

CITY OF JAMESTOWN
Stutsman County, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2016

CITY OF JAMESTOWN
Stutsman County, North Dakota
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Schauer & Associates, P.C.

Certified Public Accountants

Ronald R. Fuchs, CPA
Duane R. Dunn, CPA
Robert A. Piatz, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
CITY OF JAMESTOWN
Jamestown, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT - continued

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 50 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

INDEPENDENT AUDITORS' REPORT - continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017, on our consideration of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting and compliance.

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
October 17, 2017

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016

As management of the **CITY OF JAMESTOWN**, we offer readers of the **CITY OF JAMESTOWN'S** financial statements this narrative overview and analysis of the financial activities of the **CITY OF JAMESTOWN** for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying basic financial statements, the fund financial statements and the notes to the financial statements.

Financial Highlights

- The net position of the **CITY OF JAMESTOWN** decreased by \$180,432 or .3% as a result of current year operations. Net position of the business type activities increased by \$2,728,855 and net position of the governmental activities decreased by \$2,909,287.
- Total revenues from all sources were \$24,011,600. Revenue from governmental activities was \$13,668,900 and revenues from business type activities were \$10,342,700.
- Total cost of all programs was \$24,192,032. This was comprised of \$16,334,187 in governmental activities and \$7,857,845 in business type activities.
- Governmental net position totaled \$26,326,601 as of December 31, 2016.
- Governmental funds expenditures exceeded revenues by \$3,557,339.
- Unassigned fund balance for the general fund was \$4,037,049, 53.9% of the total general fund expenditures.

Using This Annual Report

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund statements.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the **CITY OF JAMESTOWN'S** finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on how the City's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

Both the Statement of Net Position and the Statement of Activities present information as follows:

- Governmental activities – this includes most of the City's basic services, which are primarily supported by property and sales taxes, interest income, user fees and intergovernmental revenues.
- Business-type activities – this includes those services which are intended to recover all or a significant part of their costs through user fees.

The government-wide financial statements include not only the City (*known as the primary government*), but also one legally separate entity for which the City is financially accountable. The *component unit* is the Jamestown Regional Airport Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government. Separately issued financial statements are available from their administrative offices as noted in footnote 1 B in the notes to the financial statements.

The government-wide financial statements begin on page 12.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The **CITY OF JAMESTOWN**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. The City's funds can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the City's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

The **CITY OF JAMESTOWN** maintains 56 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major funds; equipment replacement fund, city sales tax fund, special assessment deficiency fund, and the construction fund. Data from the 50 other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

The **CITY OF JAMESTOWN** adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison schedules for the general and major special revenue funds are required to be presented and are included in the required supplementary information section on pages 50 – 54 of this report.

The governmental fund financial statements begin on page 14.

Proprietary Funds. The **CITY OF JAMESTOWN** maintains two types of proprietary funds. Enterprise funds are used to report activities that charge for services it provides to outside customers. The Enterprise funds are presented as business-type activities in the government-wide statements. The **CITY OF JAMESTOWN** uses enterprise funds to account for its water utility, sewer utility, sanitation, solid waste, water meter deposits and landfill deposits. Internal Service funds are used to report activities that provide services to other City programs and activities. The **CITY OF JAMESTOWN** uses an internal service fund to account for the self-funded insurance program. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail. The internal service fund is shown in a single column in the proprietary fund financial statements.

The basic proprietary fund statements begin on page 18.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the **CITY OF JAMESTOWN'S** own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement is found on page 21.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 49 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining fund statements and other schedules can be found on pages 57 – 62.

Financial Analysis of the City as a Whole

The following tables present condensed information on the City's Net Position and Changes in Net Position for the fiscal years ended December 31, 2016 and 2015.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the CITY OF JAMESTOWN, assets exceeded liabilities by \$60,269,349 at the close of the most recent fiscal year.

Table I
NET POSITION
December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current assets	\$ 21,816,227	\$ 25,443,916	\$ 12,034,105	\$ 10,340,571	\$ 33,850,332	\$ 35,784,487
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	25,690,232	26,642,804	47,368,949	48,242,840	73,059,181	74,885,644
Deferred outflows of resources	1,649,908	961,334			1,649,908	961,334
Total Assets and Deferred Outflows of Resources	\$ 49,365,765	\$ 53,257,452	\$ 59,403,054	\$ 58,583,411	\$ 108,768,819	\$ 111,840,863
LIABILITIES						
Current liabilities	\$ 2,531,678	\$ 2,573,979	\$ 1,485,208	\$ 2,521,287	\$ 4,016,886	\$ 5,095,266
Long-term liabilities	20,190,417	20,674,474	23,975,098	24,829,289	44,165,515	45,503,763
Total Liabilities	22,722,095	23,248,453	25,460,306	27,350,576	48,182,401	50,599,029
DEFERRED INFLOWS OF RESOURCES	317,069	773,111			317,069	773,111
NET POSITION						
Net Investment in capital assets	8,382,635	6,957,012	22,107,483	21,070,843	30,490,118	28,027,855
Restricted	8,944,221	8,652,470	9,855,478	8,979,473	18,799,699	17,631,943
Unrestricted	8,999,745	13,626,406	1,979,787	1,182,519	10,979,532	14,808,925
Total Net Position	26,326,601	29,235,888	33,942,748	31,232,835	60,269,349	60,468,723
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 49,365,765	\$ 53,257,452	\$ 59,403,054	\$ 58,583,411	\$ 108,768,819	\$ 111,840,863

Net investment in capital assets consists of land, buildings, infrastructure and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

A portion of the **CITY OF JAMESTOWN'S** net position (\$18,799,699) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net position (\$10,979,532) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2016, the **CITY OF JAMESTOWN** is able to report positive balances in all of the three categories of net position, for the government as a whole.

Table II
CHANGES IN NET POSITION
 Years Ending December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 829,254	\$ 794,292	\$10,333,536	\$ 10,133,072	\$11,162,790	\$ 10,927,364
Operating grants	1,111,522	1,492,416			1,111,522	1,492,416
Capital grants		2,100				2,100
General revenues						
Property taxes, general	3,214,931	3,082,154			3,214,931	3,082,154
Property taxes, debt service	1,953,859	2,156,403			1,953,859	2,156,403
State aid distribution	814,548	1,222,800			814,548	1,222,800
Miscellaneous taxes	1,188,436	904,444			1,188,436	904,444
Sales taxes	2,629,412	4,036,680			2,629,412	4,036,680
Investment earnings	63,247	68,578	9,164	11,388	72,411	79,966
Repayment of economic development funds	557,891	382,792			557,891	382,792
Miscellaneous	916,014	1,062,888			916,014	1,062,888
Gain on sale of assets	389,786	453,808			389,786	453,808
Total Revenues	13,668,900	15,659,355	10,342,700	10,144,460	24,011,600	25,803,815
EXPENSES						
General government	981,071	1,012,199			981,071	1,012,199
Public safety	4,524,557	4,493,379			4,524,557	4,493,379
Public works	7,799,412	5,728,863			7,799,412	5,728,863
Flood control		2,885				2,885
Health	56,280	54,637			56,280	54,637
Civic center	911,375	974,556			911,375	974,556
Interest on long-term debt	547,272	450,430			547,272	450,430
Visitor's promotion	611,200	616,761			611,200	616,761
Business and industrial development	903,020	1,731,550			903,020	1,731,550
Water utility			2,946,842	2,796,439	2,946,842	2,796,439
Sewer utility			2,324,506	2,315,185	2,324,506	2,315,185
Sanitation			1,094,081	1,109,883	1,094,081	1,109,883
Solid waste			1,448,157	1,507,665	1,448,157	1,507,665
Other enterprise funds			44,259	43,687	44,259	43,687
Total Expenses	16,334,187	15,065,260	7,857,845	7,772,859	24,192,032	22,838,119

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

	2016	2015	2016	2015	2016	2015
Change before transfers	(2,665,287)	594,095	2,484,855	2,371,601	(180,432)	2,965,696
Transfers	(244,000)	865,186	244,000	(865,186)		
Change in net position	(2,909,287)	1,459,281	2,728,855	1,506,415	(180,432)	2,965,696
BEGINNING NET POSITION						
POSITION	29,235,888	29,818,961	31,213,893	29,707,478	60,449,781	59,545,381
Prior period adjustment		(2,042,354)				(2,042,354)
ENDING NET POSITION						
POSITION	<u>\$26,326,601</u>	<u>\$29,235,888</u>	<u>\$33,942,748</u>	<u>\$31,213,893</u>	<u>\$60,269,349</u>	<u>\$60,468,723</u>

Financial Analysis of the Government's Funds

The **CITY OF JAMESTOWN** uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the **CITY OF JAMESTOWN'S** *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the **CITY OF JAMESTOWN'S** financing requirements. In particular, unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the **CITY OF JAMESTOWN'S** governmental funds reported combined ending fund balances of \$19,457,030, a decrease of \$3,557,339. The *governmental funds unassigned fund balance* is \$(2,430,700). The rest of the fund balances are restricted to indicate that they are not available for new spending because they have already been committed.

The general fund is the chief operating fund of the **CITY OF JAMESTOWN**. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,037,049. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 53.9% of total general fund expenditures. Total general fund cash at year end is \$2,779,141.

The **CITY OF JAMESTOWN'S** general fund balance decreased by \$79,900 during the current fiscal year.

The debt service funds have a total fund balance of \$7,085,996, all of which is restricted for the payment of debt service.

Proprietary Funds

The **CITY OF JAMESTOWN'S** proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate financial information for the water utility, sewer utility, sanitation and solid waste, all of which are considered to be major funds of the **CITY OF JAMESTOWN**.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

General Fund Budgetary Highlights

There were no changes to the original budgets for 2016. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$677,936 less than budgeted. This was mostly due to a new oil and gas production tax collected, higher collections by the civic center and decreases in the highway tax distribution. The total general government expenditures were \$493,709 less than budgeted.

Capital Assets

The CITY OF JAMESTOWN'S investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to \$73,059,181 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure and equipment. The total value of land owned by the City has not been determined and will be added when it can be determined.

Major capital asset events during the current fiscal year included the following:

- Approximately \$960,000 was spent on acquiring equipment and vehicles

Capital Assets
(Net of Accumulated Depreciation)
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	14,878	546,687	561,565
Buildings	3,176,415	32,245,825	35,422,240
Infrastructure	19,558,313	13,087,807	32,646,120
Equipment	2,933,426	1,428,630	4,362,056
Total Capital Assets (Net of Depreciation)	<u>\$ 25,690,232</u>	<u>\$ 47,368,949</u>	<u>\$ 73,059,181</u>

Additional information on the CITY OF JAMESTOWN'S capital assets can be found in note 5 on pages 32 – 34 of this report.

Long-Term Debt

At year end the City had total long-term debt of \$47,784,839, a decrease of \$2,583,783 over the prior year.

The city issued new debt for Solid Waste Treatment Revenue Bonds in the amount of \$522,119.

The CITY OF JAMESTOWN continues to receive a rating of A2 from the rating agencies for their bonds.

