CITY OF JASPER, GEORGIA

ANNUAL FINANCIAL REPORT

For the Calendar Year Ended
December 31, 2016

This page intentionally left blank.

CITY OF JASPER, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2016

--TABLE OF CONTENTS--

FINANCIAL SECTION

Independent Auditor's Report 1
Management's Discussion and Analysis 3
Basic Financial Statements:
Government-Wide Financial Statements:
Statement of Net Position 14
Statement of Activities 16
Fund Financial Statements:
Governmental Funds—
Balance Sheet 17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 18
Statement of Revenues, Expenditures and Changes In Fund Balances 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 20
Proprietary Funds—
Statement of Fund Net Position 21
Statement of Revenues, Expenses and Changes in Fund Net Position 23
Statement of Cash Flows 24
Fiduciary Funds—
Statement of Fiduciary Assets and Liabilities 26
Notes to Financial Statements 27
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 48
Schedule of Changes in the Net Pension Liability (Asset) and Related Rations – Last Ten Fiscal Years 50
Schedule of Contributions – Last Ten Years 51
Notes to Required Supplementary Information 52
Other Supplementary Information
Combining and Individual Nonmajor Fund Statements and Schedules:
Non Major Governmental Funds—
Combining Balance Sheet 54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 55
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Technology Surcharge Fund 56
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Confiscated Assets Fund 57

Schedule of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual – Hotel/Motel Tax Fund 58
Agency Funds—
Municipal Court Fund Statement of
Assets and Liabilities.....59
Municipal Court Fund Statement of
Changes in Assets and Liabilities 60

COMPLIANCE AND INTERNAL CONTROL

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*.....61

STATE REPORTING SECTION

Schedule of Projects Financed with Special Purpose Local Option Sales Tax 63

*****

FINANCIAL SECTION

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

This page intentionally left blank.

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of and for the year ended December 31, 2016, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 48 through 49, and the required supplementary information on pages 50 through 53, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jasper, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2017, on our consideration of the City of Jasper, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jasper, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

April 30, 2017

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
Tony Fountain
John Foust
Dr. Sonny Proctor
Anne Sneve

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jasper, it is our pleasure to present this narrative discussion and analysis of the City of Jasper's financial performance, providing an overview of the activities for the year ended December 31, 2016. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Jasper. This analytical information is designed to be read in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City of Jasper's assets exceeded its liabilities at December 31, 2016, by $23,784,035 (reported as *net position*).

- As of December 31, 2016, Jasper's governmental funds reported combined ending fund balances of $2,157,938. Approximately 69% of this total amount, $1,484,507, is available for spending at the City Council's discretion (unassigned fund balance of the General Fund).

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

Overview of the Financial Statements

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

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

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

The purpose of the ***Statement of Net Position*** (pages 14 - 15) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net position*. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 16), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The primary focus of the Statement of Activities is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

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

- ***Governmental activities*** – Most of the City's basic services are reported under this category, including police, fire, public works, and general administration. Sales tax, property taxes, and intergovernmental revenues finance most of these services.

- ***Business-type activities*** – The City charges fees to customers to assist in covering all or most of the cost for certain services it provides. The City's water and sewer system and garbage collection fees are reported in this category.

- ***Discretely Presented Component Units*** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Industrial Development Authority, Downtown Development Authority, and the Jasper Development Authority, although legally separate, functions for all practical purposes as departments of the City of Jasper, and therefore have been included as an integral part of the primary government.

The City's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the City's Major Funds)

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

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

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided after each statement.

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

  1. Special Revenue Funds
  2. Capital Projects Funds

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

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

The City's basic governmental fund financial statements are presented on pages 17-20 of this report.

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

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

  The City's proprietary fund financial statements are presented on pages 21-25.

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

  The City's fiduciary fund financial statements are presented on page 26.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-47 of this report.

Other Supplementary Information

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

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this year is summarized as follows based on the information included in the government-wide financial statements (see pages 14 - 16):

City of Jasper
Statement of Net Position
For the years ending December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	$ 3,415,938	$ 3,178,909	$ 1,872,141	$ 1,652,254	$ 5,288,079	$ 4,831,163
Capital assets	7,065,931	6,787,680	20,330,285	20,825,979	27,396,216	27,613,659
Total Assets	10,481,869	9,966,589	22,202,426	22,478,233	32,684,295	32,444,822
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	270,328	108,032	183,416	76,336	453,744	184,368
LIABILITIES AND NET POSITION						
Liabilities						
Current and other liabilities	441,100	396,584	1,204,864	1,307,508	1,645,964	1,704,092
Noncurrent liabilities	907,091	656,634	5,750,513	6,125,786	6,657,604	6,782,420
Total Liabilities	1,348,191	1,053,218	6,955,377	7,433,294	8,303,568	8,486,512
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	1,027,287	1,021,131	23,149	29,708	1,050,436	1,050,839
Net Position						
Net investment in capital assets	6,482,741	6,262,039	14,351,019	14,204,463	20,833,760	20,466,502
Restricted	514,256	680,253	1,855	-	516,111	680,253
Unrestricted	1,379,722	1,057,980	1,054,442	887,104	2,434,164	1,945,084
Total Net Position	$ 8,376,719	$ 8,000,272	$ 15,407,316	$ 15,091,567	$ 23,784,035	$ 23,091,839

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets for the City of Jasper exceeded liabilities by $23,784,035 at the close of the current year. However, much of the net position either is restricted as to the purposes for which it can be used, or are invested in capital assets.

The largest portion (88%) of the City of Jasper's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Although the net position of our business-type activities represents 65% ($15,407,316) of total net position, these resources cannot be used to add to the net position surplus in governmental activities. The City generally can only use the net position to finance the continuing operations of the business-type activities.

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

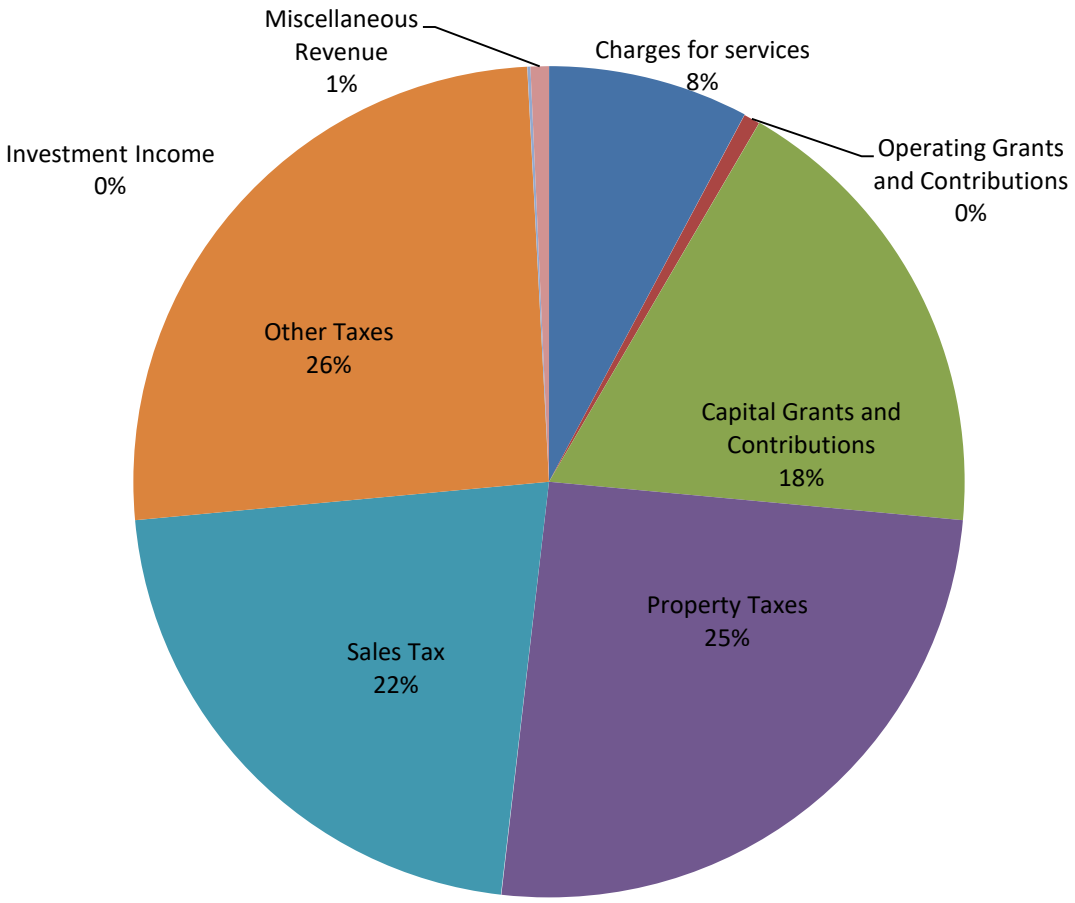
City of Jasper
Changes in Net Position
For the years ending December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
PROGRAM REVENUES						
Charges for services	$ 384,202	$ 306,470	$ 4,320,253	$ 4,116,370	$ 4,704,455	$ 4,422,840
Operating grants and contributions	31,205	43,444	-	-	31,205	43,444
Capital grants and contributions	888,995	4,258,185	120,305	6,830	1,009,300	4,265,015
General revenues:						
Property taxes	1,249,606	1,217,112	-	-	1,249,606	1,217,112
Sales tax	1,068,441	1,046,928	-	-	1,068,441	1,046,928
Other taxes	1,263,705	1,278,810	-	-	1,263,705	1,278,810
Investment income	5,850	4,848	1,214	1,012	7,064	5,860
Miscellaneous revenue	35,082	76,958	24,987	196,058	60,069	273,016
Total revenues	4,927,086	8,232,755	4,466,759	4,320,270	9,393,845	12,553,025
EXPENSES						
General Government	499,846	475,318	-	-	499,846	475,318
Judicial	88,231	80,620	-	-	88,231	80,620
Public Safety	2,134,894	2,045,261	-	-	2,134,894	2,045,261
Public Works	1,575,017	1,643,239	-	-	1,575,017	1,643,239
Culture and Recreation	72,871	74,275	-	-	72,871	74,275
Housing and Development	158,000	162,162	-	-	158,000	162,162
Interest on long-term debt	21,780	23,254	-	-	21,780	23,254
Water and sewer	-	-	4,032,591	3,825,538	4,032,591	3,825,538
Sanitation	-	-	118,419	93,780	118,419	93,780
Total expenses	4,550,639	4,504,129	4,151,010	3,919,318	8,701,649	8,423,447
Increase (decrease) in net position before transfers	376,447	3,728,626	315,749	400,952	692,196	4,129,578
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	376,447	3,728,626	315,749	400,952	692,196	4,129,578
Net position - beginning, (original)	8,000,272	4,350,805	15,091,567	14,746,549	23,091,839	19,097,354
Prior period adjustments	-	(79,159)	-	(55,934)	-	(135,093)
Net position - beginning, (restated)	8,000,272	4,271,646	15,091,567	14,690,615	23,091,839	18,962,261
Net position - ending	$ 8,376,719	$ 8,000,272	$ 15,407,316	$ 15,091,567	$ 23,784,035	$ 23,091,839

