

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2010

CITY OF JASPER

DUBOIS COUNTY, INDIANA



**FILED**  
10/05/2011



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Juanita S. Boehm	01-01-08 to 12-31-11
Mayor	William J. Schmitt	01-01-08 to 12-31-11
Presiding Officer of the Board of Public Works and Safety	William J. Schmitt	01-01-08 to 12-31-11
Presiding Officer of the Common Council	William J. Schmitt	01-01-08 to 12-31-11
Utilities' General Manager	Gerald W. Hauersperger	01-01-10 to 12-31-11
Water Utility Manager	Michael A. Oeding	01-01-10 to 12-31-11
Wastewater Utility Manager	Greg E. Hollinden	01-01-10 to 12-31-11
Electric Utility Generation Manager	Windell Toby	01-01-10 to 12-31-11
Electric Utility Distribution Manager	Jerald L. Schitter	01-01-10 to 12-31-11
Gas Utility Manager	Michael A. Oeding	01-01-10 to 12-31-11
Utility Controller	Linda McGovren	01-01-10 to 12-31-11
Chairman of the Utility Service Board	Wayne Schuetter	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2010, 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, 2010, 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 required parts 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

August 31, 2011

**City of Jasper, Indiana**  
**Management's Discussion and Analysis**  
**December 31, 2010**

This discussion and analysis highlights the City of Jasper's financial activities for the year ended December 31, 2010. 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, 2010 were \$44,501,274. Of this amount, \$28,401,544 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 increased by \$5,251,894.
- The City's long-term debt decreased by \$1,457,081.

**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 two 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, 2010, with comparative figures from 2009:

	<u>2010</u>	<u>2009</u>
<b>City of Jasper, Indiana</b>		
<b>Changes in Cash Net Assets</b>		
<b>(000's omitted)</b>		
	<u>2010</u>	<u>2009</u>
<u>Receipts</u>		
Program receipts:		
Charges for services	3,234	2,651
Operating grants and contributions	615	720
Capital grants and contributions	1,745	1,663
Transfers	427	362
General receipts:		
Property taxes	5,887	5,877
Other local sources	3,120	3,105
Other receipts	89	171
Total receipts	<u>15,117</u>	<u>14,549</u>
<u>Disbursements</u>		
General government	4,032	4,314
Public safety	2,170	2,198
Highways and streets	1,898	2,803
Sanitation	1,266	550
Economic development	750	913
Culture and recreation	3,022	2,495
Principal on long-term debt	340	330
Interest on long-term debt	50	59
Total disbursements	<u>13,528</u>	<u>13,662</u>
Change in cash net assets	1,589	887
Beginning cash net assets	<u>19,572</u>	<u>18,685</u>
Ending cash net assets	<u>\$ 21,161</u>	<u>\$ 19,572</u>

## Business-Type Activities

The table below provides a summary of the changes in cash net assets for the year ended December 31, 2010, with comparative figures from 2009.

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

	<u>2010</u>	<u>2009</u>
<u>Receipts</u>		
Program receipts:		
Charges for services	51,493	39,186
Capital grants and contributions	223	237
General receipts:		
Other local sources	-	343
Unrestricted investment earnings	<u>57</u>	<u>70</u>
Total receipts	<u>51,773</u>	<u>39,836</u>
<u>Disbursements</u>		
Water	5,836	3,452
Wastewater	4,272	2,754
Electric	31,189	25,841
Gas	6,386	7,359
Transfers out	<u>427</u>	<u>362</u>
Total disbursements	<u>48,110</u>	<u>39,768</u>
Change in cash net assets	3,663	68
Beginning cash net assets	<u>19,677</u>	<u>19,609</u>
Ending cash net assets	<u>\$ 23,340</u>	<u>\$ 19,677</u>

## Fund Analysis

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

### General Fund:

Cash and Investments increased by \$528,363. This increase was due to authorized purchasing agents using restraint in procuring items, resulting in unspent appropriations.

Economic Development Income Tax Fund:

Cash and Investments increased by \$488,993. Several proposed projects were not started in 2010, instead they were postponed until 2011.

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 \$452,385 (20.6%) during the year.

The operating and maintenance cash increased by \$174,717. Operating revenues increased by \$1,124,018 over the previous year, due to an increase in metered sales of 8.8%. Revised billing rates that took effect in December, 2009 also contributed to the revenue increase. Expenditures from the fund included repaying the Electric Utility for a \$204,028 operating loan. In addition, transfers were made to other Water Utility funds, including \$1,090,820 transferred to pay principal and interest on outstanding bond issues. During the report period, operating expenses declined by \$155,846.

The depreciation fund increased by \$268,358 during 2010. Major expenditures during 2010 included the purchase of a loader/backhoe and a service truck that is shared with the Gas Utility. The Water Utility also paid its allocated portion of the new business office financial software and related hardware costs from this fund.

Wastewater:

Overall, the wastewater utility's cash and investment assets increased by \$480,729 (15.7%) during 2010.

The operating and maintenance cash increased by \$260,396. Operating revenue increased by \$87,834 as sales volumes increased 5.0% over the previous year. At the same time, however, the total volume of wastewater treated at the plant declined by 17.3% which led to a \$129,223 reduction in operating expenses. Improvements to the city's infrastructure resulted in less infiltration into the collection system, which reduced treatment costs.

Depreciation cash increased by \$99,132 in 2010. Some of the larger expenditures made from this fund were for the manhole relining project, a new telehandler to replace a 1993 wheel loader, and a new service truck. In addition, the Wastewater Utility expended depreciation funds for its share of the new financial software and related hardware installed at the business office.

The plant expansion cash increased by \$40,656 during 2010. Revenues associated with connection fees and interest earnings were credited to this fund.

Electric:

Total cash and investment assets for the electric utility increased by \$3,163,647 (23.4%).

Cash in the electric operating and maintenance fund increased by \$3,063,155. Operating revenue increased by \$1,109,397, while operating expenses declined by \$1,052,803. Transfers to other funds, such as to the depreciation fund, impacting the balance in the operating and maintenance fund.

The electric utility's depreciation cash increased by \$73,081. Most of the expenditures from this fund were for additions and improvements to the electric distribution system, a 2010 International digger derrick, a service truck, a brush chipper, legal and engineering studies related to the generation plant, and a portion of the business office's new financial software and related hardware.

Gas:

Overall, the gas utility's cash and investment assets decreased by \$433,690, or 49.0%.

The gas utility's operating and maintenance cash decreased by \$139,922. Operating revenues declined by \$1,406,259, while operating expenses were lower by \$842,150. During the year, funds were transferred from the depreciation cash fund to the operation and maintenance fund to help offset the revenue shortfall. After a study concluded that the current rate structure was insufficient in light of declining consumption levels, the City hired an outside consultant to perform a gas cost of service study. The consultant recommended a new rate design that will adequately recoup the Gas Utility's fixed costs. After much study and review, the City approved its first rate increase since 1995, along with a revised rate structure. The new rate schedules will become effective with utility bills due on and after October 10, 2011.