Additional information on the CITY OF JAMESTOWN's long term debt can be found in Note 7 on pages 34 - 38 of this report.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2016

Table IV
 Long-Term Liabilities
 December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 23,584,119	\$ 23,584,119
Refunding improvement bonds	15,676,047		15,676,047
Lease/purchase	1,631,550		1,631,550
Landfill closure costs		1,677,347	1,677,347
Compensated absences	288,175	158,751	446,926
Net pension obligation	4,768,850		4,768,850
Total	<u>\$ 22,364,622</u>	<u>\$ 25,420,217</u>	<u>\$ 47,784,839</u>

Economic Factors and Next Year's Budgets and Rates

2016 construction activities included the construction of the University of Jamestown Newman Arena with the total value of \$10,046,655. The construction of the Two Rivers Activity Center with a total valuation of \$25,200,000 was also begun to be completed in 2017. Victory Lutheran Church constructed a large addition to their building with a value of \$1,943,000. Tractor Supply Company constructed a new retail store valued at just under \$2,000,000. Total commercial construction for 2016 totaled 11 new buildings with a total value of \$41,170,454.

Residential construction for 2016 consisted of 16 single family residential homes with a total value of \$3,787,289.

Indications for 2017 show construction for commercial building to be average with residential construction continuing its recent slowdown in new home construction but still showing steady in the renovation of existing homes.

Taxable valuations in the City for 2016 were \$41,018,820, an increase of 7.4%. The mill levy for the City of Jamestown in 2016 decreased to 99.31 mills or minus 3.0%

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives to the citizens of Jamestown. If you have any questions on this report or need further information, contact the **CITY OF JAMESTOWN'S** City Administrator at 102 3rd Avenue SE, Jamestown, North Dakota 58401.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and equivalents	\$ 20,630,381	\$ 8,472,624	\$ 29,103,005	\$ 100,711
Accounts receivable	9,713	833,475	843,188	14,787
Internal balances	(2,728,006)	2,728,006		
Due from other governmental agencies	3,904,139		3,904,139	188,175
Prepaid expenses				50,821
Unamortized loan fees				4,251
Property held for resale	209,398		209,398	
Capital assets				
Land and improvements not being depreciated	7,200	60,000	67,200	443,705
Construction in progress	14,878	546,687	561,565	51,054
Buildings	6,053,325	23,886,056	29,939,381	4,970,814
Infrastructure	35,883,779	37,263,255	73,147,034	11,514,725
Equipment	6,959,064	4,656,704	11,615,768	1,670,282
Less: Accumulated Depreciation	(23,228,014)	(19,043,753)	(42,271,767)	(8,534,312)
Net Capital Assets	25,690,232	47,368,949	73,059,181	10,116,268
Total Assets	47,715,857	59,403,054	107,118,911	10,475,013
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,649,908		1,649,908	43,298
Total Deferred Outflows of Resources	1,649,908		1,649,908	43,298
Total Assets and Deferred Outflows of Resources	\$ 49,365,765	\$ 59,403,054	\$ 108,768,819	\$ 10,518,311
LIABILITIES				
Accounts payable and accrued expenses	\$ 357,473	\$ 40,089	\$ 397,562	\$ 23,598
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,174,205	1,445,119	3,619,324	50,371
Due in more than one year				
Bonds, capital leases and contracts	15,133,392	23,816,347	38,949,739	935,959
Compensated absences	288,175	158,751	446,926	
Net pension obligation	4,768,850		4,768,850	130,099
Total Liabilities	22,722,095	25,460,306	48,182,401	1,140,027
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	317,069		317,069	44,568
Total Deferred Inflows of Resources	317,069		317,069	44,568
NET POSITION				
Net investment in capital assets	8,382,635	22,107,483	30,490,118	9,129,938
Restricted for:				
Capital projects	364,187	4,676,044	5,040,231	
Debt service	7,770,048	3,182,289	10,952,337	
Other projects	809,986	1,997,145	2,807,131	
Unrestricted net position	8,999,745	1,979,787	10,979,532	203,778
Total Net Position	26,326,601	33,942,748	60,269,349	9,333,716
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 49,365,765	\$ 59,403,054	\$ 108,768,819	\$ 10,518,311

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Activities
Year Ended December 31, 2016

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Component Units
Governmental Activities					
General government	\$ 981,071	\$ 34,250	\$ 157,262	\$	\$ (981,071)
Public safety	4,524,557	267,279	950,171		(4,333,045)
Public works	7,799,412		4,089		(6,381,962)
Flood control					4,089
Health	56,280				(56,280)
Civic center	911,375	527,725			(383,650)
Interest on long-term debt	547,272				(547,272)
Visitor's promotion	611,200				(611,200)
Business and industrial development	903,020				(903,020)
Total Governmental Activities	16,334,187	829,254	1,111,522		(14,393,411)
Business-Type Activities					
Water utility	2,946,842	4,655,298			1,708,456
Sewer utility	2,324,506	2,802,647			478,141
Sanitation	1,094,081	1,992,688			898,607
Solid waste	1,448,157	841,925			(606,232)
Other enterprise funds	44,259	40,978			(3,281)
Total Business-Type Activities	7,857,845	10,333,536			2,475,691
Total Primary Government	24,192,032	11,162,790	1,111,522		(14,393,411)
Component Units					
Jamestown Municipal Airport Authority	1,072,622	217,667		113,573	(741,382)
Total Component Units	1,072,622	217,667		113,573	(741,382)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					3,214,931
Property taxes, levied for debt service					1,953,859
State aid distribution					814,548
Miscellaneous taxes					1,188,436
Sales taxes					2,629,412
Unrestricted investment earnings					72,411
Miscellaneous - repayment of economic development funds					557,891
Miscellaneous					916,014
Special item - gain on sale of assets					389,786
Transfers					(244,000)
Total General Revenues, Special Items, and Transfers					11,737,288
Change in Net Position					(180,432)
Net Position:					
Beginning of year					60,449,781
Net Position - Ending					\$ 60,269,349

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Balance Sheet
 Governmental Funds
 December 31, 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	General Fund	Equipment Replacement	City Sales Tax	City Share Specials - Reserve	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 2,779,141	\$ 3,109,478	\$ 6,498,953	\$ 2,500,937	\$ 1,066,684	\$	\$ 4,251,640	\$ 20,206,833
Taxes receivable, net	2,182,506						1,711,360	3,893,866
Due from other funds		444,720	1,575,691		1,195,256		581,771	3,797,438
Receivable from other governments	1,198						9,075	10,273
Other receivables							9,713	9,713
Total Assets and Deferred Outflows of Resources	\$ 4,962,845	\$ 3,554,198	\$ 8,074,644	\$ 2,500,937	\$ 2,261,940	\$	\$ 6,563,559	\$ 27,918,123

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 70,697	\$	\$	\$	\$	\$ 253,828	\$ 931	\$ 325,456
Due to other funds	54			303,979		6,213,921	14,023	6,531,977
Total Liabilities	70,751			303,979		6,467,749	14,954	6,857,433
Deferred inflows of resources								
Long - term receivables	855,045						748,615	1,603,660

Fund Balances:								
Restricted for								
Debt service					2,261,940		4,824,056	7,085,996
Committed							57,590	809,986
Assigned		3,554,198	752,396	2,196,958			918,344	13,991,748
Unassigned	4,037,049					(6,467,749)		(2,430,700)
Total Fund Balances	4,037,049	3,554,198	8,074,644	2,196,958	2,261,940	(6,467,749)	5,799,990	19,457,030
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,962,845	\$ 3,554,198	\$ 8,074,644	\$ 2,500,937	\$ 2,261,940	\$	\$ 6,563,559	\$ 27,918,123

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance, Governmental Funds \$ 19,457,030

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities and property held for resale are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 25,899,630

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 1,603,660

A deferred inflow of resources related to pension is not considered a liability for the governmental funds statement (317,069)

A deferred outflow of resources related to pension is not considered an asset for the governmental fund statements 1,649,908

A net pension obligation should be reported as a liability in the government-wide statement of net position. Conversely, a net pension obligation is not considered to represent a financial liability; therefore, it is not properly reported in the governmental fund statement (4,768,850)

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. 398,064

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (17,595,772)

Net Assets of Governmental Activities in the Statement of Net Position \$ 26,326,601