Governmental Activities –

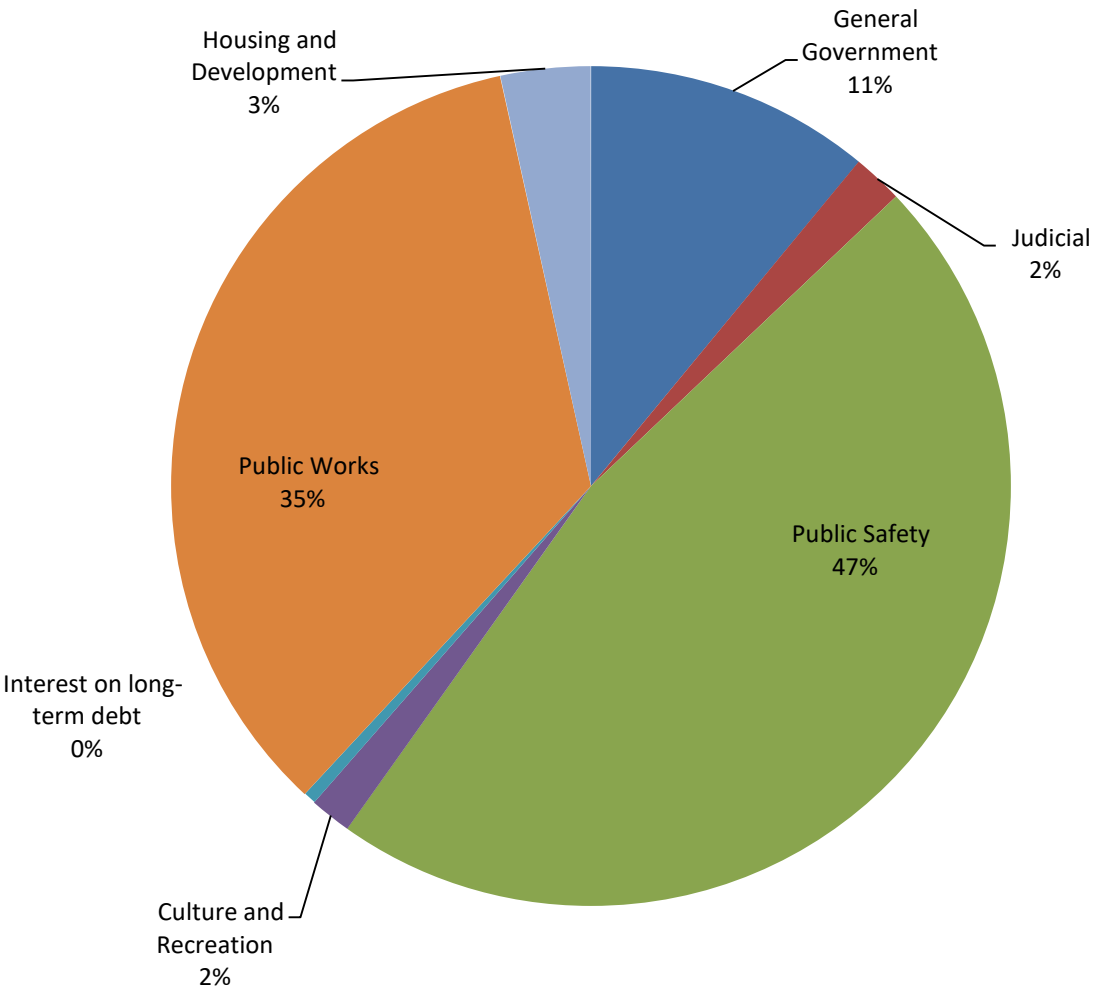
The following chart depicts revenues of the governmental activities for the year ended December 31, 2016:

Revenue by Source – Governmental Activities



The following chart depicts the expenses of the governmental activities for the year ended December 31, 2016:

Expenses by Function – Governmental Activities



Business-type Activities –

Business-type activities increased the City of Jasper's net position by $315,749; this is $85,203 less than the increase in net position for 2015. The key elements of this decrease are:

- This decrease is partially because the City was forced to purchase water from other governments due to the drought conditions in 2016. No water was purchased during 2015. Water purchased in 2016 amounted to $46,500. The City had several large equipment repairs during 2016 as opposed to 2015 as well as several water line repairs due to an internet line installation. City water lines were broken four times with significant damage. Due to the additional work required, the City moved several employees from the general fund to the water department. Subsequent to the year ended December 31, 2015, the City settled an old outstanding debt. The write-off of the settlement was approximately $176,000 and the City recorded this write-off as of December 31, 2015. This amount was an addition to miscellaneous revenue in 2015. In 2016 the City received $97,520 in Federal and State emergency grant funds to pay for a dredge and improvements to the City's water source. The City also received emergency grant funding for generators to be used for water supply. The City received $18,800 in 2016 for the emergency generators project and will receive the balance in 2017 following full installation.

Financial Analysis of the City's Funds

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

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

As the City completed this year, its governmental funds reported a combined ending fund balance of $2,157,938. Of this amount, $1,484,507 (69%) constitutes unassigned fund balance, meaning no constraints have been placed on how this money may be spent. The General Fund is the only governmental fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party or assigned for a specific purpose.

The **General Fund** is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was $1,484,507, while total fund balance was $1,561,126. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 40% of total General Fund expenditures, while total fund balance represents 42% of that same amount.

General Fund Budget Highlights

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

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

- In the Legislative Department, insurance expense was more than budgeted. The City council voted to add an umbrella policy to their coverage.
- In the Elections Department, the City held a special election that was not budgeted.

- In the Parks Administration Department, the City purchased land and buildings for park use and future public restrooms which was not originally budgeted.
- In the Protective Inspection Department, the City's inspector worked more hours than budgeted.

Proprietary Funds

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

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

▪ Water and Sewer	$ 15,387,036
▪ Sanitation	$20,280

The total increase in net position for both funds was $315,749. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The City of Jasper has invested $27,396,216 in capital assets (net of accumulated depreciation). Capital assets include infrastructure, land, buildings, and machinery and equipment. Approximately 74% of this investment is related to business-type activities and approximately 26% relates to governmental activities.

