fund	<u>\$ 364,939</u>	<u>\$ 409,443</u>	<u>\$ 468,596</u>	<u>\$ 880,941</u>	<u>\$ 1,191,265</u>	<u>\$ 1,117,238</u>	<u>\$ 1,121,580</u>	<u>\$ 887,559</u>	<u>\$ 496,420</u>	<u>\$ 609,823</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,632	\$ 37,734	\$ 26,682
Unreserved, reported in special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41)</u>	<u>23,150</u>	<u>4,207</u>	<u>-</u>	<u>14,452</u>	<u>38,638</u>
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41)</u>	<u>\$ 23,150</u>	<u>\$ 4,207</u>	<u>\$ 9,632</u>	<u>\$ 52,186</u>	<u>\$ 65,320</u>

CITY OF JASPER, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accual basis of accounting)

	Fiscal Year								Calendar Year	
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:										
Taxes	\$ 1,488,834	\$ 1,583,354	\$ 1,740,272	\$ 1,796,145	\$ 1,946,187	\$ 2,265,080	\$ 2,560,778	\$ 2,791,682	\$ 2,705,527	\$ 2,982,132
Licenses and permits	120,030	85,600	189,716	215,063	245,008	193,936	118,252	117,749	95,942	124,546
Intergovernmental	633,357	134,145	35,479	74,910	31,100	35,380	40,043	186,692	93,406	108,897
Charges for services	70,538	12,468	7,483	3,062	1,841	26,672	39,781	45,376	37,755	29,870
Fines and forfeitures	142,896	158,472	196,650	204,076	207,154	318,333	239,850	236,977	359,702	227,408
Investment earnings	-	4,487	1,796	815	1,666	2,542	15,702	23,076	9,763	24,447
Contributions and donations	11,754	45,854	7,200	4,800	-	47,550	50,047	32,377	71,326	2,778
Miscellaneous	27,538	35,564	8,432	19,092	62,751	68,956	34,480	10,681	9,436	3,521
Penalties and interest on delinquent taxes (3)	-	-	-	-	-	8,115	7,493	23,722	17,355	24,092
Total Revenues	<u>2,494,947</u>	<u>2,059,944</u>	<u>2,187,028</u>	<u>2,317,963</u>	<u>2,495,707</u>	<u>2,966,564</u>	<u>3,106,426</u>	<u>3,468,332</u>	<u>3,400,212</u>	<u>3,527,691</u>
Expenditures:										
Current:										
General government	1,052,416	450,701	612,572	492,553	677,153	572,061	606,722	670,623	586,349	541,627
Judicial	-	24,478	38,848	43,718	60,802	137,674	130,490	138,904	149,693	122,977
Public safety	798,163	803,353	961,884	1,271,980	1,146,041	1,216,737	1,368,306	1,532,553	1,502,913	2,111,326
Custody of property	-	-	-	-	-	-	-	-	-	1,542
Public works	311,977	867,546	726,573	365,273	345,143	646,415	690,624	787,132	853,228	694,558
Culture and recreation	15,687	22,749	21,936	22,246	247,292	186,910	153,228	222,433	84,195	77,727
Housing and development	-	131,320	140,108	108,544	152,523	170,888	132,948	164,009	164,173	150,084
Tourism	-	-	-	-	-	19,470	14,107	34,862	54,956	43,473
Capital outlay (1)	243,446	-	-	-	-	-	-	-	-	-
Debt Service: (2)										
Principal	103,770	63,558	74,866	83,400	-	152,722	139,730	166,108	118,776	142,766
Interest and other charges	30,940	28,005	34,711	29,488	-	46,524	48,131	39,128	32,698	33,183
Total Expenditures	<u>2,556,399</u>	<u>2,391,710</u>	<u>2,611,498</u>	<u>2,417,202</u>	<u>2,628,954</u>	<u>3,149,401</u>	<u>3,284,286</u>	<u>3,755,752</u>	<u>3,546,981</u>	<u>3,919,263</u>
Excess (deficiency) of revenues over (under) expenditures	(61,452)	(331,766)	(424,470)	(99,239)	(133,247)	(182,837)	(177,860)	(287,420)	(146,769)	(391,572)