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2016

	General Fund	Equipment Replacement	City Sales Tax	City Share Specials - Reserve	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 3,044,317	\$	\$	\$	\$	\$	\$ 2,524,246	\$ 5,568,563
Sales and miscellaneous taxes	595,103		1,314,706	1,314,706			593,333	3,817,848
Fees and fines	210,393							210,393
Licenses and permits	434,530							434,530
Intergovernmental	1,796,552							1,926,071
Charges for services	561,974	2,624	36,580	5,215	1,332		129,519	654,746
Investment earnings	5,349		557,890				10,468	61,568
Miscellaneous	102,869					7,990	61	668,810
Total Revenues	<u>6,751,087</u>	<u>2,624</u>	<u>1,909,176</u>	<u>1,319,921</u>	<u>1,332</u>	<u>7,990</u>	<u>3,350,399</u>	<u>13,342,529</u>
EXPENDITURES								
Current:								
General government	754,181				2,781			756,962
Public safety	3,739,442						55,705	3,795,147
Public works	2,055,153	1,490				4,631,368	188,118	6,876,129
Health	56,280							56,280
Flood control								
Civic center	690,318						610,515	690,318
Visitor's promotion								
Business and industrial development			903,020					903,020
Debt Service:								
Principal	103,859							
Interest and other charges	53,584							
Capital outlay	32,706	443,885						2,375,859
Total Expenditures	<u>7,485,523</u>	<u>445,375</u>	<u>903,020</u>		<u>2,781</u>	<u>4,631,368</u>	<u>3,658,844</u>	<u>17,126,911</u>
Excess (deficiency) of revenues over expenditures	<u>(734,436)</u>	<u>(442,751)</u>	<u>1,006,156</u>	<u>1,319,921</u>	<u>(1,449)</u>	<u>(4,623,378)</u>	<u>(308,445)</u>	<u>(3,784,382)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	1,435,566	706,510					682,564	3,436,674
Transfers out	<u>(782,930)</u>	<u>(411,707)</u>		<u>(1,627,204)</u>		<u>612,034</u>	<u>(569,977)</u>	<u>(3,680,672)</u>
Total other financing sources and (uses)	<u>652,636</u>	<u>294,803</u>		<u>(1,627,204)</u>		<u>323,180</u>	<u>112,587</u>	<u>(243,998)</u>
SPECIAL ITEM								
Proceeds from sale of equipment	1,900	131,214	337,793		134			471,041
Net change in fund balances	<u>(79,900)</u>	<u>(16,734)</u>	<u>1,343,949</u>	<u>(307,283)</u>	<u>(1,315)</u>	<u>(4,300,198)</u>	<u>(195,857)</u>	<u>(3,557,339)</u>
Fund Balances - Beginning	4,116,949	3,570,932	6,730,695	2,504,241	2,263,255	(2,167,551)	5,995,848	23,014,369
Fund Balances - Ending	<u>\$ 4,037,049</u>	<u>\$ 3,554,198</u>	<u>\$ 8,074,644</u>	<u>\$ 2,196,958</u>	<u>\$ 2,261,940</u>	<u>\$ (6,467,749)</u>	<u>\$ 5,799,990</u>	<u>\$ 19,457,030</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds:	\$ (3,557,339)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation \$1,396,256 exceeded capital outlays \$524,940 in the current period.	(871,316)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(81,255)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	(225,269)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded net proceeds.	2,375,859
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, it also includes the amortization of bond issue costs	2,336
Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension expense	(535,651)
Some expenses reported in the statement of activities do not require the use of current financial resources, such as compensated absences, and these are not reported as expenditures in governmental funds.	(12,217)
Internal service funds are used by management to charge the costs of certain activities, such as health care, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>(4,435)</u>
Change in Net Assets of Governmental Activities	<u>\$ (2,909,287)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds						
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,708,772	\$ 2,855,541	\$	\$ 1,908,311	\$	\$ 8,472,624	\$ 423,551
Accounts receivable, net	416,503	207,115	209,857			833,475	
Due from other funds	1,423,737	326,749	309,815	498,135	173,296	2,731,732	2,810
Total Current Assets	<u>5,549,012</u>	<u>3,389,405</u>	<u>519,672</u>	<u>2,406,446</u>	<u>173,296</u>	<u>12,037,831</u>	<u>426,361</u>
Non-current assets:							
Capital assets:							
Land				60,000		60,000	
Construction in progress		269,898	8,750	268,040		546,688	
Infrastructure	16,760,325	18,983,147	1,519,783			37,263,255	
Buildings	3,042,329	5,991,260	2,618,701	12,233,766		23,886,056	
Equipment and furniture	382,007	1,512,136	2,315,767	446,793		4,656,703	
Less accumulated depreciation	(5,182,154)	(6,303,316)	(2,996,395)	(4,561,888)		(19,043,753)	
Total non-current assets	<u>15,002,507</u>	<u>20,453,125</u>	<u>3,466,606</u>	<u>8,446,711</u>		<u>47,368,949</u>	
Total Assets	<u>20,551,519</u>	<u>23,842,530</u>	<u>3,986,278</u>	<u>10,853,157</u>	<u>173,296</u>	<u>59,406,780</u>	<u>426,361</u>
LIABILITIES							
Current Liabilities:							
Accounts payable	33,251	2,445		4,392		40,088	
Due to other funds							
Accrued health insurance benefits							
Bonds, notes and loans payable	670,000	614,000		161,119		1,445,119	32,018
Total Current Liabilities	<u>703,251</u>	<u>616,445</u>		<u>165,511</u>		<u>1,485,207</u>	<u>32,018</u>
Non-current liabilities:							
Compensated absences	63,615	36,479	32,682	25,976		158,752	
Closure and postclosure costs				1,677,347		1,677,347	
Bonds, notes and loans payable	9,625,000	12,014,000		500,000		22,139,000	
Total non-current liabilities	<u>9,688,615</u>	<u>12,050,479</u>	<u>32,682</u>	<u>2,203,323</u>		<u>23,975,099</u>	
Total Liabilities	<u>10,391,866</u>	<u>12,666,924</u>	<u>32,682</u>	<u>2,368,834</u>		<u>25,460,306</u>	<u>32,018</u>
NET POSITION							
Net investment in capital assets	4,707,507	7,825,125	3,466,606	6,108,245		22,107,483	
Restricted for debt service	1,105,723	1,922,723		153,843		3,182,289	
Restricted for capital projects	2,729,675	1,946,369				4,676,044	
Restricted for other purposes				1,997,145		1,997,145	
Unrestricted	1,616,748	(518,611)	486,990	225,090	173,296	1,983,513	394,343
Total Net Position	<u>\$ 10,159,653</u>	<u>\$ 11,175,606</u>	<u>\$ 3,953,596</u>	<u>\$ 8,484,323</u>	<u>\$ 173,296</u>	<u>\$ 33,946,474</u>	<u>\$ 394,343</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2016

	Enterprise Funds					Total	Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Other Enterprise Funds		
OPERATING REVENUES							
Charges for services	\$ 4,650,037	\$ 2,800,888	\$ 1,992,688	\$ 832,731	\$ 22,477	\$ 10,298,821	\$ 1,051,602
Miscellaneous	5,262	1,759	9,194	34,715	18,500	34,715	
Total Operating Revenues	<u>4,655,299</u>	<u>2,802,647</u>	<u>1,992,688</u>	<u>841,925</u>	<u>40,977</u>	<u>10,333,536</u>	<u>1,051,602</u>
OPERATING EXPENSES							
Personal services	1,167,165	635,768	654,126	620,384		3,077,443	
Contractual services	104,220	93,705	142,675	142,675		340,600	
Utilities	246,229	402,205	56,722	56,722		705,156	
Repairs and maintenance	273,648	238,899	139,941	253,089		905,577	
Other supplies and expenses	569,020	106,111	63,701	81,975		820,807	
Insurance claims and expenses	13,313		4,701	8,233		26,247	1,080,382
Sundry expenses	57,870	64,784	50	11,122	44,259	178,085	
Depreciation	308,223	504,702	230,689	265,463		1,309,077	
Total Operating Expenses	<u>2,739,688</u>	<u>2,046,174</u>	<u>1,093,208</u>	<u>1,439,663</u>	<u>44,259</u>	<u>7,362,992</u>	<u>1,080,382</u>
Operating Income (Loss)	<u>1,915,611</u>	<u>756,473</u>	<u>899,480</u>	<u>(597,738)</u>	<u>(3,282)</u>	<u>2,970,544</u>	<u>(28,780)</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	5,507	1,966	539	1,097	55	9,164	1,678
Interest expense	(205,857)	(277,604)		(7,667)		(491,128)	
Net non-operating revenues (expenses)	<u>(200,350)</u>	<u>(275,638)</u>	<u>539</u>	<u>(6,570)</u>	<u>55</u>	<u>(481,964)</u>	<u>1,678</u>
Income (loss) before contributions and transfers							
Transfers in	1,715,261	480,835	900,019	(604,308)	(3,227)	2,488,580	(27,102)
Transfers out	109,269	1,396,348		1,088,123		2,593,740	
Change in net position	(515,823)	(207,620)	(930,062)	(696,235)		(2,349,740)	
Total fund net position - beginning	1,308,707	1,669,563	(30,043)	(212,420)	(3,227)	2,732,580	(27,102)
Total fund net position - ending	<u>8,850,946</u>	<u>9,506,042</u>	<u>3,983,639</u>	<u>8,696,743</u>	<u>176,523</u>	<u>31,213,894</u>	<u>421,445</u>
	<u>\$ 10,159,653</u>	<u>\$ 11,175,606</u>	<u>\$ 3,953,596</u>	<u>\$ 8,484,323</u>	<u>\$ 173,296</u>	<u>\$ 33,946,474</u>	<u>\$ 394,343</u>
Change in net position, per above						2,732,580	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.							(3,725)
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements							<u>\$ 2,728,855</u>

The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	<u>Enterprise Funds</u>					<u>Total</u>	<u>Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Sanitation</u>	<u>Solid Waste</u>	<u>Other Enterprise Funds</u>		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 4,738,240	\$ 2,960,509	\$ 1,981,766	\$ 832,731	\$ 40,977	\$ 10,554,223	\$ 1,051,602
Payments to suppliers	(1,221,749)	(914,386)	(213,941)	(548,085)	(44,259)	(2,942,420)	
Payments to employees	(1,157,728)	(636,708)	(654,936)	(615,613)		(3,064,985)	
Payments on claims	(13,313)		(4,701)	(8,233)		(26,247)	(1,107,891)
Internal activity - payment from (to) other funds	(1,120,657)	198,017	(303,665)	(141,536)	(141,773)	(1,509,614)	28,162
Other receipts	5,262	1,759		9,194		16,215	
Net Cash Provided by (Used in) Operating Activities	<u>1,230,055</u>	<u>1,609,191</u>	<u>804,523</u>	<u>(471,542)</u>	<u>(145,055)</u>	<u>3,027,172</u>	<u>(28,127)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer in	109,269	1,396,348		1,088,123		2,593,740	
Transfers out	(515,823)	(207,620)	(930,062)	(696,235)		(2,349,740)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(406,554)</u>	<u>1,188,728</u>	<u>(930,062)</u>	<u>391,888</u>		<u>244,000</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition & construction of capital assets	(9,620)	(411,706)		(13,859)		(435,185)	
Proceeds from issue of capital debt				522,119		522,119	
Principal paid on capital debt	(661,762)	(1,649,950)		(120,940)		(2,432,652)	
Interest paid on capital debt	(205,857)	(277,604)		(7,667)		(491,128)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(877,239)</u>	<u>(2,339,260)</u>		<u>379,653</u>		<u>(2,836,846)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends	5,507	1,966	539	1,097	55	9,164	1,678
Net Cash Provided by Investing Activities	<u>5,507</u>	<u>1,966</u>	<u>539</u>	<u>1,097</u>	<u>55</u>	<u>9,164</u>	<u>1,678</u>
Net increase (decrease) in cash and cash equivalents	(48,231)	460,625	(125,000)	301,096	(145,000)	443,491	(26,449)
Cash and cash equivalents, January 1	<u>3,757,003</u>	<u>2,394,916</u>	<u>125,000</u>	<u>1,607,215</u>	<u>145,000</u>	<u>8,029,134</u>	<u>450,000</u>
Cash and cash equivalents, December 31	<u>\$ 3,708,772</u>	<u>\$ 2,855,541</u>	<u>\$</u>	<u>\$ 1,908,311</u>	<u>\$</u>	<u>\$ 8,472,624</u>	<u>\$ 423,551</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 1,915,611	\$ 756,473	\$ 899,480	\$ (597,738)	\$ (3,282)	\$ 2,970,544	\$ (28,780)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	308,223	504,702	230,689	265,463		1,309,077	
Change in Assets and Liabilities							
Receivables, net	88,204	159,622	(10,922)			236,904	
Due to (from) other funds	(1,120,657)	198,017	(303,665)	(141,536)	(141,773)	(1,509,614)	28,162
Accounts payable	29,235	(8,683)	(10,249)	(2,502)		7,801	(27,509)
Compensated absences	9,439	(940)	(810)	4,771		12,460	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,230,055</u>	<u>\$ 1,609,191</u>	<u>\$ 804,523</u>	<u>\$ (471,542)</u>	<u>\$ (145,055)</u>	<u>\$ 3,027,172</u>	<u>\$ (28,127)</u>

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 160,828
Receivables:	
Due from (to) other funds	<u>(1,393)</u>
Total Assets	<u><u>159,435</u></u>
LIABILITIES	
Due to other governments	159,435
Total Liabilities	<u><u>\$ 159,435</u></u>
NET POSITION	
Held in trust for benefits and other purposes	

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2016

1. Summary of Significant Accounting Policies

The City's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

A. Description of the Reporting Entity

CITY OF JAMESTOWN is a municipal corporation governed by an elected five member council. As of 1978, the City adopted a home rule charter.

B. Reporting Entity

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Jamestown Regional Airport Authority operates the City's airport facility. The Authority's budget is subject to approval by the city council.

