

Comprehensive Annual Financial Report

For the Calendar Year Ended December 31, 2010



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, 2010**

**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, 2010

--TABLE OF CONTENTS--

INTRODUCTORY SECTION

Letter of Transmittal.....	i
Organizational Chart.....	iv
Principal Officers	vi
GFOA Certificate of Achievement	vii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities.....	13
Fund Financial Statements:	
Governmental Funds—	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance	
Sheet to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes	
In Fund Balances.....	16
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balances of	
Governmental Funds to the Statement of Activities.....	17
Proprietary Funds—	
Statement of Fund Net Assets.....	18
Statement of Revenues, Expenses and Changes in	
Fund Net Assets.....	20
Statement of Cash Flows.....	21
Notes to Financial Statements.....	23
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual – General Fund	37
Notes to Required Supplementary Information	39
Schedule of Funding Progress for the City of Jasper	
Retirement Plan.....	40
Combining and Individual Nonmajor Fund Statements and Schedules:	
Non Major Governmental Funds—	
Combining Balance Sheet.....	41
Combining Schedule of Revenues, Expenditures	
and Changes in Fund Balances	42
Schedule of Revenues, Expenditures, and Changes in Fund	
Balances – Budget and Actual – Confiscated Assets Fund	43
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Hotel/Motel Tax Fund	44

**CITY OF JASPER, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2010**

**--TABLE OF CONTENTS—
(CONTINUED)**

STATISTICAL SECTION (Unaudited)

Net Assets by Component	45
Changes in Net Assets	46
Fund Balances of Governmental Funds	48
Changes in Fund Balances of Governmental Funds	49
Assessed Value and Estimated Actual Value of Taxable Property	51
Direct and Overlapping Property Tax Rates	52
Principal Property Taxpayers	53
Property Tax Levies and Collections	54
Ratios of Outstanding Debt by Type	55
Top Ten Water Customers	56
Water Customers	57
Utility Rates	58
Demographic and Economic Statistics	59
Principal Employers	60
Full-Time Equivalent City Government Employees by Function/Program	61
Operating Indicators by Function	62
Capital Asset Statistics by Function	63

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>	64
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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

June 30, 2011

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, 2010 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 3,269 is anticipated to increase to approximately 3,530 or 8% through 2015. Of the estimated population of 3,269, approximately 72% have graduated from high school, with an additional 17% having obtained a bachelor's degree or higher. Approximately 48% of the workforce located within the City was also a resident. The average drive time to work was 23 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 10.1% was slightly lower than the rate of 10.2% for the State of Georgia. Median household income was \$36,313.

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 past years, but in 2010 there was no increase in the digest due to slow economic conditions. However, the Mayor and City Council is actively involved in financial planning with the goal of providing quality services to its citizens without increases in taxes and fees. Services and operations were streamlined further to continue to provide the expected level of service to residents without such increases.

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 is beginning the process of building reserve cash account to eventually fund the project.

MAJOR INITIATIVES

Key initiatives during 2010:

- Improvements were made to existing infrastructure to refurbish three elevated water storage tanks in order to extend the life of the water system.
- Improvements were planned on the south side in order to increase fire protection and water storage. The funding and site plans were obtained in 2010; however, the actual construction of such improvements will occur in 2011.
- The Crime Watch Program initiated in 2009 was extended throughout the City to include additional groups and neighborhoods. Informative programs were conducted by the Mayor and Chief of Police for the citizens and local businesses.
- Efforts to revitalize the downtown area include continued efforts to relocate 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. Also, the City started an initiative to landscape neighborhood cul de sacs in order to incorporate trees and plant life in existing infrastructure. This was a joint effort between City staff and residents of the neighborhoods.
- The Mayor and Council participated in the restructuring of the Jasper Youth Sports Association, which provides football and cheerleading programs for the youth of Jasper and Pickens County. The Mayor appointed a Council Member to serve as a liaison to the recreation board and also sponsored two fundraising events to fund registration fees for children who were unable to participate due to financial restraints.

ACKNOWLEDGMENTS

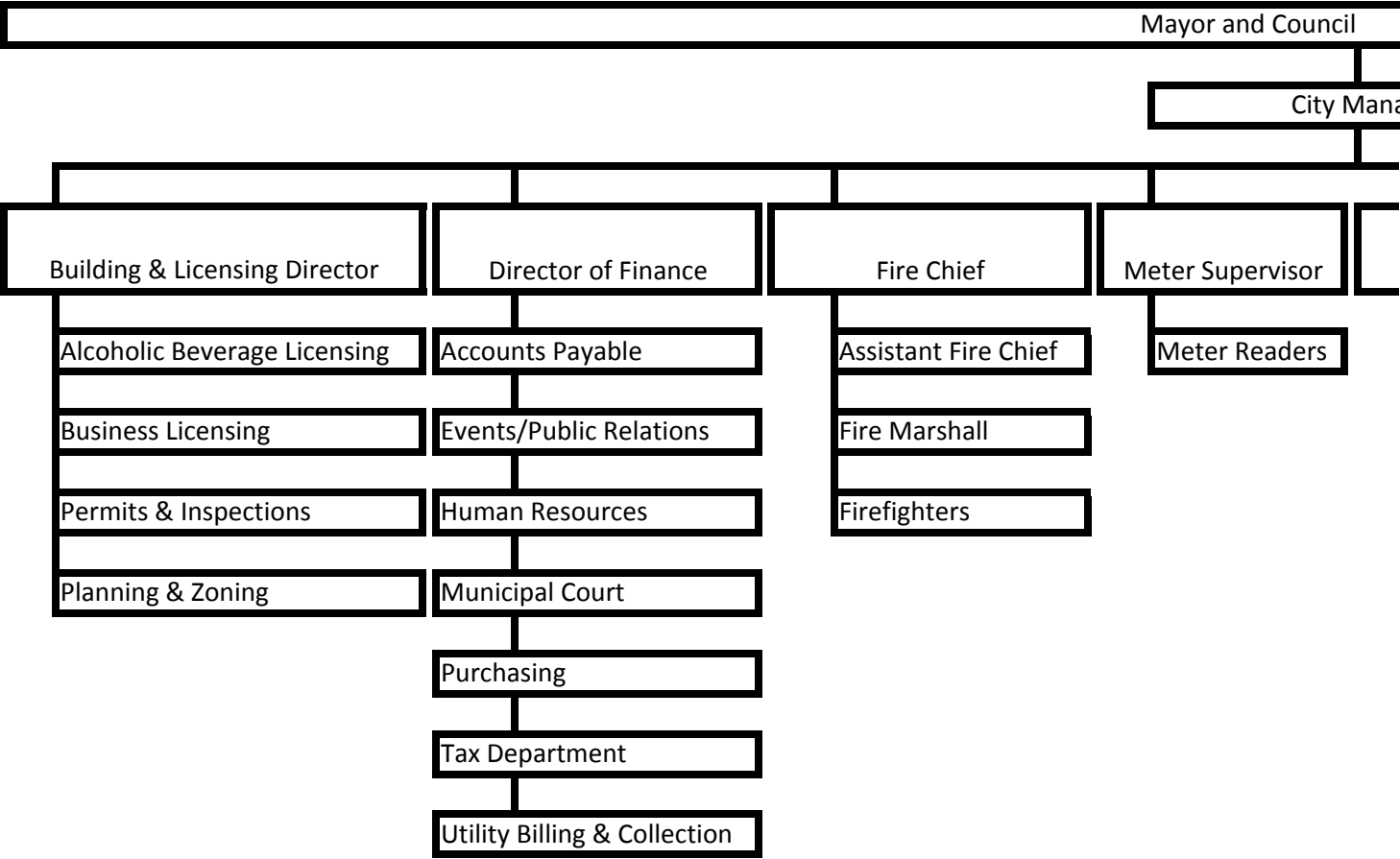
The preparation of this report would not have been possible without the efficient and dedicated service of the entire City staff. Additionally, due credit should be extended to the Mayor and members of the City Council for their support and interest in planning and conducting the financial operations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

Respectfully submitted,

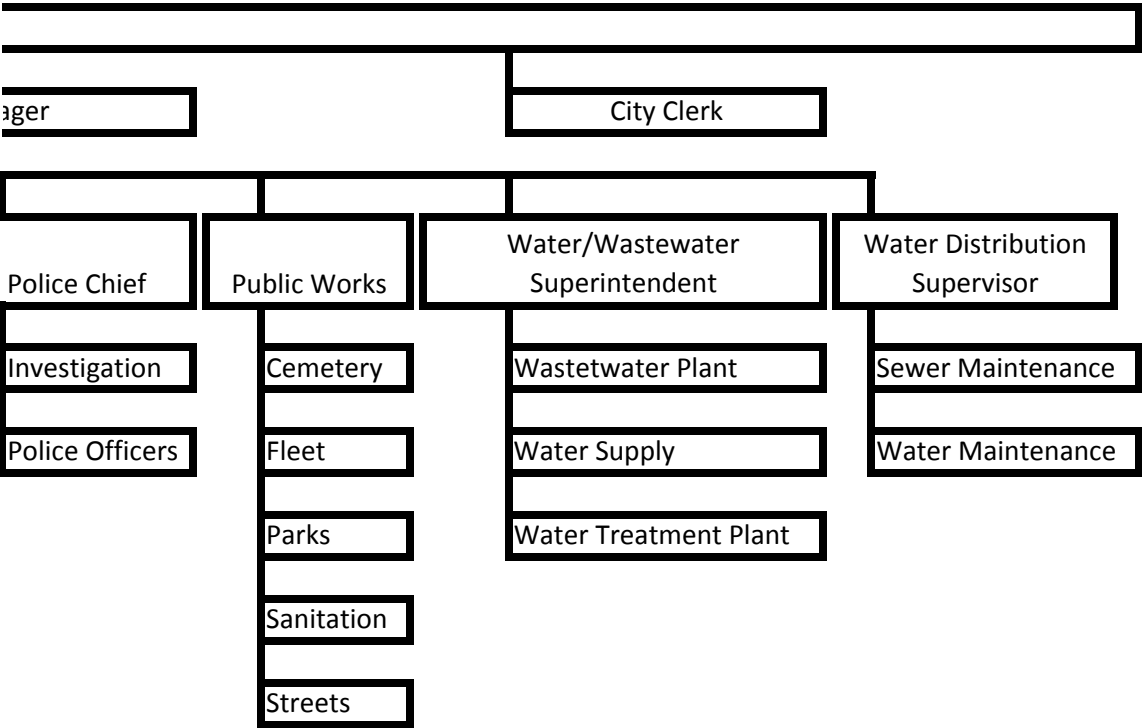
A handwritten signature in blue ink that reads "Tacie Jo Williams CPA". The signature is fluid and cursive, with the initials "CPA" written in a slightly different style at the end.