Other Financing Sources (Uses):

Proceeds from capital leases	173,239	39,738	183,624	318,098	11,500	179,831	88,318	100,229	83,660	518,109
Proceeds from the sale of capital assets	-	75,000	-	5,180	232,030	4,330	-	5,425	-	-
Transfers from component unit	-	-	-	-	-	-	-	-	-	-
Transfers to component unit	-	-	-	(30,094)	-	-	(19,631)	-	-	-
Transfers in	31,285	198,000	362,654	254,353	200,000	138,971	123,869	97,647	-	-
Transfers out	-	-	(62,654)	(35,953)	-	(5,638)	(29,297)	(13,084)	-	-
Total other financing sources and uses	<u>204,524</u>	<u>312,738</u>	<u>483,624</u>	<u>511,584</u>	<u>443,530</u>	<u>317,494</u>	<u>163,259</u>	<u>190,217</u>	<u>83,660</u>	<u>518,109</u>
Net changes in fund balances	<u>\$ 143,072</u>	<u>\$ (19,028)</u>	<u>\$ 59,154</u>	<u>\$ 412,345</u>	<u>\$ 310,283</u>	<u>\$ 134,657</u>	<u>\$ (14,601)</u>	<u>\$ (97,203)</u>	<u>\$ (63,109)</u>	<u>\$ 126,537</u>
Debt services as a percentage of noncapital expenditures	5.82%	4.06%	4.66%	5.43%	6.72%	7.26%	6.18%	6.15%	4.70%	5.52%

(1) Capital outlay is only shown in 2000 as a separate line item. When the Georgia Department of Community Affairs uniform chart of accounts was implemented, capital outlay was shown from that point forward as a directly allocated expense to a function. The amount of capital outlay is excluded however, from the calculation of debt service as a percentage of non capital expenditures at the bottom of the schedule.

(2) Debt service totals are not shown separately in the audit report for 2004.

(3) Penalties and interest on delinquent taxes was not shown separately until the audit report in 2005. It has been shown in a separate line item on all subsequent reports.

CITY OF JASPER, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

Fiscal Year	Real Property	Personal Property	Motor Vehicles/ Mobile Homes	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as % of Actual Value
2000*	\$ 95,175,231	\$ -	\$ 4,708,050	\$ (14,477,968)	85,405,313	4.63	213,513,283	40%
2001	74,829,852	23,017,749	4,795,180	(15,038,818)	87,603,963	4.71	219,009,908	40%
2002	87,255,975	21,917,986	4,631,158	(15,243,649)	98,561,470	4.70	246,403,675	40%
2003	98,134,496	20,536,853	5,038,723	(17,515,261)	106,194,811	4.70	265,487,028	40%
2004	118,853,143	24,198,473	5,446,844	(17,906,013)	130,592,447	4.70	326,481,118	40%
2005	136,374,023	25,198,385	5,996,414	(19,206,256)	148,362,566	4.70	370,906,415	40%
2006	151,136,522	29,817,896	6,125,503	(25,321,717)	161,758,204	4.69	404,395,510	40%
2007	169,243,802	32,523,419	7,104,361	(24,756,807)	184,114,775	4.69	460,286,938	40%
2008**	209,006,002	35,548,387	7,887,669	(28,166,156)	224,275,902	4.69	560,689,755	40%
2009**	217,612,863	34,790,661	7,966,829	(35,669,978)	224,700,375	4.69	561,750,938	40%

* Information is only available in aggregate. Personal property is not segregated on consolidation sheets from which totals are derived.