The gas utility's depreciation cash decreased by \$306,168. A large portion of the decline was due to making transfers to the operating and maintenance fund, as noted above. Capital expenditures during 2010 included the purchase of tapping equipment and a service truck that is being shared with the Water Utility. The Gas Utility also expended funds for its allocation of the business office's new financial software and hardware costs.

### **General Fund Budgetary Highlights**

During 2010, the General Fund budget was revised once. This revision resulted in an overall increase in the budget of \$20,500. Several large items were ordered towards the end of 2010, therefore, \$528,000 of the unspent 2010 budget was carried over, or encumbered, into 2011.

## Capital Asset and Long-Term Debt Activity

### Capital Asset Activity:

As of December 31, 2010, the City had \$196,957,000 invested in capital assets, including land, buildings, park facilities, streets, storm sewers, sidewalks, rights-of-way, equipment, and electric, water, sewer, and gas lines. This represents an increase of \$2,011,000, or 1.0%, over last year.

	(000's omitted)					
	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	4,006	4,006	636	636	4,642	4,642
Buildings	13,324	11,587	21,310	21,310	34,634	32,897
Improvements	8,889	8,765	52,277	51,761	61,166	60,526
Equipment	11,426	11,330	19,506	19,181	30,932	30,511
Infrastructure	64,907	64,479	-	-	64,907	64,479
Construction in Progress	14	1,735	662	156	676	1,891
Totals	<u>\$ 102,566</u>	<u>\$ 101,902</u>	<u>\$ 94,391</u>	<u>\$ 93,044</u>	<u>\$ 196,957</u>	<u>\$ 194,946</u>

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

- Infrastructure additions for 2010 were \$750,000. This consisted of replacing portions of the walking path, sidewalks and curbs, totaling \$534,000. Also, streets, rights-of-way, and storm sewers totaling \$216,000 were acquired through improvements by developers/property owners and completed annexations.
- Replacing thirty-four golf carts at the two golf courses, for a total cost of \$118,000. A certain number of golf carts are replaced on a rotating schedule every year.
- Purchasing various equipment at the Park Department, including several mowers, two utility carts, and a copy machine, totaling \$57,000.
- Pouring concrete cart paths at the Municipal Golf Course, totaling \$18,000.
- Receiving five (5) Automatic External Defibrillator units, located at various park locations, totaling \$8,730.
- Paving parking lots at various locations, totaling \$77,000.

The business-type activities recorded approximately \$606,000 for additions and on-going improvements to their respective distribution systems, with \$223,000 of this amount being contributed by developers and customers.

Other major capital additions for the utilities include the following:

- \$224,000 for a digger derrick for the electric utility;
- \$113,000 for one utility service vehicle for each of the four utilities;
- \$80,000 for a loader/backhoe used in the water utility;
- \$62,000 for a telehandler in the wastewater utility;

- \$47,000 for a portable generator for sewer lift stations; and
- \$38,000 for a brush chipper for the electric utility.

During 2010, the utilities also recorded \$115,000 in costs related to the new business office software and associated hardware, \$206,000 for engineering and miscellaneous costs related to the Beaver Creek Lake Dam project, \$100,000 for engineering studies and legal fees associated with the biomass study of the City’s electric generating plant, and \$72,000 in sewer relining costs. These amounts are reported in the financial statements as construction in progress.

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

*Long-term Debt Activity:*

As of December 31, 2010 and 2009, the City’s outstanding debt consisted of the following:

	<u>2010</u>	<u>2009</u>
• Park District	\$ 1,300,000	\$ 1,640,000
• Water Utility	\$ 9,140,000	\$ 10,067,028
• Wastewater Utility	\$ 650,000	\$ 700,000
• Gas Utility	\$ 832,796	\$ 972,849

During 2010, the governmental activities made principal payments of \$340,000 and interest payments of \$50,072.

During the year, the business-type activities made principal payments of \$1,137,081 and interest payments of \$374,798. The Water Utility incurred additional debt in the form of a loan from the Electric Utility, in the amount of \$20,000, bringing the loan amount to \$204,028 which was repaid in full during 2010.

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

**Other Currently Known Facts**

- The City has continued its sidewalk/curb replacement program. This program requires the City Engineer to inspect and prioritize all sidewalks/curbs for replacement according to established criteria. This program allows for some sidewalks/curbs to be replaced earlier than otherwise allowable, if the property owner pays for 50% of the replacement cost.

- Dubois County Area Development Corporation (DCADC) is a cooperative effort between government and the private sector businesses. DCADC has hired a new director, who has a background in logistics and recruitment. This will enhance the effort to diversify industries in the City.
- The *Spirit of Jasper*, a tourist train owned by the City of Jasper, and operating under the direction of the Jasper Park and Recreation Department, is now running scheduled excursions to French Lick and Dubois. It is also available for private charter. The City's three vintage passenger cars have been completely renovated, using corporate donations and volunteers to refurbish them. More information on the train and the City-owned train depot can be found at [www.spiritofjasper.com](http://www.spiritofjasper.com).
- The City has established a Redevelopment Commission, which completed its first project in June 2011. It has purchased approximately 27 acres of land, which it has subsequently transferred to the City of Jasper. This land will be used to establish a resource recovery facility, in which yard waste, tree limbs, road millings, and concrete, etc. will be stored, then ground up so it can be used by the City, private citizens, and businesses.
- The City has accepted a bid to purchase a new fire truck for \$409,668.
- The City has accepted a new park, built with private donations, located on former school property near the downtown area. This park has an interactive splash fountain.
- The City of Jasper has agreed to contribute \$50,000 to Vincennes University Jasper Center towards the building of an Advanced Manufacturing Technology Center, to help train area employees.
- The City has awarded a contract for the final section of the Badendorf Storm Sewer project, totaling \$230,430.
- IC 6-1.1-20.6-7.5 was added as a new section to the Indiana Code effective January 1, 2009. This law states that a person is entitled to a "circuit breaker" credit against the person's property tax liability for taxes first due and payable in 2010 and thereafter. The amount of the credit is the amount by which the person's property tax liability attributable to the person's:
  - ◆ homestead exceeds one percent;
  - ◆ residential property or agricultural land exceeds two percent; or
  - ◆ nonresidential real property or personal property exceeds three percent;

of the gross assessed value of the property. For property taxes payable in 2011, the City of Jasper's circuit breaker effect is \$291,811. The City reduced 2011 appropriations to account for this reduction in property tax dollars to be received.
- Interest rates continue to be near record lows, reducing the amount of interest income the City may earn on its short-term cash investments.
- On October 25, 2010 the Mayor and Common Council authorized disposal of the City's electric generating plant ("power plant") using the alternate lease procedure under Indiana Code 36-1-11-12. Accordingly, on October 27, 2010 the Utility Service Board requested proposals for alternate solutions for utilization of the plant using the alternate lease procedure. In December, 2010

the Board and Council chose the proposal submitted by Twisted Oak Corporation for further research and consideration. Under this proposal, Twisted Oak Corporation would operate the power plant through an Indiana legal liability company known as Jasper Clean Energy LLC, and would convert the existing coal-fired boiler to a biomass boiler burning a renewable energy crop, miscanthus grass, along with adding a natural gas turbine. Under the terms of the proposed lease agreement, the City would receive annual rental payments, in addition to royalty payments based on the quantity of electric power produced from the boiler during the operational phase of the lease. These revenues would flow to the City's electric utility. After much due diligence regarding the economic analysis and potential health impacts of the proposed lease agreement, the Board adopted Resolution No. USB 2011-7 on August 5, 2011. This resolution approved a lease agreement between the City and Jasper Clean Energy LLC for the Jasper power plant, and agreed to forward the lease to the Jasper Common Council for approval, as required by Indiana Code 36-1-11-3(c)(2) and Indiana Code 36-1-11-10(f). At the same meeting, the Common Council of the City of Jasper adopted Resolution No. 2011-10, giving its approval of said lease agreement. Much of this information can be found on the City's website, [www.jasperindiana.gov](http://www.jasperindiana.gov).