The component unit condensed financial information reflects this discretely presented unit. Complete financial statements for the individual component unit may be obtained from its administrative office as follows:

Jamestown Regional Airport Authority
Jamestown Airport
Jamestown, ND 58401

Governmental accounting standards require reasonable separation between the primary government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component unit, although legally separate, has been and is operated as if it is part of the primary government, there are limited instances where special note references or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable to the City and to its component unit.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

B. Reporting Entity – continued

Condensed Component Unit Financial Statements

	Jamestown Regional Airport Authority
ASSETS & DEFERRED OUTFLOWS	
Current assets	\$ 358,745
Capital assets	10,116,268
Deferred outflows of resources	43,298
Total Assets & Deferred Outflows	<u>10,518,311</u>
LIABILITIES & DEFERRED INFLOWS	
Current liabilities	73,969
Long-term liabilities	1,066,058
Deferred inflows of resources	44,568
Total Liabilities & Deferred Inflows	<u>1,184,595</u>
NET POSITION	
Invested in capital assets	9,129,938
Unrestricted	203,778
Total Net Position	<u>\$ 9,333,716</u>
REVENUES	
Program Revenues	
Charges for services	\$ 217,667
Capital grants	113,573
General revenues	
Property taxes	261,217
Other revenues	119,935
Total Revenues	<u>712,392</u>
EXPENDITURES	
Operating	1003,545
Projects	69,077
Total Expenditures	<u>1,072,622</u>
Change in Net Position	(360,230)
Net Position beginning of year	9,693,946
Net Position end of year	<u>\$ 9,333,716</u>

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

C. Basis of Presentation – continued

generally are financed through taxes, intergovernmental revenues and other non exchange revenues. Business-type activities are financed in whole or in part by fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include (1) fines, fees and charges for services to customers that benefit from the services provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. General revenues, including taxes, are those revenues that are not properly classified as program revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the financial statements.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are utilized to account for most of the City's governmental functions. The City's major governmental funds are as follows:

General Fund - The General Fund is the operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

C. Basis of Presentation – continued

Equipment Replacement Fund - This fund is used to account for the transfer of monies from the different funds to finance the purchase of major equipment.

City Sales Tax Fund - This fund is used to account for the portion of sales tax collections dedicated to economic development and payments are made towards economic development projects.

City Share Specials – Reserve – This fund is used to fund the City’s share of costs in special assessment projects.

Special Assessment Deficiency Fund - This fund is used to account for the sale of lots received for tax deficiencies and pay off the taxes due on the associated lots.

Construction Fund –This fund is used to account for the issue of bonds and the construction of major projects for the City.

The City reports the following major enterprise funds:

Water Utility Fund – This fund is used to account for the provision of water services to the residents of the City.

Sewer Utility Fund – This fund is used to account for the provision of sewer services to the residents of the City.

Sanitation Fund – This fund is used to account for the provision of garbage pickup services to the residents of the City.

Solid Waste Fund – This fund is used to account for the provision of landfill services to the residents of the City.

In addition, the City reports the following fund types:

Internal Service Fund – These funds are used to account for services provided to other City departments, or other governments, on a cost reimbursement basis. The Health Insurance Fund is used to account for the cost of providing health insurance to City employees.

Agency Funds – These funds are used to account for assets held by the City as agent for other individuals, private organizations, or other governmental units and /or funds.

D. Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The City’s internal service fund also uses the accrual basis of accounting.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

D. Basis of Accounting – continued

Governmental funds and agency funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are recorded when the related fund liability is incurred, except for interest not matured on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenue is recorded as revenue in the year the tax is levied in the government-wide financial statements. Property tax revenues in the governmental funds are recorded when it becomes available.

Property taxes are levied and certified no later than October 10 and the property taxes attach as an enforceable lien on property as of January 1 and are due and payable at that time. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the City on a monthly basis.

State general and categorical aids and other entitlements are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, expenditure-driven grant programs, and interest income. Fines, permits and fees are not susceptible to accrual because they are not measurable until received in cash.

For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations.

E. Measurement Focus

On the government-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

E. Measurement Focus – continued

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds, and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

Liabilities for claims, judgments, compensated absences and pension contributions that will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

G. Deposits and Investments

The City maintains deposits at depository banks that are members of the Federal Reserve System. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentality's, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, or instrumentality's, or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body, and bonds issued by any other state of the United States or such other securities approved by the banking board.

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

Credit risk. North Dakota State Statute limits political subdivisions to invest their surplus funds in:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

G. Deposits and Investments - continued

2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.
4. Obligations of the state.

The City has no investments other than demand and time deposits.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2016, the City's deposits were fully insured or collateralized with securities held by the financial institutions in the City's name. (See note 2)

H. Cash Flow Information

The City considers cash and cash equivalents in proprietary funds for purposes of the statement of cash flows to be cash on hand, demand deposits and all highly liquid investments with a maturity of three months or less.

I. Capital Assets

Government-Wide Statements

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the City's year. The City has established a capitalization threshold of \$5,000 and having a useful life in excess of two years. Donated capital assets are recorded at their fair market value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City's land and construction in progress are capitalized but are not depreciated. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The City has established the following useful lives:

Buildings	25 to 50 years
Infrastructure	50 to 60 years
Equipment	5 to 20 years

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

I. Capital Assets - continued

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

J. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of bonds and compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources. The payment of principal and interest are reported as expenditures.

K. Compensated Absences

The City allows employees to accumulate up to a maximum of 960 hours of sick leave. On termination no payment is made for unused sick leave. Vacation can be carried over up to 40 hours per year. Any vacation not taken is paid for upon termination. The amount to be paid from current resources is not significant.

L. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
2. Restricted net position – consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

L. Equity Classifications - continued

Fund Statements

In the governmental fund statements, fund balances are classified as restricted, committed, assigned and unassigned.

Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: (a) externally imposed by creditors, (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which is the City Council through an ordinance or resolution.

Assigned fund balance represents amounts constrained by the government's intent to be used for a specific purpose, but neither restricted nor committed.

Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and is not restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

M. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Cash and Cash Equivalents

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and cash equivalents." The following summary presents the amount of the City's deposits which are fully insured or collateralized with securities held by the City or its agent in the City's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the City's name (category 2), and those deposits which are not collateralized (category 3) at December 31, 2016.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

2. Cash and Cash Equivalents - continued

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government					
Cash deposits	\$ 464,616	\$ 22,148,866	\$	\$ 22,613,482	\$ 22,001,613
Certificates of deposit	250,000	6,850,000		7,100,000	7,100,000
Fiduciary funds					
Cash deposits	160,828			160,828	160,828
Component funds					
Cash deposits	<u>118,177</u>			<u>118,177</u>	<u>100,711</u>
Total Deposits	<u>\$ 993,621</u>	<u>\$ 28,998,866</u>	<u>\$</u>	<u>\$ 29,992,487</u>	<u>\$29,363,152</u>

3. Interfund Receivables, Payables and Transfers

Cash of all funds is commingled into pooled cash. Separate cash balances are maintained for each fund in the records of the City. When a fund overdraws its share of pooled cash it is shown as a liability of that fund and a receivable of a fund with a positive cash balance since the actual deficit balance in any particular fund is not a bank deficit balance.

Balances due to/from other funds at December 31, 2016, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
General	\$	\$ 54
Equipment replacement	444,720	
City sales tax	1,575,691	
City share specials		303,979
Special assessment deficiency	1,195,256	
Construction		6,213,921
Business type activities	2,731,731	
Internal service fund	2,810	
Other governmental funds	567,746	
Interfund Totals	<u>\$ 6,517,954</u>	<u>\$6,517,954</u>

Transfers to/from other funds at December 31, 2016, consist of the following:

From the General Fund to the Equipment Replacement Fund to finance equipment purchases	\$ 454,445
From Construction Fund to General Fund to reimburse costs	179,584
From other governmental funds to Construction for closeouts of fund	4,954
From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	247,565
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	4,500

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

3. Interfund Receivables, Payables and Transfers - continued

From City Share Specials to other governmental funds to finance debt service	682,563
Between Business-Type Activities to fund Solid Waste	1,088,123
From City Share Specials to Business-Type Activities to fund sewer projects	944,641
From other governmental funds to General Fund to close out funds	520,524
From Equipment Replacement to Business-Type Activities to replace vehicles	411,707
From other governmental funds to Business-Type Activities to fund debt service	40,000
From Civic Center to General Fund to record revenues generated	305,457
From General Fund to Construction to reimburse costs	23,028
From Construction Fund to Business-Type Activities to close out project	109,269
From Business-Type Activities to Construction Fund to fund projects	584,052
From Business-Type Activities to General Fund as budgeted	430,000
	<u>\$ 6,030,412</u>

4. Property Held for Resale

Property held for resale was obtained in the settlement of litigation. The property is being held only for resale. The property is currently valued at cost.

5. Capital Assets

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

Primary Government

<i>Governmental Activities</i>	<u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	14,878			14,878
Total capital assets not being depreciated	<u>22,078</u>			<u>22,078</u>
Capital assets being depreciated:				
Buildings	6,040,161	13,164		6,053,325
Infrastructure	35,883,779			35,883,779
Equipment	6,756,434	511,776	309,146	6,959,064
Total capital assets being depreciated	<u>48,680,374</u>	<u>524,940</u>	<u>309,146</u>	<u>48,896,168</u>
Less accumulated depreciation for:				
Buildings	2,681,859	195,050		2,876,909
Infrastructure	15,691,523	633,943		16,325,466
Equipment	3,686,266	567,263	227,890	4,025,639
Total accumulated depreciation	<u>22,059,648</u>	<u>1,396,256</u>	<u>227,890</u>	<u>23,228,014</u>
Net capital assets being depreciated	<u>26,620,726</u>	<u>(871,316)</u>	<u>81,256</u>	<u>25,668,154</u>
Governmental Activities capital assets, net	<u>\$26,642,804</u>	<u>\$ (871,316)</u>	<u>\$ 81,256</u>	<u>\$25,690,232</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

5. Capital Assets - continued

<i>Business-Type Activities</i>	<u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	546,687			546,687
Total capital assets not being depreciated	<u>606,687</u>			<u>606,687</u>
Capital assets being depreciated				
Buildings	23,886,056			23,886,056
Infrastructure	37,263,255			37,263,255
Equipment	4,221,518	435,186		4,656,704
Total capital assets being depreciated	<u>65,370,829</u>	<u>435,186</u>		<u>65,806,015</u>
Less accumulated depreciation				
Buildings	10,373,670	424,579		10,798,249
Infrastructure	4,390,986	626,445		5,017,431
Equipment	2,970,020	258,053		3,228,073
Total accumulated depreciation	<u>17,734,676</u>	<u>1,309,077</u>		<u>19,043,753</u>
Net capital assets being depreciated	47,636,153	(873,891)		46,762,262
Business-Type Activities capital assets, net	<u>\$ 48,242,840</u>	<u>\$ (873,891)</u>	<u>\$</u>	<u>\$ 47,368,949</u>

Discretely Presented Component Units

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2016 follows:

	<u>12/31/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/16</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress	40,710	10,344		51,054
Total capital assets not being depreciated	<u>484,415</u>	<u>10,344</u>		<u>494,759</u>
Capital assets being depreciated				
Buildings	4,970,814			4,970,814
Infrastructure	11,514,725			11,514,725
Equipment	1,553,241	157,591	40,550	1,670,282
Total capital assets being depreciated	<u>18,038,780</u>	<u>157,591</u>	<u>40,550</u>	<u>18,155,821</u>
Less accumulated depreciation for:				
Buildings	639,757	89,532		729,289
Infrastructure	6,911,610	381,875		7,293,485
Equipment	497,138	54,950	40,550	511,538
Total accumulated depreciation	<u>8,048,505</u>	<u>526,357</u>	<u>40,550</u>	<u>8,534,312</u>
Net capital assets being depreciated,	9,990,275	(368,766)		9,621,509
Component Units capital assets, net	<u>\$10,474,690</u>	<u>\$ (358,422)</u>	<u>\$</u>	<u>\$10,116,268</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

5. Capital Assets - continued

Depreciation expense by function - primary government:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 37,862	Water utility	\$ 308,223
Public safety	214,168	Sewer utility	504,702
Public works	925,441	Sanitation	230,689
Civic center	<u>218,785</u>	Solid waste	<u>265,463</u>
 Total	 <u>\$ 1,396,256</u>	 Total	 <u>\$ 1,309,077</u>

6. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has unavailable revenue from a variety of sources in the governmental funds. The city has deferred inflows of resources related to pensions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Long-Term Obligations

Governmental activities include the following types of long-term debt:

Special assessment bonds are issued to provide for the construction of improvement projects for residential and commercial developments. Special assessment bonds are paid directly from the sinking fund that has been set up to accumulate the taxes collected by the County from the property owners who directly benefit from each project.