During 2016, the City invested $771,456 in new capital assets. Major capital asset events during the current year included the following:

Business-type Activities
2016

Dredge out water source	$ 90,302
Excavator - 40% use sewer plant	31,432
Pond cleanout - sewer plant	19,908
Pumps for sewer system	26,248
Infrastructure - water line at water source	17,951
CIP - emergency generators project	22,101
	$ 207,942

Governmental-type Activities
2016

Land	$ 100,032
Buildings - parks	46,048
Vehicles - police	56,896
Paving equipment - street	64,900
Excavator - 60% use street	47,149
Gradall - street	93,954
Tractor/Mower - street	115,000
CIP - city restrooms	39,573
	$ 563,552

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

City of Jasper
Capital Assets (Net of Accumulated Depreciation)
As of December 31, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 3,284,051	$ 3,184,019	$ 1,154,128	$ 1,154,128	$ 4,438,179	$ 4,338,147
Construction in progress	42,073	2,500	22,101	4,774	64,174	7,274
Buildings and improvements	1,030,244	984,195	2,487,714	2,372,730	3,517,958	3,356,925
Infrastructure	2,535,570	2,535,570	26,109,589	26,091,639	28,645,159	28,627,209
Machinery and equipment	2,611,845	2,233,985	2,094,610	2,036,929	4,706,455	4,270,914
Park improvements	687,021	687,021	-	-	687,021	687,021
Furniture and fixtures	-	-	8,799	8,799	8,799	8,799
Total	10,190,804	9,627,290	31,876,941	31,668,999	42,067,745	41,296,289
Accumulated depreciation	(3,124,873)	(2,839,610)	(11,546,656)	(10,843,020)	(14,671,529)	(13,682,630)
Net Capital Assets	$ 7,065,931	$ 6,787,680	$20,330,285	$20,825,979	$27,396,216	$27,613,659

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

Long-term debt. At December 31, 2016, the City of Jasper had $6,876,557 in long-term debt which was a decrease of $554,769 from 2015. The decrease is attributed to the excess of repayment of debt over debt issued in 2016.

City of Jasper
Outstanding Debt
As of December 31, 2016 and 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital leases	$ 154,864	$ 185,935	$ 30,677	$ 43,410	$ 185,541	$ 229,345
Notes payable	-	-	5,779,951	6,200,792	5,779,951	6,200,792
Notes payable - component unit	428,326	339,706	-	-	428,326	339,706
Other contracts payable	-	-	168,638	377,314	168,638	377,314
Compensated absences	195,967	177,659	118,134	106,510	314,101	284,169
Total	$ 779,157	$ 703,300	$6,097,400	$6,728,026	$6,876,557	$7,431,326

Additional information on the City's long-term debt can be found in the Notes 10 and 11 to the Financial Statements on pages 37-41 of this report.

Economic Environment and Next Year's Budgets

The City continues to feel the effects of the economic downturn, but is anticipating new challenges ahead with what seems to be an uptick in the economy. The City considered many factors when adopting the 2017 budget. The City's tax rates, fees and charges for services for governmental and business-type activities also dominated budget considerations. Although 2016 saw some growth in new industry and businesses for the City, the City is hopeful that 2017 will bring increasing development in economic conditions. The City has low to moderate cost of living and has comparable, sometimes lower, unemployment to relative state levels, and is expecting a slow but steady growth in population in the future. Enterprise fund revenues are expected to increase in the future and the City continues to contract with a local sanitation facility for leachate disposal for additional revenues which is reflected in the 2017 budget. The following are some of the major factors considered in preparing the City's budget for 2017:

- Sustainability of existing services – the City has operated with the philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the City. This philosophy is solidified in the budget process with a multi-year forecast mindset that assists in evaluating current priorities, realigning and diversifying revenue structures, and providing the data for decision making for continued financial success. Also, the management of the City strives to provide services at or above current level without further burdening those paying for those services, if at all possible.
- Cost of government – The rate of 4.690 mils has been the City's operating millage rate since 2006. In 2016 the rate dipped slightly to 4.683 in order to not create a tax increase. The maintenance of a steady millage rate over the past 11 years is evidence of this government's commitment to a consistent and fair millage rate for property taxes that will continue to facilitate the provision of city services at the general public's expected level.
- Capital Assets – For 2017, the City has budgeted for several replacements of vehicles and equipment, due to age and maintenance issues. Funding was also allocated for the replacement of police cruisers, park improvements and machinery and equipment necessary for city crews to operate efficiently.
- Infrastructure improvements – The City continues to provide substantial capital funding to improve the water and sewer infrastructure. This long range plan includes seeking additional water sources, replacing deteriorating infrastructure as well as continuing to expand treatment facilities to serve the growing customer base. Additionally in 2017, the City budgeted for emergency generators, 85% of which was funded through federal and state grants. These emergency generators will allow service to not be interrupted in case of power outages. SPLOST revenue will allow major improvements to the road, street and bridge infrastructure of the City. These infrastructure improvements to the streets, as well as amounts budgeted to improve the water and sewer infrastructure will position the City well for future growth.
- Economy impact – The City's revenue and expenditures were implemented with a conservative approach, although the City is hopeful for what seems to be the beginning of economic growth in the area.
- The City restricts the use of one-time revenues to capital projects.

For fiscal year 2017, the City Council approved a total budget of $10,618,768. This budget includes operating and non-operating funds. The General Fund budget is $4,235,886 and the Proprietary Funds are budgeted for $4,889,014 (Water, Sewerage and Sanitation). Capital Projects Funds are budgeted at $1,358,330 (excluding paving projects). The City's budgets and relative fund balances are maintained in compliance with the City's adopted financial policies.

Contacting the City's Financial Management

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

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

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

CITY OF JASPER, GEORGIA
STATEMENT OF NET POSITION
December 31, 2016

	Governmental Activities	Business-type Activities	Total Primary Government	Component Units: Industrial Development Authority	Component Units: Downtown Development Authority	Component Units: Jasper Development Authority
ASSETS						
Current assets						
Cash	$ 1,092,241	$ 705,719	$ 1,797,960	$ -	$ -	$ 18,460
Restricted cash	25,380	586,929	612,309	1,000	9,123	-
Cash equivalents	765,338	-	765,338	-	-	-
Accounts receivable, net	-	496,649	496,649	-	-	-
Taxes receivable, net	1,222,868	-	1,222,868	-	-	-
Other receivables	68	103,472	103,540	-	-	-
Internal balances	152,315	(152,315)	-	-	-	-
Intergovernmental receivable	81,109	1,855	82,964	-	-	-
Interest receivable-primary government	-	-	-	-	621	-
Note receivable-primary government	-	-	-	-	39,743	-
Prepaid items	76,619	38,741	115,360	-	-	-
Inventories	-	91,091	91,091	-	-	-
Total current assets	3,415,938	1,872,141	5,288,079	1,000	49,487	18,460
Noncurrent assets						
Capital assets						
Non-depreciable	3,326,124	1,176,229	4,502,353	-	-	-
Depreciable (net)	3,739,807	19,154,056	22,893,863	-	-	-
Note receivable-primary government	-	-	-	-	388,583	-
Total noncurrent assets	7,065,931	20,330,285	27,396,216	-	388,583	-
Total Assets	10,481,869	22,202,426	32,684,295	1,000	438,070	18,460
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to the measurement date	67,271	47,153	114,424	-	-	-
Pension experience differences	94,908	64,908	159,816	-	-	-
Pension investment return	108,149	71,355	179,504	-	-	-
Total Deferred Outflows of Resources	270,328	183,416	453,744	-	-	-
LIABILITIES						
Current liabilities						
Accounts payable	97,416	-	97,416	-	-	-
Accrued salaries	20,610	19,178	39,788	-	-	-
Accrued interest	1,744	16,160	17,904	-	621	-
Interest payable-component unit	378	-	378	-	-	-
Unearned revenue	81,190	8,000	89,190	-	-	-
Other accrued expenses	6,988	-	6,988	-	-	-
Liabilities Payable from Restricted Assets:						
Accounts payable	25,380	-	25,380	-	-	-
Customer deposits	-	586,929	586,929	-	-	-
Compensated absences	85,208	57,054	142,262	-	-	-
Notes payable	-	436,866	436,866	-	-	-
Capital leases	82,443	30,677	113,120	-	39,743	-
Note payable to component units	39,743	-	39,743	-	-	-
Other contracts payable	-	50,000	50,000	-	-	-
Total current liabilities	441,100	1,204,864	1,645,964	-	40,364	-
Compensated absences	110,759	61,080	171,839	-	-	-
Net pension liability	335,328	227,710	563,038	-	-	-
Notes payable	-	5,343,085	5,343,085	-	-	-
Capital leases	72,421	-	72,421	-	388,583	-
Note payable to component units	388,583	-	388,583	-	-	-
Other contracts payable	-	118,638	118,638	-	-	-
Total noncurrent liabilities	907,091	5,750,513	6,657,604	-	388,583	-
Total Liabilities	1,348,191	6,955,377	8,303,568	-	428,947	-

