

CITY OF JAMESTOWN
Stutsman County, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2017

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, 2017, 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, 2017 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 53 through 57 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards 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 September 27, 2018, 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.
Certified Public Accountants

Jamestown, North Dakota
September 27, 2018

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017

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, 2017. 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 \$1,547,979 or 2.5% as a result of current year operations. Net position of the business type activities increased by \$3,951,836 and net position of the governmental activities decreased by \$5,499,815.
- Total revenues from all sources were \$24,114,905. Revenue from governmental activities was \$13,650,091 and revenues from business type activities were \$10,464,814.
- Total cost of all programs was \$25,662,884. This was comprised of \$17,522,273 in governmental activities and \$8,140,611 in business type activities.
- Governmental net position totaled \$20,447,675 as of December 31, 2017.
- Governmental funds revenues exceeded expenditures by \$2,169,826.
- Unassigned fund balance for the general fund was \$3,874,537, 50.9% 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, 2017

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 55 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, city share specials – reserve, special assessment deficiency fund, and the construction fund. Data from the 49 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, 2017

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 53 – 57 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 – 52 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 61 – 66.

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, 2017 and 2016.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2017

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 \$59,621,714 at the close of the most recent fiscal year.

Table I
NET POSITION
December 31, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current assets	\$ 24,402,541	\$ 21,816,227	\$ 13,889,256	\$ 12,034,105	\$ 38,291,797	\$ 33,850,332
Noncurrent assets	1,622,561	209,398			1,622,561	209,398
Capital assets	26,902,587	25,690,232	48,526,041	47,368,949	75,428,628	73,059,181
Deferred outflows of resources	3,824,048	1,649,908			3,824,048	1,649,908
Total Assets and Deferred Outflows of Resources	\$ 56,751,737	\$ 49,365,765	\$ 62,415,297	\$ 59,403,054	\$ 119,167,034	\$ 108,768,819
LIABILITIES						
Current liabilities	\$ 3,592,976	\$ 2,531,678	\$ 1,390,038	\$ 1,485,208	\$ 4,983,014	\$ 4,016,886
Long-term liabilities	31,159,351	20,190,417	23,130,674	23,975,098	54,290,025	44,165,515
Total Liabilities	34,752,327	22,722,095	24,520,712	25,460,306	59,273,039	48,182,401
DEFERRED INFLOWS OF RESOURCES	1,551,735	317,069			1,551,735	317,069
NET POSITION						
Net investment in capital assets	1,809,870	8,382,635	24,176,482	22,107,483	25,986,352	30,490,118
Restricted	12,922,452	8,944,221	10,653,704	9,855,478	23,576,156	18,799,699
Unrestricted	5,715,353	8,999,745	3,064,399	1,979,787	8,779,752	10,979,532
Total Net Position	20,447,675	26,326,601	37,894,585	33,942,748	58,342,260	60,269,349
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 56,751,737	\$ 49,365,765	\$ 62,415,297	\$ 59,403,054	\$ 119,167,034	\$ 108,768,819

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, 2017

A portion of the **CITY OF JAMESTOWN'S** net position (\$23,576,156) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net position (\$8,779,752) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2017, 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, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services	\$ 693,227	\$ 829,254	\$10,448,738	\$10,333,536	\$ 11,141,965	\$11,162,790
Operating grants	1,113,566	1,111,522			1,113,566	1,111,522
Capital grants	1,254				1,254	
General revenues						
Property taxes, general	3,670,052	3,214,931			3,670,052	3,214,931
Property taxes, debt service	1,996,819	1,953,859			1,996,819	1,953,859
State aid distribution	725,364	814,548			725,364	814,548
Miscellaneous taxes	998,371	1,188,436			998,371	1,188,436
Sales taxes	2,554,912	2,629,412			2,554,912	2,629,412
Investment earnings	57,106	63,247	16,077	9,164	73,183	72,411
Repayment of economic development funds	539,628	557,891			539,628	557,891
Miscellaneous	1,194,197	916,014			1,194,197	916,014
Gain on sale of assets	105,595	389,786			105,595	389,786
Total Revenues	13,650,091	13,668,900	10,464,815	10,342,700	24,114,906	24,011,600
EXPENSES						
General government	1,497,454	981,071			1,497,454	981,071
Public safety	5,013,852	4,524,557			5,013,852	4,524,557
Public works	7,862,220	7,799,412			7,862,220	7,799,412
Health	56,280	56,280			56,280	56,280
Civic center	935,118	911,375			935,118	911,375
Interest on long-term debt	521,661	547,272			521,661	547,272
Visitor's promotion	555,582	611,200			555,582	611,200
Business and industrial development	1,080,106	903,020			1,080,106	903,020
Water utility			3,136,077	2,946,842	3,136,077	2,946,842
Sewer utility			2,342,748	2,324,506	2,342,748	2,324,506
Sanitation			1,034,507	1,094,081	1,034,507	1,094,081
Solid waste			1,582,245	1,448,157	1,582,245	1,448,157
Other enterprise funds			45,034	44,259	45,034	44,259
Total Expenses	17,522,273	16,334,187	8,140,611	7,857,845	25,662,884	24,192,032