Refunding Improvement Bonds

\$1,309,568 Wastewater Treatment Assessment Warrant of 2004 due in annual installments of \$55,000 to \$85,000 through September 1, 2024, interest at 2.5%	\$ 625,000
\$1,820,000 2006 Series O bonds due in annual installments of \$10,000 to \$250,000 through May 1, 2021, interest at 4.0% to 4.4%	70,000
\$1,467,998 2007B improvement bonds replace sanitary sewer mains due in annual installments of \$74,998 to \$79,000 through September 1, 2026, interest at 2.5%	777,000

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

7. Long-Term Obligations - continued

\$2,675,000 2010 Series S bonds due in annual installments of \$20,000 to \$370,000 through May 1, 2025, interest at 1.00% to 3.20%	530,000
\$2,955,000 2011 Series T bonds due in annual installments of \$80,000 to \$560,000 through May 1, 2026, interest at 2.00% to 3.55%	1,050,000
\$2,540,000 2012 Series U bonds due in annual installments of \$95,000 to \$345,000 through May 1, 2022, interest at 1.00% to 1.65%	1,225,000
\$2,210,000 2013 Series V bonds due in annual installments of \$15,000 to \$310,000 through September 1, 2026, interest at 2.5%	1,300,000
\$4,520,000 2014 Series W bonds due in annual installments of \$290,000 to \$315,000 through May 1, 2029, interest at 1% to 3%	3,905,000
\$870,000 2014 Series X bonds due in annual installments of \$50,000 to \$65,000 through May 1, 2029, interest at 2% to 4%	745,000
\$3,710,000 2015 Series Y bonds due in annual installments of \$75,000 to \$455,000 through May 1, 2036, interest at 1.5% to 5.25%	3,710,000
\$1,975,000 2015 Series Z bonds due in annual installments of \$270,000 to \$295,000 through May 1, 2022, interest at 2%	1,690,000
	<u>\$ 15,627,000</u>

Business-Type activities include the following types of long-term debt:

Revenue bonds are backed by the revenues from the Enterprise Funds to pay the debt service.

Revenue Bonds

\$2,375,000 solid waste treatment bonds of 1997 due in annual installments of \$105,000 to \$140,000 through September 1, 2017, interest at 2.5%	\$ 140,000
\$2,534,604 water treatment revenue bonds of 2005 due in annual installments of \$104,604 to \$155,000 through September 1, 2025, interest at 2.5%	1,280,000
\$1,475,346 master lift station revenue bonds of 2005 due in annual installments of \$57,346 to \$93,000 through September 1, 2026, interest at 2.5%	833,000
\$2,076,816 water treatment revenue bonds of 2007 due in annual installments of \$90,000 to \$135,000 through September 1, 2026 interest at 2.5%	1,205,000
\$2,996,823 water treatment revenue bonds of 2010 due in annual installments of \$135,000 to \$165,000 through September 1, 2030, interest at .5%	2,160,000

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

7. Long-Term Obligations - continued

\$1,140,023 wastewater treatment revenue bonds of 2011 due in annual installments of \$50,000 to \$90,000 through September 1, 2030, interest at 2.5%	860,000
\$2,653,177 water treatment revenue bonds of 2010B, due in annual installments of \$105,000 to \$170,000 through September 1, 2030, interest at 2.5%. In 2013, the City received \$381,617 in ARRA debt forgiveness.	1,665,000
\$822,306 clean water revenue bonds of 2013, due in annual installments of \$32,306 to \$50,000 through September 1, 2033, interest at 2%	720,000
\$1,000,000, wastewater treatment assessment warrant of 2013, due in annual installments of \$35,000 to \$70,000 through September 1, 2034, interest at 2%	925,000
\$10,350,000 wastewater treatment revenue bonds of 2013, due in annual installments of \$405,000 to \$655,000 through September 1, 2034, interest at 2%	9,290,000
\$3,812,000 water tower revenue bonds of 2013, due in annual installments of \$152,000 to \$235,000 through September 1, 2033, interest at 2%	3,260,000
\$910,000 (not fully issued) drinking water revenue bonds of 2014, due in annual installments of \$35,000 to \$50,000, through September 1, 2034, interest at 2%	725,000
\$521,119 solid waste treatment revenue bonds of 2016, due in annual installments of \$20,000 to \$35,000 through September 1, 2031, interest at 2%	521,119
	<u>\$ 23,584,119</u>

Conduit Debt. From time to time, the City has issued Municipal Industrial Development Act Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2016, the aggregate principal amount payable for the three outstanding series issued is \$5,498,078.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

7. Long-Term Obligations - continued

The following is a summary of long-term obligation transactions for the year ended December 31, 2016:

	<u>12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/16</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement					
bonds	\$17,899,000	\$	\$ 2,272,000	\$15,627,000	\$ 2,067,000
Issue costs	51,383		2,336	49,047	
Lease/purchase	1,735,409		103,859	1,631,550	107,205
Total Long-Term Debt	<u>19,685,792</u>		<u>2,378,195</u>	<u>17,307,597</u>	<u>2,174,205</u>
Compensated absences	275,958	12,217		288,175	
Net pension obligation PERS	3,406,089	1,439,941		4,846,030	
Net pension asset	(317,506)	240,326		(77,180)	
Governmental Activities Long Term Liabilities	<u>\$ 23,050,333</u>	<u>\$1,692,484</u>	<u>\$ 2,378,195</u>	<u>\$ 22,364,622</u>	<u>\$ 2,174,205</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$25,514,712	\$ 522,119	\$2,452,712	\$23,584,119	1,445,119
Landfill closure costs	1,657,285	20,062		1,677,347	
Total Long-Term Debt	<u>27,171,997</u>	<u>542,181</u>	<u>2,452,712</u>	<u>25,261,466</u>	<u>1,445,119</u>
Compensated absences	146,292	12,459		158,751	
Business-Type Activities Long Term Liabilities	<u>\$27,318,289</u>	<u>\$ 554,640</u>	<u>\$2,452,712</u>	<u>\$25,420,217</u>	<u>\$ 1,445,119</u>
<i>Discretely presented component unit</i>					
Long-term debt					
Unison Bank	\$ 255,628	\$	\$ 20,542	\$ 235,085	\$ 21,857
Bank Forward	616,476		14,881	601,595	15,514
Jamestown/Stutsman Development Corporation	41,650			41,650	
Jamestown/Stutsman Development Corporation	43,000			43,000	
Stutsman County		65,000		65,000	13,000
Net pension obligation	129,572	527		130,099	
Discretely Presented Component Unit Long Term Liabilities	<u>\$ 1,086,326</u>	<u>\$ 65,527</u>	<u>\$ 35,423</u>	<u>\$ 1,116,429</u>	<u>\$ 50,371</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

7. Long-Term Obligations - continued

Annual debt service requirements to maturity (not including compensated absences) are as follows:

Year Ending	Governmental Activities Special Assessment Bonds		Business-Type Activities Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 2,067,000	\$ 439,601	\$ 1,445,119	\$ 586,258
2018	1,752,000	397,169	1,326,000	549,655
2019	1,702,000	359,313	1,368,000	516,333
2020	1,457,000	324,282	1,390,000	481,850
2021	1,153,000	293,818	1,432,000	446,870
2022 – 2026	4,091,000	1,068,179	7,533,000	1,674,815
2027 – 2031	2,060,000	534,956	6,195,000	800,725
2032 – 2036	1,345,000	193,856	2,895,000	143,249
Total	<u>\$ 15,627,000</u>	<u>\$ 3,611,174</u>	<u>\$ 23,584,119</u>	<u>\$ 5,199,755</u>

The City leases equipment with a historical cost of \$1,524,826 and accumulated amortization of \$220,253 under capital lease arrangements. Future minimum lease payments at December 31, 2016, are as follows:

2017	\$ 157,443
2018	157,443
2019	157,443
2020	157,443
2021	157,443
2022 – 2026	787,215
2027 - 2029	406,726
Total minimum lease payments	<u>1,981,156</u>
Less deferred interest	<u>349,606</u>
Present value minimum lease payments	<u>\$ 1,631,550</u>

8. Pension Plan

A. Plan Description

The City provides pension benefits for employees of the City including Park Board employees, through the Retirement Plan of the City of Jamestown (single employer plan).

All employees who are employed for more than 20 hours a week and more than five months a year, with one year of continuous service, are eligible to participate. Benefits are 50% vested at five years of credited service and thereafter an additional 10% per year until they are 100% vested at 10 years of service.

A member may retire with an age and service benefit after completing 25 years of credited service and attaining the normal retirement age of 65. The retirement benefit for employees terminating after January 1, 1998, payable monthly for life equals 1.2% of a member's average monthly earnings multiplied by

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

8. Pension Plan - continued

credited service (maximum 30). For those participant's that are age 60 or older as of January 1, 1998, their benefit will be the greater of the benefit calculated as stated previously or 60% of average monthly earnings minus 75% of his social security benefit, reduced 1/25 for each year of credited service less than 25 at normal retirement date. The minimum benefit shall be the accrued benefit under the old benefit formula as of January 1, 1998. If a member has less than 25 years of credited service the benefit is determined by taking the above formula times the fraction of the years of credited service divided by 25. A member's average monthly earnings is the average pay over the highest five consecutive years of employment. A member may retire early and receive a percentage of the accrued benefit based on the number of years retired early as long as the member has earned at least ten years credited service, is within ten years of normal retirement, and has the employer's approval.

Benefit provisions and all other requirements are established by City ordinance. Employees are not required to contribute to the Plan. The City is required to make all contributions necessary to fund the Plan using the actuarial basis specified by City ordinance. There are no related party transactions.

B. Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2016. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% a year compounded annually, (b) projected salary increases of 4% a year compounded annually, attributable to inflation, and (c) no postretirement benefit increases.

Assets in excess of accumulated pension benefit obligation were \$77,180 at December 31, 2016, as follows:

	<u>January 1, 2016</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,259,442
Current employees	
100% vested	3,023,288
Non vested	
Total pension benefit obligation	<u>8,282,730</u>
Net assets available for benefits at market (cost unavailable)	8,359,910
Assets in excess of accumulated pension benefit obligation	<u>\$ (77,180)</u>

For the year ended December 31, 2016, the employer recognized pension expense of \$265,098 and deferred outflows of resources of \$0.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

8. Pension Plan - continued

Effective January 1, 2009, the actuarial cost method changed from the entry age normal with closed 30 year level dollar amortization method to entry age normal with closed 25 year level dollar amortization method and the mortality tables changed from 1983 Group Annuity Mortality table to RP2000 combined healthy mortality table. Effective January 1, 2014, the actuarial cost method changed to entry age normal with closed 25 year level dollar amortization. Effective January 1, 2008, The City began participation in the North Dakota Public Employees Retirement System. Employees were allowed to transfer to the ND PERS at that time.