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, 2010**

CITY COUNCIL

John W. Weaver	Mayor
James A. Looney	Mayor Pro-Tem
Allison B. Ballew	Council Member
John B. Foust, Jr.	Council Member
Tony D. Fountain	Council Member
Anne L. Morrow	Council Member

APPOINTED OFFICIALS

John W. Weaver	City Manager
Will Hays Pickett, Jr.	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
Gregory Lovell	Interim Chief of Police
Garry Poole	Public Works Director
Steve Roper	Fire Chief
Tacie Jo Williams	Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jasper
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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 and Consultants

61 Maddox Circle
E. Ellijay, GA 30540
Mailing Address:
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 remaining fund information of City of Jasper, Georgia, as of and for the year ended December 31, 2010, 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 remaining fund information of the City of Jasper, Georgia, as of December 31, 2010, 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 June 30, 2011, 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, budgetary comparison information, and schedule of funding progress for the City of Jasper Retirement Plan on pages 3 through 11 and 37 through 40 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 them.

Ellijay, Georgia

Ellijay, Georgia
June 30, 2011

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, 2010. 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 \$17,589,239 (net assets) for the fiscal year reported. Of this amount, \$1,319,234 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$1,333,214 primarily due to investments in street, water & sewerage infrastructure.
- At the end of the fiscal year, unreserved fund balance for the General fund was \$312,813, which was a decrease of \$254,117 from the prior year.
- The City's business-type activities revenues (charges for services) slightly increased by \$27,878 over the prior year along with expenses increasing by \$177,797.
- General fund revenues did not meet budgeted expectations by \$79,554 for the fiscal year, while expenditures exceeded budgeted appropriations by \$91,898.

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 \$17,589,239 at December 31, 2010.

The City has \$16,176,922 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 \$93,083 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 \$1,319,234 of unrestricted net assets that are available to meet ongoing obligations of the City.

The City's current assets amount to \$3,522,755. These assets include \$1,860,346 of cash and cash equivalents. This represents an increase of \$41,303 or 2.3% over the prior year.

Long-term liabilities show a net increase of \$134,103 or 2% over the prior year primarily due to acquisition of equipment for the public works department and completion of the elevated water storage tank project.

The table below presents the City's condensed Statement of Net Assets as of December 31, 2010:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 1,884,698	\$ 2,016,239	\$ 1,638,057	\$ 1,338,330	\$ 3,522,755	\$ 3,354,569
Capital Assets	3,568,188	3,023,610	18,735,485	18,152,580	22,303,673	21,176,190
Total Assets	5,452,886	5,039,849	20,373,542	19,490,910	25,826,428	24,530,759
Current and other liabilities	344,682	352,577	1,021,965	1,183,428	1,366,647	1,536,005
Long-term debt outstanding	829,652	967,778	5,956,340	5,684,111	6,785,992	6,651,889
Unearned revenue	76,550	78,840	8,000	8,000	84,550	86,840
Total Liabilities	1,250,884	1,399,195	6,986,305	6,875,539	8,237,189	8,274,734
Net Assets:						
Invested in capital assets, net of related debt	2,737,304	2,067,336	13,439,618	12,096,237	16,176,922	14,163,573
Restricted	46,787	36,360	46,296	176,231	93,083	212,591
Unrestricted	1,417,911	1,536,958	(98,677)	342,903	1,319,234	1,879,861
Total Net Assets	\$ 4,202,002	\$ 3,640,654	\$ 13,387,237	\$ 12,615,371	\$ 17,589,239	\$ 16,256,025

The City reported a positive balance in net assets for both governmental and business-type activities. Net assets increased \$561,348 for governmental activities and \$771,866 for business-type activities. The City's overall financial position improved during 2010.

The table below presents the City's Condensed Statement of Activities for the year ended December 31, 2010:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 293,378	\$ 381,824	\$ 3,563,674	\$ 3,535,796	\$ 3,857,052	\$ 3,917,620
Operating grants and contributions	5,864	2,778	-	-	5,864	2,778
Capital grants and contributions	675,160	72,770	312,698	378,333	987,858	451,103
General Revenues:						
Property taxes	1,022,989	1,199,539	-	-	1,022,989	1,199,539
General sales and use taxes	994,677	929,924	-	-	994,677	929,924
Franchise and miscellaneous taxes	355,853	351,308	-	-	355,853	351,308
Selective sales and use taxes	367,773	357,949	-	-	367,773	357,949
Business taxes	223,965	229,287	-	-	223,965	229,287
Unrestricted grants and contributions	-	15,706	-	-	-	15,706
Unrestricted investment earnings	105,361	48,539	9,782	3,576	115,143	52,115
Miscellaneous	24,051	3,521	17,264	18,632	41,315	22,153
Total revenues	<u>4,069,071</u>	<u>3,593,145</u>	<u>3,903,418</u>	<u>3,936,337</u>	<u>7,972,489</u>	<u>7,529,482</u>
Expenses:						
General government	581,826	556,543	-	-	581,826	556,543
Judicial	121,194	131,285	-	-	121,194	131,285
Public safety	1,679,928	1,615,089	-	-	1,679,928	1,615,089
Custody of property	140	1,542	-	-	140	1,542
Public works	748,310	615,723	-	-	748,310	615,723
Culture and recreation	82,740	85,223	-	-	82,740	85,223
Housing and Development	122,214	153,817	-	-	122,214	153,817
Tourism	50,119	43,473	-	-	50,119	43,473
Interest charges	42,252	32,960	-	-	42,252	32,960
Water and sewer	-	-	2,966,884	2,717,378	2,966,884	2,717,378
Sanitation	-	-	164,668	156,286	164,668	156,286
Total expenses	<u>3,428,723</u>	<u>3,235,655</u>	<u>3,131,552</u>	<u>2,873,664</u>	<u>6,560,275</u>	<u>6,109,319</u>
Increase (decrease) in net assets	640,348	357,490	771,866	1,062,673	1,412,214	1,420,163
Beginning net assets	3,640,654	3,283,164	12,615,371	11,502,939	16,256,025	14,786,103
Prior period adjustment	(79,000)	-	-	49,759	(79,000)	49,759
Ending net assets	<u>\$ 4,202,002</u>	<u>\$ 3,640,654</u>	<u>\$ 13,387,237</u>	<u>\$ 12,615,371</u>	<u>\$ 17,589,239</u>	<u>\$ 16,256,025</u>

Governmental activities. Governmental activities increased the City's net assets by \$561,348.

Total revenues for the City amounted to \$4,069,071, of which property, franchise and business taxes provided 39.39% and sales and use tax provided 33.48%. 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 decreased by \$176,550 or 14.72%, as a result of the downward economy. There was a small increase in the total real property digest billed for 2010; however there was a small decrease in the collection of other property related taxes. Charges for services decreased \$88,446, or 23.16% due to a decrease in fine revenues attributed primarily to lack of personnel

qualified to operate speed detection devices. This was remedied in the end of 2010 and beginning of 2011, and all officers are now trained to operate such devices. This will allow for the revenue stream to be more consistent with prior trends in future years. Local option sales tax increased by \$64,753, or 6.96%. This is primarily attributable to the opening of a large retail store in August 2010.

Program expenses for governmental activities totaled \$3,428,723, which is an increase of \$193,068 over the prior year.

Business-type activities. Business-type activities increased the City's net assets by \$771,866.

Total revenues of \$3,903,418 amounts to a decrease of \$32,919 primarily as a result of a decrease in the amount of grant revenue and contributions recorded during 2010. The decrease is a result of changes in capital projects and infrastructure instead of operating revenue changes.

Program expenses for business-type activities totaled \$3,131,552, which is an increase of \$257,888 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 \$443,277, a decrease of \$231,866 in comparison with the prior year. The primary component of the combined ending fund balance is \$359,371, 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 \$312,813. This amount is available for spending at the City's discretion. The unreserved, undesignated fund balance decreased \$254,117 during the current fiscal year, primarily from an increase in personnel expenditures and a small decrease in property tax revenues.

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 \$68,845 for the year ended December 31, 2010. Non-major governmental fund expenditures totaled \$50,259. Fund balance for non-major governmental funds was \$83,906, which represents an increase of \$18,586 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 2010 due to cut backs in revenue allocated to other agencies for tourism purposes along with additional funds collected through fundraising efforts on behalf of the football and cheerleading recreation programs.

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 did not meet budgeted amounts by \$79,554, primarily as the result of a shortage in fine revenue and property taxes. Actual expenditures exceeded budget more than \$1,000 in the Financial Administration, Public Safety, Public Works and Protective Inspection categories by \$9,149, \$29,189, \$59,965 and \$5,888, respectively. The excess over budget in the financial administration department stemmed from legal expenditures related to an unforeseen lawsuit. The excess in the public safety and public works departments stems from salary changes made during the year for position changes and unforeseen overtime required for several events hosted in the City by various organizations. In addition, the steady increase in the price of gas and oil affected the public safety and public works departments. Lastly, the excess in the Protective Inspection category is a result of training and overtime expenditures that exceeded amended budget expectations.