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2017

	2017	2016	2017	2016	2017	2016
Change before transfers	(3,872,182)	(2,665,287)	2,324,204	2,484,855	(1,547,978)	(180,432)
Transfers	(1,627,633)	(244,000)	1,627,633	244,000		
Change in net position	(5,499,815)	(2,909,287)	3,951,837	2,728,855	(1,547,978)	(180,432)
BEGINNING NET POSITION						
	26,326,601	29,235,888	33,942,748	31,213,893	60,269,349	60,449,781
Prior period adjustment	(379,111)				(379,111)	
ENDING NET POSITION						
	<u>\$20,447,675</u>	<u>\$26,326,601</u>	<u>\$ 37,894,585</u>	<u>\$ 33,942,748</u>	<u>\$58,342,260</u>	<u>\$60,269,349</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 \$21,626,856, an increase of \$2,169,826. The *governmental funds unassigned fund* has a deficit *balance* of \$443,666. 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 \$3,874,537. 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 50.9% of total general fund expenditures. Total general fund cash at year end is \$2,114,728.

The **CITY OF JAMESTOWN'S** general fund balance decreased by \$162,512 during the current fiscal year.

The debt service funds have a total fund balance of \$7,675,309, 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, 2017

General Fund Budgetary Highlights

There were no changes to the original budgets for 2017. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$90,410 less than budgeted. This was mostly due to a decrease in oil and gas production tax collected, reimbursements received for DAPL and decreases in the highway tax distribution. The total general government expenditures were \$180,185 more than budgeted. This was made up of small amounts in various departments.

Capital Assets

The **CITY OF JAMESTOWN’S** investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$75,428,628 (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 \$1,423,000 was spent on acquiring equipment and vehicles
- Approximately \$2,192,000 was spent on the Menards to JRMC road
- Approximately \$1,556,000 was spent on the sanitary landfill expansion and the Rake building

Table III
 Capital Assets
 (Net of Accumulated Depreciation)
 December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress		2,109,328	2,109,328
Buildings	2,981,091	12,666,832	15,647,923
Infrastructure	21,116,145	31,619,378	52,735,523
Equipment	2,798,151	2,070,503	4,868,654
Total Capital Assets (Net of Depreciation)	<u>\$ 26,902,587</u>	<u>\$ 48,526,041</u>	<u>\$ 75,428,628</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 \$58,377,067, an increase of \$10,515,048 over the prior year.

The city issued new debt for Water Treatment Revenue Bonds for \$539,511, Water treatment assessment warrants for \$1,123,587, Series AA refunding improvement bonds for \$4,090,000, and Definitive improvement warrants in the amount of \$4,751,839.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT’S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2017

The **CITY OF JAMESTOWN** continues to receive a rating of AA3 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 35 - 39 of this report.

Table IV
 Long-Term Liabilities
 December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 22,640,511	\$ 22,640,511
Refunding improvement bonds	23,568,368		23,568,368
Lease/purchase	1,524,349		1,524,349
Landfill closure costs		1,709,048	1,709,048
Compensated absences	285,468	138,626	424,094
Net pension obligation	8,133,016		8,133,016
Net OPEB liability	377,681		377,681
Total	<u>\$ 33,888,882</u>	<u>\$ 24,488,185</u>	<u>\$ 58,377,067</u>

Economic Factors and Next Year’s Budgets and Rates

The 2017 commercial construction activities included the new construction of the Two Rivers Activity Center which began in 2016 and was completed in 2017 with a total valuation of \$25,200,000. The University of Jamestown’s Harold Newman Arena also begun in 2016 and completed in 2017. Other commercial permits included Anne Carsen Center new building for \$820,000, AR Investments commercial storage building for \$800,000, BI Jamestown’s renovation of the Buffalo Mall for \$657,000, Cavendish Farms new building for \$545,000, Jamestown Park & Rec Hockey Arena restoration for \$143,000, JK Holdings new material handling facility for \$1,069,000, Legume Matrix addition for \$423,000, New Age Fitness addition for \$481,000, Red Headed Rebel two storage buildings for \$628,000 and Ringdahl’s renovation of the ambulance service building for \$215,000.