- During 2010, the City was awarded two grants that will assist the Water Utility in funding improvements to the Beaver Creek Lake Dam. The U.S. Department of Commerce Economic Development Administration has granted \$2,228,640 in federal funds, while the Indiana Office of Community and Rural Affairs granted an award of \$760,360. On August 15, 2011 the Utility Service Board opened and took under advisement two bids for the construction portion of the rehabilitation project. The bids were in the amount of \$3,272,162 and \$3,991,507. The Water Utility's share of the project cost will come from either existing Water Utility funds, or from the proceeds of a loan from the Electric Utility. The project, which is expected to be completed during 2012, is designed to provide protection from future flooding as mandated by the Indiana Department of Environmental Management, as well as to promote economic development within the City and surrounding area.
- On June 3, 2011 the City of Jasper was awarded an Indiana Office of Community and Rural Affairs grant of \$535,565 to help the Wastewater Utility fund sanitary sewer improvements in the City's north side. Bids for the project have not yet been advertised, but preliminary cost figures estimate that the project will cost approximately \$786,565. Work on the project must be completed within eighteen months of the grant's award date.
- The Utility Business Office implemented a new accounting software package in the fourth quarter of 2010, followed by the billing and customer service modules in the second quarter of 2011. Other modules to complete the software conversion are scheduled to be installed later this year.
- On July 20, 2011 the Common Council approved Ordinance 2011-7, revising the rates and charges for the sale of gas by the Jasper Municipal Gas Utility. The revised rates and charges are effective for billings due for payment on and after October 10, 2011.

- On August 17, 2011 the Common Council approved a five-year loan in the amount of \$720,354 from the Electric Utility to the Gas Utility. This interfund loan replaces a similar loan made in October, 2006 and which matures in September, 2011. The purpose of the loan was to finance the Gas Utility's purchase of pipeline rights used in transporting gas to the City.

### **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. Further information about the City is also available on its website, located at [www.jasperindiana.gov](http://www.jasperindiana.gov).

CITY OF JASPER  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2010

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		Totals
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 4,032,235	\$ 1,581,600	\$ 50	\$ 64,653	\$ (2,385,932)	\$ -	\$ (2,385,932)
Public safety	2,169,585	54,786	831	21,410	(2,092,558)	-	(2,092,558)
Highways and streets	1,897,901	14,262	441,591	78,025	(1,364,023)	-	(1,364,023)
Sanitation	1,265,959	588,191	-	-	(677,768)	-	(677,768)
Economic development	750,314	-	-	1,575,284	824,970	-	824,970
Culture and recreation	3,022,115	995,334	172,395	6,010	(1,848,376)	-	(1,848,376)
Principal and interest on indebtedness	390,073	-	-	-	(390,073)	-	(390,073)
<b>Total governmental activities</b>	<b>13,528,182</b>	<b>3,234,173</b>	<b>614,867</b>	<b>1,745,382</b>	<b>(7,933,760)</b>	<b>-</b>	<b>(7,933,760)</b>
<b>Business-type activities:</b>							
Jasper Electric Utility	31,189,439	34,300,936	-	-	-	3,111,497	3,111,497
Jasper Gas Utility	6,385,820	5,955,617	-	35,720	-	(394,483)	(394,483)
Jasper Wastewater Utility	4,271,825	4,694,303	-	49,230	-	471,708	471,708
Jasper Water Utility	5,836,636	6,542,139	-	138,356	-	843,859	843,859
<b>Total business-type activities</b>	<b>47,683,720</b>	<b>51,492,995</b>	<b>-</b>	<b>223,306</b>	<b>-</b>	<b>4,032,581</b>	<b>4,032,581</b>
<b>Total primary government</b>	<b>\$ 61,211,902</b>	<b>\$ 54,727,168</b>	<b>\$ 614,867</b>	<b>\$ 1,968,688</b>	<b>(7,933,760)</b>	<b>4,032,581</b>	<b>(3,901,179)</b>
<b>General receipts:</b>							
Property taxes					5,886,560	-	5,886,560
Other local sources					3,120,003	-	3,120,003
Investment earnings					89,303	57,207	146,510
Transfers					426,717	(426,717)	-
<b>Total general receipts and transfers</b>					<b>9,522,583</b>	<b>(369,510)</b>	<b>9,153,073</b>
<b>Change in net assets</b>					<b>1,588,823</b>	<b>3,663,071</b>	<b>5,251,894</b>
<b>Net assets - beginning</b>					<b>19,572,496</b>	<b>19,676,884</b>	<b>39,249,380</b>
<b>Net assets - ending</b>					<b>\$ 21,161,319</b>	<b>\$ 23,339,955</b>	<b>\$ 44,501,274</b>
<b>Assets</b>							
Cash and investments					\$ 15,465,482	\$ 12,936,062	\$ 28,401,544
Restricted assets:							
Cash and investments					5,695,837	10,403,893	16,099,730
<b>Total assets</b>					<b>\$ 21,161,319</b>	<b>\$ 23,339,955</b>	<b>\$ 44,501,274</b>
<b>Net Assets</b>							
Restricted for:							
Public safety					\$ 729,658	\$ -	\$ 729,658
Highways and streets					462,512	-	462,512
Sanitation					842,419	-	842,419
Economic development					3,508,565	-	3,508,565
Culture and recreation					2,327,712	-	2,327,712
Debt service					409,652	2,040,495	2,450,147
Other purposes					1,097,631	8,363,398	9,461,029
Unrestricted					11,783,170	12,936,062	24,719,232
<b>Total net assets</b>					<b>\$ 21,161,319</b>	<b>\$ 23,339,955</b>	<b>\$ 44,501,274</b>