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF NET POSITION
December 31, 2016

				Component Units		
	Governmental Activities	Business-type Activities	Total Primary Government	Industrial Development Authority	Downtown Development Authority	Jasper Development Authority
DEFERRED INFLOWS OF RESOURCES						
Pension assumption changes	18,703	9,630	28,333	-	-	-
Pension investment return	13,397	13,519	26,916	-	-	-
Unavailable revenue - property taxes	995,187	-	995,187	-	-	-
Total Deferred Inflows of Resources	1,027,287	23,149	1,050,436	-	-	-
NET POSITION						
Net investment in capital assets	6,482,741	14,351,019	20,833,760	-	-	-
Restricted for:						
Police and municipal court departments technological equipment and supplies	97,358	-	97,358	-	-	-
Police department equipment and supplies	5,429	-	5,429	-	-	-
Capital outlay	411,469	1,855	413,324	-	-	-
Economic Development	-	-	-	1,000	9,123	-
Unrestricted	1,379,722	1,054,442	2,434,164	-	-	18,460
Total Net Position	$ 8,376,719	$ 15,407,316	$ 23,784,035	$ 1,000	$ 9,123	$ 18,460

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Industrial Development Authority	Component Units: Downtown Development Authority	Component Units: Jasper Development Authority
Primary Government										
Governmental Activities:										
General government	$ 499,846	$ 70,424	$ -	$ -	$ (429,422)	$ -	$ (429,422)	$ -	$ -	$ -
Judicial	88,231	31,093	-	-	(57,138)	-	(57,138)	-	-	-
Public safety	2,134,894	261,035	31,205	-	(1,842,654)	-	(1,842,654)	-	-	-
Public works	1,575,017	-	-	888,995	(686,022)	-	(686,022)	-	-	-
Culture and recreation	72,871	-	-	-	(72,871)	-	(72,871)	-	-	-
Housing and development	158,000	21,650	-	-	(136,350)	-	(136,350)	-	-	-
Interest charges	21,780	-	-	-	(21,780)	-	(21,780)	-	-	-
Total Governmental Activities	4,550,639	384,202	31,205	888,995	(3,246,237)	-	(3,246,237)	-	-	-
Business-type Activities:										
Water and sewer	4,032,591	4,226,428	-	120,305	-	314,142	314,142			
Sanitation	118,419	93,825	-	-	-	(24,594)	(24,594)			
Total Business-type Activities	4,151,010	4,320,253	-	120,305	-	289,548	289,548			
Total Primary Government	$ 8,701,649	$ 4,704,455	$ 31,205	$ 1,009,300	(3,246,237)	289,548	(2,956,689)			
Component Units--										
Industrial Development Authority	$ -	$ -	$ -	$ -				$ -	$ -	$ -
Downtown Development Authority	-	-	-	-				-	-	-
Jasper Development Authority	-	-	-	-				-	-	-
Total Component Units	$ -	$ -	$ -	$ -				-	-	-
General revenues:										
Taxes:										
Property taxes, levied for general purposes					1,249,606	-	1,249,606	-	-	-
General sales and use taxes					1,068,441	-	1,068,441	-	-	-
Franchise taxes					417,571	-	417,571	-	-	-
Selective sales and use taxes					457,914	-	457,914	-	-	-
Business taxes					388,220	-	388,220	-	-	-
Unrestricted investment earnings					5,850	1,214	7,064	-	31	46
Miscellaneous					35,082	24,987	60,069	-	-	-
Total general revenues					3,622,684	26,201	3,648,885	-	31	46
Change in net position					376,447	315,749	692,196	-	31	46
Net position, beginning					8,000,272	15,091,567	23,091,839	1,000	9,092	18,414
Net position, end of year					$ 8,376,719	$ 15,407,316	$ 23,784,035	$ 1,000	$ 9,123	$ 18,460

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 580,130	$ 330,360	$ 181,751	$ 1,092,241
Restricted cash	-	-	25,380	25,380
Cash equivalents	765,338	-	-	765,338
Taxes receivable, net	1,217,429	-	5,439	1,222,868
Other receivables	68	-	-	68
Intergovernmental receivables	-	81,109	-	81,109
Interfund receivable	152,315	-	-	152,315
Prepaid items	76,619	-	-	76,619
Total Assets	$ 2,791,899	$ 411,469	$ 212,570	$ 3,415,938
LIABILITIES				
Accounts payable	$ 95,569	$ -	$ 1,847	$ 97,416
Accrued salaries	20,610	-	-	20,610
Other accrued liabilities	6,988	-	-	6,988
Unearned revenue	81,190	-	-	81,190
Liabilities payable from restricted assets:				
Accounts payable	-	-	25,380	25,380
Total Liabilities	204,357	-	27,227	231,584
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,026,416	-	-	1,026,416
Total Deferred Inflows of Resources	1,026,416	-	-	1,026,416
FUND BALANCES				
Nonspendable prepaids	76,619	-	-	76,619
Restricted for:				
Police and municipal court departments technological equipment and supplies	-	-	97,358	97,358
Police department equipment and supplies	-	-	5,429	5,429
Capital outlay	-	411,469	-	411,469
Assigned for tourism	-	-	82,556	82,556
Unassigned	1,484,507	-	-	1,484,507
Total Fund Balances	1,561,126	411,469	185,343	2,157,938
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,791,899	$ 411,469	$ 212,570	$ 3,415,938

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2016

Total fund balance, governmental funds	$	2,157,938
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		7,065,931
A portion of the deferred inflows related to property taxes and are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		31,229
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the governmental funds. These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date		67,271
Pension experience differences		94,908
Pension investment return differences		108,149
Deferred inflows of resources:		
Pension assumption changes		(18,703)
Pension investment return differences		(13,397)
Certain liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. These liabilities include the following:		
Accrued interest		(1,744)
Other accrued liabilities		(378)
Compensated absences		(195,967)
Net pension liability		(335,328)
Note payable to component units		(428,326)
Capital leases		(154,864)
Net Position of Governmental Activities in the Statement of Net Position	$	8,376,719

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	2014 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 3,489,250	$ -	$ 82,974	$ 3,572,224
Licenses and permits	89,747	-	-	89,747
Intergovernmental	-	886,016	-	886,016
Charges for services	34,602	-	-	34,602
Fines, fees and forfeitures	230,430	-	29,423	259,853
Investment earnings	5,723	2,889	217	8,829
Contributions and donations	407	-	-	407
Miscellaneous	15,632	-	19,450	35,082
Penalties and interest on delinquent taxes	24,616	-	1,150	25,766
Total Revenues	3,890,407	888,905	133,214	4,912,526
Expenditures:				
Current:				
General government	473,389	-	-	473,389
Judicial	82,943	-	4,457	87,400
Public safety	2,052,057	-	16,242	2,068,299
Public works	683,642	-	-	683,642
Culture and recreation	230,488	-	-	230,488
Housing and development	71,758	-	84,989	156,747
Capital Outlay:				
Streets	-	957,403	106,405	1,063,808
Debt Service:				
Principal	116,850	-	-	116,850
Interest and other charges	22,572	-	-	22,572
Total Expenditures	3,733,699	957,403	212,093	4,903,195
Excess (deficiency) of revenues over (under) expenditures	156,708	(68,498)	(78,879)	9,331
Other Financing Sources (Uses):				
Proceeds from issuance of debt	174,401	-	-	174,401
Total other financing sources and uses	174,401	-	-	174,401
Net changes in fund balances	331,109	(68,498)	(78,879)	183,732
Fund balances (deficit), beginning	1,230,017	479,967	264,222	1,974,206
Fund balances (deficit), ending	$ 1,561,126	$ 411,469	$ 185,343	$ 2,157,938

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds:		$ 183,732
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.		
Capital outlays	$ 563,514	
Depreciation expense	(285,263)	278,251
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		14,559
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.		(57,549)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 68,939	
Cost of benefits earned net of employee contributions	(93,967)	(25,028)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. Likewise, certain expenditures in governmental funds are not recognized as expenses in the Statement of Activities to the extent they reduce accrued liabilities:		
Accrued interest	$ 790	
Compensated absences	(18,308)	(17,518)
Change in net position - governmental activities		$ 376,447