C. Actuarially Determined Contribution Requirements and Contributions Made

The Plan's funding policy provides for actuarially determined periodic contributions at rates necessary to accumulate sufficient assets to pay benefits when due.

The significant actuarial assumptions used to compute the actuarially determined contribution rate are the same as those used to compute the pension benefit obligation as described in B above.

The contributions to the Plan of \$39,632 for 2016 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2017. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was 1.51% of current covered payroll for 2016.

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on page 55 of the City's financial statements. For the three years ended 2016, 2015 and 2014, available assets were sufficient to fund 101%, 104%, and 107%, respectively, of the pension benefit obligation. The Plan went from an overfunded plan of \$541,147 in 2014 to an overfunded plan of \$317,506 in 2015 and an overfunded plan of \$77,180 in 2016. The City's contributions for the years ended 2016, 2015 and 2014 were 1.51%, 1.06%, and .70%, respectively, of annual covered payroll, all made in accordance with actuarially determined requirements.

9. North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NEPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board composed of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

9. North Dakota Public Employees Retirement System (Main System) -continued

members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main system are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contribution plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

9. North Dakota Public Employees Retirement System (Main System) -continued

members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main system are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contribution plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

9. North Dakota Public Employees Retirement System (Main System) - continued

\$420,640 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2017	\$	165,954
2018		165,954
2019		313,441
2020		201,503
2021		65,347

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

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2016, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

9. North Dakota Public Employees Retirement System (Main System) - continued

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

Discount rate. The discount rate used to measure the total pension liability was 8 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2016, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Employer's proportionate share of the net pension liability	\$ 6,874,000	\$ 4,846,030	\$ 3,137,360

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

10. Cobra Benefits

Under the Consolidated Omnibus Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured before the first day of the month for the actual month covered. This program is offered for a period of 18 months after the employee's termination date. There is no cost to the City.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

11. Risk Management

The City is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters. The City is self insured for employee health insurance. The City has established a separate fund to account for this activity: Group Health Insurance. Each participating fund makes payments to the group health insurance fund. Such payments are displayed on the financial statement as revenues and expenditures/expenses to the extent that the charge to the other funds is based on the actual expenses of the funds plus an additional amount for catastrophic losses. Payments in excess of these amounts, if any, are reported as operating transfers.

The City has contracted with third party administrators (TPAS) to administer the employee health insurance programs and to review and process claims. In addition, the City has contracted with third party carriers for specific and aggregate stop loss coverage to limit the City's exposure to losses. The specific and aggregate stop loss coverage is as follows:

Health insurance – The City is self-insured for \$20,000 per individual per year with the aggregate stop loss attachment point of 120% of expected plan benefits incurred during the contract year.

A reconciliation of claims payable for the years ended December 31, 2016 and 2015, is as follows:

	2016	2015
Claims payable, January 1	\$ 58,683	\$ 61,694
Add: Claims incurred	587,928	596,369
Less: Claims paid	<u>(614,593)</u>	<u>(599,380)</u>
Claims payable, December 31	<u>\$ 32,018</u>	<u>\$ 58,683</u>

Claims payable are based on claims paid in January, February and March of 2017 for claims incurred in 2016.

The City participates in the North Dakota Insurance Reserve Fund (NDIRF) entity risk pool established by certain municipalities ("Members") to provide liability coverage. The City's payments to NDIRF are displayed on the financial statements as expenditures/expenses in the appropriate funds.

The purpose of the NDIRF is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the Members and other parties included within the scope of coverage of the NDIRF.

The city does not exercise any control over the activities of the NDIRF.

The City's risk for workers' compensation is covered by premiums paid to the North Dakota Workforce Safety and Insurance. It was created by the Legislature of the State of North Dakota. The City's risk for property coverage is covered by premiums paid to the North Dakota State Fire and Tornado fund. The Fund was established by the State of North Dakota to insure political subdivisions and certain other

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

11. Risk Management - continued

entities against loss to public buildings and permanent contents from damage caused by fire, tornadoes and other types of risks.

For insured programs, there have been no significant reductions in insurance coverage. Settled claims have not exceeded commercial insurance coverage for the current year or the three prior years.

12. Closure and Post-closure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has calculated a liability as of the financial statement date. The estimated landfill closure and post-closure care liability at December 31, 2016, is \$573,520 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,103,827 is the remaining balance of the estimated cost of closure and post-closure care for the remaining capacity. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. The City expects to close the landfill in the year 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

The City is required by state and federal regulations to demonstrate the financial assurance mechanism established for closure and post-closure costs. The City must meet the following test:

1. A ratio of current assets to current liabilities greater than one and five-tenths or a current rating for the owner's or operator's most recent bond issuance of AAA, AA or A as issued by Standard and Poor's or Aaa, Aa or A as issued by Moody's; and
2. Net working capital and tangible net worth each at least six times the sum of the current cost estimates for closure or post-closure, whichever is applicable; and
3. Tangible net worth of at least two million dollars; and
4. Assets located in the United States amounting to at least four times the current cost estimates for closure or post-closure care, whichever is applicable.

The City is in compliance with the above requirements.

13. Litigation

The City is party to various legal proceedings which normally occur in government operations. These legal proceedings and negotiations are not likely to have a material adverse impact on the affected funds of the City.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

14. Joint Venture

The Jamestown/Stutsman Development Corporation is organized to improve business conditions of the **CITY OF JAMESTOWN** and Stutsman County, North Dakota, to attract new primary sector businesses and industry, and support existing business and industry. The Corporation is primarily supported by the **CITY OF JAMESTOWN** through sales tax revenues and Stutsman County by a dedicated mill levy.

The Corporation issued separate financial statements available at their offices located at 210 10th Street NE, Jamestown, North Dakota.

As of December 31, 2016, the City's share of equity investments entered into by the Corporation was \$3,523,114 and the City's share of loans made by the Corporation was \$1,762,085.

15. Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

16. Deficit Fund Balances

The deficit of \$26 in the Bulletproof Vest Grant Fund (special revenue fund) and \$2,728 in the Forestry Grant Fund (special revenue fund) December 31, 2016 are due to timing differences for expenses that will be reimbursed by the grant or by matching funds.

17. Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at December 31, 2016 include the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$ 25,690,232	\$ 47,368,949
Less: related long-term debt	(17,307,597)	(25,261,466)
Net Investment in Capital Assets	<u>8,382,635</u>	<u>22,107,483</u>
Restricted		
Capital projects	364,187	4,676,044
Debt service	7,770,048	3,182,289
Special revenue	809,986	1,997,145
Total Restricted	<u>8,944,221</u>	<u>9,855,478</u>
Unrestricted	<u>8,999,745</u>	<u>1,979,787</u>
Total Net Position	<u>\$ 26,326,601</u>	<u>\$ 33,942,748</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

18. Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	<u>General</u>	<u>Equipment Replacement</u>	<u>City Sales Tax</u>	<u>Special Assessment Deficiency</u>	<u>Construction</u>	<u>City Share Specials - Reserve</u>	<u>Other Governmenta Funds</u>	<u>Total</u>
Restricted:								
Debt service	\$	\$	\$	\$2,261,940	\$	\$	\$ 4,824,056	\$ 7,085,996
Committed:			752,396				57,590	809,986
Assigned:								
Equipment replacement		3,554,198						3,554,198
Economic development/ infrastructure			7,322,248					7,322,248
Capital projects							299,627	299,627
City share specials						2,196,958		2,196,958
Vector control							360,463	360,463
Visitor's promotion							137,393	137,393
Visitor's promotion capital								
construction							99,633	99,633
City taxi							22,515	22,515
Bulletproof vest							(26)	(26)
Homeland security							625	625
Forestry							(2,728)	(2,728)
DARE							842	842
Unassigned	<u>4,037,049</u>	<u>\$3,554,198</u>	<u>\$ 8,074,644</u>	<u>\$ 2,261,940</u>	<u>(6,467,749)</u>	<u>\$ 2,196,958</u>	<u>\$ 5,799,990</u>	<u>(2,430,700)</u>
	<u>\$ 4,037,049</u>	<u>\$3,554,198</u>	<u>\$ 8,074,644</u>	<u>\$ 2,261,940</u>	<u>\$ (6,467,749)</u>	<u>\$ 2,196,958</u>	<u>\$ 5,799,990</u>	<u>\$ 19,457,030</u>

19. City of Jamestown Sales Tax

During the year ended December 31, 2016, the City of Jamestown collected 2% City sales tax.

Reported by the City	
City sales tax fund	\$ 1,314,706
City share special reserve fund	<u>1,314,706</u>
Total City Sales Tax	<u>\$ 2,629,412</u>
Passed through to Jamestown Park and Recreation District	<u>\$ 1,754,164</u>

20. Subsequent Events

On May 1, 2017, the City Council voted to approve the issuance of \$4,800,000 in Solid Waste Disposal revenue bonds, Series 2017. On June 5, 2017, the City Council voted to approve the issuance of \$4,090,000 in Refunding Improvement Bonds of 2017, Series AA.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2016

20. Subsequent Events - continued

On May 1, 2017, the City Council awarded bids for the following projects:

- \$1,956,851 for the roadway from JRMC to Menards
- \$1,795,498 for the 5th St NE paving district
- \$2,358,208 for the cell 4a liner and partial final cover project
- \$1,980,021 for the 2017 seal coat & patching district

On July 25, 2017 the City Council approved the request for \$2,238,752 economic development funds for the creation of the Airport Business Park.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
General Fund
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,888,155	\$ 2,888,155	\$ 2,922,801	\$ 34,646
Sales and miscellaneous taxes	582,200	582,200	595,103	12,903
Fees and fines	215,000	215,000	210,393	(4,607)
Licenses and permits	325,865	325,865	434,530	108,665
Intergovernmental	2,589,950	2,589,950	1,796,888	(793,062)
Charges for services	401,300	401,300	391,550	(9,750)
Investment earnings	7,000	7,000	5,450	(1,550)
Miscellaneous	255,790	255,790	230,609	(25,181)
Total Revenues	<u>7,265,260</u>	<u>7,265,260</u>	<u>6,587,324</u>	<u>(677,936)</u>
EXPENDITURES				
Current:				
General government	806,556	806,556	753,335	53,221
Public safety	3,819,592	3,819,592	3,698,662	120,930
Public works	2,273,685	2,273,685	1,999,934	273,751
Flood control				
Health	56,280	56,280	56,280	
Civic center	509,155	509,155	472,055	37,100
Debt Service				
Principal	103,859	103,859	103,859	
Interest	53,584	53,584	53,584	
Capital Outlay	87,440	87,440	78,733	8,707
Total Expenditures	<u>7,710,151</u>	<u>7,710,151</u>	<u>7,216,442</u>	<u>493,709</u>
Excess (deficiency) of revenues over expenditures	<u>(444,891)</u>	<u>(444,891)</u>	<u>(629,118)</u>	<u>(184,227)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	931,355	931,355	958,860	27,505
Transfers out	(454,445)	(454,445)	(439,753)	14,692
Total Other Financing Sources and (Uses)	<u>476,910</u>	<u>476,910</u>	<u>519,107</u>	<u>42,197</u>
SPECIAL ITEM				
Proceeds from sale of capital assets	4,190	4,190	1,900	(2,290)
Net change in fund balances	36,209	36,209	(108,111)	(144,320)
Fund Balances - Beginning	4,298,890	4,298,890	4,298,890	
Fund Balances - Ending	<u>\$ 4,335,099</u>	<u>\$ 4,335,099</u>	<u>\$ 4,190,779</u>	<u>\$ (144,320)</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Notes to RSI - General Fund
Year Ended December 31, 2016