** Calendar year ended December 31st

CITY OF JASPER, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Years
(rate per \$1,000 of assessed value)

Fiscal Year	City of Jasper	Pickens County	Pickens County Board of Education	State of Georgia	Total Direct & Overlapping Rates
2000	4.63	2.84	15.31	0.25	23.03
2001	4.71	6.10	15.20	0.25	26.26
2002	4.70	6.08	14.96	0.25	25.99
2003	4.70	5.95	14.89	0.25	25.79
2004	4.70	5.91	15.87	0.25	26.73
2005	4.70	6.16	15.12	0.25	26.23
2006	4.69	6.26	15.22	0.25	26.42
2007	4.69	6.13	14.47	0.25	25.54
2008**	4.69	5.90	14.47	0.25	25.31
2009**	4.69	6.26	15.97	0.25	27.17

** Calendar year ended December 31st for each year marked as such.

Source: Georgia Department of Revenue

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Jasper.

CITY OF JASPER, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2009			2000**		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lexington Insulators	\$ 6,521,243	1	2.90%	\$ -		
Ingles Market, Inc.	5,228,770	2	2.33%	-		
Fairway of Jasper, LLC	3,704,363	3	1.65%	-		
Mountainside Manor, LP	3,610,258	4	1.61%	-		
Ziegler-Georgia 13, LLC	2,955,066	5	1.32%	-		
H D Development of Maryland	2,951,931	6	1.31%	-		
BBL Investments, LLC	2,527,479	7	1.12%	-		
The Home Depot	2,030,926	8	0.90%	-		
Community Bank of Pickens County	1,966,121	9	0.87%	-		
RWM Jasper Center, LLC	<u>1,656,499</u>	10	0.74%	-		
	<u>\$ 33,152,656</u>					

Source: City of Jasper Finance Department

**Information for 2000 is not available at this time.

CITY OF JASPER, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

Year of Tax Levy	Collected within the Fiscal Year of Levy				Total Collections to Date	
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collection in Subsequent Years	Amount	Percentage of Levy
2000	\$ 375,427	339,630	90.46%	35,572	375,202	99.94%
2001	382,784	358,899	93.76%	23,542	382,441	99.91%
2002	410,840	365,901	89.06%	42,928	408,829	99.51%
2003	441,674	383,024	86.72%	45,878	428,902	97.11%
2004	555,722	500,251	90.02%	43,843	544,094	97.91%
2005	652,692	619,328	94.89%	25,584	644,912	98.81%
2006	693,396	665,090	95.92%	18,675	683,765	98.61%
2007	801,126	750,252	93.65%	26,567	776,819	96.97%
2008**	971,406	881,252	90.72%	(1)	881,252	90.72%
2009**	985,142	315,052	31.98%	(1)	315,052	31.98%

(1) The 2008 tax bills were billed in the end of calendar year 2008 and were collected in 2009. Thus, there are no amounts to report for this schedule for subsequent collections. Also, the tax bills for 2009 were billed at the end of 2009, and collections shown are deferred revenue, as this revenue is not recognized until 2010. Therefore there is no subsequent collections to report for this schedule.