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage Fund	Nonmajor Fund Sanitation	Total
ASSETS			
Current Assets:			
Cash	$ 702,643	$ 3,076	$ 705,719
Restricted cash	586,929	-	586,929
Accounts receivable, net	487,457	9,192	496,649
Intergovernmental receivable	1,855	-	1,855
Interfund receivable	-	893	893
Other receivables	103,472	-	103,472
Prepaid items	37,571	1,170	38,741
Inventories	91,091	-	91,091
Total Current Assets	2,011,018	14,331	2,025,349
Non-Current Assets:			
Capital Assets:			
Non-depreciable	1,176,229	-	1,176,229
Depreciable (net)	19,140,692	13,364	19,154,056
Total Non-Current Assets	20,316,921	13,364	20,330,285
Total Assets	22,327,939	27,695	22,355,634
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to the measurement date	45,420	1,733	47,153
Pension experience differences	62,480	2,428	64,908
Pension investment differences	68,615	2,740	71,355
Total Deferred Outflows of Resources	176,515	6,901	183,416
LIABILITIES			
Current Liabilities:			
Salaries payable	18,030	1,148	19,178
Accrued interest payable	16,160	-	16,160
Interfund payable	149,439	3,769	153,208
Unearned revenue	8,000	-	8,000
Liabilities Payable from Restricted Assets:			
Customer deposits	586,929	-	586,929
Current Portion of Long-term Liabilities:			
Compensated absences	57,054	-	57,054
Notes payable	436,866	-	436,866
Capital lease obligation	30,677	-	30,677
Other contracts payable	50,000	-	50,000
Total Current Liabilities	1,353,155	4,917	1,358,072

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage Fund	Nonmajor Fund Sanitation	Total
Non-Current Liabilities:			
Compensated absences	$ 61,080	$ -	$ 61,080
Net pension liability	219,145	8,565	227,710
Notes payable	5,343,085	-	5,343,085
Other contracts payable	118,638	-	118,638
Total Non-Current Liabilities	5,741,948	8,565	5,750,513
Total Liabilities	7,095,103	13,482	7,108,585
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	9,282	348	9,630
Pension investment return	13,033	486	13,519
Total Deferred Inflows of Resources	22,315	834	23,149
NET POSITION			
Net investment in capital assets	14,337,655	13,364	14,351,019
Restricted for capital projects	1,855	-	1,855
Unrestricted	1,047,526	6,916	1,054,442
Total Net Position	$ 15,387,036	$ 20,280	$ 15,407,316

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewerage	Nonmajor Fund Sanitation	Total
Operating Revenues:			
Charges for services	$ 4,226,428	$ 93,825	$ 4,320,253
Miscellaneous	24,987	-	24,987
Total Operating Revenues	4,251,415	93,825	4,345,240
Operating Expenses:			
Sewer administration	23,186	-	23,186
Sewer maintenance	145,854	-	145,854
Waste water treatment plant	588,380	-	588,380
Water administration	347,201	-	347,201
Meter reading	178,804	-	178,804
Water supply	306,426	-	306,426
Water treatment plant	679,658	-	679,658
Water distribution	790,009	-	790,009
Water fleet maintenance and shop	64,322	-	64,322
Solid waste collection	-	115,013	115,013
Total Operating Expenses before Depreciation	3,123,840	115,013	3,238,853
Depreciation expense	700,230	3,406	703,636
Total Operating Expenses	3,824,070	118,419	3,942,489
Operating Income (Loss)	427,345	(24,594)	402,751
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	116,305	-	116,305
Interest revenue	1,191	23	1,214
Interest expense	(208,521)	-	(208,521)
Total Non-Operating Revenue (Expenses)	(91,025)	23	(91,002)
Income (loss) before capital contributions and transfers	336,320	(24,571)	311,749
Capital Contributions	4,000	-	4,000
Income (loss) before transfers	340,320	(24,571)	315,749
Transfers in (out)			
Transfers in	-	15,000	15,000
Transfers out	(15,000)	-	(15,000)
Total transfers in (out)	(15,000)	15,000	-
Change in net position	325,320	(9,571)	315,749
Net position, beginning	15,061,716	29,851	15,091,567
Total net position, ending	$ 15,387,036	$ 20,280	$ 15,407,316

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, 2016

	Business-type Activities Enterprise Funds		
	Major Fund Water and Sewerage	Nonmajor Fund Sanitation	Total
Cash Flows from Operating Activities:			
Receipts from customers	$ 4,147,786	$ 92,936	$ 4,240,722
Payments to suppliers	(1,309,047)	(50,490)	(1,359,537)
Payments to employees	(1,807,185)	(63,760)	(1,870,945)
Net cash provided by (used in) operating activities	1,031,554	(21,314)	1,010,240
Cash Flows from Noncapital Financing Activities:			
Interfund loans - proceeds and collections	24,207	(104)	24,103
Transfers in	-	15,000	15,000
Transfers out	(15,000)	-	(15,000)
Net cash provided by (used in) noncapital financing activities	9,207	14,896	24,103
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(207,942)	-	(207,942)
Principal paid on capital debt	(642,250)	-	(642,250)
Interest paid on capital debt	(209,802)	-	(209,802)
Receipts of capital contributions	4,000	-	4,000
Receipts from other governments	114,450	-	114,450
Net cash provided by (used in) capital and related financing activities	(941,544)	-	(941,544)
Cash Flows from Investing Activities:			
Interest received	1,191	23	1,214
Net cash provided by (used in) investing activities	1,191	23	1,214
Net increase (decrease) in cash	100,408	(6,395)	94,013
Cash, beginning of year	1,189,164	9,471	1,198,635
Cash, end of year	$ 1,289,572	$ 3,076	$ 1,292,648
Reconciliation of Total Cash:			
Unrestricted	$ 702,643	$ 3,076	$ 705,719
Restricted	586,929	-	586,929
	$ 1,289,572	$ 3,076	$ 1,292,648

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities Enterprise Funds		
	Major Fund Water and Sewerage	Nonmajor Fund Sanitation	Total
Reconciliation of operating income (loss) to net cash			
Operating income (loss)	$ 427,345	$ (24,594)	$ 402,751
Adjustments to reconcile operating income (loss) to net			
Depreciation expense	700,230	3,406	703,636
Change in assets and liabilities:			
Accounts receivable	(21,459)	(889)	(22,348)
Other receivables	(102,107)	-	(102,107)
Inventory	(7,868)	-	(7,868)
Prepaid expenses	(15,165)	(634)	(15,799)
Increase (decrease) in pension experiences differences	(29,197)	(1,166)	(30,363)
Increase (decrease) in pension contributions made after measurement date	(5,156)	(206)	(5,362)
Increase (decrease) in pension investment return differences	(68,615)	(2,740)	(71,355)
Customer deposits	19,937	-	19,937
Accrued salaries and benefits	3,139	762	3,901
Compensated absences	11,624	-	11,624
Increase (decrease) in pension assumption differences	(7,857)	(302)	(8,159)
Increase (decrease) in pension investment return differences	1,550	50	1,600
Increase (decrease) in net pension liability	125,153	4,999	130,152
	604,209	3,280	607,489
Net cash provided by (used in) operating activities	$ 1,031,554	$ (21,314)	$ 1,010,240

The accompanying notes are an integral part of this statement.

CITY OF JASPER, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2016

ASSETS	
Equity in pooled cash	$ 20,451
LIABILITIES	
Due to other agencies	$ 20,451

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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

CITY OF JASPER, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

1. DESCRIPTION OF GOVERNMENT UNIT

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

B. THE REPORTING ENTITY

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

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

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

Component Units

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

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

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

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

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

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

F. REVENUES AND EXPENDITURES/EXPENSES

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. CASH AND INVESTMENTS

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

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

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In preparing the accompanying financial statements, the City has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and No. 65, Items Previously Reported as Assets and Liabilities. These new standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position. The City reports deferred outflows/inflows of resources related to their defined benefit pension plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Items which qualify to be reported within this element include property taxes levied in 2016 for the 2017 budget and certain unavailable revenues under the *current financial resources measurement focus*. Accordingly, such items appear in the governmental funds balance sheet as deferred inflows of resources and will be recognized as an inflow of resources in 2017 or the period in which the amounts become available.

I. ENCUMBRANCES

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

J. INVENTORIES

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

K. PREPAID ITEMS

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

L. CAPITAL ASSETS AND DEPRECIATION

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

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

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

M. COMPENSATED ABSENCES

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

N. PENSIONS

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Jasper Employees' Pension Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been

determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. FUND BALANCE

Fund Balance

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

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

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

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

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

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

Flow Assumptions

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

Minimum Fund Balance Policy

The Mayor and City Council have adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 20%, which is approximately two to three months of general fund annual revenues. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls

below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a five-year period.

P. NET POSITION

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

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

Q. ESTIMATES

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

R. INTERFUND BALANCES

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the year ended December 31, 2016, there were no departmental expenditures that materially exceeded appropriations in the governmental funds.

4. CASH DEPOSITS

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2016, the City had no bank balance that was exposed to custodial credit risk.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

5. RESTRICTED CASH

Business-type activities

Water Fund – The Water Fund has restricted cash totaling $586,929, for the purpose of repayment of customer deposits in the amount of $586,929 (which has a corresponding restricted liability).

