

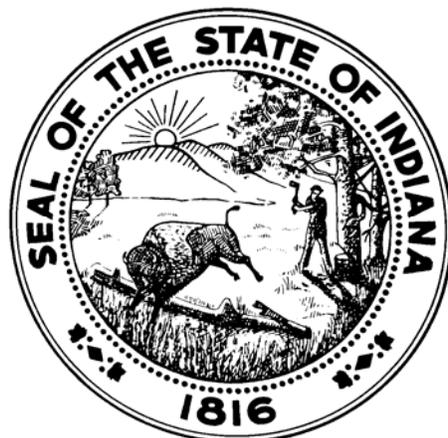
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2005

CITY OF JASPER

DUBOIS COUNTY, INDIANA



FILED
11/27/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Juanita S. Boehm	01-01-04 to 12-31-07
Mayor	William J. Schmitt	01-01-04 to 12-31-07
Presiding Officer of the Board of Public Works and Safety	William J. Schmitt	01-01-04 to 12-31-07
Presiding Officer of the Common Council	William J. Schmitt	01-01-04 to 12-31-07
Utilities' General Manager	Gerald Bud Hauersperger	12-19-05 to 12-31-06
Water Utility Manager	Michael A. Oeding	01-01-05 to 12-31-06
Wastewater Utility Manager	Thomas Lents	01-01-05 to 12-31-06
Electric Utility Generation Manager	Windell Toby	01-01-05 to 12-31-06
Electric Utility Distribution Manager	Jerry Schitter	01-01-05 to 12-31-06
Gas Utility Manager	Michael A. Oeding	01-01-05 to 12-31-06
Utility Business Manager	Kenneth R. Schultz	01-01-05 to 05-26-06
Utility Office Manager/Controller	Linda K. McGovren	05-27-06 to 12-31-06
Chairman of the Utility Service Board	Greg Krodel	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF JASPER, DUBOIS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jasper (City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 5, 2006

City of Jasper, Indiana
Management's Discussion and Analysis
December 31, 2005

This discussion and analysis highlights the City of Jasper's financial activities for the year ended December 31, 2005. We hope you will find this discussion helpful in assessing the City's financial condition. Please read it in conjunction with the City's financial statements and accompanying notes, which follow this discussion and analysis.

Financial Highlights

- The net cash assets of the City of Jasper at December 31, 2005 were \$27,468,956. Of this amount, \$9,376,034 is unrestricted and may be used to meet the City's ongoing obligations to its citizens, creditors and utility customers.
- The City's cash net assets decreased by \$1,797,405.
- The City's long-term debt decreased by \$2,105,000.

Basic Financial Statements

The Governmental Accounting Standards Board (GASB) requires the City to present its financial statements in accordance with GASB Statement No. 34.

The basic financial statements of the City of Jasper consist of three components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statement is the Statement of Activities and Net Assets – Cash and Investment Basis. The government-wide statement reports on two major categories of services:

- Governmental activities, which encompass most of the City's basic services that are provided to its citizens.
- Business-type activities, which include the water, wastewater, electric and gas utilities.

Governmental activities include most of the City's basic services that are provided to its citizens, such as the general government, street, park, police, fire, arts, and stormwater departments. Governmental activities are presented on the *cash* basis of accounting; in

other words, receipts and expenditures are recorded in the financial statements when cash is actually received or disbursed.

Business-type activities include the City's water, wastewater, electric and gas utilities. These activities are primarily funded through user charges and fees for services. The financial statements which are included in this report also report the business-type activities on a *cash* basis.

Fund financial statements are broadly categorized as governmental, proprietary, internal service and fiduciary. Separate financial statements are presented for each of these fund categories, with the internal service fund reported on the proprietary statement.

- Governmental funds include the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds. These funds report what most people consider the basic government services. The Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds reports the three major funds separately, with all other funds combined into one total. This statement provides a detailed short-term view of the City's general government operations and the basic services it provides. This information will help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary (enterprise) funds include the business-type activities, namely the water, wastewater, electric and gas utilities. The enterprise fund statements have been prepared using the cash basis of accounting. The Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds reports activities and balances for each of the proprietary funds.
- Internal service fund consists of the activities of the Self-Insurance Fund. The cost of the City's group health/life insurance plan is paid from this fund.
- Fiduciary funds include the Police and Fire Pension Trusts, the Landfill Escrow, and the Cemetery Endowment. All of the City's fiduciary activities are reported in a separate Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations.

Notes to financial statements 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 financial statements are a required part of the basic financial statements.

Condensed Financial Data

Governmental Activities

The table below provides a summary of the governmental activities' changes in cash net assets for the year ended December 31, 2005, with comparative figures from 2004:

City of Jasper, Indiana
Changes in Cash Net Assets
(000's omitted)

	<u>2005</u>	<u>2004</u>
<u>Receipts</u>		
Program receipts:		
Charges for services	\$ 2,259	\$ 2,136
Operating grants and contributions	991	2,031
Capital grants and contributions	1,499	178
Transfers	289	279
General receipts:		
Property taxes	5,218	4,925
Other local sources	2,343	2,495
Bonds & loans	-	3,168
Other receipts	429	201
Total receipts	<u>13,028</u>	<u>15,413</u>
<u>Disbursements</u>		
General government	3,015	3,162
Public safety	2,350	1,889
Highways and streets	3,170	4,049
Sanitation	545	492
Economic development	2,229	62
Culture and recreation	3,033	4,829
Principal on long-term debt	300	-
Interest on long-term debt	85	22
Total disbursements	<u>14,727</u>	<u>14,505</u>
Change in cash net assets	(1,699)	908
Beginning cash net assets	<u>15,602</u>	<u>14,694</u>
Ending cash net assets	<u>\$ 13,903</u>	<u>\$ 15,602</u>

Business-Type Activities

The table below provides a summary of the changes in cash net assets for the year ended December 31, 2005. Because this is the first year that the business-type activities are reported on the cash basis, a comparison to the previous year is not presented.

City of Jasper, Indiana
Changes in Cash Net Assets
(000's omitted)

	<u>2005</u>
<u>Receipts</u>	
Program receipts:	
Charges for services	\$ 34,315
Capital grants and contributions	1,026
General receipts:	
Other local sources	4,326
Unrestricted investment earnings	431
Total receipts	<u>40,098</u>
<u>Disbursements</u>	
Water	4,787
Wastewater	3,985
Electric	21,553
Gas	9,871
Total disbursements	<u>40,196</u>
Change in cash net assets	(98)
Beginning cash net assets	<u>13,664</u>
Ending cash net assets	<u>\$ 13,566</u>

Fund Analysis

In reviewing the major funds of the governmental activities, the following changes were observed.