Source: City of Jasper Finance Department

** Calendar year ended December 31st of each year marked as such.

CITY OF JASPER, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

<u>Governmental Activities</u>			<u>Business Type Activities</u>					
Fiscal Year	Capital Leases	Note Payable to Component Unit	Notes Payable	Capital Leases	Total Primary Government	% of Personal Income	Population	Per Capita
2000	\$ 521,910	\$ -	\$ 2,452,848	\$ 289,699	\$ 3,264,457	7.62%	2,167	\$ 1,506
2001	490,508	-	2,345,926	281,324	\$ 3,117,758	7.36%	2,420	\$ 1,288
2002	599,265	-	2,232,861	292,389	\$ 3,124,515	7.24%	2,482	\$ 1,259
2003	833,746	-	2,675,862	216,024	\$ 3,725,632	8.29%	2,550	\$ 1,461
2004	748,420	-	2,739,033	224,126	\$ 3,711,579	7.98%	2,912	\$ 1,275
2005	505,656	269,872	3,925,537	252,184	\$ 4,953,249	10.38%	2,965	\$ 1,671
2006	485,669	238,657	4,115,969	327,724	\$ 5,168,019	10.77%	3,052	\$ 1,693
2007	469,514	188,932	3,953,810	448,940	\$ 5,061,196	10.00%	3,116	\$ 1,624
2008**	427,324	171,522	5,415,396	352,886	\$ 6,367,128	12.19%	3,166	\$ 2,011
2009**	348,932	625,257	5,807,138	249,204	\$ 7,030,531	*	*	*

* Information for 2009 not available for personal income, population and per capita ratios.

** Calendar year ended December 31st for years marked as such.

CITY OF JASPER, GEORGIA
TOP TEN WATER CUSTOMERS
For the Past Two Years

For Calendar Year 2009

	Rank	Gallons Consumed	Water Revenue	Sewer Revenue	Total Revenue	% of Total Operating Revenues
Mountainside Manor, LLC	1	6,714,000	\$ 43,188	\$ 35,680	\$ 78,868	2.13%
Brooks Run Apartments	2	5,742,500	6,186	4,663	10,849	0.29%
Pickens High School	3	4,009,600	13,991	13,230	27,221	0.74%
Piedmont Mountainside Hospital	4	3,956,000	9,861	9,661	19,522	0.53%
Pickens County Detention Center	5	2,503,000	6,412	5,861	12,273	0.33%
Homestead Apartments	6	2,371,300	16,317	12,420	28,737	0.78%
Lexington Insulators	7	2,311,600	5,981	5,450	11,431	0.31%
Grandview Healthcare	8	2,153,600	6,785	5,110	11,895	0.32%
Brooks Hollow Apartments	9	989,900	9,609	7,050	16,659	0.45%
Forest Glen Apartments	10	934,000	8,582	6,329	14,911	0.40%

For Calendar Year 2008

		Gallons Consumed	Water Revenue	Sewer Revenue	Total Revenue	% of Total Operating Revenues
Mountainside Manor, LLC	1	5,538,300	\$ 30,718	\$ 16,528	\$ 47,246	1.75%
Brooks Run Apartments	2	5,031,500	6,467	3,039	9,506	0.35%
Pickens High School	3	4,358,500	13,733	13,766	27,499	1.02%
Piedmont Mountainside Hospital	4	4,567,000	8,892	9,919	18,811	0.70%
Pickens County Detention Center	5	2,057,100	4,301	4,503	8,804	0.33%
Homestead Apartments	6	3,211,500	12,491	8,126	20,617	0.76%
Lexington Insulators	7	3,341,700	6,481	7,265	13,746	0.51%
Grandview Healthcare	8	3,018,200	5,930	6,569	12,499	0.46%
Brooks Hollow Apartments	9	1,031,500	6,467	3,039	9,506	0.35%
Forest Glen Apartments	10	1,118,800	6,035	3,126	9,161	0.34%

Source: City of Jasper Water Administration Department

Note: Top ten customers are ranked by number of gallons consumed, not annual billing.

**CITY OF JASPER, GEORGIA
WATER CUSTOMERS
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Number of Customers</u>	<u>Number Increase from Prior Year</u>	<u>% Increase from Prior Year</u>
2000	3,633		
2001	3,780	147	4.05%
2002	4,056	276	7.30%
2003	4,157	101	2.49%
2004	4,262	105	2.53%
2005	4,471	209	4.90%
2006	4,653	182	4.07%
2007	4,984	331	7.11%
2008	5,238	254	5.10%
2009	5,252	14	0.27%

Source: City of Jasper Water Administration Department

CITY OF JASPER, GEORGIA
UTILITY RATES
December 31, 2009

WATER SERVICE FOR ALL CUSTOMER TYPES:

	<u>Base Rate</u>	<u>Price per 1,000</u> <u>gallons</u>	
Resident inside City limits	\$ 15.00	\$ 2.25	
Resident outside City limits	25.00	3.25	
Resident outside City limits on sewer	17.00	3.25	
		<u>Inside City limits -</u> <u>Price per 1,000</u> <u>gallons</u>	<u>Outside City limits -</u> <u>Price per 1,000</u> <u>gallons</u>
Commercial customers - 3/4" meter	\$ 35.00	\$ 2.25	\$ 3.25
Commercial customers - 1" meter	50.00	2.25	3.25
Commercial customers - 2" meter	65.00	2.25	3.25
Commercial customers - 3" meter	75.00	2.25	3.25
Commercial customers - 4" meter	80.00	2.25	3.25
Commercial customers - 6" meter	100.00	2.25	3.25
Irrigation meters - 3/4" meter	35.00	4.25	4.25
Irrigation meters - 1" meter	50.00	4.25	4.25
Irrigation meters - 2" meter	65.00	4.25	4.25
Irrigation meters - 3" meter	75.00	4.25	4.25
Irrigation meters - 4" meter	80.00	4.25	4.25
Irrigation meters - 6" meter	100.00	4.25	4.25

Note: All customers that are not sewer customers are charged a summer surcharge of \$1 per 1,000 gallons based on usage that exceeds average winter-based usage. The surcharge applies to April through October of each year.

SEWER SERVICE FOR ALL CUSTOMER TYPES:

	<u>Base Rate</u>	<u>Price per 1,000</u> <u>gallons</u>	
Resident inside City limits	\$ 10.00	\$ 2.15	
Resident outside City limits	12.00	3.15	
		<u>Inside City limits -</u> <u>Price per 1,000</u> <u>gallons</u>	<u>Outside City limits -</u> <u>Price per 1,000</u> <u>gallons</u>
Commercial customers - 3/4" meter	\$ 20.00	\$ 2.15	\$ 3.15
Commercial customers - 1" meter	30.00	2.15	3.15
Commercial customers - 2" meter	40.00	2.15	3.15
Commercial customers - 3" meter	50.00	2.15	3.15
Commercial customers - 4" meter	75.00	2.15	3.15
Commercial customers - 6" meter	100.00	2.15	3.15

CITY OF JASPER, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

Calendar Year	City Population	Personal	Per Capita		School Enrollment	Unemployment Rate
		Income (in millions)	Personal Income	Median Age		
2000	2,167	\$ 42,832	\$ 26,966	40.4	3,748	3.2%
2001	2,420	\$ 42,382	\$ 28,788	40.1	3,748	3.0%
2002	2,482	\$ 43,154	\$ 28,510	39.8	3,909	4.0%
2003	2,550	\$ 44,966	\$ 28,108	39.5	3,909	4.2%
2004	2,912	\$ 46,504	\$ 30,286	39.3	4,053	3.6%
2005	2,965	\$ 47,697	\$ 31,769	39.0	4,176	3.8%
2006	3,052	\$ 47,987	\$ 32,874	38.7	4,176	3.7%
2007	3,116	\$ 50,617	\$ 34,245	38.7	4,295	4.2%
2008	3,166	\$ 52,222	\$ 33,764	38.4	4,322	9.9%
2009	0	\$ -	\$ -	0.0	-	0.0%

Source: Northwest Georgia Regional Commission, Dalton office

Note: As of the date of the report, the statistical information for 2009 was not yet available.

**CITY OF JASPER, GEORGIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Employer	2010			2000		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Pickens County Board of Education	692	1				
Piedmont Mountainside Hospital	439	2				
Pickens County	313	3				
Lexington Insulators	190	4				
Kroger	125	5				
Home Depot	100	6				
Ingles	92	7				
City of Jasper	79	8				
Chattahoochee Technical College	73	9				
Jasper Banking Company	63	10				

* Data unavailable for percentage of total city employment for 2010 and all data for 2000.