6. PROPERTY TAXES AND OTHER RECEIVABLES

Governmental Activities

The City bills and collects its own property taxes. Property taxes receivable are stated at net amounts receivable. An allowance for uncollectible taxes for $112,382 was established by management at December 31, 2016. The property tax bills for 2016 were levied at the end of 2016 and were intended for use during the 2017 budget year, the year in which they are due. Therefore, the entire levy of $995,187 is reported as a deferred inflow on the government-wide financial statements. Prior levies were recorded using substantially the same principles, and remaining receivables are re-evaluated annually for collectability.

The City property tax calendar is as follows:

Levy Date	November 21, 2016
Due Date	January 30, 2017
Delinquent Date	March 31, 2017
Lien Date	April 30, 2017

Business-type Activities

Accounts receivable in the Water Fund is stated at net amounts receivable. An allowance for doubtful accounts was established by management at December 31, 2016, amounting to $138,675 in the Water Fund based on prior years' experience and collection policies.

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Transfers In (Out)	Balance 12/31/2016
Governmental activities					
Capital assets not being depreciated:					
Land	$ 3,184,019	$ 100,032	$ -	$ -	$ 3,284,051
Construction in progress	2,500	39,573	-	-	42,073
Total capital assets not being depreciated	3,186,519	139,605	-	-	3,326,124
Capital assets being depreciated:					
Buildings and improvements	984,195	46,049	-	-	1,030,244
Infrastructure	2,535,570	-	-	-	2,535,570
Machinery and equipment	2,233,985	377,860	-	-	2,611,845
Park improvements	687,021	-	-	-	687,021
Total capital assets being depreciated	6,440,771	423,909	-	-	6,864,680
Less accumulated depreciation:					
Buildings and improvements	311,888	25,110	-	-	336,998
Infrastructure	419,432	36,865	-	-	456,297
Machinery and equipment	1,789,428	116,830	-	-	1,906,258
Park improvements	318,862	106,458	-	-	425,320
Total accumulated depreciation	2,839,610	285,263	-	-	3,124,873
Total capital assets being depreciated, net	3,601,161	138,646	-	-	3,739,807
Governmental activities capital assets, net	$ 6,787,680	$ 278,251	$ -	$ -	$ 7,065,931

	Beginning Balances	Increases	Decreases	Transfers In (Out)	Balance 12/31/2016
Business-type activities					
Capital assets not being depreciated:					
Land	$ 1,154,128	$ -	$ -	$ -	$ 1,154,128
Construction in progress	4,774	22,101	-	(4,774)	22,101
Total capital assets not being depreciated	1,158,902	22,101	-	(4,774)	1,176,229
Capital assets being depreciated:					
Buildings and improvements	2,372,730	114,984	-	-	2,487,714
Water and sewer infrastructure	26,091,639	13,176	-	4,774	26,109,589
Machinery and equipment	1,419,646	57,681	-	-	1,477,327
Vehicles	617,283	-	-	-	617,283
Furniture and fixtures	8,799	-	-	-	8,799
Total capital assets being depreciated	30,510,097	185,841	-	4,774	30,700,712
Less accumulated depreciation:					
Buildings and improvements	403,640	55,285	-	-	458,925
Water and sewer infrastructure	8,998,173	533,486	-	-	9,531,659
Machinery and equipment	887,024	77,831	-	-	964,855
Vehicles	545,384	37,034	-	-	582,418
Furniture and fixtures	8,799	-	-	-	8,799
Total accumulated depreciation	10,843,020	703,636	-	-	11,546,656
Total capital assets being depreciated, net	19,667,077	(517,795)	-	4,774	19,154,056
Business-type activities capital assets, net	$ 20,825,979	$ (495,694)	$ -	$ -	$ 20,330,285

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

Governmental Activities	
General government	$ 21,227
Public safety	94,660
Public works	141,327
Culture and recreation	28,037
Housing and development	12
	$ 285,263
Business-type Activities	
Water and Sewerage	$ 700,230
Sanitation	3,406
	$ 703,636

8. INTERFUND BALANCES AND ACTIVITY

Transfer to/from other funds

Transfers In	Transfers Out	Amount
Sanitation Fund	Water Fund	$ 15,000

Balances due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 148,546
General Fund	Sanitation Fund	3,769
Sanitation Fund	Water Fund	893
		$ 153,208

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

9. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at December 31, 2016 consist of SPLOST in the amount of $81,109 due from Pickens County in the 2014 SPLOST Fund.

10. NOTES PAYABLE TO THE COMPONENT UNITS

The Downtown Development Authority of Jasper currently holds three notes at various financial institutions for assets leased to the City through a lease purchase agreement. The annual lease payments for the buildings and adjoining land parcels equal the amount of the annual debt service payments. Upon the payment in full of the debt, the assets are to be sold to the City at a purchase price of $1. The amount due from the Governmental Activities at year end was $428,326.

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.	$ 4,544
Regions Bank, police precinct, payable in monthly installments of $3,104, including interest at 4.75%. Original balance $475,500, matures in 2024.	291,782
United Community Bank, land and building purchase, payable in monthly installments of $883.27, including interest at 5.07%. Original balance $132,000, matures in 2026.	132,000
	428,326
Less current portion of debt	(39,743)
	$ 388,583

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 $428,326. The long-term debt activity for this note has been included in the summary of changes in long-term debt in Note 11. Payments of principal and interest related to the above leases for the next five years and until maturity are as follows:

	Principal	Interest	Total
2017	$ 39,743	$ 19,493	$ 59,236
2018	37,516	18,055	55,571
2019	39,356	16,215	55,571
2020	41,269	14,302	55,571
2021	43,310	12,261	55,571
2022 - 2026	227,132	33,111	260,243
	$ 428,326	$ 113,437	$ 541,763

11. LONG-TERM LIABILITIES

Governmental Activities

Capital Leases:

The following capital leases had outstanding balances at December 31, 2016:

Kubota Leasing, equipment lease, payable in monthly installments of $623.81, including interest at 6.91%. Original balance $26,095, matures in 2018.	$ 11,753
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.	51,803
BB&T Governmental Finance Corporation, emergency extrication equipment lease, payable in monthly installments of $1,157, including interest at 3.34%. Original balance $39,593, matures in 2018.	22,484
BB&T Governmental Finance Corporation, police vehicle Lease, payable in monthly installments of $1,057, including interest at 3.39%. Original balance $36,138, matures in 2018.	14,491
BB&T Governmental Finance Corporation, police vehicle lease, payable in monthly installments of $932, including interest at 3.45%. Original balance $31,839, matures in 2018.	19,847
BB&T Governmental Finance Corporation, police vehicle lease, payable in monthly installments of $1,240, including interest at 3.35%. Original balance $42,401, matures in 2019.	34,486
	154,864
Less current portion of debt	(82,443)
	$ 72,421

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

	Principal	Interest	Total
2017	$ 82,443	$ 5,682	$ 88,125
2018	66,274	2,290	68,564
2019	6,147	52	6,199
	$ 154,864	$ 8,024	$ 162,888

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

	Asset	Accumulated Depreciation	Net Book Value
Machinery and Equipment	$ 65,708	$ 9,302	$ 56,406
Vehicles	402,792	277,703	125,089
	$ 468,500	$ 287,005	$ 181,495

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Governmental Activities:					
Capital leases	$ 185,935	$ 42,401	$ 73,472	$ 154,864	$ 82,443
Note payable-component unit	339,706	132,000	43,380	428,326	39,743
Compensated absences	177,659	103,516	85,208	195,967	85,208
	$ 703,300	$ 277,917	$ 202,060	$ 779,157	$ 207,394

Long-term liabilities such as compensated absences are liquidated by the fund to which the liability is related. Reductions shown above in governmental activities were liquidated by General Fund. Total interest costs incurred by the governmental activities during 2016 amounted to $21,780.