General Fund:

Cash and Investments increased by \$705,646. This increase was due to several large pieces of equipment being ordered at the end of the year. These pieces of equipment had not been delivered by year-end, and thus were not paid until 2006. Also, insurance

premiums due in 2005 were not paid until 2006, due to the late receipt of the invoices from the insurance company.

Economic Development Income Tax Fund:

Cash and Investments decreased by \$1,210,919. Work was substantially completed on several large projects which were begun in 2004. The City repaved approximately 3.6 miles of road. Also, money that had been appropriated for debt service was transferred to the debt service fund, as required by our bond ordinance.

Park and Recreation Fund:

Cash and Investments increased by \$67,907. This increase was due in part to the increase in rates at Jasper Municipal Golf Course, Ruxer Golf Course, and Beaver Lake, including lot rental and boat registration. Also, insurance premiums due in 2005 were not paid until 2006, due to the late receipt of invoices from the insurance company.

In reviewing the business-type activities, the following changes in cash and investment assets were observed.

Water:

In total, the water utility's cash and investment assets increased by \$24,486 (1.0%) during the year.

The operating and maintenance cash increased by \$23,142. The second phase of a three-year water rate increase became effective in January, 2005.

The depreciation fund decreased by \$84,742 during 2005. Some of the larger expenditures made during 2005 were for the renovation of the Newton Street water tower and for costs associated with the meter replacement program.

The debt service cash increased by \$41,080 during 2005. Of this, \$33,520 is related to the 2000 state revolving loan that financed the City's new water treatment facility. The remaining \$7,560 is related to the 2003 state revolving loan used for improvements to the south water tower and the clearwell project. The debt service requirement for each of these loans is being funded over a period of five years. The 2000 debt service requirement became fully funded in February 2005, while the 2003 debt service will continue until early 2008.

Wastewater:

Overall, the wastewater utility's cash and investment assets increased by \$106,093 (3.6%) during 2005.

The plant expansion cash increased by \$132,842 during 2005. Connection fees which are assessed to new wastewater customers, along with interest earned on investments, accounted for the increase.

Depreciation cash decreased by \$84,224 (14.4%) in 2005. Some of the larger expenditures made from this fund were for the sewer relining project and for the rebuilding of the sludge press.

Electric:

Total cash and investment assets for the electric utility increased by \$530,549 (8.0%).

The electric operating and maintenance cash increased by \$397,377. Two major factors contributing to this increase were: (a) net cash generated by operating activities (that is, the excess of receipts from the electric utility's customers and users over the payments made to its suppliers and employees) increased from the prior year, and (b) interest received on the utility's short-term investments increased because of higher interest rates.

The electric utility's depreciation cash increased by \$75,108. The utility was billed \$108,600 for work completed on its new wire storage building during late 2005; however, payments to the general contractor were not made until early 2006.

Gas:

Overall, the gas utility's cash and investment assets decreased by \$759,642, or 44.2%.

The gas utility's operating and maintenance cash decreased by \$745,363. Cash flow was negatively impacted by the higher cost of natural gas during late 2005. The gas utility had paid its gas suppliers for much of this gas before the end of the year; however, due to the timing of customer billing cycles, a portion of this cost was not billed and/or collected until 2006.

The gas utility's depreciation cash decreased by \$46,396. Major capital expenditures during 2005 included the installation of a high-pressure gas line in the southeast area of the city, as well as costs associated with the meter replacement program.

General Fund Budgetary Highlights

During 2005, the General Fund budget was revised once. This revision resulted in an overall increase in the budget of \$8,345. The increase was due to the unexpected need to order more recycling bins before the end of the year. Several large items were ordered towards the end of 2005. Of the budget unspent in 2005, \$912,000 was carried over, or encumbered, into 2006.

Capital Asset and Long-Term Debt Activity

Capital Asset Activity:

As of December 31, 2005, the City had \$125,308,000 invested in capital assets, including land, buildings, park facilities, roads, storm sewers, equipment, and electric, water, sewer, and gas lines. This represents an increase of \$6,966,000, or 5.9%, over last year.

	(000's omitted)					
	Governmental Activities		Business-Type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Land	\$ 3,799	\$ 3,767	\$ 615	\$ 615	\$ 4,414	\$ 4,382
Buildings	10,861	10,335	21,010	21,010	31,871	31,345
Improvements	4,779	4,737	47,407	45,601	52,186	50,338
Equipment	9,302	8,167	18,737	18,673	28,039	26,840
Infrastructure	3,997	1,363	-	-	3,997	1,363
Construction in Progress	4,274	3,846	527	228	4,801	4,074
Totals	\$ 37,012	\$ 32,215	\$ 88,296	\$ 86,127	\$125,308	\$118,342

This year's major capital asset additions for the governmental activities included:

- Replacing twenty golf carts at the two golf courses for a cost of \$67,000. A certain number of golf carts are replaced on a rotating schedule every year.
- Replacing major equipment at the Street Department, including a sewer jet, a 2 ½ ton truck, two 1 ton trucks, a leaf machine, and a column lift, totaling \$467,000.
- Replacing three mowing units at the Park Department, totaling \$65,000.
- Completed a vehicle storage building for the Street Department, for a total cost of \$593,000.
- Recording infrastructure improvements totaling \$2,634,000. Of the \$2,634,000, the City paid \$1,102,000 in 2005 and \$684,000 in 2004 for the relocation and extension of two major collector roads, while the remaining \$848,000 was recorded at the developers' estimated expense and was donated to and accepted by the City to maintain. The \$848,000 consisted of the following items (a) \$409,000 for streets in areas annexed in 2005, (b) \$171,000 for streets in new subdivisions, and (c) \$268,000 for storm sewer systems.
- The Construction in Progress includes payments for work completed to date on the Youth Baseball and Softball Complex, totaling \$3,980,000, and the Schroeder Park Soccer Complex, totaling \$223,000. Also included is work to date on the City walking path, totaling \$64,000.

The business-type activities recorded approximately \$1,255,000 for additions and on-going improvements to their respective distribution systems, with \$986,000 of this amount being contributed by developers and customers. Some of this expenditure

allowed the City to expand its service area, while a portion of the expenditure was for improvements to, or relocation of, existing distribution systems.

Other major capital expenditures during 2005 include the following:

- \$92,000 for upgrades to the electric utility's SCADA system, which is designed to monitor and control the City's electrical supply and distribution system.
- \$267,000 to replace older-style electric, water, and gas meters with meters that incorporate newer, more efficient technology. This multi-year project is continuing into 2006.
- \$76,000 for rebuilding the wastewater utility's sludge press.
- \$263,000 to refurbish the water utility's Newton Street water tower.

See Supplementary Information – Schedule of Capital Assets in the attached financial statements for additional information.