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, 2010

	General	Cedit Capital Projects	Other Governmental Funds	Totals
<b>Receipts:</b>				
Taxes	\$ 4,011,013	\$ -	\$ 1,875,547	\$ 5,886,560
Special assessments	-	-	2,040	2,040
Licenses and permits	29,622	-	6,170	35,792
Intergovernmental	2,531,704	1,575,284	1,205,631	5,312,619
Charges for services	427,970	-	1,201,433	1,629,403
Fines and forfeits	23,033	-	4,439	27,472
Other	294,306	14,010	57,960	366,276
<b>Total receipts</b>	<b>7,317,648</b>	<b>1,589,294</b>	<b>4,353,220</b>	<b>13,260,162</b>
<b>Disbursements:</b>				
General government	2,417,231	-	6,332	2,423,563
Public safety	2,086,597	-	8,945	2,095,542
Highways and streets	941,696	-	-	941,696
Sanitation	1,037,278	-	62,987	1,100,265
Economic development	-	49,420	-	49,420
Culture and recreation	441,667	-	2,273,303	2,714,970
<b>Debt service:</b>				
Principal	-	-	340,000	340,000
Interest	-	-	50,073	50,073
<b>Capital outlay:</b>				
General government	17,733	-	105,667	123,400
Public safety	67,050	-	6,993	74,043
Highways and streets	114,641	-	841,564	956,205
Sanitation	80,917	-	84,777	165,694
Economic development	-	700,894	-	700,894
Culture and recreation	47,117	-	260,028	307,145
Urban redevelopment and housing	-	-	-	-
<b>Total disbursements</b>	<b>7,251,927</b>	<b>750,314</b>	<b>4,040,669</b>	<b>12,042,910</b>
<b>Excess of receipts over disbursements</b>	<b>65,721</b>	<b>838,980</b>	<b>312,551</b>	<b>1,217,252</b>
<b>Other financing sources (uses):</b>				
Transfers in	426,717	-	394,987	821,704
Transfers out	-	(349,987)	(45,000)	(394,987)
Other receipts	35,925	-	9,578	45,503
<b>Total other financing sources (uses)</b>	<b>462,642</b>	<b>(349,987)</b>	<b>359,565</b>	<b>472,220</b>
<b>Excess of receipts and other financing sources over disbursements and other financing uses</b>	<b>528,363</b>	<b>488,993</b>	<b>672,116</b>	<b>1,689,472</b>
<b>Cash and investment fund balance - beginning</b>	<b>6,683,614</b>	<b>2,893,228</b>	<b>8,863,398</b>	<b>18,440,240</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 7,211,977</b>	<b>\$ 3,382,221</b>	<b>\$ 9,535,514</b>	<b>20,129,712</b>
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 receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.				
				<u>1,031,607</u>
<b>Net assets of governmental activities</b>				<b>\$ 21,161,319</b>
<u><b>Cash and Investment Assets - Ending</b></u>				
Cash and investments	\$ 7,211,977	\$ -	\$ 4,571,193	\$ 11,783,170
Restricted assets:				
Cash and investments	-	3,382,221	4,964,321	8,346,542
<b>Total cash and investment assets - ending</b>	<b>\$ 7,211,977</b>	<b>\$ 3,382,221</b>	<b>\$ 9,535,514</b>	<b>\$ 20,129,712</b>
<u><b>Cash and Investment Fund Balance - Ending</b></u>				
Restricted for:				
Public safety	\$ -	\$ -	\$ 729,658	\$ 729,658
Highways and streets	-	-	462,512	462,512
Sanitation	-	-	842,419	842,419
Economic development	-	3,382,221	126,344	3,508,565
Culture and recreation	-	-	2,327,712	2,327,712
Debt service	-	-	409,652	409,652
Other purposes	-	-	66,024	66,024
Unrestricted	7,211,977	-	4,571,193	11,783,170
<b>Total cash and investment fund balance - ending</b>	<b>\$ 7,211,977</b>	<b>\$ 3,382,221</b>	<b>\$ 9,535,514</b>	<b>\$ 20,129,712</b>

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, 2010

	Jasper Electric Utility	Jasper Gas Utility	Jasper Wastewater Utility	Jasper Water Utility	Totals	Internal Service Funds
<b>Operating receipts:</b>						
Fees	\$ 28,855,461	\$ 5,604,360	\$ 2,851,343	\$ 3,968,908	\$ 41,280,072	\$ -
Interfund loan proceeds	-	-	-	20,000	20,000	-
Miscellaneous	5,445,475	351,257	1,842,960	2,573,231	10,212,923	2,177,056
<b>Total operating receipts</b>	<b>34,300,936</b>	<b>5,955,617</b>	<b>4,694,303</b>	<b>6,562,139</b>	<b>51,512,995</b>	<b>2,177,056</b>
<b>Operating disbursements:</b>						
Salaries and wages	1,440,584	385,154	1,120,568	816,126	3,762,432	-
Employee pensions and benefits	468,962	109,885	321,583	215,569	1,115,999	-
Purchased power	21,141,533	-	-	-	21,141,533	-
Material and supplies	-	4,830,434	-	-	4,830,434	-
Insurance claims and expense	-	-	-	-	-	2,277,705
Miscellaneous	8,138,360	917,852	2,755,611	3,713,647	15,525,470	-
<b>Total operating disbursements</b>	<b>31,189,439</b>	<b>6,243,325</b>	<b>4,197,762</b>	<b>4,745,342</b>	<b>46,375,868</b>	<b>2,277,705</b>
<b>Excess (deficiency) of operating receipts over operating disbursements</b>	<b>3,111,497</b>	<b>(287,708)</b>	<b>496,541</b>	<b>1,816,797</b>	<b>5,137,127</b>	<b>(100,649)</b>
<b>Nonoperating receipts (disbursements):</b>						
Investment income	38,809	2,611	9,021	6,766	57,207	-
Debt service of principal	184,028	(140,054)	(50,000)	(947,028)	(953,054)	-
Interest disbursements	-	(2,441)	(24,063)	(348,294)	(374,798)	-
<b>Total nonoperating receipts (disbursements)</b>	<b>222,837</b>	<b>(139,884)</b>	<b>(65,042)</b>	<b>(1,288,556)</b>	<b>(1,270,645)</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)</b>	<b>3,334,334</b>	<b>(427,592)</b>	<b>431,499</b>	<b>528,241</b>	<b>3,866,482</b>	<b>(100,649)</b>
Capital contributions	-	35,720	49,230	138,356	223,306	-
Transfers out	(170,687)	(41,818)	-	(214,212)	(426,717)	-
<b>Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out</b>	<b>3,163,647</b>	<b>(433,690)</b>	<b>480,729</b>	<b>452,385</b>	<b>3,663,071</b>	<b>(100,649)</b>
Cash and investment fund balance - beginning	13,528,222	884,742	3,068,794	2,195,126	19,676,884	1,132,256
<b>Cash and investment fund balance - ending</b>	<b>\$ 16,691,869</b>	<b>\$ 451,052</b>	<b>\$ 3,549,523</b>	<b>\$ 2,647,511</b>	<b>\$ 23,339,955</b>	<b>\$ 1,031,607</b>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 11,512,510	\$ 11,941	\$ 838,560	\$ 573,051	\$ 12,936,062	\$ -
Restricted assets:						
Cash and investments	5,179,359	439,111	2,710,963	2,074,460	10,403,893	1,031,607
<b>Total cash and investment assets - December 31</b>	<b>\$ 16,691,869</b>	<b>\$ 451,052</b>	<b>\$ 3,549,523</b>	<b>\$ 2,647,511</b>	<b>\$ 23,339,955</b>	<b>\$ 1,031,607</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 588,945	\$ 1,451,550	\$ 2,040,495	\$ -
Other purposes	5,179,359	439,111	2,122,018	622,910	8,363,398	1,031,607
Unrestricted	11,512,510	11,941	838,560	573,051	12,936,062	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 16,691,869</b>	<b>\$ 451,052</b>	<b>\$ 3,549,523</b>	<b>\$ 2,647,511</b>	<b>\$ 23,339,955</b>	<b>\$ 1,031,607</b>