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 \$13,361,855, the result of an increase in the amount of \$763,078, attributed to both contributed water and sewer infrastructure from a development and infrastructure projects for the City's system. Net assets invested in capital assets, net of related debt is \$13,439,618, resulting in a balance of \$46,296 in restricted net assets and a deficit of \$98,677 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, 2010 amounts to \$22,303,673 (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 parking lot \$43,131
- Contributed streets in Wal-Mart development \$667,742
- Sewer pump station on Noah Drive \$105,062
- Caterpillar Bulldozer for water department \$65,000
- Elevated water storage tank placed in service \$955,559
- Water line extension from Philadelphia Road to elevated tank place in service \$187,959
- Caterpillar Excavator for the water system \$28,000

The following table represents capital assets, net of accumulated depreciation as of December 31, 2010:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 975,735	\$ 975,735	\$ 1,030,849	\$ 1,030,849	\$ 2,006,584	\$ 2,006,584
Construction in progress	5,809	5,309	426,898	951,231	432,707	956,540
Buildings and improvements	679,374	701,107	2,027,095	2,072,852	2,706,469	2,773,959
Infrastructure	1,117,636	427,381	14,774,426	13,662,492	15,892,062	14,089,873
Machinery and equipment	638,749	749,857	398,547	344,598	1,037,296	1,094,455
Site improvements	150,885	164,221	-	-	150,885	164,221
Furniture and fixtures	-	-	-	4	-	4
Vehicles	-	-	77,670	90,554	77,670	90,554
Total	<u>\$ 3,568,188</u>	<u>\$ 3,023,610</u>	<u>\$ 18,735,485</u>	<u>\$ 18,152,580</u>	<u>\$ 22,303,673</u>	<u>\$ 21,176,190</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 \$165,330 during the fiscal year. The increase is attributed to the construction of water infrastructure and equipment for the operations of the City.

The following table represents long-term debt outstanding as of December 31, 2010:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Notes payable	\$ 582,740	\$ 625,257	\$ 5,036,487	\$ 4,795,258	\$ 5,619,227	\$ 5,420,515
Compensated absences	226,134	214,490	144,283	95,637	370,417	310,127
Contracts payable	-	-	1,009,511	1,011,880	1,009,511	1,011,880
Capital leases	248,144	348,932	258,689	249,204	506,833	598,136
Total	<u>\$ 1,057,018</u>	<u>\$ 1,188,679</u>	<u>\$ 6,448,970</u>	<u>\$ 6,151,979</u>	<u>\$ 7,505,988</u>	<u>\$ 7,340,658</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 2011 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 2011 due to the completion in 2010 of the development that contains a Wal-Mart. This will also increase sales tax revenue due to the fact that the budget will reflect a full year of collections from the large retailer, as shown in the last four months of 2010. The following are some of the major factors considered in preparing the City's budget for 2011:

- 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 mills has been charged by the City since 2006. 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 2011, the City Council approved a total budget of \$7,457,361. This budget includes operating and non-operating funds. The General Fund budget is \$3,561,321 and the Proprietary Funds are budgeted for \$3,841,640 (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, 2010

	Component Units					
	Governmental Activities	Business-type Activities	Total Primary Government	Industrial Development Authority	Downtown Development Authority	Jasper Development Authority
ASSETS						
Current Assets:						
Cash	\$ 332,116	\$ 669,845	\$ 1,001,961	\$ -	\$ -	\$ 22,997
Restricted cash	46,945	510,973	557,918	1,000	7,383	-
Cash equivalents	300,467	-	300,467	-	-	-
Accounts receivable, net	-	344,352	344,352	-	-	-
Taxes receivable, net	1,055,358	-	1,055,358	-	-	-
Internal balances	42,588	(42,588)	-	-	-	-
Internal balances-component unit	(80,870)	-	(80,870)	-	80,870	-
Receivable from other governments	89,335	-	89,335	-	-	-
Fines receivable, net	68,617	-	68,617	-	-	-
Other receivables	1,407	55,904	57,311	-	-	-
Note receivable-primary government	-	-	-	-	582,740	-
Inventories	-	84,563	84,563	-	-	-
Prepaid expenses	28,735	15,008	43,743	-	-	-
Total Current Assets	1,884,698	1,638,057	3,522,755	1,000	670,993	22,997
Capital Assets Not Being Depreciated:						
Land	975,735	1,030,849	2,006,584	-	-	-
Construction in progress	5,809	426,898	432,707	-	-	-
Capital Assets Net of Accumulated Depreciation:						
Infrastructure	1,117,636	14,774,426	15,892,062	-	-	-
Buildings and improvements	679,374	2,027,095	2,706,469	-	-	-
Machinery and equipment	638,749	398,547	1,037,296	-	-	-
Vehicles	-	77,670	77,670	-	-	-
Park improvements	150,885	-	150,885	-	-	-
Total Capital Assets	3,568,188	18,735,485	22,303,673	-	-	-
Total Assets	\$ 5,452,886	\$ 20,373,542	\$ 25,826,428	\$ 1,000	\$ 670,993	\$ 22,997
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable	\$ 74,046	\$ 40,089	\$ 114,135	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-	80,000	-
Accrued salaries	26,121	11,654	37,775	-	-	-
Accrued interest	5,687	12,915	18,602	-	870	-
Unearned revenue	-	8,000	8,000	-	-	-
Deferred revenue	76,550	-	76,550	-	-	-
Court bonds outstanding	5,750	-	5,750	-	-	-
Other accrued expenses	5,712	-	5,712	-	-	-
Liabilities Payable from Restricted Assets:						
Customer deposits	-	464,677	464,677	-	-	-
Current Portion of Long-term Liabilities:						
Capital leases	78,134	139,120	217,254	-	46,532	-
Notes payable	-	274,010	274,010	-	-	-
Note payable to component units	46,532	-	46,532	-	-	-
Compensated absences	102,700	79,500	182,200	-	-	-
Total Current Liabilities	421,232	1,029,965	1,451,197	-	127,402	-
Long-term Liabilities:						
Note payable to component units	536,208	-	536,208	-	-	-
Other contracts payable	-	1,009,511	1,009,511	-	-	-
Capital leases	170,010	119,569	289,579	-	536,208	-
Notes payable	-	4,762,477	4,762,477	-	-	-
Compensated absences	123,434	64,783	188,217	-	-	-
Total Long-term Liabilities	829,652	5,956,340	6,785,992	-	536,208	-
Total Liabilities	1,250,884	6,986,305	8,237,189	-	663,610	-
Net Assets:						
Invested in capital assets, net of related debt	2,737,304	13,439,618	16,176,922	-	-	-
Restricted for:						
Capital projects	-	46,296	46,296	-	-	-
Tourism	11,937	-	11,937	-	-	-
Public safety	34,850	-	34,850	1,000	7,383	-
Unrestricted	1,417,911	(98,677)	1,319,234	-	-	22,997
Total Net Assets	4,202,002	13,387,237	17,589,239	1,000	7,383	22,997
Total Liabilities and Net Assets	\$ 5,452,886	\$ 20,373,542	\$ 25,826,428	\$ 1,000	\$ 670,993	\$ 22,997

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

					Net (Expense) Revenue and Changes in Net Assets					
Functions/Programs	Expenses	Program Revenue			Primary Government			Component Units		
		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	\$ 581,826	\$ 80	\$ -	\$ -	\$ (581,746)	\$ -	\$ (581,746)	\$ -	\$ -	\$ -
Judicial	121,194	16,675	-	-	(104,519)	-	(104,519)	-	-	-
Public safety	1,679,928	199,379	3,364	7,225	(1,469,960)	-	(1,469,960)	-	-	-
Custody of property	140	-	-	-	(140)	-	(140)	-	-	-
Public works	748,310	1,200	2,500	667,935	(76,675)	-	(76,675)	-	-	-
Culture and recreation	82,740	-	-	-	(82,740)	-	(82,740)	-	-	-
Housing and development	122,214	76,044	-	-	(46,170)	-	(46,170)	-	-	-
Tourism	50,119	-	-	-	(50,119)	-	(50,119)	-	-	-
Interest charges	42,252	-	-	-	(42,252)	-	(42,252)	-	-	-
Total Governmental Activities	<u>3,428,723</u>	<u>293,378</u>	<u>5,864</u>	<u>675,160</u>	<u>(2,454,321)</u>	<u>-</u>	<u>(2,454,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities:										
Water and sewer	2,966,884	3,483,836	-	248,431	-	765,383	765,383			
Sanitation	164,668	79,838	-	-	-	(84,830)	(84,830)			
Total Business-type Activities	<u>3,131,552</u>	<u>3,563,674</u>	<u>-</u>	<u>248,431</u>	<u>-</u>	<u>680,553</u>	<u>680,553</u>			
Total Primary Government	<u>\$ 6,560,275</u>	<u>\$ 3,857,052</u>	<u>\$ 5,864</u>	<u>\$ 923,591</u>	<u>(2,454,321)</u>	<u>680,553</u>	<u>(1,773,768)</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					1,022,989	-	1,022,989	-	-	-
General sales and use taxes					994,677	-	994,677	-	-	-
Franchise taxes					355,853	-	355,853	-	-	-
Selective sales and use taxes					367,773	-	367,773	-	-	-
Business taxes					223,965	-	223,965	-	-	-
Unrestricted investment earnings					105,361	9,782	115,143	-	37	172
Miscellaneous					24,051	17,264	41,315	-	-	-
Total general revenues and transfers					<u>3,094,669</u>	<u>27,046</u>	<u>3,121,715</u>	<u>-</u>	<u>37</u>	<u>172</u>
Change in net assets					640,348	707,599	1,347,947	-	37	172
Net assets, beginning of year					3,640,654	12,615,371	16,256,025	1,000	7,346	22,825
Prior period adjustment					(79,000)	-	(79,000)	-	-	-
Net assets, end of year					<u>\$ 4,202,002</u>	<u>\$ 13,322,970</u>	<u>\$ 17,524,972</u>	<u>\$ 1,000</u>	<u>\$ 7,383</u>	<u>\$ 22,997</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 321,078	\$ 11,038	\$ 332,116
Restricted cash	17,823	29,122	46,945
Cash equivalents	300,467	-	300,467
Taxes receivable, net	1,011,454	43,904	1,055,358
Interfund receivable	42,588	-	42,588
Receivable from other governments	89,335	-	89,335
Fines receivable, net	68,617	-	68,617
Other receivables	1,407	-	1,407
Prepaid items	28,735	-	28,735
Total Assets	<u>\$ 1,881,504</u>	<u>\$ 84,064</u>	<u>\$ 1,965,568</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 73,888	\$ 158	\$ 74,046
Accrued salaries	26,121	-	26,121
Due to component unit	80,000	-	80,000
Deferred revenue	1,330,662	-	1,330,662
Court bonds outstanding	5,750	-	5,750
Other accrued items	5,712	-	5,712
Total Liabilities	<u>1,522,133</u>	<u>158</u>	<u>1,522,291</u>
 Fund balances:			
Reserved for:			
Tourism	-	11,937	11,937
Technology	17,823	-	17,823
Prepaid items	28,735	-	28,735
Public safety	-	17,027	17,027
Unreserved	312,813	-	312,813
Unreserved, reported in non-major:			
Special revenue funds	-	54,942	54,942
Total Fund Balances	<u>359,371</u>	<u>83,906</u>	<u>443,277</u>
Total Liabilities and Fund Balances	<u>\$ 1,881,504</u>	<u>\$ 84,064</u>	<u>\$ 1,965,568</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, 2010