Long-term Debt Activity:

As of December 31, 2005 and 2004, the City's outstanding debt consisted of the following:

	<u>2005</u>	<u>2004</u>
• Park District	\$ 2,900,000	\$ 3,200,000
• Water Utility	\$12,625,000	\$13,255,000
• Wastewater Utility	\$ 2,230,000	\$ 2,700,000
• Electric Utility	\$ 1,460,000	\$ 2,165,000

During 2005, the City made principal payments of \$300,000 and interest payments of \$85,335.

During the year, the business-type activities made principal payments of \$1,805,000 and interest payments of \$594,290.

See Supplementary Information – Schedule of Long-Term Debt in the attached financial statements for additional information.

Other Currently Known Facts

- The City issued a \$3,200,000 bond in 2004 to finance a new baseball and softball complex, and improvements to an existing soccer complex. These projects were completed in 2006, with play commencing on these fields in April, 2006. These new fields were the site of two Amateur Softball Association of America fastpitch softball tournaments during the summer of 2006. Teams from across the United States participated in these tournaments.

- Dubois County Area Development Corporation (DCADC) is a cooperative effort between government and the private sector businesses. DCADC is working on a variety of approaches to economic development, including retention and expansion of established basic employers, small business development, workforce development and new basic employer recruitment and creative incentives to bring new businesses into the area.
- The City of Jasper, on behalf of ROJAC, has been named the local public agency for a \$900,000 Transportation Enhancement grant. The City will be the fiscal administrator for this grant, which will be used to rebuild the old Eckert Mill. This mill will be a replica of an historic structure formerly located along the riverfront area. This project, which will be constructed on City property, will require a 20% local match. This match will be raised through ROJAC. The City will be providing in-kind services to this project. This project is scheduled for bid letting on November 15, 2006.
- The City has acquired a locomotive, two passenger cars, and other related rail equipment. This train will be utilized to complement other tourist attractions in Southwestern Indiana.
- The City has been awarded a \$450,000 Transportation Enhancement grant to extend the walking path that will eventually encompass the City. This phase of the project will require a 20% local match, which the City will fund in its 2007 budget.
- The City has budgeted in 2007 to build a parking lot at Sixth & Mill Streets to increase downtown parking.
- The City has received several petitions for annexation. There are two major areas being annexed. One area is partially developed, and another area is mostly undeveloped land with future plans to subdivide and develop.
- Water rates increased by approximately 5% effective January 1, 2006.
- During 2006, the City, through its Utility Service Board, negotiated an agreement with NGM, LLC for the assignment of NGM's ETS Service Agreement and Gathering Agreement with ANR Pipeline Company to the City of Jasper for the City's gas transportation, effective September 1, 2006 to May 31, 2021. The gas utility purchased these contracts for \$1,359,375, which was funded by a five-year loan from the electric utility. The repayment of the loan, with interest, will be accomplished through a debt charge incorporated into the City's existing gas tracker system.
- In September, 2006 the City, through its Utility Service Board, voted to approve a one-year power sales agreement with Vectren for the City's 2007 supply of electric energy, subject to review by outside legal counsel.
- The City, through its Utility Service Board, is involved in a lawsuit with respect to construction of the Southwest Sewer Extension Project. A jury trial has been set for the week of February 26, 2007. See Note IV. C. in the attached financial statements for additional information.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City's Clerk-Treasurer Office at 610 Main Street, Jasper, Indiana.

CITY OF JASPER
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,015,141	\$ 922,631	\$ 50	\$ 68,507	\$ (2,023,953)	\$ -	\$ (2,023,953)
Public safety	2,350,197	49,448	114,754	86,344	(2,099,651)	-	(2,099,651)
Highways and streets	3,169,882	203,493	525,883	79,877	(2,360,629)	-	(2,360,629)
Sanitation	545,202	171,230	28,136	-	(345,836)	-	(345,836)
Economic development	2,228,399	-	-	1,264,688	(963,711)	-	(963,711)
Culture and recreation	3,032,953	912,078	322,539	-	(1,798,336)	-	(1,798,336)
Principal on long-term debt	300,000	-	-	-	(300,000)	-	(300,000)
Interest on long-term debt	85,335	-	-	-	(85,335)	-	(85,335)
Total governmental activities	14,727,109	2,258,880	991,362	1,499,416	(9,977,451)	-	(9,977,451)
Business-type activities:							
Water	4,787,226	2,967,283	-	372,644	-	(1,447,299)	(1,447,299)
Wastewater	3,984,945	2,795,860	-	567,550	-	(621,535)	(621,535)
Electric	21,552,917	19,872,805	-	779	-	(1,679,333)	(1,679,333)
Gas	9,870,919	8,678,999	-	85,306	-	(1,106,614)	(1,106,614)
Total business-type activities	40,196,007	34,314,947	-	1,026,279	-	(4,854,781)	(4,854,781)
Total primary government	\$ 54,923,116	\$ 36,573,827	\$ 991,362	\$ 2,525,695	(9,977,451)	(4,854,781)	(14,832,232)
General receipts:							
Property taxes					5,218,073	-	5,218,073
Other local sources					2,342,847	4,325,562	6,668,409
Unrestricted investment earnings					428,920	430,705	859,625
Transfers					288,720	-	288,720
Total general receipts and transfers					8,278,560	4,756,267	13,034,827
Change in net assets					(1,698,891)	(98,514)	(1,797,405)
Net assets - beginning					15,601,811	13,664,550	29,266,361
Net assets - ending					\$ 13,902,920	\$ 13,566,036	\$ 27,468,956
Assets							
Cash and investments					\$ 5,359,998	\$ 4,016,036	\$ 9,376,034
Restricted assets:							
Cash and investments					8,542,922	9,550,000	18,092,922
Total assets					\$ 13,902,920	\$ 13,566,036	\$ 27,468,956
Net Assets							
Restricted for:							
Public safety					\$ 251,065	\$ -	\$ 251,065
Highways and streets					600,441	-	600,441
Sanitation					66,392	-	66,392
Economic development					1,984,862	-	1,984,862
Culture and recreation					1,553,700	-	1,553,700
Debt service					390,570	4,792,243	5,182,813
Other purposes					3,695,892	4,757,757	8,453,649
Unrestricted					5,359,998	4,016,036	9,376,034
Total net assets					\$ 13,902,920	\$ 13,566,036	\$ 27,468,956