Total commercial construction for 2017 totaled \$7,459,631, including eleven new commercial buildings valued at \$4,419,000. Residential construction for 2017 consisted of 13 new residential buildings with a total value of \$2,623,035. Indications for 2018 show construction for commercial buildings to be steady. Residential construction is still slow for new home construction and appearing slightly better and steady in the renovation of existing homes and other structures on residential properties.

Taxable valuations in the City for 2017 were \$43,483,701, an increase of 6.1%. The mill levy for the City of Jamestown decreased to 98.93 mills or minus 0.4%. The 2018 budget has \$500,000 less revenue, which was unanticipated, due to the legislature’s reallocation of oil and gas revenue.

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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Cash and equivalents	\$ 18,956,245	\$ 9,284,735	\$ 28,240,980	\$ 279,682
Accounts receivable	9,619	919,930	929,549	15,900
Internal balances	(3,684,591)	3,684,591		
Due from other governmental agencies	9,121,268		9,121,268	241,127
Prepaid expenses				40,308
Unamortized loan fees				3,751
Net City pension assets	1,413,163		1,413,163	
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		2,109,328	2,109,328	1,093,646
Buildings	6,053,325	23,886,056	29,939,381	4,970,814
Infrastructure	38,075,554	37,263,255	75,338,809	11,514,725
Equipment	7,155,535	5,572,865	12,728,400	1,670,282
Less: Accumulated Depreciation	(24,389,027)	(20,365,463)	(44,754,490)	(9,065,485)
Net Capital Assets	<u>26,902,587</u>	<u>48,526,041</u>	<u>75,428,628</u>	<u>10,627,687</u>
Total Assets	<u>52,927,689</u>	<u>62,415,297</u>	<u>115,342,986</u>	<u>11,208,455</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	3,757,548		3,757,548	104,734
Deferred outflows related to OPEB	66,500		66,500	1,813
Total Deferred Outflows of Resources	<u>3,824,048</u>		<u>3,824,048</u>	<u>106,547</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 56,751,737</u>	<u>\$ 62,415,297</u>	<u>\$ 119,167,034</u>	<u>\$ 11,315,002</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 863,445	\$ 32,527	\$ 895,972	\$ 181,142
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,729,531	1,357,511	4,087,042	52,440
Due in more than one year				
Bonds, capital leases and contracts	22,363,186	22,992,048	45,355,234	884,391
Compensated absences	285,468	138,626	424,094	
Net pension obligation	8,133,016		8,133,016	223,692
Net OPEB liability	377,681		377,681	10,388
Total Liabilities	<u>34,752,327</u>	<u>24,520,712</u>	<u>59,273,039</u>	<u>1,352,053</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to City pension	1,279,456		1,279,456	
Deferred inflows of resources related to PERS pension	248,034		248,034	34,289
Deferred inflows of resources related to OPEB	24,245		24,245	673
Total Deferred Inflows of Resources	<u>1,551,735</u>		<u>1,551,735</u>	<u>34,962</u>
NET POSITION				
Net investment in capital assets	1,809,870	24,176,482	25,986,352	9,690,856
Restricted for:				
Capital projects	450,712	5,148,208	5,598,920	
Debt service	8,341,366	3,409,204	11,750,570	
Other projects	4,130,374	2,096,292	6,226,666	
Unrestricted net position	5,715,353	3,064,399	8,779,752	237,131
Total Net Position	<u>20,447,675</u>	<u>37,894,585</u>	<u>58,342,260</u>	<u>9,927,987</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 56,751,737</u>	<u>\$ 62,415,297</u>	<u>\$ 119,167,034</u>	<u>\$ 11,315,002</u>