Total fund balance, governmental funds	\$	443,277
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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 \$5,339,092, and the accumulated depreciation is \$1,770,904.		3,568,188
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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.		1,254,112
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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		(6,557)
Compensated absences		(226,134)
Note payable to component units		(582,740)
Capital leases		(248,144)
		(1,063,575)

Net Assets of Governmental Activities in the Statement of Net Assets	\$	4,202,002
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CITY OF JASPER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,781,708	\$ 46,755	\$ 2,828,463
Licenses and permits	76,044	-	76,044
Intergovernmental	20,870	-	20,870
Charges for services	20,125	-	20,125
Fines and forfeitures	195,600	1,609	197,209
Investment earnings	12,178	321	12,499
Contributions and donations	6,057	-	6,057
Miscellaneous	9,316	14,735	24,051
Penalties and interest on delinquent taxes	87,437	5,425	92,862
Total Revenues	<u>3,209,335</u>	<u>68,845</u>	<u>3,278,180</u>
Expenditures:			
Current:			
General government	583,712	-	583,712
Judicial	113,275	-	113,275
Public safety	1,604,216	-	1,604,216
Custody of property	-	140	140
Public works	704,908	-	704,908
Culture and recreation	67,455	-	67,455
Housing and development	120,613	-	120,613
Tourism	-	50,119	50,119
Debt Service:			
Principal	142,913	-	142,913
Interest and other charges	43,695	-	43,695
Total Expenditures	<u>3,380,787</u>	<u>50,259</u>	<u>3,431,046</u>
Net changes in fund balances	(171,452)	18,586	(152,866)
Fund balances (deficit), beginning of year	609,823	65,320	675,143
Prior period adjustment	(79,000)	-	(79,000)
Fund balances, end of year	<u>\$ 359,371</u>	<u>\$ 83,906</u>	<u>\$ 443,277</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, 2010

Net change in fund balances - total governmental funds:	\$	(152,866)
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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 \$89,210 netted with depreciation \$219,598 in the current period.		(130,388)
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Developer contributed infrastructure and other donated capital assets are reported as revenue in the Statement of Activities but not reported in the Governmental funds.		674,967
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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.		115,924
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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 repayments exceeded proceeds.		142,913
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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		1,051
Compensated absences		(11,644)
Other		391
		391

Change in net assets of governmental activities in the Statement of Activities	\$	<u>640,348</u>
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CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage Fund	Nonmajor Fund Sanitation	Total
ASSETS			
Current Assets:			
Cash	\$ 654,004	\$ 15,841	\$ 669,845
Restricted cash	510,973	-	510,973
Accounts receivable, net	337,560	6,792	344,352
Other receivables	53,424	2,480	55,904
Inventories	84,563	-	84,563
Prepaid items	13,899	1,109	15,008
Total Current Assets	<u>1,654,423</u>	<u>26,222</u>	<u>1,680,645</u>
Non-Current Assets:			
Capital Assets Not Being Depreciated:			
Land and improvements	1,030,849	-	1,030,849
Construction in progress	426,898	-	426,898
Capital Assets Net of Accumulated Depreciation:			
Buildings and improvements	2,027,095	-	2,027,095
Machinery and equipment	367,809	30,738	398,547
Vehicles	77,670	-	77,670
Infrastructure	14,774,426	-	14,774,426
Total Non-Current Assets	<u>18,704,747</u>	<u>30,738</u>	<u>18,735,485</u>
Total Assets	<u>\$ 20,359,170</u>	<u>\$ 56,960</u>	<u>\$ 20,416,130</u>
LIABILITIES AND FUND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 40,089	\$ -	\$ 40,089
Salaries payable	10,942	712	11,654
Accrued interest payable	12,873	42	12,915
Interfund payable	41,371	1,217	42,588
Unearned revenue	8,000	-	8,000
Liabilities Payable from Restricted Assets:			
Customer deposits	464,677	-	464,677
Current Portion of Long-term Liabilities:			
Compensated absences	76,200	3,300	79,500
Notes payable	274,010	-	274,010
Capital lease obligation	120,172	18,948	139,120
Total Current Liabilities	<u>1,048,334</u>	<u>24,219</u>	<u>1,072,553</u>
Non-Current Liabilities:			
Compensated absences	60,101	4,682	64,783
Capital lease obligation	116,892	2,677	119,569
Notes payable	4,762,477	-	4,762,477
Other contracts payable	1,009,511	-	1,009,511
Total Non-Current Liabilities	<u>5,948,981</u>	<u>7,359</u>	<u>5,956,340</u>
Total Liabilities	<u>6,997,315</u>	<u>31,578</u>	<u>7,028,893</u>

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage Fund	Nonmajor Fund Sanitation	Total
Fund Net Assets:			
Invested in capital assets, net of related debt	13,431,197	8,421	13,439,618
Restricted for other purposes	46,296	-	46,296
Unrestricted	(115,638)	16,961	(98,677)
Total Fund Net Assets	<u>13,361,855</u>	<u>25,382</u>	<u>13,387,237</u>
Total Liabilities and Fund Net Assets	<u>\$ 20,359,170</u>	<u>\$ 56,960</u>	<u>\$ 20,416,130</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, 2010

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage	Nonmajor Fund Sanitation	Total
Operating Revenues:			
Charges for services	\$ 3,483,836	\$ 79,838	\$ 3,563,674
Miscellaneous	17,264	-	17,264
Total Operating Revenues	<u>3,501,100</u>	<u>79,838</u>	<u>3,580,938</u>
Operating Expenses:			
Sewer administration	28,451	-	28,451
Sewer maintenance	102,224	-	102,224
Waste water treatment plant	304,364	-	304,364
Water administration	176,833	-	176,833
Meter reading	147,285	-	147,285
Water supply	258,375	-	258,375
Water treatment plant	649,469	-	649,469
Water distribution	565,695	-	565,695
Solid waste collection	-	146,240	146,240
Total Operating Expenses before Depreciation	<u>2,232,696</u>	<u>146,240</u>	<u>2,378,936</u>
Depreciation expense	<u>545,153</u>	<u>17,060</u>	<u>562,213</u>
Total Operating Expenses	<u>2,777,849</u>	<u>163,300</u>	<u>2,941,149</u>
Operating Income (Loss)	<u>723,251</u>	<u>(83,462)</u>	<u>639,789</u>
Non-Operating Revenues (Expenses):			
Interest revenue	9,729	53	9,782
Intergovernmental	64,267	-	64,267
Interest expense	(182,684)	(1,368)	(184,052)
Loss on disposal of assets	(6,351)	-	(6,351)
Total Non-Operating Revenue (Expenses)	<u>(115,039)</u>	<u>(1,315)</u>	<u>(116,354)</u>
Income (loss) before contributions and transfers	608,212	(84,777)	523,435
Contributions and donations	248,431	-	248,431
Transfers in	-	93,565	93,565
Transfers out	<u>(93,565)</u>	<u>-</u>	<u>(93,565)</u>
Change in fund net assets	763,078	8,788	771,866
Total fund net assets, beginning	<u>12,598,777</u>	<u>16,594</u>	<u>12,615,371</u>
Total fund net assets, ending	<u>\$ 13,361,855</u>	<u>\$ 25,382</u>	<u>\$ 13,387,237</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, 2010

	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	\$ 3,497,203	\$ 78,968	\$ 3,576,171
Payments to suppliers	(967,870)	(23,327)	(991,197)
Payments to employees	(1,224,457)	(120,121)	(1,344,578)
Net cash provided by (used in) operating activities	<u>1,304,876</u>	<u>(64,480)</u>	<u>1,240,396</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds from intergovernmental grants	64,267	-	64,267
Interfund loans - proceeds and collections	(21,159)	910	(20,249)
Transfers in	-	93,565	93,565
Transfers out	(93,565)	-	(93,565)
Net cash provided by (used in) noncapital financing activities	<u>(50,457)</u>	<u>94,475</u>	<u>44,018</u>
Cash Flows from Capital Financing Activities:			
Purchase of capital assets	(1,163,455)	-	(1,163,455)
Principal paid on capital debt	(390,730)	(18,183)	(408,913)
Interest paid on capital debt	(185,165)	(1,400)	(186,565)
Proceeds from issuance of capital debt	657,258	-	657,258
Contributions related to capital assets	63,700	-	63,700
Net cash provided by (used in) capital financing activities	<u>(1,018,392)</u>	<u>(19,583)</u>	<u>(1,037,975)</u>
Cash Flows from Investing Activities:			
Interest income	<u>9,729</u>	<u>53</u>	<u>9,782</u>
Net cash provided by (used in) investing activities	<u>9,729</u>	<u>53</u>	<u>9,782</u>
Net increase (decrease) in cash	245,756	10,465	256,221
Cash, beginning of year	<u>919,221</u>	<u>5,376</u>	<u>924,597</u>
Cash, end of year	<u>\$ 1,164,977</u>	<u>\$ 15,841</u>	<u>\$ 1,180,818</u>
Reconciliation of Total Cash:			
Unrestricted	\$ 654,004	\$ 15,841	\$ 669,845
Restricted	<u>510,973</u>	<u>-</u>	<u>510,973</u>
	<u>\$ 1,164,977</u>	<u>\$ 15,841</u>	<u>\$ 1,180,818</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, 2010