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Park and Recreation	EDIT	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 3,751,488	\$ 1,056,563	\$ -	\$ 410,022	\$ 5,218,073
Special assessments	-	-	-	2,472	2,472
Licenses and permits	18,921	-	-	1,540	20,461
Intergovernmental	2,299,798	121,200	1,264,688	836,996	4,522,682
Charges for services	460,354	730,888	-	244,462	1,435,704
Fines and forfeits	31,926	-	-	1,443	33,369
Other	372,079	65,729	79,823	219,760	737,391
Total receipts	6,934,566	1,974,380	1,344,511	1,716,695	11,970,152
Disbursements:					
General government	2,231,529	-	-	19	2,231,548
Public safety	1,845,459	-	-	504,738	2,350,197
Highways and streets	1,361,189	-	-	1,815,653	3,176,842
Sanitation	545,202	-	-	-	545,202
Economic development	-	-	2,228,399	-	2,228,399
Culture and recreation	534,261	1,906,473	-	710,539	3,151,273
Debt service:					
Principal	-	-	-	300,000	300,000
Interest	-	-	-	85,335	85,335
Total disbursements	6,517,640	1,906,473	2,228,399	3,416,284	14,068,796
Excess (deficiency) of receipts over disbursements	416,926	67,907	(883,888)	(1,699,589)	(2,098,644)
Other financing sources (uses)					
Transfers in	288,720	-	-	377,031	665,751
Transfers out	-	-	(327,031)	(50,000)	(377,031)
Total other financing sources (uses)	288,720	-	(327,031)	327,031	288,720
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	705,646	67,907	(1,210,919)	(1,372,558)	(1,809,924)
Cash and investment fund balance - beginning	4,654,352	1,363,801	2,887,959	5,265,566	14,171,678
Cash and investment fund balance - ending	<u>\$ 5,359,998</u>	<u>\$ 1,431,708</u>	<u>\$ 1,677,040</u>	<u>\$ 3,893,008</u>	<u>\$ 12,361,754</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>1,541,166</u>
Net assets of governmental activities					<u>\$ 13,902,920</u>
Cash and Investment Assets - December 31					
Cash and investments	\$ 5,359,998	\$ -	\$ -	\$ -	\$ 5,359,998
Restricted assets:					
Cash and investments	-	1,431,708	1,677,040	3,893,008	7,001,756
Total cash and investment assets - December 31	<u>\$ 5,359,998</u>	<u>\$ 1,431,708</u>	<u>\$ 1,677,040</u>	<u>\$ 3,893,008</u>	<u>\$ 12,361,754</u>
Cash and Investment Fund Balance - December 31					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 251,065	\$ 251,065
Highways and streets	-	-	-	600,441	600,441
Sanitation	-	-	-	66,392	66,392
Economic development	-	-	1,677,040	307,822	1,984,862
Culture and recreation	-	1,431,708	-	121,992	1,553,700
Debt service	-	-	-	390,570	390,570
Other purposes	-	-	-	2,154,726	2,154,726
Unrestricted	5,359,998	-	-	-	5,359,998
Total cash and investment fund balance - December 31	<u>\$ 5,359,998</u>	<u>\$ 1,431,708</u>	<u>\$ 1,677,040</u>	<u>\$ 3,893,008</u>	<u>\$ 12,361,754</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Electric Utility	Gas Utility	Total	Internal Service Fund
Operating receipts:						
Utility collections	\$ 2,967,283	\$ 2,795,860	\$ 19,872,805	\$ 8,678,999	\$ 34,314,947	\$ -
Insurance proceeds	-	-	-	-	-	1,392,193
Other	1,370,609	624,202	1,940,781	290,018	4,225,610	99,601
Total operating receipts	4,337,892	3,420,062	21,813,586	8,969,017	38,540,557	1,491,794
Operating disbursements:						
Cost of sales and services	1,394,270	1,951,694	17,403,018	9,071,352	29,820,334	-
Equipment and capital improvements	723,890	1,107,823	785,453	175,082	2,792,248	-
Insurance claims and premiums	-	-	-	-	-	1,380,761
Other	1,433,820	377,925	2,489,790	593,880	4,895,415	-
Total operating disbursements	3,551,980	3,437,442	20,678,261	9,840,314	37,507,997	1,380,761
Excess (deficiency) of operating receipts over operating disbursements	785,912	(17,380)	1,135,325	(871,297)	1,032,560	111,033
Nonoperating receipts (disbursements):						
Interest and investment receipts	81,805	98,213	209,703	40,984	430,705	-
Miscellaneous receipts	19,371	5,213	59,398	15,970	99,952	-
Debt service of principal	(630,000)	(470,000)	(705,000)	-	(1,805,000)	-
Interest and investment disbursement	(466,375)	(77,503)	(50,412)	-	(594,290)	-
Total nonoperating receipts (disbursements)	(995,199)	(444,077)	(486,311)	56,954	(1,868,633)	-
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(209,287)	(461,457)	649,014	(814,343)	(836,073)	111,033
Capital contributions	372,644	567,550	779	85,306	1,026,279	-
Transfers out	(138,871)	-	(119,244)	(30,605)	(288,720)	-
Excess (deficiency) of receipts and contributions over disbursements and transfers out	24,486	106,093	530,549	(759,642)	(98,514)	111,033
Cash and investment fund balance - beginning	2,361,530	2,934,461	6,649,707	1,718,852	13,664,550	1,430,133
Cash and investment fund balance - ending	<u>\$ 2,386,016</u>	<u>\$ 3,040,554</u>	<u>\$ 7,180,256</u>	<u>\$ 959,210</u>	<u>\$ 13,566,036</u>	<u>\$ 1,541,166</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 224,945	\$ 309,228	\$ 3,471,379	\$ 10,484	\$ 4,016,036	\$ -
Restricted assets:						
Cash and investments	2,161,071	2,731,326	3,708,877	948,726	9,550,000	1,541,166
Total cash and investment assets - December 31	<u>\$ 2,386,016</u>	<u>\$ 3,040,554</u>	<u>\$ 7,180,256</u>	<u>\$ 959,210</u>	<u>\$ 13,566,036</u>	<u>\$ 1,541,166</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ 1,719,582	\$ 776,986	\$ 2,295,675	\$ -	\$ 4,792,243	\$ -
Other purposes	441,489	1,954,340	1,413,202	948,726	4,757,757	1,541,166
Unrestricted	224,945	309,228	3,471,379	10,484	4,016,036	-
Total cash and investment fund balance - December 31	<u>\$ 2,386,016</u>	<u>\$ 3,040,554</u>	<u>\$ 7,180,256</u>	<u>\$ 959,210</u>	<u>\$ 13,566,036</u>	<u>\$ 1,541,166</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 210,559	\$ -	\$ -
Investment earnings:			
Interest	36,477	14,654	-
Agency fund additions	<u>-</u>	<u>-</u>	<u>8,405,225</u>
Total additions	<u>247,036</u>	<u>14,654</u>	<u>8,405,225</u>
Deductions:			
Benefits	186,079	16,573	-
Administrative and general	24,788	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>8,347,811</u>
Total deductions	<u>210,867</u>	<u>16,573</u>	<u>8,347,811</u>
Excess (deficiency) of total additions over total deductions	36,169	(1,919)	57,414
Cash and investment fund balance - beginning	<u>1,155,787</u>	<u>467,569</u>	<u>27,615</u>
Cash and investment fund balance - ending	<u>\$ 1,191,956</u>	<u>\$ 465,650</u>	<u>\$ 85,029</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, electric, gas, water, wastewater, and storm water management.