Note A - Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 6,587,324
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	121,516
Grants accrued at prior year are included for budgetary purposes	(1,533)
Grants accrued are not considered revenues for budgetary purposes	1,198
Engineering fees are treated as transfers for fund purposes	(179,585)
The net proceeds from the civic center are included in the budget	<u>222,167</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 6,751,087</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,216,442
Accounts payable at prior year end are included in the budget	(14,304)
Accounts payable at current year end are not included in the budget	70,697
The expenses from promotion, revolving and concession funds are not included in the budget	<u>212,688</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 7,485,523</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Notes to RSI - General Fund
Year Ended December 31, 2016

Note B - Budgets and Budgetary Accounting

Budgets should be adopted for the general fund, each special revenue fund and each debt service fund. The final budget and tax levy must be approved by October 7th. The final budget must be submitted to the county auditor no later than October 10th.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- 1 Prior to September 10, the City Administrator submits to the City Council a proposed operating budget for the year beginning January 1. The operating budget includes proposed expenditures and the means of financing them. Annual appropriations lapse at year end.
- 2 Public hearings are conducted to obtain taxpayer comment.
- 3 Prior to October 1st, the budget is legally enacted through the passage of an ordinance.
- 4 Formal budgetary integration is employed as a management control device for the year.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Major Special Revenue Funds
Year Ended December 31, 2016

	Equipment Replacement			City Sales Tax			City Share Specials - Reserve				
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		Original	Final		Original	Final	Original	Final	
REVENUES											
Sales and miscellaneous taxes	\$ 7,200	\$ 7,200	\$ (4,576)	\$ 1,301,510	\$ 1,301,510	\$ 1,314,706	\$ 13,196	\$ 1,301,510	\$ 1,301,510	\$ 1,314,706	\$ 13,196
Investment earnings				23,025	23,025	36,580	13,555	5,000	5,000	5,215	215
Miscellaneous				182,590	182,590	557,890	375,300				
Total revenues	7,200	7,200	(4,576)	1,507,125	1,507,125	1,909,176	402,051	1,306,510	1,306,510	1,319,921	13,411
EXPENDITURES											
Current:											
General government											
Public works						1,490	(1,490)				
Business and industrial development											
Capital Outlay	433,000	433,000	(10,885)	3,367,500	3,367,500	903,020	2,464,480				
Total Expenditures	433,000	433,000	(12,375)	3,367,500	3,367,500	903,020	2,464,480				
Excess (deficiency) of revenues over expenditures	(425,800)	(425,800)	(16,951)	(1,860,375)	(1,860,375)	1,006,156	2,866,531	1,306,510	1,306,510	1,319,921	13,411
OTHER FINANCING SOURCES (USES)											
Transfers in	706,510	706,510									
Transfers out						(411,707)	(411,707)				
Total other financing sources and (uses)	706,510	706,510	(411,707)			294,803	(411,707)				
SPECIAL ITEM											
Proceeds from sale of capital assets	15,000	15,000	116,214			337,793	337,793				
Net change in fund balances	295,710	295,710	(312,444)	(1,860,375)	(1,860,375)	1,343,949	3,204,324	(319,805)	(319,805)	(307,283)	12,522
Fund balances - beginning	3,570,932	3,570,932	3,570,932	6,730,695	6,730,695	6,730,695	6,730,695	2,504,241	2,504,241	2,504,241	2,504,241
Fund balances - ending	\$3,866,642	\$3,866,642	\$3,258,488	\$4,870,320	\$4,870,320	\$ 8,074,644	\$ 3,204,324	\$2,184,436	\$2,184,436	\$ 2,196,958	\$ 12,522

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Note to RSI - Major Special Revenue
Year Ended December 31, 2016

Note A - Excess of Expenditures Over Appropriations

Expenditures in the Equipment Replacement Fund exceeded appropriations by \$12,375. All expenditures were approved by the City Council. These expenditures were all funded by available fund balances.

CITY OF JAMESTOWN
Stutsman County, North Dakota
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2016

ANALYSIS OF PENSION PLAN FUNDING PROGRESS (UNAUDITED)

Year	Net Assets Available for Benefits	Accumulated Pension Benefit Obligation	Percentage Funded	Assets in Excess of Pension Benefit Obligation	Annual Covered Payroll
2007	\$ 5,825,462	\$ 5,242,002	111%	\$ 583,460	\$ 1,599,525 *
2008	5,428,991	6,018,201	90%	(589,210)	1,511,299
2009	5,203,886	6,148,003	85%	(944,117)	1,580,432
2010	5,674,474	6,548,722	87%	(874,248)	1,422,001
2011	5,716,727	6,773,236	84%	(1,056,509)	1,148,046
2012	6,239,168	7,080,369	88%	(841,201)	1,063,773
2013	7,593,591	7,268,583	104%	325,008	1,068,364
2014	8,176,763	7,635,616	107%	541,147	N/A
2015	7,935,683	7,618,177	104%	317,506	N/A
2016	8,359,910	8,282,730	101%	77,180	N/A

*effective January 1, 2008 partial switch to North Dakota Public Employees Retirement System

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Schedule of City's Share of Net Pension Liability
ND Public Employees Retirement System
Last 10 Years*

	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.497234%	0.500908%
Employer's proportionate share of the net pension liability (asset)	\$ 4,846,030	\$ 3,406,089
Employer's covered payroll	\$ 5,010,950	\$ 4,462,486
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	96.71%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	70.46%	77.15%

* Complete data for this schedule is not available prior to 2015

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Schedule of City's Contributions
ND Public Employees Retirement System
Last 10 Years*

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 362,784	\$ 338,961
Contributions in relation to the statutorily required contribution	\$ 351,874	\$ 333,948
Contribution deficiency (excess)	\$ 10,910	\$ 5,013
Employer's covered - employee payroll	\$ 5,010,950	\$ 4,462,486
Contributions as a percentage of covered-employee payroll	7.02%	7.48%

* Complete data for this schedule is not available prior to 2015

Notes to Required Supplementary Information
for the Year Ended December 31, 2016

Change of Assumptions

Amounts reported in 2016 reflect actuarial assumption changes effective July 1, 2016 based on the results of an actuarial experience study completed in 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

OTHER SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Other Governmental Funds
December 31, 2016

	<u>Nonmajor Special Revenue</u>	<u>Public Building Site</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 501,640	\$ 225,000	\$ 3,525,000	\$ 4,251,640
Taxes receivable, net		147,786	1,563,574	1,711,360
Due from other funds	162,234		419,537	581,771
Receivable from other governments	9,075			9,075
Other receivables	9,713			9,713
Total Assets and Deferred Outflows of Resources	<u>\$ 682,662</u>	<u>\$ 372,786</u>	<u>\$ 5,508,111</u>	<u>\$ 6,563,559</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 931	\$	\$	\$ 931
Due to other funds	5,424	8,599		14,023
Total Liabilities	<u>6,355</u>	<u>8,599</u>		<u>14,954</u>
Deferred inflows of resources				
Long - term receivables		64,560	684,055	748,615
Fund Balances:				
Restricted for:				
Debt service			4,824,056	4,824,056
Committed	57,590			57,590
Assigned	618,717	299,627		918,344
Unassigned				
Total Fund Balances	<u>676,307</u>	<u>299,627</u>	<u>4,824,056</u>	<u>5,799,990</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 682,662</u>	<u>\$ 372,786</u>	<u>\$ 5,508,111</u>	<u>\$ 6,563,559</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2016

	Nonmajor Special Revenues	Public Building Site	Nonmajor Debt Service	Total Other Governmental Funds
REVENUES				
Property taxes	\$	\$ 194,073	\$ 2,330,173	\$ 2,524,246
Sales and miscellaneous taxes	593,333			593,333
Intergovernmental	129,519			129,519
Charges for services	92,772			92,772
Investment earnings	1,017	548	8,903	10,468
Miscellaneous	61			61
Total Revenues	<u>816,702</u>	<u>194,621</u>	<u>2,339,076</u>	<u>3,350,399</u>
EXPENDITURES				
Current:				
Public safety	55,705			55,705
Public works	109,195	78,923		188,118
Visitor's promotion	610,515			610,515
Principal			2,272,000	2,272,000
Interest and other charges			519,152	519,152
Capital outlay		13,354		13,354
Total Expenditures	<u>775,415</u>	<u>92,277</u>	<u>2,791,152</u>	<u>3,658,844</u>
Excess (deficiency) of revenues over expenditures	<u>41,287</u>	<u>102,344</u>	<u>(452,076)</u>	<u>(308,445)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			682,564	682,564
Transfers out	(4,500)		(565,477)	(569,977)
Total other financing sources and (uses)	<u>(4,500)</u>		<u>117,087</u>	<u>112,587</u>
Net change in fund balances	36,787	102,344	(334,989)	(195,857)
Fund balances - beginning	639,520	197,283	5,159,045	5,995,848
Fund balances - ending	<u>\$ 676,307</u>	<u>\$ 299,627</u>	<u>\$ 4,824,056</u>	<u>\$ 5,799,990</u>

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2016

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Tax	SANE	ND Highway Safety	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES												
Cash and cash equivalents	\$ 250,893	\$ 100,747	\$ 150,000	\$	\$	\$	\$	\$	\$	\$	\$	\$ 501,640
Due from other funds	99,857	36,646	7,223		17,666						842	162,234
Receivable from other governments				931	4,849			750	2,545			9,075
Other receivables	9,713											9,713
Total Assets and Deferred Outflows of Resources	<u>\$360,463</u>	<u>\$ 137,393</u>	<u>\$ 157,223</u>	<u>\$ 931</u>	<u>\$22,515</u>	<u>\$</u>	<u>\$</u>	<u>\$ 750</u>	<u>\$ 2,545</u>	<u>\$</u>	<u>\$ 842</u>	<u>\$ 682,662</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:												
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 931
Due to other funds								776	1,920	2,728		5,424
Total Liabilities				<u>931</u>				<u>776</u>	<u>1,920</u>	<u>2,728</u>		<u>6,355</u>
Deferred inflows of resources												
Long - term receivables												
Fund balances:												
Committed			57,590									57,590
Assigned	360,463	137,393	99,633		22,515		(26)		625	(2,728)	842	618,717
Unassigned												
Total Fund Balances	<u>360,463</u>	<u>137,393</u>	<u>157,223</u>		<u>22,515</u>		<u>(26)</u>		<u>625</u>	<u>(2,728)</u>	<u>842</u>	<u>676,307</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$360,463</u>	<u>\$ 137,393</u>	<u>\$ 157,223</u>	<u>\$ 931</u>	<u>\$22,515</u>	<u>\$</u>	<u>\$</u>	<u>\$ 750</u>	<u>\$ 2,545</u>	<u>\$</u>	<u>\$ 842</u>	<u>\$ 682,662</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2016