	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)	\$ 723,251	\$ (83,462)	\$ 639,789
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	545,153	17,060	562,213
Change in assets and liabilities:			
Accounts receivable	(15,422)	(870)	(16,292)
Other receivables	1,623	-	1,623
Inventory	(14,868)	-	(14,868)
Prepaid expenses	4,677	1,601	6,278
Customer deposits	9,902	-	9,902
Accrued salaries and benefits	2,778	323	3,101
Compensated absences	47,782	868	48,650
	<u>581,625</u>	<u>18,982</u>	<u>600,607</u>
Net cash provided by (used in) operating activities	<u>\$ 1,304,876</u>	<u>\$ (64,480)</u>	<u>\$ 1,240,396</u>
Noncash transactions:			
Assets purchased through capital leases	\$ 128,000	\$ -	\$ 128,000
Contributed water and sewer lines	184,731	-	184,731

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, 2010

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. However, some licenses are deferred since the revenue is not available to finance expenditures of the current fiscal year.

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

NOTES TO FINANCIAL STATEMENTS (continued)

liability is incurred. However, principal and interest on general long-term debt and other long term obligations, 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 \$33,485 was established by management at December 31, 2010. The property tax bills for 2010 were levied at the end of 2010 and were intended for use during the 2011 calendar year, the year in which they are due. Therefore, the entire levy of \$1,022,244 was included in deferred revenue on the governmental financial statements.

The City property tax calendar is as follows:

Levy Date	November 29, 2010
Due Date	January 31, 2011
Delinquent Date	March 1, 2011
Lien Date	July 1, 2011

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, 2010, amounting to \$74,740 in the Water Fund and \$104,435 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 ITEMS

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

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 BALANCES

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended December 31, 2010, expenditures materially exceeded appropriations in the streets and protective inspection departments by \$54,305 and \$5,888, respectively. The excess stemmed from unanticipated increases in overtime and fuel expenses. These overexpenditures were funded by available fund balance in the General Fund.

3. 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, 2010, the City had no bank balance that was exposed to custodial credit risk.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, 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	\$ 975,735	\$ -	\$ -	\$ 975,735
Construction in progress	5,309	500	-	5,809
Total capital assets not being depreciated	981,044	500	-	981,544
Capital assets being depreciated:				
Buildings and improvements	875,199	-	-	875,199
Infrastructure	482,593	729,197	-	1,211,790
Machinery and equipment	1,851,868	34,479	-	1,886,347
Park improvements	384,212	-	-	384,212
Total capital assets being depreciated	3,593,872	763,676	-	4,357,548
Less accumulated depreciation:				
Buildings and improvements	(174,092)	(21,733)	-	(195,825)
Infrastructure	(55,212)	(38,942)	-	(94,154)
Machinery and equipment	(1,102,011)	(145,587)	-	(1,247,598)
Park improvements	(219,991)	(13,336)	-	(233,327)
Total accumulated depreciation	(1,551,306)	(219,598)	-	(1,770,904)
Total capital assets being depreciated, net	2,042,566	544,078	-	2,586,644
Governmental activities capital assets, net	\$ 3,023,610	\$ 544,578	\$ -	\$ 3,568,188

Business-type activities:

Capital assets not being depreciated:

Land	\$ 1,030,849	\$ -	\$ -	\$ 1,030,849
Construction in progress	951,231	673,300	(1,197,633)	426,898
Total capital assets not being depreciated	1,982,080	673,300	(1,197,633)	1,457,747

Capital assets being depreciated:

Buildings and improvements	2,180,707	-	-	2,180,707
Machinery and equipment	890,235	115,214	-	1,005,449
Vehicles	425,379	37,371	-	462,750
Furniture and fixtures*	8,799	-	(8,799)	-
Water and sewer infrastructure	19,913,301	1,532,016	(12,194)	21,433,123
Total capital assets being depreciated	23,418,421	1,684,601	(20,993)	25,082,029

Less accumulated depreciation:

Buildings and improvements	(107,855)	(45,757)	-	(153,612)
Machinery and equipment	(545,637)	(61,265)	-	(606,902)
Vehicles	(334,825)	(50,255)	-	(385,080)
Furniture and fixtures*	(8,795)	(4)	8,799	-
Water and sewer infrastructure	(6,250,809)	(413,731)	5,843	(6,658,697)
Total accumulated depreciation	(7,247,921)	(571,012)	14,642	(7,804,291)
Total capital assets being depreciated, net	16,170,500	1,113,589	(6,351)	17,277,738
Business-type activities capital assets, net	\$ 18,152,580	\$ 1,786,889	\$ 1,203,984	\$ 18,735,485

NOTES TO FINANCIAL STATEMENTS (continued)

*Furniture and fixtures has been consolidated with machinery and equipment for reporting purposes on the 2010 financial statements. This footnote conveys the transfer of the asset values and related accumulated depreciation of furniture and fixtures to the machinery and equipment category. Therefore, total depreciation for business-type funds below differs by \$8,799, which is the amount of the transfer between categories shown above.

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

Governmental activities:

General government	\$ 11,151
Judicial	7,548
Public safety	105,485
Public works	73,564
Culture and recreation	19,197
Housing and development	<u>2,653</u>
	<u>\$219,598</u>

Business-type activities:

Water and Sewerage	\$ 545,153
Sanitation	<u>17,060</u>
	<u>\$ 562,213</u>

5. INTERFUND BALANCES AND ACTIVITY

A. TRANSFER TO/FROM OTHER FUNDS

Transfers between funds consisted of the following at year end:

\$93,565 Transfer to Nonmajor 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:

\$41,371 Due from Water Fund to General Fund for operating expenses
1,217 Due from a nonmajor fund to General Fund for operating expenses
\$42,588

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

6. DUE FROM OTHER GOVERNMENTS

The receivable consists of the following at year end:

Governmental Activities

Georgia Department of Revenue \$ 89,335

7. RESTRICTED ASSETS AND RESERVED EQUITY

At December 31, 2010, the General Fund reserved a portion of fund balance for the purposes of restricted cash and prepaid insurance totaling \$17,823 and \$28,735, respectively, reflected in the current assets of the fund. The nonmajor funds reserved a portion of fund balance for tourism and public safety totaling \$28,964, as reflected on the balance sheet. The Water and Sewerage Fund has restricted assets, consisting of cash, for the purpose of repayment of customer deposits in the amount of \$464,677 and for construction projects of \$46,296.

NOTES TO FINANCIAL STATEMENTS (continued)

8. 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 \$582,740.

Regions Bank, land purchase, payable in monthly installments of \$1,256, including interest at 5.70%. Original balance \$150,927, matures in 2015.	\$ 57,637
Community Bank of Pickens County, land purchase, payable in monthly installments of \$1,044, including interest at 5.88%. Original balance \$136,400, matures in 2017.	72,500
Regions Bank, police precinct, payable in monthly installments of \$3,104, including interest at 4.75%. Original balance \$475,500, matures in 2024.	<u>452,603</u>
	582,740
Less current portion of debt	<u>(46,532)</u>
	<u>\$ 536,208</u>

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 \$582,740. 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>
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	45,522	16,782	62,304
2016 - 2020	183,607	57,996	241,603
2021 - 2024	<u>153,905</u>	<u>14,458</u>	<u>168,363</u>
	<u>\$ 582,740</u>	<u>\$ 179,795</u>	<u>\$ 762,535</u>

9. LONG-TERM LIABILITIES

Governmental Activities:

The following capital leases had outstanding balances at December 31, 2010:

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. \$ 178,838

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. 6,696

RBC Centura Bank, vehicle lease, payable in monthly installments of \$1,323, including interest at 4.19%. Original balance \$71,903, matures in 2012. 19,735

RBC Centura Bank, vehicle lease, payable in monthly installments of \$2,687, including interest at 4.25%. Original balance \$72,500, matures in 2011. 7,917

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. 8,763

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. 7,616

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. 18,579

Less current portion of debt 248,144
(78,134)
\$ 170,010

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>
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	22,723	5,280	28,003
2016 - 2018	<u>76,190</u>	<u>8,265</u>	<u>84,455</u>
TOTAL	<u>\$ 248,144</u>	<u>\$ 47,240</u>	<u>\$ 295,384</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>\$ 301,882</u>	<u>\$ 325,205</u>

Business-Type Activities:

The following capital leases had outstanding balances at December 31, 2010:

Jasper Banking Company, land acquisition, payable in monthly installments of \$1,462, including interest at 5.25%. Original balance \$181,832, matures in 2014. \$ 47,394

RBC Centura Bank, vehicle lease, payable in monthly installments of \$2,687, including interest at 4.25%. Original balance \$72,500, matures in 2001. 7,707

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. 15,994

RBC Centura Bank, vehicle lease, payable in monthly installments of \$3,088, including interest at 4.186%. Original balance \$166,250, matures in 2012. 44,526

Bancorp South Equipment, equipment lease, payable in monthly installments of \$969, including interest at 3.9%. Original balance \$54,603, matures in 2011. 25,078

BB&T Governmental Finance Corporation, equipment lease, payable in monthly installments of \$1,854, including interest at 3.79%. Original balance \$63,000, matures in 2013. 52,990

NOTES TO FINANCIAL STATEMENTS (continued)

BB&T Governmental Finance Corporation, equipment lease, payable in monthly installments of \$1,899, including interest at 3.33%. Original balance \$65,000, matures in 2013.