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, 2017

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenue		Primary Government		Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General government	\$ 1,497,454	\$ 139,423	\$ 1,254	\$ (1,497,454)	\$
Public safety	5,013,852	182,223		(4,835,132)	(4,835,132)
Public works	7,862,220	974,143		(6,705,854)	(6,705,854)
Health	56,280			(56,280)	(56,280)
Civic center	935,118	472,961		(462,157)	(462,157)
Interest on long-term debt	521,661			(521,661)	(521,661)
Visitor's promotion	555,582			(555,582)	(555,582)
Business and industrial development	1,080,106			(1,080,106)	(1,080,106)
Total Governmental Activities	17,522,273	1,113,566	1,254	(15,714,226)	(15,714,226)
Business-Type Activities					
Water utility	3,136,077	4,960,916		1,824,839	1,824,839
Sewer utility	2,342,748	2,487,221		144,473	144,473
Sanitation	1,034,507	2,059,646		1,025,139	1,025,139
Solid waste	1,582,245	898,587		(683,658)	(683,658)
Other enterprise funds	45,034	42,368		(2,666)	(2,666)
Total Business-Type Activities	8,140,611	10,448,738		2,308,127	2,308,127
Total Primary Government	25,662,884	11,141,965	1,254	(15,714,226)	(13,406,099)
Component Units					
Jamestown Municipal Airport Authority	1,204,665	257,272	1,126,090		178,697
Total Component Units	1,204,665	257,272	1,126,090		178,697
General Revenues:					
Taxes:					
Property taxes, levied for general purposes				3,670,052	3,670,052
Property taxes, levied for debt service				1,996,819	1,996,819
State aid distribution				725,364	725,364
Miscellaneous taxes				998,371	998,371
Sales taxes				2,554,912	2,554,912
Unrestricted investment earnings				73,183	73,183
Miscellaneous - repayment of economic development funds				539,628	539,628
Miscellaneous				1,194,197	1,194,197
Special item - gain on sale of assets				105,595	105,595
Transfers				(1,627,633)	
Total General Revenues, Special Items, and Transfers				11,858,121	11,858,121
Change in Net Position				(1,547,978)	604,698
Net Position:					
Beginning of year				26,326,601	9,333,716
Restatement due to implementation of GASB 75				(379,111)	(10,427)
Beginning of year, as adjusted				25,947,490	9,323,289
Net Position - Ending				20,447,675	9,927,987

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Equipment Replacement	City Sales Tax	City Share Specials - Reserve	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Cash and cash equivalents	\$ 2,114,728	\$ 3,312,699	\$ 6,806,537	\$ 2,202,250	\$ 67,932	\$	\$ 4,027,100	\$ 18,531,246
Taxes receivable, net	2,566,577						1,795,081	4,361,658
Due from other funds	149,611		1,755,421		2,200,488		1,468,071	5,573,591
Receivable from other governments						4,751,839	5,803	4,759,609
Other receivables	1,967						9,619	9,619
Total Assets and Deferred Outflows of Resources	\$ 4,832,883	\$ 3,312,699	\$ 8,561,958	\$ 2,202,250	\$ 2,268,420	\$ 4,751,839	\$ 7,305,674	\$ 33,235,723

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ 19,799	\$ 40,635	\$	\$ 714,689	\$	\$ 591,085	\$ 169,853	\$ 780,737
Due to other funds				714,689		8,478,957	60,201	9,294,482
Total Liabilities	19,799	40,635		714,689		9,070,042	230,054	10,075,219
Deferred inflows of resources								
Long - term receivables	938,547						595,101	1,533,648
Fund Balances:								
Restricted for								
Debt service					2,268,420		5,406,889	7,675,309
Committed			4,093,354				37,020	4,130,374
Assigned		3,272,064	4,468,604	1,487,561			1,036,610	10,264,839
Unassigned	3,874,537					(4,318,203)		(443,666)
Total Fund Balances	3,874,537	3,272,064	8,561,958	1,487,561	2,268,420	(4,318,203)	6,480,519	21,626,856
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,832,883	\$ 3,312,699	\$ 8,561,958	\$ 2,202,250	\$ 2,268,420	\$ 4,751,839	\$ 7,305,674	\$ 33,235,723