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, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 88,297	\$ -	
Plan members	<u>136,728</u>	<u>-</u>	
Total contributions	<u>225,025</u>	<u>-</u>	
Investment earnings:			
Interest	<u>3,959</u>	<u>1,293</u>	
Total additions	<u>228,984</u>	<u>1,293</u>	
Deductions:			
Benefits	246,872	-	
Administrative and general	<u>14,605</u>	<u>28,533</u>	
Total deductions	<u>261,477</u>	<u>28,533</u>	
Deficiency of total additions over total deductions	(32,493)	(27,240)	
Cash and investment fund balance - beginning	<u>1,430,787</u>	<u>437,134</u>	
Cash and investment fund balance - ending	<u>\$ 1,398,294</u>	<u>\$ 409,894</u>	<u>\$ 93,695</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, water, wastewater, electric, gas, 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 nonexchange 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, 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 CEDIT Fund (capital projects) accounts for the City's use of economic development income tax revenues.

The City reports the following major enterprise funds:

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

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 officers' and the volunteer firefighters' pension plans, 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.

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.

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 and its enterprise funds. 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.

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. 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.

5. Long-Term Debt

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

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. 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.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund 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 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.

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. 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.

Prior to the first required publication, 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. Prior to November 1, 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.

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. IC 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. The City does not have a deposit policy for custodial credit risk. At December 31, 2010, the City had deposit balances in the amount of \$46,236,498.

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.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2010, were as follows:

Transfer From	Transfer To	2010
Water Utility Fund	General Fund	\$ 214,212
Electric Utility Fund	General Fund	170,687
Gas Utility Fund	General Fund	41,818
EDIT Fund	Other governmental funds	349,987
Other governmental funds	Other governmental funds	45,000
Total		\$ 821,704

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

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; and natural disasters.

The risks of 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; and natural disasters are covered by commercial insurance from independent third parties.

The City has chosen to establish a risk financing fund for risks associated with medical and dental benefits for 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. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Interfund premiums are paid into the fund by all affected funds with payrolls and are available to

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Contingent Liabilities

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 the 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 percent premium with no cost reopener and II) a 50 percent 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 have cost the city \$85,707 and Option II would have 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 the 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 percent.

C. Subsequent Events

Beaver Creek Lake Dam Project

Two bids have been received for the construction portion of the Water Utility's Beaver Creek Lake Dam rehabilitation project. The bids, in the amount of \$3,272,162 and \$3,991,507, were taken under advisement by the Utility Service Board on August 15, 2011. Much of the funding for the project will be provided by two grants that were awarded to the City during 2010. The Economic Development Administration has granted \$2,228,640 in federal funds, while the Indiana Office of Community and Rural Affairs grant award was \$760,360. Funds for the balance of the project, which is expected to be completed in 2012, will come from local sources.

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

North Side Sewer Improvement Project

On June 3, 2011, the City of Jasper was awarded an Indiana Office of Community and Rural Affairs grant of \$535,565 to help the Wastewater Utility fund sewer improvements in the City's north side. Bids for the project have not yet been advertised, but preliminary cost figures estimate the project will cost approximately \$786,565. Work on the project must be completed within 18 months of the award date.

Electric Generating Plant

On October 25, 2010, the Mayor and Common Council authorized disposal of the City's electric generating plant ("power plant") using the alternate lease procedure under Indiana Code 36-1-11-12. Accordingly, on October 27, 2010, the Utility Service Board requested proposals for alternate solutions for utilization of the plant using the alternate lease procedure.

In December 2010, the Board and Council chose the proposal submitted by Twisted Oak Corporation for further research and consideration. Under this proposal, Twisted Oak Corporation would operate the power plant through an Indiana legal liability company known as Jasper Clean Energy LLC, and would convert the existing coal-fired boiler to a biomass boiler burning a renewable energy crop, miscanthus grass, along with adding a natural gas turbine. Under the terms of the proposed lease agreement, the City would receive annual rental payments, in addition to royalty payments based on the quantity of electric power produced from the boiler during the operational phase of the lease. These revenues would flow to the City's electric utility.

After much due diligence regarding the economic analysis and potential health impacts of the proposed lease agreement, the Board adopted Resolution No. USB 2011-7 on August 5, 2011. This resolution approved a lease agreement between the City and Jasper Clean Energy LLC for the Jasper power plant, and agreed to forward the lease to the Jasper Common Council for approval, as required by Indiana Code 36-1-11-3(c)(2) and Indiana Code 36-1-11-10(f). At the same meeting, the Common Council of the City of Jasper adopted Resolution No. 2011-10, giving its approval of said lease agreement.

D. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

City of Jasper Employee Benefit Trust is a single-employer defined benefit healthcare plan administered by City of Jasper. The plan provides medical and dental insurance benefits to eligible retirees and their spouses. Ordinance 2001-29 assigns the authority to establish and amend benefit provisions to the City. The City of Jasper Employee Benefit Trust issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

City of Jasper  
610 Main Street  
Jasper, IN 47546  
812-482-4255

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

The contribution requirements of plan members for the City of Jasper Employee Benefit Trust are established by the City's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2010, ten retirees have contributed \$59,748 for their health and dental insurance. The required contribution for retirees is \$310 per month for retiree only coverage and \$711 for retiree and spouse coverage.

E. 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 October 21, 2009.

Wastewater Utility

The current rate structure was approved by the City Council on April 23, 2008.

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 February 18, 2009.

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. On July 20, 2011, the Council approved Ordinance 2011-7, which revises the rates and charge effective for billings due on and after October 10, 2011.

F. 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 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 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (317) 234-7876

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$776,707 which included \$207,363 for contributions on behalf of the members.

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

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$136,728 on behalf of the City. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

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

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.

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. 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  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (317) 234-7876

Funding Policy

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 during the period were \$195,919.

3. Volunteer Firefighters' Defined Benefit Pension Plan

Plan Description

Local Ordinance 1988-30 (repealed by Ordinance 1998-39) 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 amount from \$170 per month after 20 years of service to a maximum of \$270 per month after 30 years of service. Following the death of a firefighter pensioner, a monthly allowance equal to 50 percent of such firefighter's pension shall be paid to the firefighter's qualifying surviving spouse. Ordinance 1998-39 was amended by Local Ordinance 2009-11 effective January 1, 2009, to re-define the eligibility of benefits as only those retired firefighters or spouses of retired or deceased firefighters who were receiving benefits from the pension fund as of January 1, 2009. This plan is administered by the Board of Trustees of the Fire Pension Fund, 610 Main Street, Jasper, IN. Ph. (812) 482-4255.