The City's financial reporting entity is composed of the following:

Primary Government: City of Jasper

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The park and recreation fund is used to account for the operating receipts and disbursements made in connection with the city providing recreation programs and facilities.

The EDIT (economic development income tax) fund is used to account for the disbursements for capital outlay pertaining to economic development projects from receipts derived from the county economic development tax.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

The water utility fund accounts for the operation of the water treatment plant and distribution system.

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

The electric utility fund accounts for the operation of the electric generation plant and distribution system.

The gas utility fund accounts for the operation of the gas distribution system.

Additionally, the City reports the following fund types:

The internal service fund consists of the activities of the self-insurance fund which charges a premium to each fund that has a payroll budget, based on the number of full-time employees paid from that fund as of January 1.

The pension trust funds account for the activities of the 1925 and 1977 police, and the volunteer firefighter's pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the citizens of the City.

Agency funds account for assets held by the City as an agent for employee withholdings and community arts programs and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, wastewater, electric, and gas functions and various other functions of the City. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2005, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>
Water	General fund	138,871
Electric	General fund	119,244
Gas	General fund	30,605
EDIT	Other governmental	327,031
Other governmental	Other governmental	<u>50,000</u>
 Total		 <u>\$ 665,751</u>

The City typically uses transfers to fund ongoing operating subsidies.

IV. Other Information

A. 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; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund (an internal service fund,) where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$70,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon the percentage of each fund's current year number of employees as it relates to the total number of full-time employees, and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

Job Related Illnesses and Injuries to Employees

During 1991 and 1995, the City and Utilities, respectively, joined together with other governmental entities in the Indiana Public Employer's Plan Inc., a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses and injuries to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events

Reconstruction of Old Mill as Visitor Center

On August 25, 2006, the City entered into a contract with the Indiana Department of Transportation for the project to reconstruct the old mill to be used as a visitor center. The estimated cost of the project is \$1,234,500. The City was awarded a \$900,000 Transportation Enhancement Grant from the Indiana Department of Transportation and the Federal Highway Administration on behalf of Redevelop Old Jasper Action Coalition (ROJAC) for the project. An agreement with ROJAC was signed on January 3, 2005, stating that ROJAC was responsible for contributing all the matching funds required for the grant. The bids for this project are to be let by the Indiana Department of Transportation on November 15, 2006.

Gas Transportation Agreement

In 2006, the City, through the Utility Service Board, negotiated an agreement with NGM, LLC for the assignment of NGM's ETS Service Agreement and Gathering Agreement with ANR Pipeline Company to the City of Jasper for the City's gas transportation, effective September 1, 2006 to May 31, 2021. The Gas Utility purchased these agreements at a cost of \$1,359,375, which was funded by a five-year loan from the Electric Utility. The repayment of the loan, with interest, will be made with revenue generated through a debt tracker fee associated with the existing gas tracker system.

C. Contingent Liabilities

USEPA Claim

The United States Environmental Protection Agency (USEPA) has filed a claim against the City of Jasper for activities of PCB Treatment, Inc., during or about the 1980's involving the improper and illegal disposal of PCB materials. The USEPA has alleged that the City of Jasper was a potentially responsible party ("PRP") because of PCB contaminated materials allegedly contributed by the City of Jasper, through the Jasper Municipal Utilities, to the sites. The Jasper Municipal Utilities had, in fact, contracted with PCB Treatment, Inc., during or about the 1980's to properly and legally dispose of Jasper's PCB contaminated materials. There are approximately 1500 PRP's in addition to the City of Jasper.

The City of Jasper received a letter from the USEPA in June 2001 advising them that they could enter into a de minimis settlement in this matter. The City had two choices of a premium: I) a 100% premium with no cost reopener and II) a 50% premium with a reopener if there are cost overruns that exceed the estimated removal action costs of \$34,752,000 and reach \$60,000,000. Option I would cost the City \$85,707 and option II would cost \$64,280. The Utility Service Board entered into an Administrative Order of Consent on July 16, 2001, and chose Option II. The amount of \$64,280 was paid on October 19, 2001, to the USEPA's special account. Because the City chose Option II, the reopener could be triggered at a later date and more money could be owed. If the reopener is triggered, the parties who selected Option II will owe their individual percentage share of the allocated weight, multiplied by the amount of removal costs incurred that exceed the \$60,000,000. The City of Jasper's individual percentage share is .12%.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Southwest Sewer Extension Lawsuit

A lawsuit was filed in Federal Court on October 6, 2004, by the Cincinnati Insurance Company against the Jasper City Utility Service Board. The case is with respect to construction of a sewer project known as the Southwest Sewer Extension Project. The City of Jasper entered into a contract with Titan Contracting, Inc., to complete the project. The contract required Titan to provide Jasper with a performance bond and payment bond, which were written by Cincinnati Insurance. Titan failed to complete the project and Cincinnati Insurance and the City entered into a takeover agreement for completion of the project. The project was completed 500 days later than the original contract required. In addition, the contract set forth liquidated damages in the amount of \$500/day. Cincinnati Insurance alleges wrongful termination of the Titan contract by Jasper, impairment of surety's collateral, breach of contract, waiver and penalty.

The Jasper City Utility Service Board filed its answer to complaint, crossclaim against Titan Contracting, Inc., and its counterclaim against the Cincinnati Insurance Company on October 29, 2004. A jury trial has been set for the week of February 26, 2007.

D. Rate Structure – Enterprise Funds

Water Utility

On September 24, 1984, the City Council adopted Ordinance 1156 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on January 21, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on December 17, 1997, and amended on May 22, 2002, and April 19, 2006.

Electric Utility

On June 12, 1991, the City Council adopted Ordinance 1991-15 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on May 22, 1996, and amended on August 17, 2005.

Gas Utility

On June 12, 1991, the City Council adopted Ordinance 1991-14 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 17, 2003.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 424,994	\$ 331,400
Interest on net pension obligation	(13,326)	57,300
Adjustment to annual required contribution	<u>15,186</u>	<u>(95,500)</u>
Annual pension cost	426,854	293,200
Contributions made	<u>472,619</u>	<u>130,435</u>
Increase (decrease) in net pension obligation	(45,765)	162,765
Net pension obligation, beginning of year	<u>(183,806)</u>	<u>848,299</u>
Net pension obligation, end of year	<u>\$ (229,571)</u>	<u>\$ 1,011,064</u>
Contribution rates:		
City	7.25%	-%
Plan members	3%	6%
Actuarial valuation date	07-01-05	01-01-04
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

* 2.75% converted members; 4% nonconverted members

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 453,797	92%	\$ (109,245)
	06-30-04	387,626	119%	(183,806)
	06-30-05	426,854	122%	(229,571)
1925 Police Officers' Pension Plan	12-31-01	279,100	62%	793,463
	12-31-02	300,500	82%	848,299
	12-31-03	293,200	44%	1,011,064

Membership in the 1925 Police Officers' Pension Plan at January 1, 2005, was comprised of the following:

	1925 Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	7

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF JASPER
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$170,199, \$170,670, and \$166,906, respectively, equal to the required contributions for each year.