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, 2017

Total Fund Balance, Governmental Funds	\$ 21,626,856
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.	27,111,985
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.	1,533,649
Net OPEB liability and OPEB related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of :	
Net OPEB liability	(377,681)
Deferred outflows of resources	66,500
Deferred inflows of resources	(24,245)
Net PERS pension liability and pension related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of :	
Net pension liability	(8,133,016)
Deferred outflows of resources	3,757,548
Deferred inflows of resources	(248,034)
Net City plan pension asset and pension related deferred: outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of :	
Net pension asset	1,413,163
Deferred inflows of resources	(1,279,456)
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.	378,591
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.	(25,378,185)
Net Assets of Governmental Activities in the Statement of Net Position	\$ 20,447,675

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, 2017

	General Fund	Equipment Replacement	City Sales Tax	City Share Specials - Reserve	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	\$ 3,368,589		\$ 1,151,692	\$ 1,151,692	\$	\$	\$ 2,456,082	\$ 5,824,671
Sales and miscellaneous taxes	426,089						572,282	3,301,755
Fees and fines	173,602							173,602
Licenses and permits	290,371						31,847	290,371
Intergovernmental	1,808,336						94,435	1,840,183
Charges for services	511,004	4,894	20,807	5,068	2,303		16,535	605,439
Investment earnings	5,759						435,109	55,366
Menards sales tax & TIF			539,627		(555)	37,227	58	435,109
Miscellaneous	316,287	4,894	1,712,126	1,156,760	1,748	37,227	3,606,348	892,644
Total Revenues	6,900,037							13,419,140
EXPENDITURES								
Current:								
General government	838,495							838,495
Public safety	3,830,111						13,705	3,843,816
Public works	2,014,360	1,837				5,000	246,356	2,267,553
Health	56,280							56,280
Civic center	714,931							714,931
Visitor's promotion							556,132	556,132
Business and industrial development			1,080,106				328,773	1,080,106
Menards share								328,773
Debt Service:								
Principal	107,204						2,115,587	2,222,791
Interest and other charges	50,239						502,501	552,740
Capital outlay		482,119				6,874,919		7,357,038
Total Expenditures	7,611,620	483,956	1,080,106			6,879,919	3,763,054	19,818,655
Excess (deficiency) of revenues over expenditures	(711,583)	(479,062)	632,020	1,156,760	1,748	(6,842,692)	(156,706)	(6,399,515)
OTHER FINANCING SOURCES (USES)								
Proceeds from issue of bonds						10,009,690		10,009,690
Transfers in	1,204,732	706,690				931,651	1,250,923	4,093,996
Transfers out	(655,661)	(628,065)	(208,957)	(1,866,157)		(1,949,103)	(413,688)	(5,721,631)
Total other financing sources and (uses)	549,071	78,625	(208,957)	(1,866,157)		8,992,238	837,235	8,382,055
SPECIAL ITEM								
Proceeds from sale of equipment		118,303	64,251		4,732			187,286
Net change in fund balances	(162,512)	(282,134)	487,314	(709,397)	6,480	2,149,546	680,530	2,169,826
Fund Balances - Beginning	4,037,049	3,554,198	8,074,644	2,196,958	2,261,940	(6,467,749)	5,799,990	19,457,030
Fund Balances - Ending	\$ 3,874,537	\$ 3,272,064	\$ 8,561,958	\$ 1,487,561	\$ 2,268,420	\$ (4,318,203)	\$ 6,480,519	\$ 21,626,856

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, 2017

Net Change in Fund Balances - Total Governmental Funds:	\$ 2,169,826
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 capital outlay \$2,683,916 exceeded depreciation \$1,389,870 in the current period.	1,294,046
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.	(81,691)
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.	(70,012)
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 net proceeds exceeded repayments.	(7,793,000)
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	7,880
Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension expense and OPEB expense	(1,010,099)
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.	2,707
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>(19,472)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (5,499,815)</u></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, 2017