Firefighters who had retired with at least 20 years of service, but had not reached age 55 as of January 1, 2009, received a one-time lump sum payment, approved by Local Resolution 2009-6. This lump sum distribution was equal to the present value of the annual benefit computed under the provisions of the previously enacted Volunteer Fire Department Pension Fund, plus \$100 for each year of service.

The current pension plan is being funded through the local tax rate. The City has elected not to have an actuarial valuation performed for 2010 and prior years, to provide the required disclosure information under Statement 27 of the Governmental Accounting Standards Board (GASB).

CITY OF JASPER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Volunteer Firefighters' Defined Contribution Retirement Plan

Plan Description

Effective January 1, 2009, Local Ordinance 2009-13 established a new defined contribution retirement plan for the benefit of the Jasper Volunteer Fire Department. The Plan is a length of service award plan under Section 457 (e) (11) (A) (ii) of the Internal Revenue Code. All active volunteer firefighters are eligible to participate. The City will make an annual contribution to the plan of up to \$1,000 per firefighter. The annual amount will be based on each firefighter's attendance at all fire runs, monthly meetings, and monthly training. The firefighter's account balance is vested based on a 20 year vesting schedule. The plan is administered by a committee comprised of the Fire Chief, Mayor, and Clerk-Treasurer of the City of Jasper, 610 Main Street, Jasper, IN. Ph. (812) 482-4255

All active firefighters as of January 1, 2009, received a one-time contribution into this new retirement plan, as well as a lump sum cash payout, as approved by Local Resolution 2009-5. These amounts were based on an actuarial study using the present value of each firefighter's annual benefit under the provisions of the previously enacted Volunteer Fire Department Pension Fund, plus \$100 for each year of service.

5. Police Pension and Fire Pension Supplemental Trusts

Plan Descriptions

Local Ordinances 1994-27 and 1997-29 established a police pension supplemental trust and a fire pension supplemental trust, respectively. The supplemental trusts were established to supplement the anticipated deficits in revenues under the police pension as established in Indiana Code 36-8-6 and 36-8-8 and in the volunteer fire pension plan. The fire pension supplemental trust fund was used to pay the lump-sum distributions and one time contributions, as described in Notes 3 and 4. As of December 31, 2010, the amount accumulated in the police pension supplemental trust and the fire pension supplemental trust was \$1,077,934 and \$2,501, respectively.

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)
06-30-08	\$ 9,818,611	\$ 11,711,523	\$ (1,892,912)	84%	\$ 7,083,467	(27%)
06-30-09	9,185,488	12,510,382	(3,324,894)	73%	7,345,262	(45%)
06-30-10	8,605,741	13,922,461	(5,316,721)	62%	7,257,680	(73%)

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)
01-01-05	\$ 179,842	\$ 2,379,200	\$ (2,199,358)	8%	\$	- No Covered Payroll
01-01-06	129,087	3,009,200	(2,880,113)	4%		- No Covered Payroll
01-01-07	127,550	3,006,900	(2,879,350)	4%		- No Covered Payroll
01-01-08	137,086	3,039,300	(2,902,214)	5%		- No Covered Payroll
01-01-09	245,386	2,932,100	(2,686,714)	8%		- No Covered Payroll
01-01-10	270,181	2,625,900	(2,355,719)	10%		- No Covered Payroll

CITY OF JASPER  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original & Encumbrances	Final		
Budgetary Fund balance, January 1	\$ 6,683,614	\$ 6,683,614	\$ 6,683,614	\$ -
Resources (inflows):				
Property taxes	4,113,462	3,971,083	4,017,245	46,162
Excise taxes	359,143	359,143	380,244	21,101
County Option Income Tax	2,022,984	2,022,984	2,022,984	-
Licenses and permits	14,500	14,500	29,622	15,122
Fines & forfeitures	12,000	12,000	23,033	11,033
Charges for services	698,035	698,035	859,701	161,666
Grants	45,000	45,000	42,343	(2,657)
Other Reimbursements	67,000	67,000	25,200	(41,800)
Arts Department revenue	219,200	219,200	224,679	5,479
Miscellaneous	5,200	5,200	62,357	57,157
Interest received	60,000	60,000	46,771	(13,229)
Transfers from other funds	-	-	46,110	46,110
Amounts available for appropriation	<u>14,300,138</u>	<u>14,157,759</u>	<u>14,463,904</u>	<u>306,145</u>
Charges to appropriations (outflows):				
Common Council	1,894,300	1,889,300	1,145,695	743,605
Mayor's Office	141,825	141,425	123,259	18,166
Public Works	819,500	819,500	604,678	214,822
Clerk-Treasurer	204,660	200,460	170,512	29,948
Legal	96,600	89,500	43,163	46,337
City Hall	140,614	140,614	107,445	33,169
Safety-Personnel Director	99,850	94,850	56,551	38,299
City Engineer	96,700	89,200	59,028	30,172
Police Department	2,018,159	1,977,326	1,779,303	198,023
Fire Department	461,428	456,428	374,345	82,083
Storm Sewer	690,000	708,833	574,173	134,660
Refuse Department	239,000	239,000	197,697	41,303
Sanitation-Recycling Department	449,900	453,112	346,325	106,787
Streets & Alleys	1,577,719	1,493,719	997,309	496,410
Planning Commission	121,200	142,400	124,609	17,791
Housing Board	500	500	-	500
Arts Department	596,606	591,606	488,784	102,822
Nondepartmental expenditures & transfers	-	-	59,051	(59,051)
Total charges to appropriations	<u>9,648,561</u>	<u>9,527,773</u>	<u>7,251,927</u>	<u>2,275,846</u>
Budgetary fund balance, December 31	<u>\$ 4,651,577</u>	<u>\$ 4,629,986</u>	<u>\$ 7,211,977</u>	<u>\$ 2,581,990</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, 2010

	Motor Vehicle Highway	Local Road And Street	Cemetery Operating	Park Nonreverting Operating	Donations	Economic Development Operating
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	2,040	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	441,591	78,025	-	-	-	-
Charges for services	-	-	920	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,021	262	219	175	6	374
<b>Total receipts</b>	<b>442,612</b>	<b>78,287</b>	<b>1,139</b>	<b>2,215</b>	<b>6</b>	<b>374</b>
<b>Disbursements:</b>						
General government	-	-	100	-	-	-
Public safety	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	153	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	375,999	63,565	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>375,999</b>	<b>63,565</b>	<b>253</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>66,613</b>	<b>14,722</b>	<b>886</b>	<b>2,215</b>	<b>6</b>	<b>374</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>66,613</b>	<b>14,722</b>	<b>886</b>	<b>2,215</b>	<b>6</b>	<b>374</b>
Cash and investment fund balance - beginning	326,135	55,042	47,070	57,290	2,077	125,567
Cash and investment fund balance - ending	<u>\$ 392,748</u>	<u>\$ 69,764</u>	<u>\$ 47,956</u>	<u>\$ 59,505</u>	<u>\$ 2,083</u>	<u>\$ 125,941</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	392,748	69,764	47,956	59,505	2,083	125,941
<b>Total cash and investment assets - ending</b>	<u>\$ 392,748</u>	<u>\$ 69,764</u>	<u>\$ 47,956</u>	<u>\$ 59,505</u>	<u>\$ 2,083</u>	<u>\$ 125,941</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	392,748	69,764	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	125,941
Culture and recreation	-	-	-	59,505	2,083	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	47,956	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 392,748</u>	<u>\$ 69,764</u>	<u>\$ 47,956</u>	<u>\$ 59,505</u>	<u>\$ 2,083</u>	<u>\$ 125,941</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, 2010  
 (Continued)