Volunteer Firefighter's Pension Plan

Plan Description

Local Ordinance 1988-30 established a pension fund for the benefit of the Jasper Volunteer Fire Department under the authority of Indiana Code 36-8-12-6(d). Under the provisions of this ordinance, any volunteer firefighter who reaches the age of 55 and has 20 or more years of service may retire with a service annuity. The annuities range in the amount from \$170 per month after 20 years of service to a maximum of \$270 per month after 30 years of services. Following the death of a firefighter pensioner, a monthly allowance equal to 50% of such firefighter's pension shall be paid to the firefighter's surviving spouse. The current pensions and insurance annuity are being funded through the local tax rate. The City has elected not to have an actuarial valuation performed for 2005 and prior years, to provide the required disclosure information under Statement 27 of the Governmental Accounting Standards Board (GASB).

CITY OF JASPER
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 6,990,691	\$ 8,536,393	\$ (1,545,702)	82%	\$ 5,983,993	(26%)
07-01-04	7,176,693	8,961,627	(1,784,934)	80%	6,224,567	(29%)
07-01-05	7,551,061	10,250,137	(2,699,076)	74%	6,497,215	(42%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 79,263	\$ 2,918,900	\$ (2,839,637)	3%	\$ 35,600	(7,977%)
01-01-00	107,835	2,938,300	(2,830,465)	4%	36,700	(7,712%)
01-01-01	120,964	2,964,200	(2,843,236)	4%	37,800	(7,522%)
01-01-02	138,440	3,178,300	(3,039,860)	4%	-	N/A
01-01-03	234,905	2,876,400	(2,641,495)	8%	-	N/A
01-01-04	213,730	3,034,000	(2,820,270)	7%	-	N/A

N/A - Not applicable

CITY OF JASPER
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
1925 Police Officers' Pension Plan	12-31-98	\$ 301,300	39%
	12-31-99	281,600	55%
	12-31-00	292,000	49%
	12-31-01	304,200	57%
	12-31-02	332,700	74%
	12-31-03	331,400	39%

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CITY OF JASPER
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original & Encumbrances	Final		
Budgetary Fund balance, January 1	\$ 4,654,352	\$ 4,654,352	\$ 4,654,352	\$ -
Resources (inflows):				
Property taxes	3,752,363	3,752,363	3,751,488	(875)
Excise taxes	387,547	389,347	377,446	(11,901)
County Option Income Tax	1,741,076	1,741,076	1,741,076	-
Licenses and permits	12,500	12,700	18,921	6,221
Fines & forfeitures	12,500	23,700	31,926	8,226
Charges for services	539,420	571,654	604,739	33,085
Grants	47,000	133,032	168,277	35,245
Sale of property	-	-	12,704	12,704
Other Reimbursements	72,100	74,472	47,372	(27,100)
Arts Commission revenue	228,100	228,100	240,180	12,080
Miscellaneous	3,100	27,781	35,475	7,694
Interest received	40,000	80,000	193,023	113,023
Transfers from other funds	400	400	658	258
Amounts available for appropriation	11,490,458	11,688,977	11,877,638	188,661
Charges to appropriations (outflows):				
Common Council	1,790,600	1,790,600	956,275	834,325
Mayor's Office	154,249	154,249	125,957	28,292
Public Works	1,095,350	1,095,350	642,474	452,877
Clerk-Treasurer	258,039	258,039	213,986	44,053
Legal	86,500	86,500	37,576	48,924
City Hall	130,185	130,185	95,922	34,263
Safety-Personnel Director	99,568	84,468	56,381	28,087
City Engineer	85,600	85,600	58,093	27,507
Police Department	1,645,700	1,645,700	1,522,980	122,720
Fire Department	350,800	350,800	250,479	100,321
Storm Sewer	415,752	415,752	389,533	26,219
Refuse Department	388,210	393,210	208,570	184,640
Sanitation-Recycling Department	501,250	519,695	336,632	183,063
Streets & Alleys	1,416,700	1,416,700	971,656	445,044
Planning Commission	99,950	99,950	90,528	9,423
Housing Board	500	500	-	500
Arts Commission	518,086	518,086	474,093	43,993
Nondepartmental expenditures & transfers			86,505	(86,505)
Total charges to appropriations	9,037,039	9,045,384	6,517,640	2,527,744
Budgetary fund balance, December 31	\$ 2,453,419	\$ 2,643,593	\$ 5,359,998	\$ (2,339,083)

CITY OF JASPER
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 PARK FUND

YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original & Encumbrances	Final		
Budgetary Fund balance, January 1	\$ 1,363,801	\$ 1,363,801	\$ 1,363,801	\$ -
Resources (inflows):				
Property taxes	1,056,809	1,056,809	1,056,563	(246)
Excise taxes	95,972	95,972	92,404	(3,568)
Park receipts	43,000	46,100	59,972	13,872
Swimming Pool receipts	32,500	32,500	48,485	15,985
Golf Course receipts	489,500	500,000	528,783	28,783
Concession Stands	48,300	48,300	61,148	12,848
Contractual Services	12,000	12,000	12,500	500
Sale of Property	-	-	1,173	1,173
Grants	14,000	26,260	28,796	2,536
Miscellaneous	28,250	34,125	52,682	18,557
Interest received	5,200	17,200	31,874	14,674
Amounts available for appropriation	3,189,332	3,233,067	3,338,181	105,114
Charges to appropriations (outflows):				
Park General	1,240,140	1,262,640	941,676	320,964
Swimming Pool	129,050	130,050	89,924	40,126
Municipal Golf Course	612,845	625,845	509,510	116,335
Older American Center	170,000	171,000	141,773	29,227
Camp Carnes	10,200	9,700	6,349	3,351
Ruxer Golf Course	261,389	261,389	213,848	47,541
Nondepartmental expenditures & transfers	-	-	3,393	(3,393)
Total charges to appropriations	2,423,624	2,460,624	1,906,473	554,151
Budgetary fund balance, December 31	\$ 765,708	\$ 772,443	\$ 1,431,708	\$ (449,037)