Business-Type Activities

Capital Leases:

The following capital leases had outstanding balances at December 31, 2016:

Caterpillar Financial Services, equipment lease, payable in monthly installments of $1,161, including interest at 3.2%. Original balance $62,757 matures in 2017.	$ 30,677
Less current portion of debt	(30,677)
	$ -

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

	Principal	Interest	Total
2017	$ 30,677	$ 381	$ 31,058

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

	Asset	Accumulated Depreciation	Net Book Value
Machinery and Equipment	$ 62,757	$ 17,258	$ 45,499

Notes Payable:

The following notes payable had outstanding balances at December 31, 2016:

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.	$ 311,321
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.	348,907
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.	412,706
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of $11,501, including interest at 4.19%. Original balance $1,866,938, matures in 2029.	1,367,821
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of $7,103, including interest at 4.19%. Original balance $1,153,040, matures in 2031.	932,792
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of $4,172, including interest at 3.81%. Original balance $700,000, matures in 2033.	610,327
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of $1,626.47 accruing interest at 2.82%. Original balance $298,091, matures in 2034.	270,338
Georgia Environmental Facilities Authority, infrastructure construction, payable in monthly installments of $8,257 accruing interest at 1.82%. Original balance $1,660,000, matures in 2035.	1,525,739
	5,779,951
Less current portion of debt	(436,866)
	$ 5,343,085

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
2017	$ 436,866	$ 192,576	$ 629,442
2018	453,550	175,891	629,441
2019	404,591	159,118	563,709
2020	352,051	145,925	497,976
2021	364,922	133,054	497,976
2022 - 2026	1,873,358	462,723	2,336,081
2027 - 2031	1,480,233	156,058	1,636,291
2032 - 2035	414,380	11,467	425,847
	$ 5,779,951	$ 1,436,812	$ 7,216,763

Contracts Payable:

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

In 2005, the City entered into a contract to purchase 14.158 acres of land located above the raw water source for the City's water system on Cove Road in order to secure the water rights. The total purchase price for those water rights and the land was $710,900. This was a long-term contract not to exceed 30 years. Annual payments are determined by Council dependent on budgetary considerations, and the contract allowed for additional principal payments to be applied to development costs for future development from the seller. The balance on December 31, 2016 was $168,638.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Business-Type Activities:					
Capital leases	$ 43,410	$ -	$ 12,733	$ 30,677	$ 30,677
Notes payable	6,200,792	-	420,841	5,779,951	436,866
Other contracts payable	377,314	-	208,676	168,638	50,000
Compensated absences	106,510	68,678	57,054	118,134	57,054
	$6,728,026	$ 68,678	$ 699,304	$6,097,400	$ 574,597

Long-term liabilities such as compensated absences are liquidated by the fund to which the liability is related. Reductions shown above in business-type activities were liquidated primarily by Water and Sewerage Fund. Total interest costs incurred by the business-type activities during 2016 amounted to $208,521, of which $-0- was capitalized to construction in progress.

12. RISK MANAGEMENT

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

Self Insurance

The City pays unemployment claims to the state department of labor on a reimbursement basis. The City paid $-0- in unemployment claims during 2016. There were no liabilities for such claims at December 31, 2016.

13. DEFERRED COMPENSATION PLANS

The City offers its employees one deferred compensation plan created in accordance with Internal Revenue Code §457(b). The Mayor and Council established the defined contribution plan and VALIC administers the plan. All City employees are eligible immediately upon employment at a full-time status and participation is optional. This is a noncontributory plan in that all contributions are made by the employees only. Employees' actual contributions are calculated and made based on a weekly payroll basis, and employees are 100% vested upon participation in the plan. The deferred compensation amounts are not available to employees until termination, retirement, death (payable to a beneficiary) or unforeseeable emergency. During the year ended December 31, 2016, employee contributions were $15,860.

14. PENSION PLAN

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

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

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

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

At July 1, 2016, the date of the most recent actuarial valuation, there were 112 participants consisting of the following:

	2016
Retirees and beneficiaries currently receiving benefits	22
Terminated vested participants entitled to but not yet receiving benefits	17
Active participants	73
	112

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

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the year ended December 31, 2016 was $144,938 or 4.60% of covered employee payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2016, the City reported a net pension liability of $563,038. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. For the fiscal year ended December 31, 2016, the City recognized pension expense in the amount of $178,850.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 159,816	$ -
Changes of assumptions	-	(28,333)
Net difference between projected and actual earnings on pension plan investments	179,504	(26,916)
City contributions subsequent to the measurement date	114,424	-
Totals	$ 453,744	$ (55,249)

The $114,424 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2017	$ 63,679
2018	63,679
2019	63,679
2020	74,420
2021	18,614
	$ 284,071

Actuarial Assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of a four year review of mortality experience for the period January 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Real estate	10%	3.75%
Cash	0%	
Total	100%	

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

Changes in Net Pension Liability

	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 3/31/15	$ 3,241,584	$ 3,005,962	$ 235,622
Changes for the year:			
Service cost	93,171	-	93,171
Interest	247,450	-	247,450
Differences between expected and actual experience	111,686	-	111,686
Contributions—employer	-	123,819	(123,819)
Net investment income	-	9,291	(9,291)
Benefit payments, including refunds of employee contributions	(97,349)	(97,349)	-
Administrative expense	-	(8,219)	8,219
Other changes	-	-	-
Net changes	354,958	27,542	327,416
Balances at 3/31/16	$ 3,596,542	$ 3,033,504	$ 563,038

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

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.75%	$ 1,082,694
Current discount rate	7.75%	563,038
1% increase	8.75%	134,295

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

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

15. JOINT VENTURE

The City, in conjunction with cities and counties in the fifteen (15) county Northwest Georgia area are members of the Northwest Georgia Regional Commission (NWGRC), formerly known as the North Georgia Regional Development Center which merged with Coosa Valley Regional Development Center (the "RDCs") in 2009 as mandated by state law. Membership in NWGRC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs, and was amended in 2008 to consolidate the existing RDCs into fewer larger organizations called Regional Commissions ("RC"). Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The City paid annual dues to the RC for the year ended December 31, 2016, in the amount of $3,762. The RC Board membership includes the chief elected official of each county and the chief elected official of the largest municipality in each county. The county board members elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a county.

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

Northwest Georgia Regional Commission
503 Waugh Street
Dalton, Georgia 30720

The City is a member of the Northwest Georgia Water Resources Partnership. This is an organization of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Water Resources Partnership is a regional organization of water related interests in Northwest Georgia for monitoring and contributing to the development of federal, state and local policy; educating the citizenry on water related issues; funding and managing regional water-related activities; and coordinating the activities of federal, state and local entities. No annual dues were paid during 2016 by the City. Complete financial statements of the Northwest Georgia Water Resources Partnership can be obtained directly from their office:

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

16. HOTEL/MOTEL TAX REVENUES AND TOURISM EXPENDITURES

In October 2005, the Mayor and Council rescinded the hotel/motel tax at the rate of 7% and established a new ordinance in November 2005 changing the rate of collection to 6%. This tax became effective for collection in January 2006. The code section requires that the City expend an amount equal to 66.66% to promote tourism. For the year ended December 31, 2016 the City collected a total of $82,974. The City expended $55,319 for the promotion of tourism.

17. CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF JASPER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(See Note A)	Final Budget
Revenues:				
Property taxes	$ 1,275,650	$ 1,275,650	$ 1,241,229	$ (34,421)
Franchise taxes	404,000	404,000	417,571	13,571
Business taxes	340,000	340,000	388,220	48,220
General sales and use taxes	1,100,000	1,100,000	1,068,441	(31,559)
Selective use taxes	369,000	369,000	373,789	4,789
Licenses and permits	91,000	91,000	89,747	(1,253)
Intergovernmental	55,000	55,000	-	(55,000)
Charges for services	21,080	21,080	34,602	13,522
Fines and forfeitures	247,190	247,190	230,430	(16,760)
Investment earnings	5,000	5,000	5,723	723
Contributions and donations	5,000	5,000	407	(4,593)
Miscellaneous	881	881	15,632	14,751
Penalties and interest on delinquent taxes	23,500	23,500	24,616	1,116
Total Revenues	3,937,301	3,937,301	3,890,407	(46,894)
Expenditures:				
Current:				
General government:				
Legislative	55,695	74,695	69,950	4,745
Executive	135,496	135,496	128,160	7,336
Elections	-	200	60	140
Financial administration	290,054	290,054	275,219	14,835
Judicial:				
Municipal court	115,800	115,800	82,943	32,857
Public Safety:				
Police	1,129,677	1,129,677	1,129,122	555
Fire	969,025	969,025	891,616	77,409
Animal Control	38,102	38,102	31,319	6,783
Public Works:				
Streets	758,837	587,637	556,356	31,281
Fleet maintenance and shop	175,367	175,367	127,286	48,081
Cemetery	500	500	-	500
Culture and Recreation:				
Parks administration	96,140	242,140	230,488	11,652
Housing and development:				
Protective inspection	33,314	39,314	34,077	5,237
Planning and zoning	84,399	84,399	37,681	46,718
Debt service	142,749	142,749	139,422	3,327
Total Expenditures	4,025,155	4,025,155	3,733,699	291,456

(Continued)

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

CITY OF JASPER, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(See Note A)	Final Budget
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(87,854)	(87,854)	156,708	244,562
Other Financing Sources (Uses)				
Transfer in	26,015	26,015	-	(26,015)
Proceeds from issuance of debt	61,839	61,839	174,401	112,562
Total Other Financing Sources and Uses	87,854	87,854	174,401	86,547
Net change in fund balance	-	-	331,109	331,109
Fund balance, beginning of year	-	-	1,230,017	1,230,017
Fund balance (deficit), end of year	$ -	$ -	$ 1,561,126	$ 1,561,126