Less current portion of debt

<u>65,000</u>
258,689
<u>(139,120)</u>
<u>\$ 119,569</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>
2011	\$ 139,120	\$ 7,668	\$ 146,788
2012	69,588	3,507	73,095
2013	49,764	1,091	50,855
2014	<u>217</u>	<u>10</u>	<u>227</u>
	<u>\$ 258,689</u>	<u>\$ 12,276</u>	<u>\$ 270,965</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>466,517</u>	<u>191,747</u>	<u>274,770</u>
	<u>\$ 648,349</u>	<u>\$ 191,747</u>	<u>\$ 456,602</u>

The following notes payable had outstanding balances at December 31, 2010:

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.

\$ 12,080

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.

9,965

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.

92,401

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.

936,873

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.

567,220

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.

588,031

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

1,795,614

NOTES TO FINANCIAL STATEMENTS (continued)

complete, total loan matures in 2029.

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

Less current portion of debt

1,034,303
5,036,487
(274,010)
\$4,762,477

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

	Principal	Interest	Total
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	256,122	119,417	375,539
2016 – 2020	1,251,936	428,564	1,680,500
2021 – 2025	915,305	207,196	1,122,501
2026 – 2029	<u>541,005</u>	<u>42,375</u>	<u>583,380</u>
	4,002,184	1,383,421	5,385,605
Amount not yet in repayment	<u>1,034,303</u>	-	<u>1,034,303</u>
	<u>\$ 5,036,487</u>	<u>\$ 1,383,421</u>	<u>\$ 6,419,908</u>

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

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Amounts Due in One Year
Governmental Activities:						
Capital leases	\$ 348,932	\$ -	\$100,396	\$ (392)	\$ 248,144	\$ 78,134
Note payable-component unit	625,257	-	42,517	-	582,740	46,532
Compensated absences	<u>214,490</u>	<u>114,346</u>	<u>102,702</u>	<u>-</u>	<u>226,134</u>	<u>102,700</u>
	<u>1,188,679</u>	<u>114,346</u>	<u>245,615</u>	<u>(392)</u>	<u>1,057,018</u>	<u>227,366</u>
Business-Type Activities:						
Capital leases	249,204	128,000	118,515	-	258,689	139,120
Notes payable	4,795,258	529,258	288,029	-	5,036,487	274,010
Other contracts payable	1,011,880	-	2,369	-	1,009,511	-
Compensated absences	<u>95,637</u>	<u>128,137</u>	<u>79,491</u>	<u>-</u>	<u>144,283</u>	<u>79,500</u>
	<u>6,151,979</u>	<u>785,395</u>	<u>488,404</u>	<u>-</u>	<u>6,448,970</u>	<u>492,630</u>
Total long-term liabilities	<u>\$7,340,658</u>	<u>\$ 899,741</u>	<u>\$ 734,019</u>	<u>\$(392)</u>	<u>\$7,505,988</u>	<u>\$ 719,996</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	\$ 42,252
Water and Sewerage Fund	\$ 182,684
Sanitation Fund	\$ 1,368

10. 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, 2010.

11. 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, 2010, 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 5.91% 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, 2010 was \$160,248. The required contribution was determined as part of the January 1, 2010 actuarial valuation using the entry age actuarial cost method. 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, (b) projected salary increases for inflation of 3.50% and for merit or seniority of .5%, and (c) no cost of living adjustments. 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)

Plan Membership:	
Retirees and beneficiaries	13
Terminated plan members entitled but not yet receiving benefits	19
Active plan members	<u>64</u>
	<u>96</u>

Trend of Information for CJRP (Dollar amounts in thousands)			
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-10	\$160,248	100%	-
12-31-09	\$ 151,426	100%	-
12-31-08	\$ 139,214	100%	-

Funding Schedule for Most Recent Valuation Date

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (ALL) Entry Age (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/11	\$1,889,453	\$2,150,962	\$261,509	87.84%	\$2,439,843	10.72%

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.

12. JOINT VENTURE

The City, in conjunction with cities and counties in the fifteen (15) county Northwest Georgia area are members of the Northwest Georgia Regional Commission (NWGRC), formerly known as the North Georgia Regional Development Center which merged with Coosa Valley Regional Development Center 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, 2010, in the amount of \$3,255. The RC Board membership includes the chief elected official of each county and the chief elected official of the largest municipality in each county. The county board members elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines 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)

Northwest 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

13. 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, 2010, the City collected a total of \$32,784. The City expended the required funds in accordance with state law and had \$12,095 in tourism funds remaining at the year end, and \$11,038 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.

14. COMMITMENTS AND CONTINGENCIES

The City finished construction of a 500,000 gallon elevated water storage tank for a total cost of \$1,007,082. \$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 originally budgeted 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 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 early 2011. 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 as reported in the preceding audit. The amount that remains outstanding at December 31, 2010 is \$40,089, \$28,604 of which is excise tax unpaid and \$11,485 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.

15. RESTATEMENTS OF PRIOR PERIOD FINANCIAL INFORMATION

In 2009, an excess of local option sales tax revenue was accrued as intergovernmental receivables in the amount of \$79,000. Therefore the receivable and revenue accounts were overstated in the prior year and a prior period adjustment to fund balance was considered necessary. This was inadvertently accrued due to a collection time period change by the Georgia Department of Revenue.

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, 2010

	<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	\$ 1,040,853	\$ 982,035	\$ 886,195	\$ (95,840)
Franchise taxes	347,750	356,198	355,853	(345)
Business taxes	228,645	220,848	223,965	3,117
General sales and use taxes	925,000	1,007,001	994,677	(12,324)
Selective use taxes	321,100	298,500	321,018	22,518
Licenses and permits	89,450	75,317	76,044	727
Intergovernmental	19,000	19,000	20,870	1,870
Charges for services	29,600	22,740	20,125	(2,615)
Fines and forfeitures	273,500	266,618	195,600	(71,018)
Investment earnings	12,500	12,500	12,178	(322)
Contributions and donations	9,500	5,646	6,057	411
Miscellaneous	935	3,986	9,316	5,330
Penalties and interest on delinquent taxes	17,900	18,500	87,437	68,937
Total Revenues	<u>3,315,733</u>	<u>3,288,889</u>	<u>3,209,335</u>	<u>(79,554)</u>
Expenditures:				
Current:				
General government:				
Legislative	44,084	64,255	62,702	1,553
Executive	187,923	184,608	181,519	3,089
Elections	3,430	-	-	-
Financial administration	345,303	330,342	339,491	(9,149)
Judicial:				
Municipal court	119,884	115,284	113,275	2,009
Public Safety:				
Police	847,440	836,601	853,286	(16,685)
Fire	738,013	737,401	749,973	(12,572)
Animal Control	1,225	1,025	957	68
Public Works:				
Streets	481,012	462,528	516,833	(54,305)
Fleet maintenance and shop	177,836	179,915	185,575	(5,660)
Cemetery	2,500	2,500	2,500	-
Culture and Recreation:				
Parks administration	87,263	70,398	67,455	2,943
Housing and development:				
Protective inspection	55,417	55,693	61,581	(5,888)
Planning and zoning	58,223	58,178	59,032	(854)
Debt service	191,180	190,161	186,608	3,553
Total Expenditures	<u>3,340,733</u>	<u>3,288,889</u>	<u>3,380,787</u>	<u>(91,898)</u>
Excess (Deficiency) of Revenues Over				
Expenditures Before Other Financing Sources				
(Uses)	<u>(25,000)</u>	<u>-</u>	<u>(171,452)</u>	<u>(171,452)</u>
Other Financing Sources (Uses)				

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive (Negative)</u>
Proceeds from capital leases	25,000	-	-	-
Total Other Financing Sources and Uses	25,000	-	-	-
Net change in fund balance	-	-	(171,452)	(171,452)
Fund balance, beginning of year	609,823	609,823	609,823	-
Prior period adjustments	-	-	(79,000)	(79,000)
Fund balance, end of year	<u>\$ 609,823</u>	<u>\$ 609,823</u>	<u>\$ 359,371</u>	<u>\$ (250,452)</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, 2010

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, 2010, some expenditures exceeded appropriated amounts as shown in the preceding budgetary comparison statement. However, management operated using reserved capital from prior years conservatively while still adhering to 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:

Financial administration	\$ 9,149
Police	\$ 16,685
Fire	\$ 12,572
Streets	\$ 54,305
Fleet	\$ 5,660
Protective inspection	\$ 5,888

CITY OF JASPER, GEORGIA
SCHEDULE OF FUNDING PROGRESS FOR THE
CITY OF JASPER RETIREMENT PLAN
For the Year Ended December 31, 2010

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]
1/1/11	\$1,889,453	\$2,150,962	\$261,509	87.8%	\$2,439,843	10.7%
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.