CITY OF JASPER
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 EDIT FUND
 YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original & Encumbrances	Final		
Budgetary Fund balance, January 1	\$ 2,887,959	\$ 2,887,959	\$ 2,887,959	\$ -
Resources (inflows):				
Economic Dev Income Tax Received	1,264,688	1,264,688	1,264,688	0
Interest received	10,000	50,000	79,823	29,823
Amounts available for appropriation	4,162,647	4,202,647	4,232,470	29,823
Charges to appropriations (outflows):				
Connecting Walkway	64,525	64,525	50,385	14,140
Fire Dept. Equipment	125,000	125,000	125,000	-
Land	125,000	125,000		
Contractual Services	50,000	50,000	49,419	581
Bond payment	330,000	330,000	327,031	2,969
Park Dept.-Land Improvements	990,000	979,000	838,649	140,351
Park Dept.-Building	30,000	41,000	40,920	80
Park Dept.-Equipment	100,000	100,000	41,603	58,397
Storm Sewer-Northwood Ave.	-	90,000	35,093	54,907
Meridian Road Improvement	240,011	312,011	311,762	249
Street Materials	612,416	612,416	609,449	2,967
Street Dept. Building	75,614	75,614	75,614	(0)
Portersville Road Extension	150,087	150,087	50,504	99,583
Total charges to appropriations	2,892,653	3,054,653	2,555,430	374,223
Budgetary fund balance, December 31	\$ 1,269,994	\$ 1,147,994	\$ 1,677,040	\$ (344,400)

CITY OF JASPER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	Motor Vehicle Highway	Local Road and Street	Local Law Enforcement Continuing Education	Park Nonreverting Operating	Fire Truck Donation	Cemetery Operating	Investment Incentive
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	2,472	-	-	-
Licenses and permits	-	-	1,540	-	-	-	-
Intergovernmental	492,986	79,877	-	-	-	-	-
Charges for services	-	-	3,149	-	1,320	3,180	-
Fines and forfeits	-	-	1,443	-	-	-	-
Other	12,027	4,195	-	2,027	87,012	1,323	6,157
Total receipts	505,013	84,072	6,132	4,499	88,332	4,503	6,157
Disbursements:							
General government	-	-	-	-	-	19	-
Public safety	-	-	3,982	-	140,000	-	-
Highways and streets	580,000	125,000	-	-	-	-	-
Culture and recreation	-	-	-	35,906	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	580,000	125,000	3,982	35,906	140,000	19	-
Excess (deficiency) of receipts over disbursements	(74,987)	(40,928)	2,150	(31,407)	(51,668)	4,484	6,157
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(74,987)	(40,928)	2,150	(31,407)	(51,668)	4,484	6,157
Cash and investment fund balance - beginning	335,011	166,556	17,819	70,157	173,497	31,952	191,979
Cash and investment fund balance - ending	\$ 260,024	\$ 125,628	\$ 19,969	\$ 38,750	\$ 121,829	\$ 36,436	\$ 198,136
Cash and Investment Assets - December 31							
Restricted assets:							
Cash and investments	\$ 260,024	\$ 125,628	\$ 19,969	\$ 38,750	\$ 121,829	\$ 36,436	\$ 198,136
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ 19,969	\$ -	\$ 121,829	\$ -	\$ -
Highways and streets	260,024	125,628	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	198,136
Culture and recreation	-	-	-	38,750	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	36,436	-
Total cash and investment fund balance - December 31	\$ 260,024	\$ 125,628	\$ 19,969	\$ 38,750	\$ 121,829	\$ 36,436	\$ 198,136

CITY OF JASPER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	<u>Economic Development</u>	<u>DARE</u>	<u>Federal Grants #1</u>	<u>Police Grant</u>	<u>Living Tree Memorial Donation</u>	<u>Rainy Day</u>	<u>Riverboat</u>
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	113,060	1,694	-	-	76,300
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	3,506	-	-	-	80	19,848	5,751
Total receipts	3,506	-	113,060	1,694	80	19,848	82,051
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	500	113,060	1,694	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	500	113,060	1,694	-	-	-
Excess (deficiency) of receipts over disbursements	3,506	(500)	-	-	80	19,848	82,051
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,506	(500)	-	-	80	19,848	82,051
Cash and investment fund balance - beginning	106,180	500	-	3	2,480	615,203	154,523
Cash and investment fund balance - ending	\$ 109,686	\$ -	\$ -	\$ 3	\$ 2,560	\$ 635,051	\$ 236,574
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ 109,686	\$ -	\$ -	\$ 3	\$ 2,560	\$ 635,051	\$ 236,574
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	109,686	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,560	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	635,051	236,574
Total cash and investment fund balance - December 31	\$ 109,686	\$ -	\$ -	\$ 3	\$ 2,560	\$ 635,051	\$ 236,574

CITY OF JASPER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	<u>Storm Water Management</u>	<u>Arnold Habig Community Center</u>	<u>Arts Center Expansion</u>	<u>Beaver Dam Lake</u>	<u>Cumulative Building and Fire Equipment</u>	<u>Cumulative Capital Improvement</u>
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 54,382	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	4,572	37,404
Charges for services	200,424	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	5,069	1,532	964	73	5,231	5,262
Total receipts	205,493	1,532	964	73	64,185	42,666
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	245,502	-
Highways and streets	128,623	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	128,623	-	-	-	245,502	-
Excess (deficiency) of receipts over disbursements	76,870	1,532	964	73	(181,317)	42,666
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(50,000)
Total other financing sources (uses)	-	-	-	-	-	(50,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	76,870	1,532	964	73	(181,317)	(7,334)
Cash and investment fund balance - beginning	137,919	1,469	-	2,279	290,581	199,679
Cash and investment fund balance - ending	<u>\$ 214,789</u>	<u>\$ 3,001</u>	<u>\$ 964</u>	<u>\$ 2,352</u>	<u>\$ 109,264</u>	<u>\$ 192,345</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 214,789</u>	<u>\$ 3,001</u>	<u>\$ 964</u>	<u>\$ 2,352</u>	<u>\$ 109,264</u>	<u>\$ 192,345</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 109,264	\$ -
Highways and streets	214,789	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	3,001	964	2,352	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	-	192,345
Total cash and investment fund balance - December 31	<u>\$ 214,789</u>	<u>\$ 3,001</u>	<u>\$ 964</u>	<u>\$ 2,352</u>	<u>\$ 109,264</u>	<u>\$ 192,345</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Cumulative Capital Development	Park Nonreverting Capital	Cumulative Sewer	Park Bond Proceeds	Park Bond Debt Service	Totals
Receipts:						
Taxes	\$ 355,640	\$ -	\$ -	\$ -	\$ -	\$ 410,022
Special assessments	-	-	-	-	-	2,472
Licenses and permits	-	-	-	-	-	1,540
Intergovernmental	31,103	-	-	-	-	836,996
Charges for services	-	36,389	-	-	-	244,462
Fines and forfeits	-	-	-	-	-	1,443
Other	34,489	3,492	2,064	7,749	11,909	219,760
Total receipts	421,232	39,881	2,064	7,749	11,909	1,716,695
Disbursements:						
General government	-	-	-	-	-	19
Public safety	-	-	-	-	-	504,738
Highways and streets	982,030	-	-	-	-	1,815,653
Culture and recreation	-	32,944	-	641,689	-	710,539
Debt service:						
Principal	-	-	-	-	300,000	300,000
Interest	-	-	-	-	85,335	85,335
Total disbursements	982,030	32,944	-	641,689	385,335	3,416,284
Excess (deficiency) of receipts over disbursements	(560,798)	6,937	2,064	(633,940)	(373,426)	(1,699,589)
Other financing sources (uses)						
Transfers in	-	-	-	-	377,031	377,031
Transfers out	-	-	-	-	-	(50,000)
Total other financing sources (uses)	-	-	-	-	377,031	327,031
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(560,798)	6,937	2,064	(633,940)	3,605	(1,372,558)
Cash and investment fund balance - beginning	1,615,118	67,428	64,328	633,940	386,965	5,265,566
Cash and investment fund balance - ending	\$ 1,054,320	\$ 74,365	\$ 66,392	\$ -	\$ 390,570	\$ 3,893,008
Cash and Investment Assets - December 31						
Restricted assets:						
Cash and investments	\$ 1,054,320	\$ 74,365	\$ 66,392	\$ -	\$ 390,570	\$ 3,893,008
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,065
Highways and streets	-	-	-	-	-	600,441
Sanitation	-	-	66,392	-	-	66,392
Economic development	-	-	-	-	-	307,822
Culture and recreation	-	74,365	-	-	-	121,992
Debt service	-	-	-	-	390,570	390,570
Other purposes	1,054,320	-	-	-	-	2,154,726
Total cash and investment fund balance - December 31	\$ 1,054,320	\$ 74,365	\$ 66,392	\$ -	\$ 390,570	\$ 3,893,008