	Enterprise Funds					Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Other Enterprise Funds	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,514,647	\$ 2,859,276	\$	\$ 1,910,812	\$	\$ 9,284,735
Accounts receivable, net	481,953	232,389	205,587			919,929
Due from other funds	1,377,353	833,789	267,413	1,039,310	170,938	3,688,803
Total Current Assets	6,373,953	3,925,454	473,000	2,950,122	170,938	13,893,467
Non-current assets:						
Capital assets:						
Land				60,000		60,000
Construction in progress		1,826,663	8,750	273,915		2,109,328
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	387,026	1,517,157	3,202,390	466,292		5,572,865
Less accumulated depreciation	(5,488,307)	(6,813,306)	(3,237,716)	(4,826,134)		(20,365,463)
Total non-current assets	14,701,373	21,504,921	4,111,908	8,207,839		48,526,041
Total Assets	21,075,326	25,430,375	4,584,908	11,157,961	170,938	62,419,508
LIABILITIES						
Current Liabilities:						
Accounts payable	29,602	2,340		586		32,528
Accrued health insurance benefits						82,709
Bonds, notes and loans payable	711,511	626,000		20,000		1,357,511
Total Current Liabilities	741,113	628,340		20,586		1,390,039
Non-current liabilities:						
Compensated absences	61,648	22,817	27,640	26,521		138,626
Closure and postclosure costs				1,709,048		1,709,048
Bonds, notes and loans payable	9,415,000	11,388,000		480,000		21,283,000
Total non-current liabilities	9,476,648	11,410,817	27,640	2,215,569		23,130,674
Total Liabilities	10,217,761	12,039,157	27,640	2,236,155		24,520,713
NET POSITION						
Net investment in capital assets	4,574,862	9,490,921	4,111,908	5,998,791		24,176,482
Restricted for debt service	1,065,410	1,922,738		421,056		3,409,204
Restricted for capital projects	3,002,881	2,145,327				5,148,208
Restricted for other purposes				2,096,292		2,096,292
Unrestricted	2,214,412	(167,768)	445,360	405,667	170,938	3,068,609
Total Net Position	\$ 10,857,565	\$ 13,391,218	\$ 4,557,268	\$ 8,921,806	\$ 170,938	\$ 37,898,795
						\$ 374,380
						\$ 374,380

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, 2017

	Enterprise Funds				Other		
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 4,937,133	\$ 2,461,432	\$ 2,059,516	\$ 885,628	\$ 23,068	\$ 10,366,777	\$ 1,139,849
Miscellaneous	23,784	25,789	130	12,959	19,300	81,962	
Total Operating Revenues	<u>4,960,917</u>	<u>2,487,221</u>	<u>2,059,646</u>	<u>898,587</u>	<u>42,368</u>	<u>10,448,739</u>	<u>1,139,849</u>
OPERATING EXPENSES							
Personal services	1,199,439	627,279	621,649	639,536		3,087,903	
Contractual services	107,189	55,369		188,356		350,914	
Utilities	261,811	438,859		67,178		767,848	
Repairs and maintenance	450,719	290,921	105,687	303,485		1,150,812	
Other supplies and expenses	536,633	114,815	60,757	82,431		794,636	
Insurance claims and expenses	15,047	3,987	3,987	7,988		27,022	1,161,487
Sundry expenses	62,837	62,908	1,015	13,704	45,034	185,498	
Depreciation	306,153	509,990	241,321	264,245		1,321,709	
Total Operating Expenses	<u>2,939,828</u>	<u>2,100,141</u>	<u>1,034,416</u>	<u>1,566,923</u>	<u>45,034</u>	<u>7,686,342</u>	<u>1,161,487</u>
Operating Income (Loss)	<u>2,021,089</u>	<u>387,080</u>	<u>1,025,230</u>	<u>(668,336)</u>	<u>(2,666)</u>	<u>2,762,397</u>	<u>(21,638)</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	7,404	3,985	786	3,658	308	16,141	1,675
Interest expense	(196,101)	(242,525)		(15,225)		(453,851)	
Net non-operating revenues (expenses)	<u>(188,697)</u>	<u>(238,540)</u>	<u>786</u>	<u>(11,567)</u>	<u>308</u>	<u>(437,710)</u>	<u>1,675</u>
Income (loss) before contributions and transfers	1,832,392	148,540	1,026,016	(679,903)	(2,358)	2,324,687	(19,963)
Transfers in	200	2,260,016	608,566	1,262,056		4,130,838	
Transfers out	(1,134,680)	(192,945)	(1,030,910)	(144,670)		(2,503,205)	
Change in net position	697,912	2,215,611	603,672	437,483	(2,358)	3,952,320	(19,963)
Total fund net position - beginning	10,159,653	11,175,606	3,953,596	8,484,323	173,296	33,946,475	394,343
Total fund net position - ending	<u>\$ 10,857,565</u>	<u>\$ 13,391,218</u>	<u>\$ 4,557,268</u>	<u>\$ 8,921,806</u>	<u>\$ 170,938</u>	<u>\$ 37,898,795</u>	<u>\$ 374,380</u>
Change in net position, per above						3,952,320	
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.							(422)
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements							<u>\$ 3,951,898</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, 2017