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Tax	SANE	ND Highway Safety	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
REVENUES												
Sales and miscellaneous taxes	\$	\$ 511,384	\$ 81,949	\$ 4,076	\$ 20,129	\$ 5,858	\$	\$ 2,633	\$ 96,823	\$	\$	\$ 593,333
Intergovernmental	92,772											129,519
Charges for services	532	61	424									92,772
Investment earnings		61										1,017
Miscellaneous		61										61
Total Revenues	93,304	511,506	82,373	4,076	20,129	5,858		2,633	96,823			816,702
EXPENDITURES												
Current:												
Public safety												
Public works	80,045			4,076	29,150	5,858	2,509	1,133	41,596		533	55,705
Visitor's promotion		548,826	61,689									109,195
Total Expenditures	80,045	548,826	61,689	4,076	29,150	5,858	2,509	1,133	41,596		533	610,515
Excess (deficiency) of revenues over expenditures	13,259	(37,320)	20,684		(9,021)		(2,509)	1,500	55,227		(533)	41,287
OTHER FINANCING SOURCES (USES)												
Transfers in												
Transfers out	(4,500)											(4,500)
Total other financing sources and (uses)	(4,500)											(4,500)
Net change in fund balances	8,759	(37,320)	20,684		(9,021)		(2,509)	1,500	55,227		(533)	36,787
Fund balances - beginning	351,704	174,713	136,539		31,536		2,509	(1,526)	(54,602)	(2,728)	1,375	639,520
Fund balances - ending	\$ 360,463	\$ 137,393	\$ 157,223	\$	\$ 22,515	\$	\$	\$ (26)	\$ 625	\$ (2,728)	\$ 842	\$ 676,307

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2016

	Curb and Gutter	Series T		Series U		Series V		Series E		Series W		Series X		Series 2013 SRF		Series Y		Series Z		Series A		1999 BND (98-71)		1999 BND (99-71)				
		Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	Refunding	Improvement	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES																												
Cash and cash equivalents	\$ 300,000	\$ 500,000	\$ 100,000	\$ 150,000	\$	\$ 600,000	\$	\$	\$	\$ 50,000	\$ 250,000	\$ 125,000	\$	\$	\$ 50,000	\$ 250,000	\$ 125,000	\$	\$	\$ 150,482	\$	\$	\$ 537	\$	\$	\$ 153		
Taxes receivable, net	45,406	167,012	220,440	155,868	77,421	56,700	185,609	14,515	16,422	56,700	14,515	185,609	16,422	56,700	14,515	185,609	16,422	964										
Due from other funds	167,150	20,436	10,052	12,021	40,326	11,732				11,732																		
Total Assets and Deferred Outflows of Resources	\$ 512,556	\$ 687,448	\$ 330,492	\$ 317,889	\$ 717,747	\$ 4,546	\$ 118,432	\$ 264,515	\$ 327,031	\$ 151,446	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES																												
Liabilities:																												
Due to other funds	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Total Liabilities																												
Deferred inflows of resources																												
Long - term receivables	27,816	84,382	112,536	7,756	29,440	21,012																						
Fund balances:																												
Restricted																												
Debt service	484,740	603,066	217,956	310,133	688,307	97,420																						
Total Fund Balances	484,740	603,066	217,956	310,133	688,307	97,420																						
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 512,556	\$ 687,448	\$ 330,492	\$ 317,889	\$ 717,747	\$ 4,546	\$ 118,432	\$ 264,515	\$ 327,031	\$ 151,446	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	\$ 151,446	\$ 327,031	\$ 264,515	\$ 537	

Series H Refunding Improvement	Series J Refunding Improvement	Series K Refunding Improvement	Series L Refunding Improvement	Series M Refunding Improvement	Series N Refunding Improvement	Series WWTA Refunding Improvement	Series O Refunding Improvement	Series P Refunding Improvement	Series 2007B SW Sewer	Series Q Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt Service Funds
\$ 125,000	\$ 100,000	\$	\$	\$	\$ 125,000	\$ 225,000	\$ 125,000	\$	\$ 450,000	\$ 7,207	\$ 100,000	\$ 200,000	\$ 3,525,000
1,342	31,059				24,978	83,914	8,966		62,011		3,442	281,027	1,563,574
23,518	22,876	3,976		2,511	11,540	7,909	13,312		6,416		19,791	9,524	419,537
\$ 149,860	\$ 153,935	\$ 3,976	\$	\$ 2,511	\$ 161,518	\$ 316,823	\$ 147,278	\$	\$ 518,427	\$ 7,207	\$ 123,233	\$ 490,551	\$ 5,508,111
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1,342	16,904				9,680	48,627	5,523		41,976	4,415	2,985	176,032	684,055
148,518	137,031	3,976		2,511	151,838	268,196	141,755		476,451	2,792	120,248	314,519	4,824,056
148,518	137,031	3,976		2,511	151,838	268,196	141,755		476,451	2,792	120,248	314,519	4,824,056
\$ 149,860	\$ 153,935	\$ 3,976	\$	\$ 2,511	\$ 161,518	\$ 316,823	\$ 147,278	\$	\$ 518,427	\$ 7,207	\$ 123,233	\$ 490,551	\$ 5,508,111

CITY OF JAMESTOWN
 Statsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 Year Ended December 31, 2016

		Series T	Series U	Series V	Series E	Series W	Series X	Series 2013 SRF	Series Y	Series Z	Series A	1999 BND	1999 BND
	Curb and Gutter	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	(98-71)	(99-71)
REVENUES													
Property taxes	\$ 57,266	\$ 199,837	\$ 261,182	\$ 251,572	\$	\$ 128,224	\$ 174,507	\$ 66,284	\$ 76,072	\$ 299,306	\$ 125,586	\$ 171	\$ 520
Investment earnings	666	1,596	330	719		516	79	12	165	29	233		
Total Revenues	<u>57,932</u>	<u>201,433</u>	<u>261,512</u>	<u>252,291</u>		<u>128,740</u>	<u>174,507</u>	<u>66,296</u>	<u>76,237</u>	<u>299,385</u>	<u>125,586</u>	<u>171</u>	<u>753</u>
EXPENDITURES													
Principal		115,000	320,000	300,000		315,000	65,000			285,000			
Interest and other charges		26,857	17,115	44,920		97,255	24,052	24,125	166,773	37,746			
Total Expenditures		<u>141,857</u>	<u>337,115</u>	<u>344,920</u>		<u>412,255</u>	<u>89,052</u>	<u>24,125</u>	<u>166,773</u>	<u>322,746</u>			
Excess (deficiency) of revenues over expenditures	57,932	59,576	(75,603)	(92,629)		(283,515)	85,455	42,171	(90,536)	(23,361)	125,586	171	753
OTHER FINANCING SOURCES (USES)													
Transfers in	11,942	23,252	88,101	98,790	(61)	227,170		24,496		92,466		(198,241)	(117,966)
Transfers out	(4,954)							(40,000)					
Total other financing sources and (uses)	6,988	23,252	88,101	98,790	(61)	227,170		(15,504)		92,466		(198,241)	(117,966)
Net change in fund balances	64,920	82,828	12,498	6,161	(61)	(56,345)	85,455	26,667	(90,536)	69,105	125,586	(198,070)	(117,213)
Fund balances - beginning	419,820	520,238	205,458	303,972	61	744,652	(80,909)	70,753	355,051	190,847		198,070	117,213
Fund balances - ending	<u>\$ 484,740</u>	<u>\$ 603,066</u>	<u>\$ 217,956</u>	<u>\$ 310,133</u>	<u>\$</u>	<u>\$ 688,307</u>	<u>\$ 4,546</u>	<u>\$ 97,420</u>	<u>\$ 264,515</u>	<u>\$ 259,952</u>	<u>\$ 125,586</u>	<u>\$</u>	<u>\$</u>

Series H Refunding Improvement	Series J Refunding Improvement	Series K Refunding Improvement	Series L Refunding Improvement	Series M Refunding Improvement	Series N Refunding Improvement	Series W/WTA Refunding Improvement	Series O Refunding Improvement	Series P Refunding Improvement	Series 2007B SW Sewer	Series Q Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt Service Funds
\$ 10,627 277 10,904	\$ 38,465 313 38,778	\$ 722 722	\$	\$	\$ 31,334 513 31,847	\$ 89,638 937 90,575	\$ 10,002 175 10,177	\$ 739 389 1,128	\$ 65,939 794 66,733	\$ 7,131 164 7,295	\$ 117,682 215 117,897	\$ 317,538 659 318,177	\$ 2,330,173 8,903 2,339,076
20,000 200 20,200	50,000 1,300 51,300				35,000 3,555 38,555	70,000 20,675 90,675	15,000 4,577 19,577		77,000 25,427 102,427		255,000 4,582 259,582	350,000 19,993 369,993	2,272,000 519,152 2,791,152
(9,296)	(12,522)	722			(6,708)	(100)	(9,400)	1,128	(35,694)	7,295	(141,685)	(51,816)	(452,076)
3,580	11,188		(105)		4,005	728	4,224	(146,208)	16,926	(37,942)	37,086	38,610	682,564 (565,477)
3,580	11,188		(105)		4,005	728	4,224	(146,208)	16,926	(37,942)	37,086	38,610	117,087
(5,716) 154,234 \$ 148,518	(1,334) 138,365 \$ 137,031	722 3,254 \$ 3,976	(105) 105 \$	2,511 2,511 \$	(2,703) 154,541 \$ 151,838	628 267,568 \$ 268,196	(5,176) 146,931 \$ 141,755	(145,080) 145,080 \$	(18,768) 495,219 \$ 476,451	(50,647) 53,439 \$ 2,792	(104,599) 224,847 \$ 120,248	(13,206) 327,725 \$ 314,519	(334,989) 5,159,045 \$ 4,824,056

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended December 31, 2016

LIST OF CITY OFFICIALS

Mayor	Katie Andersen
Council	Charlie Kourajian
	Ramone Gumke
	Steve Brubakken
	Dan Buchanan
City Administrator	Jeffrey Fuchs

Schauer & Associates, P.C.

Certified Public Accountants

Ronald R. Fuchs, CPA
Duane R. Dunn, CPA
Robert A. Piatz, CPA

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

Honorable Mayor and City Council
CITY OF JAMESTOWN
Jamestown, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements and have issued our report thereon dated October 17, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control. Accordingly, we do not express an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control.

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – continued

deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2016-001)

Compliance and Other Matters

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

CITY OF JAMESTOWN's Response to Findings

CITY OF JAMESTOWN's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **CITY OF JAMESTOWN's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
October 17, 2017

CITY OF JAMESTOWN
Stutsman County, North Dakota
SCHEDULE OF FINDINGS
Year Ended December 31, 2016

2016-001 Significant Deficiency - Financial Statement Preparation

Condition - Schauer & Associates, P.C. assists the City's management in preparing financial statements that are presented, including note disclosures in accordance with generally accepted accounting principles.

Criteria - As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

Cause - The City Council feels it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to invest in ongoing specialized training that would be necessary.

Effect - Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation - We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

View of Responsible Officials - The City Council is aware of this condition. The Council will continue to request that Schauer & Associates, P.C. assist with preparation of financial statements; however the Board will continue to instruct the City administration to provide all requested schedules.