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, 2010

	<u>Confiscated Assets Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 11,038	\$ 11,038
Restricted cash	17,027	12,095	29,122
Taxes receivable	<u>-</u>	<u>43,904</u>	<u>43,904</u>
Total Assets	<u>\$ 17,027</u>	<u>\$ 67,037</u>	<u>\$ 84,064</u>
LIABILITIES			
Accounts payable	\$ <u>-</u>	\$ 158	\$ 158
Total Liabilities	<u>-</u>	<u>158</u>	<u>158</u>
FUND BALANCES			
Reserved fund balance	17,027	11,937	28,964
Unreserved fund balance	<u>-</u>	<u>54,942</u>	<u>54,942</u>
Total Fund Balances	<u>17,027</u>	<u>66,879</u>	<u>83,906</u>
Total Liabilities and Fund Balances	<u>\$ 17,027</u>	<u>\$ 67,037</u>	<u>\$ 84,064</u>

CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2010

	Confiscated <u>Assets Fund</u>	Hotel/Motel <u>Tax Fund</u>	<u>Total</u>
REVENUES			
Taxes	\$ -	\$ 46,755	\$ 46,755
Confiscation	1,609	-	1,609
Miscellaneous	-	14,735	14,735
Sales and use tax penalty	-	5,425	5,425
Interest	120	201	321
Total Revenues	<u>1,729</u>	<u>67,116</u>	<u>68,845</u>
EXPENDITURES			
<i>Current:</i>			
Custody of property	140	-	140
Tourism	<u>-</u>	<u>50,119</u>	<u>50,119</u>
Total Expenditures	<u>140</u>	<u>50,119</u>	<u>50,259</u>
Net change in fund balances	1,589	16,997	18,586
Fund balances, beginning	<u>15,438</u>	<u>49,882</u>	<u>65,320</u>
Fund balances, ending	<u>\$ 17,027</u>	<u>\$ 66,879</u>	<u>\$ 83,906</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, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Confiscation	\$ -	\$ 1,609	\$ 1,609	\$ -
Interest	<u>150</u>	<u>100</u>	<u>120</u>	<u>(20)</u>
Total Revenues	<u>150</u>	<u>1,709</u>	<u>1,729</u>	<u>(20)</u>
EXPENDITURES				
<i>Current:</i>				
Custody of property	<u>150</u>	<u>1,709</u>	<u>140</u>	<u>1,569</u>
Total Expenditures	<u>150</u>	<u>1,709</u>	<u>140</u>	<u>1,569</u>
Net change in fund balances	-	-	1,589	1,589
Fund balances, beginning	<u>15,438</u>	<u>15,438</u>	<u>15,438</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,438</u>	<u>\$ 15,438</u>	<u>\$ 17,027</u>	<u>\$ 1,589</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 50,000	\$ 44,273	\$ 46,755	\$ 2,482
Miscellaneous	-	14,735	14,735	-
Sales and use tax penalty	-	-	5,425	5,425
Interest	300	250	201	(49)
Total Revenues	<u>50,300</u>	<u>59,258</u>	<u>67,116</u>	<u>7,858</u>
EXPENDITURES				
<i>Current:</i>				
Tourism	<u>50,300</u>	<u>59,258</u>	<u>50,119</u>	<u>9,139</u>
Total Expenditures	<u>50,300</u>	<u>59,258</u>	<u>50,119</u>	<u>9,139</u>
Net change in fund balances	-	-	16,997	16,997
Fund balances, beginning	<u>49,882</u>	<u>49,882</u>	<u>49,882</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 49,882</u></u>	<u><u>\$ 49,882</u></u>	<u><u>\$ 66,879</u></u>	<u><u>\$ 16,997</u></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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 1,714,403	\$ 1,890,426	\$ 2,067,336	\$ 2,737,304
Restricted ⁽¹⁾	9,632	52,681	36,360	46,787
Unrestricted	<u>850,360</u>	<u>1,340,057</u>	<u>1,536,958</u>	<u>1,417,911</u>
Total governmental activities net assets	<u>2,574,395</u>	<u>3,283,164</u>	<u>3,640,654</u>	<u>4,202,002</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	11,869,093	11,802,875	12,096,237	13,439,618
Restricted	-	-	176,231	46,296
Unrestricted	<u>(223,016)</u>	<u>(299,936)</u>	<u>342,903</u>	<u>(98,677)</u>
Total business-type activities net assets	<u>11,646,077</u>	<u>11,502,939</u>	<u>12,615,371</u>	<u>13,387,237</u>
Primary Government:				
Invested in capital assets, net of related debt	13,583,496	13,693,301	14,163,573	16,176,922
Restricted	9,632	52,681	212,591	93,083
Unrestricted	<u>627,344</u>	<u>1,040,121</u>	<u>1,879,861</u>	<u>1,319,234</u>
Total primary government activities net assets	<u>\$ 14,220,472</u>	<u>\$ 14,786,103</u>	<u>\$ 16,256,025</u>	<u>\$ 17,589,239</u>

(1) In the governmental activities for years 2007 through 2010, 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses				
Governmental Activities:				
General government	\$ 700,229	\$ 599,677	\$ 556,543	\$ 581,826
Judicial	138,904	132,116	131,285	121,194
Public safety	1,498,070	1,568,807	1,615,089	1,679,928
Custody of property	-	-	1,542	140
Public works	680,869	675,619	615,723	748,310
Culture and recreation	106,109	98,076	85,223	82,740
Housing and development	166,864	168,755	153,817	122,214
Tourism	34,862	46,745	43,473	50,119
Interest charges	38,219	29,443	32,960	42,252
Total governmental activities expenses	<u>3,364,126</u>	<u>3,319,238</u>	<u>3,235,655</u>	<u>3,428,723</u>
Business-type Activities:				
Water and sewer	2,895,119	2,864,500	2,717,378	2,966,884
Sanitation	120,731	116,673	156,286	164,668
Total business-type activities expenses	<u>3,015,850</u>	<u>2,981,173</u>	<u>2,873,664</u>	<u>3,131,552</u>
Total primary government expenses	<u>6,379,976</u>	<u>6,300,411</u>	<u>6,109,319</u>	<u>6,560,275</u>
Program Revenues				
Governmental Activities:				
Charges for service:				
General government	86,678	255	205	80
Judicial	274,334	33,462	24,974	16,675
Public safety	8,592	360,990	230,700	199,379
Custody of property	-	-	1,399	-
Public works	2,500	-	-	1,200
Culture and recreation	-	-	-	-
Housing and development	55,374	98,692	124,546	76,044
Tourism	5,000	-	-	-
Operating grants and contributions	18,241	15,000	2,778	5,864
Capital grants and contributions	149,951	57,096	72,770	675,160
Total governmental activities program revenues	<u>600,670</u>	<u>565,495</u>	<u>457,372</u>	<u>974,402</u>
Business-type Activities:				
Charges for service:				
Water and sewer	3,038,378	2,684,656	3,439,695	3,483,836
Sanitation	60,705	94,698	96,101	79,838
Capital grants and contributions	-	44,113	378,333	312,698
Total business-type activities expenses	<u>3,099,083</u>	<u>2,823,467</u>	<u>3,914,129</u>	<u>3,876,372</u>
Total primary government program revenues	<u>3,699,753</u>	<u>3,388,962</u>	<u>4,371,501</u>	<u>4,850,774</u>

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

Net (Expense)/Revenue

Governmental activities	(2,763,456)	(2,753,743)	(2,778,283)	(2,454,321)
Business-type activities	<u>83,233</u>	<u>(157,706)</u>	<u>1,040,465</u>	<u>744,820</u>
Total primary government net (expense)/revenue	<u>(2,680,223)</u>	<u>(2,911,449)</u>	<u>(1,737,818)</u>	<u>(1,709,501)</u>

General Revenue and Other Changes in Net Assets

Governmental Activities:

Taxes				
Property taxes	732,832	912,820	1,199,539	1,022,989
Sales taxes	1,170,253	1,063,438	929,924	994,677
Other taxes	881,470	940,475	938,544	947,591
Grants and contributions not restricted to specific programs	-	71,326	15,706	-
Unrestricted investment earnings	46,798	27,118	48,539	105,361
Miscellaneous	33,103	9,436	3,521	24,051
Transfers	<u>84,563</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>2,949,019</u>	<u>3,024,613</u>	<u>3,135,773</u>	<u>3,094,669</u>

Business-Type Activities:

Grants and contributions not restricted to specific programs	-	79,165	-	-
Investment earnings	5,907	3,227	3,576	9,782
Miscellaneous	19,939	19,385	18,632	17,264
Transfers	<u>(84,563)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(58,717)</u>	<u>101,777</u>	<u>22,208</u>	<u>27,046</u>

Total primary government	<u>2,890,302</u>	<u>3,126,390</u>	<u>3,157,981</u>	<u>3,121,715</u>
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Change in Net Assets

Governmental activities	185,563	270,870	357,490	640,348
Business-type activities	<u>24,516</u>	<u>(55,929)</u>	<u>1,062,673</u>	<u>771,866</u>
Total primary government	<u>\$ 210,079</u>	<u>\$ 214,941</u>	<u>\$ 1,420,163</u>	<u>\$ 1,412,214</u>

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

	Fiscal Year								Calendar Year	
	<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>	<u>2010</u>
General Fund										
Reserved	\$ 5,136	\$ 4,758	\$ 6,587	\$ 125,306	\$ 140,119	\$ 149,472	\$ 22,473	\$ 65,904	\$ 42,893	\$ 46,558
Unreserved	<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>	<u>312,813</u>
Total general fund	<u>\$ 409,443</u>	<u>\$ 468,596</u>	<u>\$ 880,941</u>	#####	<u>\$ 1,117,238</u>	<u>\$ 1,121,580</u>	<u>\$ 887,559</u>	<u>\$ 496,420</u>	<u>\$ 609,823</u>	<u>\$ 359,371</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,632	\$ 37,734	\$ 26,682	\$ 28,964
Unreserved, reported in special revenue funds	<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>	<u>54,942</u>
Total all other governmental funds	<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>	<u>\$ 83,906</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>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>	<u>2010</u>
Revenues:										
Taxes	\$ 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	\$ 2,828,463
Licenses and permits	85,600	189,716	215,063	245,008	193,936	118,252	117,749	95,942	124,546	76,044
Intergovernmental	134,145	35,479	74,910	31,100	35,380	40,043	186,692	93,406	108,897	28,095
Charges for services	12,468	7,483	3,062	1,841	26,672	39,781	45,376	37,755	29,870	20,125
Fines and forfeitures	158,472	196,650	204,076	207,154	318,333	239,850	236,977	359,702	227,408	197,209
Investment earnings	4,487	1,796	815	1,666	2,542	15,702	23,076	9,763	24,447	12,499
Contributions and donations	45,854	7,200	4,800	-	47,550	50,047	32,377	71,326	2,778	673,799
Miscellaneous	35,564	8,432	19,092	62,751	68,956	34,480	10,681	9,436	3,521	24,051
Penalties and interest on delinquent taxes (2)	-	-	-	-	8,115	7,493	23,722	17,355	24,092	92,862
Total Revenues	<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>	<u>3,953,147</u>
Expenditures:										
Current:										
General government	450,701	612,572	492,553	677,153	572,061	606,722	670,623	586,349	541,627	583,712
Judicial	24,478	38,848	43,718	60,802	137,674	130,490	138,904	149,693	122,977	113,275
Public safety	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	1,611,441
Custody of property	-	-	-	-	-	-	-	-	1,542	140
Public works	867,546	726,573	365,273	345,143	646,415	690,624	787,132	853,228	694,558	1,372,650
Culture and recreation	22,749	21,936	22,246	247,292	186,910	153,228	222,433	84,195	77,727	67,455
Housing and development	131,320	140,108	108,544	152,523	170,888	132,948	164,009	164,173	150,084	120,613
Tourism	-	-	-	-	19,470	14,107	34,862	54,956	43,473	50,119
Debt Service: (1)										
Principal	63,558	74,866	83,400	-	152,722	139,730	166,108	118,776	142,766	142,913
Interest and other charges	28,005	34,711	29,488	-	46,524	48,131	39,128	32,698	33,183	43,695
Total Expenditures	<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>	<u>4,106,013</u>
Excess (deficiency) of revenues over (under) expenditures	(331,766)	(424,470)	(99,239)	(133,247)	(182,837)	(177,860)	(287,420)	(146,769)	(391,572)	(152,866)