	Law Enforcement Continuing Ed	Unsafe Building	Riverboat	Parks And Recreation	Fire Donation	Rainy Day
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,462,977	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	6,170	-	-	-	-	-
Intergovernmental	-	-	75,722	123,902	-	383,156
Charges for services	1,490	-	-	814,967	1,320	-
Fines and forfeits	4,439	-	-	-	-	-
Other	-	3	1,728	29,776	542	7,596
<b>Total receipts</b>	<b>12,099</b>	<b>3</b>	<b>77,450</b>	<b>2,431,622</b>	<b>1,862</b>	<b>390,752</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	185	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	2,271,450	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	194,828	-	-
<b>Total disbursements</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>2,466,278</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>11,914</b>	<b>3</b>	<b>77,450</b>	<b>(34,656)</b>	<b>1,862</b>	<b>390,752</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	9,578	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,578</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>11,914</b>	<b>3</b>	<b>77,450</b>	<b>(25,078)</b>	<b>1,862</b>	<b>390,752</b>
Cash and investment fund balance - beginning	48,357	893	562,549	2,082,979	156,005	2,222,702
Cash and investment fund balance - ending	<u>\$ 60,271</u>	<u>\$ 896</u>	<u>\$ 639,999</u>	<u>\$ 2,057,901</u>	<u>\$ 157,867</u>	<u>\$ 2,613,454</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 639,999	\$ -	\$ -	\$ 2,613,454
Restricted assets:						
Cash and investments	60,271	896	-	2,057,901	157,867	-
<b>Total cash and investment assets - ending</b>	<u>\$ 60,271</u>	<u>\$ 896</u>	<u>\$ 639,999</u>	<u>\$ 2,057,901</u>	<u>\$ 157,867</u>	<u>\$ 2,613,454</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Public safety	\$ 60,271	\$ -	\$ -	\$ -	\$ 157,867	\$ -
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	2,057,901	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	896	-	-	-	-
Unrestricted	-	-	639,999	-	-	2,613,454
<b>Total cash and investment fund balance - ending</b>	<u>\$ 60,271</u>	<u>\$ 896</u>	<u>\$ 639,999</u>	<u>\$ 2,057,901</u>	<u>\$ 157,867</u>	<u>\$ 2,613,454</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, 2010  
 (Continued)

	Dare	Excess Levy Deposit	Arnold Habig Community Center Fund	Arts Center Expansion Fund	Beaver Dam Lake Fund
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	17,172	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	-	20	6,291	118
<b>Total receipts</b>	<b>-</b>	<b>17,172</b>	<b>20</b>	<b>6,291</b>	<b>118</b>
<b>Disbursements:</b>					
General government	-	6,232	-	-	-
Public safety	150	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total disbursements</b>	<b>150</b>	<b>6,232</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(150)</b>	<b>10,940</b>	<b>20</b>	<b>6,291</b>	<b>118</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(150)</b>	<b>10,940</b>	<b>20</b>	<b>6,291</b>	<b>118</b>
Cash and investment fund balance - beginning	150	6,232	6,702	93,426	39,550
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 17,172</u>	<u>\$ 6,722</u>	<u>\$ 99,717</u>	<u>\$ 39,668</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:					
Cash and investments	-	17,172	6,722	99,717	39,668
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 17,172</u>	<u>\$ 6,722</u>	<u>\$ 99,717</u>	<u>\$ 39,668</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	6,722	99,717	39,668
Debt service	-	-	-	-	-
Other purposes	-	17,172	-	-	-
Unrestricted	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 17,172</u>	<u>\$ 6,722</u>	<u>\$ 99,717</u>	<u>\$ 39,668</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, 2010  
 (Continued)

	Investment Incentive Fund	Police Grant Fund	Park District Bond	Cumulative Capl Imprv Cigarette Tax	Cumulative Capital Development
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 345,074
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	15,823	-	35,428	29,225
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	831	1,207	417	3,664
<b>Total receipts</b>	<b>-</b>	<b>16,654</b>	<b>1,207</b>	<b>35,845</b>	<b>377,963</b>
<b>Disbursements:</b>					
General government	-	-	-	-	-
Public safety	-	8,610	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	340,000	-	-
Interest	-	-	50,073	-	-
Capital outlay:					
General government	105,514	-	-	-	-
Public safety	-	6,993	-	-	-
Highways and streets	-	-	-	-	402,000
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
<b>Total disbursements</b>	<b>105,514</b>	<b>15,603</b>	<b>390,073</b>	<b>-</b>	<b>402,000</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(105,514)</b>	<b>1,051</b>	<b>(388,866)</b>	<b>35,845</b>	<b>(24,037)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	394,987	-	-
Transfers out	-	-	-	(45,000)	-
Other receipts	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>394,987</b>	<b>(45,000)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(105,514)</b>	<b>1,051</b>	<b>6,121</b>	<b>(9,155)</b>	<b>(24,037)</b>
Cash and investment fund balance - beginning	105,917	2,178	403,531	176,766	1,174,166
Cash and investment fund balance - ending	<u>\$ 403</u>	<u>\$ 3,229</u>	<u>\$ 409,652</u>	<u>\$ 167,611</u>	<u>\$ 1,150,129</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ 167,611	\$ 1,150,129
Restricted assets:					
Cash and investments	403	3,229	409,652	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 403</u>	<u>\$ 3,229</u>	<u>\$ 409,652</u>	<u>\$ 167,611</u>	<u>\$ 1,150,129</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Public safety	\$ -	\$ 3,229	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	403	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	409,652	-	-
Other purposes	-	-	-	-	-
Unrestricted	-	-	-	167,611	1,150,129
<b>Total cash and investment fund balance - ending</b>	<u>\$ 403</u>	<u>\$ 3,229</u>	<u>\$ 409,652</u>	<u>\$ 167,611</u>	<u>\$ 1,150,129</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, 2010  
 (Continued)