CITY OF JASPER, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	11.0	10.0	10.0	11.0	11.0	12.0	13.0	12.0	11.0	10.0
Judicial	-	-	-	1.0	1.0	1.0	1.0	1.2	1.2	1.2
Public safety	16.0	19.0	19.0	20.0	21.0	21.0	24.0	27.0	28.0	27.0
Public works	10.0	10.0	4.0	3.0	6.0	6.0	8.0	8.0	5.0	7.0
Culture and recreation	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Housing and development	2.0	2.0	2.0	4.0	4.0	3.0	3.5	3.5	3.5	2.0
Water	17.0	17.0	19.5	19.5	21.5	22.5	27.0	26.0	24.0	24.0
Sewer	5.0	4.0	8.5	5.5	7.5	5.5	2.5	4.5	4.5	3.0
Sanitation	-	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Total	<u>61.0</u>	<u>65.0</u>	<u>66.0</u>	<u>67.0</u>	<u>76.0</u>	<u>75.0</u>	<u>82.0</u>	<u>85.2</u>	<u>80.2</u>	<u>77.2</u>

Source: City of Jasper Finance Department

CITY OF JASPER, GEORGIA
OPERATING INDICATORS BY FUNCTION
Last Five Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function					
Public Safety					
Police					
Responded calls	9,320	9,967	10,112	10,253	10,132
Traffic citations issued	n/a	2,441	2,259	2,790	8,778
Fire					
Structure fires	30	37	54	38	27
Vehicle fires	28	21	19	24	10
Grass/brush fires	36	45	66	29	29
Auto accidents	161	135	150	93	131
Medical emergencies	709	726	849	802	793
Other calls	257	228	124	207	220
Building and licensing department					
Building permits	71	67	74	49	31
Land disturbing permits	70	40	36	18	7
Business licenses	408	445	488	501	485
Out of state insurance business licenses	11	194	210	257	256
Water and sewer					
New connections	166	183	110	63	22
Average daily consumption (gallons per day)	953,458	1,010,136	991,839	922,640	934,392

Source: City of Jasper Police, Fire, Building and Licensing, and Water Administration Departments

Operating indicators are not available for functions other than those listed above and not available for years prior to 2005.

n/a = information not available

CITY OF JASPER, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	8	7	7	8	10	9	8	7	9	9
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire engines	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (miles)	*	*	*	*	*	*	*	*	*	49.45
Sidewalks (miles)	*	*	*	*	*	*	*	*	*	4.73
Culture & Recreation										
Acreage of parks	89.29	91.60	91.60	91.78	91.78	93.66	93.66	108.41	108.41	108.41
Playgrounds	1	1	1	1	1	1	2	2	2	2
Baseball fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	-	-	-	-	2	2	2	2	2	2
Water										
Water mains (miles)	*	*	*	*	*	*	*	*	*	169.8
Water plant capacity (million gallons daily)	1	1.47	1.47	1.47	1.47	1.47	2	2	2	3.5
Sewer										
Sanitary sewer mains (miles)	*	*	*	*	*	*	*	*	*	30.08
Sewer plant capacity (million gallons daily)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

* Information not available for periods before 2009.

COMPLIANCE AND INTERNAL CONTROL

RL Jennings & Company, PC

Accountants & Consultants

142 River Terrace
PO Box 2683
Ellijay, GA 30540
706-276-3700
Fax 706-276-3710

Member of
American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jasper, Georgia, as of and for the year ended December 31, 2009, which collectively comprise the City of Jasper, Georgia's basic financial statements and have issued our report thereon dated April 2, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Jasper, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Jasper, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Jasper, Georgia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 grant 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adams & Company, PC

Ellijay, Georgia
April 2, 2010