Other Financing Sources (Uses):

Proceeds from capital leases	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	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>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>	<u>-</u>
Net changes in fund balances	<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>	<u>\$ (152,866)</u>
Debt services as a percentage of noncapital expenditures	4.06%	4.66%	5.43%	6.72%	7.26%	6.18%	6.15%	4.70%	5.52%	5.58%

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

(2) 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
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%
2010**	192,056,888	31,493,217	6,798,292	(5,113,847)	225,234,550	4.69	563,086,375	40%

** 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	Direct			Overlapping	Total Direct & Overlapping Rates
	City of Jasper	Pickens County	Pickens County Board of Education	State of Georgia	
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
2010**	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	2010			2001**		
			Percentage			Percentage
	Taxable Assessed Value	Rank	of Total Taxable Assessed Value	Taxable Assessed Value	Rank	of Total Taxable Assessed Value
Lexington Insulators	\$ 5,247,991	1	2.33%	\$ -	-	-
Ingles Market, Inc.	5,194,861	2	2.31%	-	-	-
Mountainside Manor, LP	4,236,005	3	1.88%	-	-	-
Ziegler-Georgia 13, LLC	3,476,548	4	1.54%	-	-	-
H D Development of Maryland	3,439,315	5	1.53%	-	-	-
Fairway of Jasper, LLC	2,653,674	6	1.18%	-	-	-
Union Springs, Inc	2,608,738	7	1.16%	-	-	-
Eric S Zorn, as Trustee of Wal-real Estate	2,179,200	8	0.97%	-	-	-
The Home Depot	1,852,848	9	0.82%	-	-	-
BBL Investments, LLC	<u>1,638,500</u>	10	0.73%	-	-	-
	<u>\$ 32,527,680</u>					

Source: City of Jasper Finance Department

**Information for 2001 is not available at this time.

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

Year of Tax Levy	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2001	382,784	358,899	93.76%	23,542	382,441	99.91%
2002	410,840	365,901	89.06%	42,966	408,829	99.51%
2003	441,674	383,024	86.72%	53,404	436,428	98.81%
2004	555,722	500,251	90.02%	49,957	550,208	99.01%
2005	652,692	619,328	94.89%	29,240	648,568	99.37%
2006	693,396	665,090	95.92%	22,940	688,030	99.23%
2007	801,126	750,252	93.65%	40,850	791,102	98.75%
2008**	971,406	881,252	90.72%	47,115	928,367	95.57%
2009**	985,142	315,052	31.98%	572,493	887,545	90.09%
2010**	1,022,201	253,893	24.84%	(1)	253,892	24.84%

(1) The tax bills for 2010 were billed at the end of 2010, and collections shown are deferred revenue, as this revenue is not recognized until 2011. 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	Capital	Note	Notes	Capital	Total Primary	% of		Per
Year	Leases	Payable to Component Unit	Payable	Leases	Government	Personal Income	Population	Capita
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	13.60%	3,269	\$ 2,151
2010**	248,144	582,740	6,045,998	258,689	\$ 7,135,571	*	*	*

* Information for 2010 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 2010

		Gallons	Water	Sewer	Total	% of Total
	Rank	Consumed	Revenue	Revenue	Revenue	Operating Revenues
Mountainside Manor	1	7,558,600	\$ 48,629	\$ 37,264	\$ 85,893	2.41%
Pickens County High School	2	4,214,500	14,657	13,876	28,533	0.80%
Piedmont Mountainside Hospital	3	4,131,400	10,256	9,483	19,739	0.55%
Pickens County Detention Center	4	3,691,500	9,086	8,417	17,503	0.49%
Homestead Apartments	5	2,826,700	17,341	13,398	30,739	0.86%
Lexington Insulators	6	2,768,300	7,009	6,432	13,441	0.38%
Grandview Healthcare	7	2,470,700	6,339	5,792	12,131	0.34%
Jennifer English	8	2,291,400	7,747	-	7,747	0.22%
W.L. Wilson	9	1,940,800	6,588	-	6,588	0.18%
Brooks Hollow Apartments	10	974,800	9,575	7,017	16,592	0.47%

For Calendar Year 2009

		Gallons	Water	Sewer	Total	% of Total
		Consumed	Revenue	Revenue	Revenue	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%

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>
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%
2010**	5,410	158	3.01%

Source: City of Jasper Water Administration Department

**Calendar Year basis.

**CITY OF JASPER, GEORGIA
UTILITY RATES
December 31, 2010**

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>Outside City limits -</u>
		<u>Price per 1,000</u>	<u>Price per 1,000</u>
	<u>Base Rate</u>	<u>gallons</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>Outside City limits -</u>
		<u>Price per 1,000</u>	<u>Price per 1,000</u>
	<u>Base Rate</u>	<u>gallons</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	City	Personal	Per Capita			
Year	Population	Income (in	Personal	Median	School	Unemployment
		millions)	Income	Age	Enrollment	Rate
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	3,269	\$ 51,695	\$ 33,786	34.6	4,462	9.7%
2010	*	*	*	37.1	*	10.1%

Source: Northwest Georgia Regional Commission, Dalton office

Note: As of the date of the report, complete statistical information for 2010 was not yet available.

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

Employer	2010			2001		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Pickens County Board of Education	750	1				
Piedmont Mountainside Hospital	463	2				
Pickens County	324	3				
Lexington Insulators	176	4				
Wal-Mart	125	5				
Kroger	123	6				
Home Depot	98	7				
Ingles	92	8				
City of Jasper	81	9				
Jasper Banking Company	53	10				

* Data unavailable for percentage of total city employment for 2010 and all data for 2001.

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

<u>Function/Program</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>	<u>2010</u>
General government	10.0	10.0	11.0	11.0	12.0	13.0	12.0	11.0	10.0	10.5
Judicial	-	-	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2
Public safety	19.0	19.0	20.0	21.0	21.0	24.0	27.0	28.0	27.0	29.0
Public works	10.0	4.0	3.0	6.0	6.0	8.0	8.0	5.0	7.0	8.0
Culture and recreation	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Housing and development	2.0	2.0	4.0	4.0	3.0	3.5	3.5	3.5	2.0	2.5
Water	17.0	19.5	19.5	21.5	22.5	27.0	26.0	24.0	24.0	22.0
Sewer	4.0	8.5	5.5	7.5	5.5	2.5	4.5	4.5	3.0	3.0
Sanitation	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	3.0
Total	<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>	<u>80.2</u>

Source: City of Jasper Finance Department

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function					
Public Safety					
Police					
Responded calls	9,967	10,112	10,253	10,132	9,422
Traffic citations issued	2,441	2,259	2,790	2,778	2,067
Fire					
Structure fires	37	54	38	27	42
Vehicle fires	21	19	24	10	16
Grass/brush fires	45	66	29	29	14
Auto accidents	135	150	93	131	184
Medical emergencies	726	849	802	793	860
Other calls	228	124	207	220	202
Building and licensing department					
Building permits	67	74	49	31	21
Land disturbing permits	40	36	18	7	6
Business licenses	445	488	501	485	461
Out of state insurance business licenses	194	210	257	256	265
Water and sewer					
New connections	183	110	63	22	9
Average daily consumption (gallons per day)	1,010,136	991,839	922,640	934,392	948,707

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 2006.

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

	<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>	<u>2010</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	7	7	8	10	9	8	7	9	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	51.8
Sidewalks (miles)	*	*	*	*	*	*	*	*	4.73	4.73
Culture & Recreation										
Acreage of parks	91.60	91.60	91.78	91.78	93.66	93.66	108.41	108.41	108.41	108.41
Playgrounds	1	1	1	1	1	2	2	2	2	2
Baseball fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	-	-	-	2	2	2	2	2	2	2
Water										
Water mains (miles)	*	*	*	*	*	*	*	*	169.8	173.38
Water plant capacity (million gallons daily)	1.47	1.47	1.47	1.47	1.47	2	2	2	3.5	3.5
Sewer										
Sanitary sewer mains (miles)	*	*	*	*	*	*	*	*	30.08	31.22
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 and Consultants

61 Maddox Circle
E. Ellijay, GA 30540
Mailing Address:
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 remaining fund information of City of Jasper, Georgia, as of and for the year ended December 31, 2010, which collectively comprise the City of Jasper, Georgia's basic financial statements and have issued our report thereon dated June 30, 2011. 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.

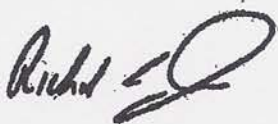
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 *Governmental 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.

A handwritten signature in black ink, appearing to be "Rick" followed by a stylized flourish.

Blijay, Georgia
June 30, 2011