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

CITY OF JASPER, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
December 31, 2016
(Unaudited)

	2016	2015
Total pension liability:		
Service cost	$ 93,171	$ 86,325
Interest	247,450	225,394
Differences between expected and actual experience	111,686	100,123
Changes of assumptions	-	(34,541)
Changes of benefit terms	-	-
Benefit payments, including refunds of employee contributions	(97,349)	(88,050)
Net change in total pension liability	354,958	289,251
Total pension liability - beginning	3,241,584	2,952,333
Total pension liability - ending (a)	$ 3,596,542	$ 3,241,584
Plan fiduciary net position:		
Contributions - employer	$ 123,819	$ 150,163
Contributions - employee	-	-
Net investment income	9,291	264,083
Benefit payments, including refunds of employee contributions	(97,349)	(88,050)
Administrative expense	(8,219)	(7,498)
Other	-	-
Net change in total pension liability	27,542	318,698
Plan fiduciary net position - beginning	3,005,962	2,687,264
Plan fiduciary net position - ending (b)	$ 3,033,504	$ 3,005,962
Net pension liability (asset) - ending : (a) - (b)	$ 563,038	$ 235,622
Plan's fiduciary net position as a percentage of the total pension liability	84.35%	92.73%
Covered-employee payroll	$ 3,101,939	$ 2,826,201
Net pension liabilty as a percentage of covered-employee payroll	18.15%	8.34%

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

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

CITY OF JASPER, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS
December 31, 2016
(Unaudited)

	2016	2015
Actuarially determined contribution	$ 123,819	$ 150,163
Contributions in relation to the actuarially determined contribution	(123,819)	(150,163)
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 3,101,939	$ 2,826,201
Contributions as a percentage of covered employee payroll	3.99%	5.31%

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

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

CITY OF JASPER, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2016

A. BUDGETS AND BUDGETARY CONTROL

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

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

During the year ended December 31, 2016 General Fund departmental expenditures did not exceed appropriated budget amounts.

B. RETIREMENT PLAN

1. Valuation Date

    a. The actuarially determined contribution rate was determined as of July 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending December 31, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

    a. Actuarial cost method = Entry age normal

    b. Amortization method = Closed level dollar for remaining unfunded liability

    c. Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

    d. Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of

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

e. Net investment rate of return = 7.75%

f. Projected salary increases = 3.50% plus service based merit increases

g. Cost of living adjustments = 0.00%

h. Retirement age for inactive vested participants = 65

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

3. Changes in Benefits

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

4. Changes of Assumptions

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

This page intentionally left blank.

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

Technology Surcharge Special Revenue Fund:

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

Confiscated Assets Special Revenue Fund:

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

Hotel/Motel Tax Special Revenue Fund:

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

2008 SPLOST Capital Projects Fund:

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

CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2016

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Technology Surcharge	Confiscated Assets	Hotel/Motel Tax	2008 SPLOST	
ASSETS					
Cash	$ 98,327	$ 5,429	$ 77,995	$ -	$ 181,751
Restricted cash	-	-	25,380	-	25,380
Taxes receivable	-	-	5,439	-	5,439
Total Assets	$ 98,327	$ 5,429	$ 108,814	$ -	$ 212,570
LIABILITIES					
Accounts payable	$ 969	$ -	$ 878	$ -	$ 1,847
Liabilities payable from restricted assets:					
Accounts payable	-	-	25,380	-	25,380
Total Liabilities	969	-	26,258	-	27,227
FUND BALANCES					
Restricted for:					
Police and municipal court departments technological equipment and supplies	97,358	-	-	-	97,358
Police department equipment and supplies	-	5,429	-	-	5,429
Assigned for tourism	-	-	82,556	-	82,556
Total Fund Balances	97,358	5,429	82,556	-	185,343
Total Liabilities and Fund Balances	$ 98,327	$ 5,429	$ 108,814	$ -	$ 212,570

CITY OF JASPER, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2016

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Technology Surcharge	Confiscated Assets	Hotel/Motel Tax	2008 SPLOST	
REVENUES					
Taxes	$ -	$ -	$ 82,974	$ -	$ 82,974
Fines, fees and forfeitures	29,423	-	-	-	29,423
Miscellaneous	-	-	19,450	-	19,450
Penalties and interest on delinquent taxes	-	-	1,150	-	1,150
Interest	92	-	35	90	217
Total Revenues	29,515	-	103,609	90	133,214
EXPENDITURES					
Current					
Judicial:					
Materials and supplies	4,457	-	-	-	4,457
Public Safety:					
Materials and supplies	16,242	-	-	-	16,242
Housing and Development:					
Contract services	-	-	84,989	-	84,989
Capital outlay					
Public Works	-	-	-	106,405	106,405
Total Expenditures	20,699	-	84,989	106,405	212,093
Net change in fund balances	8,816	-	18,620	(106,315)	(78,879)
Fund balances, beginning	88,542	5,429	63,936	106,315	264,222
Fund balances, ending	$ 97,358	$ 5,429	$ 82,556	$ -	$ 185,343

CITY OF JASPER, GEORGIA
TECHNOLOGY SURCHARGE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Fines, fees and forfeitures	$ 39,100	$ 39,100	$ 29,423	$ (9,677)
Interest	-	-	92	92
Total Revenues	39,100	39,100	29,515	(9,585)
EXPENDITURES				
Current				
Judicial:				
Materials and supplies	5,000	5,000	4,457	543
Public Safety:				
Materials and supplies	4,000	4,000	16,242	(12,242)
Capital outlay	30,100	30,100	-	30,100
Total Expenditures	39,100	39,100	20,699	18,401
Excess (Deficiency) of Revenues Over Expenditures	-	-	8,816	8,816
Net change in fund balances	-	-	8,816	8,816
Fund balances, beginning	-	-	88,542	88,542
Fund balances, ending	$ -	$ -	$ 97,358	$ 97,358

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, 2016

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

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, 2016

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes	$ 60,000	$ 60,000	$ 82,974	$ 22,974
Miscellaneous	15,000	15,000	19,450	4,450
Penalties and interest on delinquent taxes	-	-	1,150	1,150
Interest	15	15	35	20
Total Revenues	75,015	75,015	103,609	28,594
EXPENDITURES				
Current				
Housing and Development:				
Contract services	75,015	84,989	84,989	-
Total Expenditures	75,015	84,989	84,989	-
Net change in fund balances	-	(9,974)	18,620	28,594
Fund balances, beginning	-	9,974	63,936	53,962
Fund balances, ending	$ -	$ -	$ 82,556	$ 82,556

CITY OF JASPER, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
December 31, 2016

ASSETS	
Equity in pooled cash	$ 20,451
LIABILITIES	
Due to other agencies	$ 20,451

CITY OF JASPER, GEORGIA
MUNICIPAL COURT AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended December 31, 2016

	Balance January 1	Additions	Deletions	Balance December 31
ASSETS				
Equity in pooled cash	$ 23,086	$ 348,215	$ (350,850)	$ 20,451
LIABILITIES				
Due to other agencies	$ 23,086	$ 348,215	$ (350,850)	$ 20,451

COMPLIANCE AND INTERNAL CONTROL

This page intentionally left blank.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jasper, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Jasper, Georgia's basic financial statements and have issued our report thereon dated April 30, 2017.

Internal Control over Financial Reporting

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

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

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

2016-001

Condition: While performing audit procedures on receipts for traffic citations at the Municipal Court, we noted instances where deposits were not made timely. We noted 11 of 26 (42%) receipts tested were held for more than seven days before depositing.

2016-001, continued

Criteria: Proper internal controls require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the City to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management intends to work with personnel at the Municipal Court to ensure that receipts are deposited timely. Action was taken immediately to correct the issue upon receipt of this comment from the auditors.

Compliance and Other Matters

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

The City of Jasper, Georgia's Response to Finding

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

Purpose of this Report

This report is intended solely to describe the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Jasper, Georgia's internal control or on its compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
April 30, 2017

STATE REPORTING SECTION

CITY OF JASPER, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the year ended December 31, 2016

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2008 Referendum					
Roads, Streets, and Bridges	$ 954,889	$ 954,889	$ 0	$ 106,405	$ 106,405
Total	$ 954,889	$ 954,889	$ 0	$ 106,405	$ 106,405
2014 Referendum					
Roads, Streets, and Bridges	$ 6,000,000	$ 6,000,000	$ 757,061	$ 957,403	$ 1,714,464
Total	$ 6,000,000	$ 6,000,000	$ 757,061	$ 957,403	$ 1,714,464

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