CITY OF JASPER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2005

	Police Pension	Fire Pension	Police Pension Supplemental Trust	Fire Pension Supplemental Trust	Total
Additions:					
Contributions:					
Employer	\$ 105,521	\$ 33,038	\$ 60,000	\$ 12,000	\$ 210,559
Investment receipts:					
Interest	4,341	2,011	24,013	6,112	36,477
Total additions	<u>109,862</u>	<u>35,049</u>	<u>84,013</u>	<u>18,112</u>	<u>247,036</u>
Deductions:					
Benefits	160,186	25,893	-	-	186,079
Administrative and general	431	24,357	-	-	24,788
Total deductions	<u>160,617</u>	<u>50,250</u>	<u>-</u>	<u>-</u>	<u>210,867</u>
Excess (deficiency) of total additions over total deductions	(50,755)	(15,201)	84,013	18,112	36,169
Cash and investment fund balance - beginning	<u>179,842</u>	<u>79,529</u>	<u>713,185</u>	<u>183,231</u>	<u>1,155,787</u>
Cash and investment fund balance - ending	<u>\$ 129,087</u>	<u>\$ 64,328</u>	<u>\$ 797,198</u>	<u>\$ 201,343</u>	<u>\$ 1,191,956</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2005

	<u>Cemetery Endowment</u>	<u>Landfill Close-Down</u>	<u>Total</u>
Additions:			
Investment earnings:			
Interest	\$ -	\$ 14,654	\$ 14,654
Deductions:			
Benefits	-	16,573	16,573
Deficiency of total additions over total deductions	-	(1,919)	(1,919)
Cash and investment fund balance - beginning	<u>5,970</u>	<u>461,599</u>	<u>467,569</u>
Cash and investment fund balance - ending	<u>\$ 5,970</u>	<u>\$ 459,680</u>	<u>\$ 465,650</u>

CITY OF JASPER
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	<u>Payroll</u>	<u>Regional Arts Grant</u>	<u>Total</u>
Additions:			
Agency fund additions	<u>\$ 8,344,106</u>	<u>\$ 61,119</u>	<u>\$ 8,405,225</u>
Deductions:			
Agency fund deductions	<u>8,286,264</u>	<u>61,547</u>	<u>8,347,811</u>
Excess (deficiency) of total additions over total deductions	57,842	(428)	57,414
Cash and investment fund balance - beginning	<u>57</u>	<u>27,558</u>	<u>27,615</u>
Cash and investment fund balance - ending	<u>\$ 57,899</u>	<u>\$ 27,130</u>	<u>\$ 85,029</u>

CITY OF JASPER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2005

Governmental Activities:

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets will occur by January 1, 2007.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,799,160
Infrastructure	3,996,534
Buildings	10,860,863
Improvements other than buildings	4,779,396
Machinery and equipment	9,302,233
Construction in progress	4,273,913
Total governmental activities, capital assets not being depreciated	\$ 37,012,099

Business-Type Activities:

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the enterprise fund financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	67 years
Improvements other than buildings	1,000	Straight-line	20 to 99 years
Machinery and equipment	1,000	Straight-line	5 to 30 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 292,314
Capital assets, being depreciated:	
Buildings	10,427,252
Improvements other than buildings	10,171,418
Machinery and equipment	<u>4,118,624</u>
Total Water Utility capital assets	<u>\$ 25,009,608</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 195,639
Construction in progress	414,414
Capital assets, being depreciated:	
Buildings	6,898,962
Improvements other than buildings	15,352,872
Machinery and equipment	<u>7,092,803</u>
Total Wastewater Utility capital assets	<u>\$ 29,954,690</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 110,050
Construction in progress	113,098
Capital assets, being depreciated:	
Buildings	3,672,670
Improvements other than buildings	17,079,212
Machinery and equipment	<u>6,820,033</u>
Total Electric Utility capital assets	<u>\$ 27,795,063</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	\$ 16,904
Capital assets, being depreciated:	
Buildings	10,926
Improvements other than buildings	4,803,581
Machinery and equipment	<u>705,512</u>
Total Gas Utility capital assets	<u>\$ 5,536,923</u>

CITY OF JASPER
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2005

	Ending Balance	Due Within One Year
Governmental Activities:		
Revenue bonds:		
2004 Park Bonds	\$ 2,900,000	\$ 300,000
Business-type Activities:		
Water Utility		
Loans payable	\$ 12,625,000	\$ -
Wastewater Utility		
Revenue bonds:		
2003 Refunding Bonds	1,355,000	220,000
Loans payable	875,000	20,000
Total Wastewater Utility	2,230,000	240,000
Electric Utility:		
Revenue bonds:		
2003 Refunding Bonds	1,460,000	360,000
Total business-type activities:	\$ 16,315,000	\$ 600,000

CITY OF JASPER
OTHER REPORT

The annual report presented herein was prepared in addition to another official report including the individual City offices listed below:

Water, Wastewater, Electric, and Gas Utilities

CITY OF JASPER
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2006, with Juanita S. Boehm, Clerk-Treasurer; and William J. Schmitt, Mayor. Our audit disclosed no material items that warrant comment at this time.