	Park Nonreverting Capital	Cumulative Sewer	Cumulative Police And Fire	Storm Water Management	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ 67,496	\$ -	\$ 1,875,547
Special assessments	-	-	-	-	2,040
Licenses and permits	-	-	-	-	6,170
Intergovernmental	-	-	5,587	-	1,205,631
Charges for services	28,498	-	-	354,238	1,201,433
Fines and forfeits	-	-	-	-	4,439
Other	220	227	1,336	1,927	57,960
<b>Total receipts</b>	<b>28,718</b>	<b>227</b>	<b>74,419</b>	<b>356,165</b>	<b>4,353,220</b>
<b>Disbursements:</b>					
General government	-	-	-	-	6,332
Public safety	-	-	-	-	8,945
Sanitation	-	-	-	62,987	62,987
Culture and recreation	1,853	-	-	-	2,273,303
Debt service:					
Principal	-	-	-	-	340,000
Interest	-	-	-	-	50,073
Capital outlay:					
General government	-	-	-	-	105,667
Public safety	-	-	-	-	6,993
Highways and streets	-	-	-	-	841,564
Sanitation	-	-	-	84,777	84,777
Culture and recreation	65,200	-	-	-	260,028
<b>Total disbursements</b>	<b>67,053</b>	<b>-</b>	<b>-</b>	<b>147,764</b>	<b>4,040,669</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(38,335)</b>	<b>227</b>	<b>74,419</b>	<b>208,401</b>	<b>312,551</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	394,987
Transfers out	-	-	-	-	(45,000)
Other receipts	-	-	-	-	9,578
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>359,565</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(38,335)</b>	<b>227</b>	<b>74,419</b>	<b>208,401</b>	<b>672,116</b>
Cash and investment fund balance - beginning	100,451	76,235	433,872	557,556	8,863,398
Cash and investment fund balance - ending	<u>\$ 62,116</u>	<u>\$ 76,462</u>	<u>\$ 508,291</u>	<u>\$ 765,957</u>	<u>\$ 9,535,514</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 4,571,193
Restricted assets:					
Cash and investments	62,116	76,462	508,291	765,957	4,964,321
<b>Total cash and investment assets - ending</b>	<b>\$ 62,116</b>	<b>\$ 76,462</b>	<b>\$ 508,291</b>	<b>\$ 765,957</b>	<b>\$ 9,535,514</b>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Public safety	\$ -	\$ -	\$ 508,291	\$ -	\$ 729,658
Highways and streets	-	-	-	-	462,512
Sanitation	-	76,462	-	765,957	842,419
Economic development	-	-	-	-	126,344
Culture and recreation	62,116	-	-	-	2,327,712
Debt service	-	-	-	-	409,652
Other purposes	-	-	-	-	66,024
Unrestricted	-	-	-	-	4,571,193
<b>Total cash and investment fund balance - ending</b>	<b>\$ 62,116</b>	<b>\$ 76,462</b>	<b>\$ 508,291</b>	<b>\$ 765,957</b>	<b>\$ 9,535,514</b>

CITY OF JASPER  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2010

	Police Pension	Fire Pension	Fire Pension Supplemental Trust	Police Pension Supplemental Trust	Totals
Additions:					
Contributions:					
Employer	-	88,297	-	-	88,297
State	<u>136,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,728</u>
Total contributions	<u>136,728</u>	<u>88,297</u>	<u>-</u>	<u>-</u>	<u>225,025</u>
Investment receipts:					
Interest	<u>696</u>	<u>58</u>	<u>8</u>	<u>3,197</u>	<u>3,959</u>
Total additions	<u>137,424</u>	<u>88,355</u>	<u>8</u>	<u>3,197</u>	<u>228,984</u>
Deductions:					
Benefits	159,950	86,922	-	-	246,872
Administrative and general	<u>12</u>	<u>14,593</u>	<u>-</u>	<u>-</u>	<u>14,605</u>
Total deductions	<u>159,962</u>	<u>101,515</u>	<u>-</u>	<u>-</u>	<u>261,477</u>
Excess (deficiency) of total additions over total deductions	(22,538)	(13,160)	8	3,197	(32,493)
Cash and investment fund balance - beginning	<u>270,181</u>	<u>83,376</u>	<u>2,493</u>	<u>1,074,737</u>	<u>1,430,787</u>
Cash and investment fund balance - ending	<u>\$ 247,643</u>	<u>\$ 70,216</u>	<u>\$ 2,501</u>	<u>\$ 1,077,934</u>	<u>\$ 1,398,294</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, 2010

	<u>Cemetery Endowment</u>	<u>Landfill Escrow</u>	<u>Totals</u>
Additions:			
Investment earnings:			
Interest	\$ 29	\$ 1,264	\$ 1,293
Deductions:			
Administrative and general	<u>29</u>	<u>28,504</u>	<u>28,533</u>
Deficiency of total additions over total deductions	-	(27,240)	(27,240)
Cash and investment fund balance - beginning	<u>5,971</u>	<u>431,163</u>	<u>437,134</u>
Cash and investment fund balance - ending	<u>\$ 5,971</u>	<u>\$ 403,923</u>	<u>\$ 409,894</u>

CITY OF JASPER  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2010

	<u>Payroll</u>	<u>Regional Arts Grant</u>	<u>Totals</u>
Additions:			
Agency fund additions	<u>\$ 9,450,152</u>	<u>\$ 46,099</u>	<u>\$ 9,450,152</u>
Deductions:			
Agency fund deductions	<u>9,451,776</u>	<u>49,363</u>	<u>9,451,776</u>
Deficiency of total additions over total deductions	(1,624)	(3,264)	(1,624)
Cash and investment fund balance - beginning	<u>95,319</u>	<u>3,264</u>	<u>95,319</u>
Cash and investment fund balance - ending	<u><u>\$ 93,695</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 93,695</u></u>

CITY OF JASPER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2010

**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 (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 4,006,160
Infrastructure	64,907,298
Buildings	13,324,183
Improvements other than buildings	8,888,491
Machinery and equipment	11,426,119
Construction in progress	<u>13,665</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 102,565,916</u>

**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	\$ 292,054
Construction in progress	241,954
Capital assets, being depreciated:	
Buildings	10,473,758
Improvements other than buildings	11,077,392
Machinery and equipment	<u>4,251,878</u>
Total Water Utility capital assets	<u>\$ 26,337,036</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 195,639
Construction in progress	121,855
Capital assets, being depreciated:	
Buildings	6,902,921
Improvements other than buildings	16,797,849
Machinery and equipment	<u>7,341,660</u>
Total Wastewater Utility capital assets	<u>\$ 31,359,924</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 130,850
Construction in progress	266,860
Capital assets, being depreciated:	
Buildings	3,857,153
Improvements other than buildings	19,000,411
Machinery and equipment	<u>7,166,454</u>
Total Electric Utility capital assets	<u>\$ 30,421,728</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	\$ 16,904
Construction in progress	30,909
Capital assets, being depreciated:	
Buildings	76,463
Improvements other than buildings	5,401,601
Machinery and equipment	<u>746,325</u>
Total Gas Utility capital assets	<u>\$ 6,272,202</u>

CITY OF JASPER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Revenue bonds:		
2004 Park Bonds	<u>\$ 1,300,000</u>	<u>\$ 395,306</u>
Business-type activities:		
Water Utility:		
Loans payable	<u>\$ 9,140,000</u>	<u>\$ 160,850</u>
Wastewater Utility:		
Loans payable	<u>650,000</u>	<u>36,375</u>
Gas Utility:		
Interfund loans payable	<u>832,796</u>	<u>-</u>
Total business-type activities debt	<u>\$ 10,622,796</u>	<u>\$ 197,225</u>

CITY OF JASPER  
OTHER REPORTS

The Annual Report presented herein was prepared in addition to other official reports prepared for 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 August 31, 2011, with Juanita S. Boehm, Clerk-Treasurer, and William J. Schmitt, Mayor. Our audit disclosed no material items that warrant comment at this time.