	Enterprise Funds				Other Enterprise Funds	Total	Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste			
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 4,871,683	\$ 2,436,158	\$ 2,063,786	\$ 885,627	\$ 42,368	\$ 10,299,622	\$ 1,139,849
Payments to suppliers	(1,422,898)	(962,977)	(167,459)	(658,960)	(45,034)	(3,257,328)	
Payments to employees	(1,201,406)	(640,940)	(626,691)	(638,990)		(3,108,027)	
Payments on claims	(15,047)		(3,987)	(7,988)		(27,022)	(1,110,796)
Internal activity - payment from (to) other funds	46,384	(507,040)	42,402	(541,175)	2,358	(957,071)	(29,279)
Other receipts	23,844	25,789	130	12,959		62,722	
Net Cash Provided by (Used in) Operating Activities	<u>2,302,560</u>	<u>350,990</u>	<u>1,308,181</u>	<u>(948,527)</u>	<u>(308)</u>	<u>3,012,896</u>	<u>(226)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer in	200	2,260,016	608,566	1,262,056		4,130,838	
Transfers out	(1,134,680)	(192,945)	(1,030,910)	(144,670)		(2,503,205)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,134,480)</u>	<u>2,067,071</u>	<u>(422,344)</u>	<u>1,117,386</u>		<u>1,627,633</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition & construction of capital assets	(5,019)	(1,561,786)	(886,623)	(25,374)		(2,478,802)	
Proceeds from issue of capital debt	539,511			31,702		571,213	
Principal paid on capital debt	(708,000)	(614,000)		(161,119)		(1,483,119)	
Interest paid on capital debt	(196,101)	(242,525)		(15,225)		(453,851)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(369,609)</u>	<u>(2,418,311)</u>	<u>(886,623)</u>	<u>(170,016)</u>		<u>(3,844,559)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends	7,404	3,985	786	3,658	308	16,141	1,675
Net Cash Provided by Investing Activities	<u>7,404</u>	<u>3,985</u>	<u>786</u>	<u>3,658</u>	<u>308</u>	<u>16,141</u>	<u>1,675</u>
Net increase (decrease) in cash and cash equivalents	805,875	3,735		2,501		812,112	1,449
Cash and cash equivalents, January 1	<u>3,708,772</u>	<u>2,855,541</u>		<u>1,908,311</u>		<u>8,472,624</u>	<u>423,551</u>
Cash and cash equivalents, December 31	<u>\$ 4,514,647</u>	<u>\$ 2,859,276</u>		<u>\$ 1,910,812</u>	<u>\$</u>	<u>\$ 9,284,735</u>	<u>\$ 425,000</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 2,021,089	\$ 387,080	\$ 1,025,230	\$ (668,336)	\$ (2,666)	\$ 2,762,397	\$ (21,638)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	306,153	509,990	241,321	264,245		1,321,709	
Change in Assets and Liabilities							
Receivables, net	(65,449)	(25,274)	4,270			(86,453)	
Due to (from) other funds	46,384	(507,040)	42,402	(541,175)	2,358	(957,071)	(29,279)
Accounts payable	(3,650)	(105)		(3,807)		(7,562)	50,691
Compensated absences	(1,967)	(13,661)	(5,042)	546		(20,124)	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,302,560</u>	<u>\$ 350,990</u>	<u>\$ 1,308,181</u>	<u>\$ (948,527)</u>	<u>\$ (308)</u>	<u>\$ 3,012,896</u>	<u>\$ (226)</u>

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 156,312
Total Assets	<u>156,312</u>
LIABILITIES	
Due to other governments	156,312
Total Liabilities	<u>\$ 156,312</u>

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, 2017

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, 2017

B. Reporting Entity – continued

Condensed Component Unit Financial Statements

	Jamestown Regional Airport Authority
ASSETS & DEFERRED OUTFLOWS	
Current assets	\$ 580,768
Capital assets	10,627,687
Deferred outflows of resources	106,547
Total Assets & Deferred Outflows	<u>11,315,002</u>
LIABILITIES & DEFERRED INFLOWS	
Current liabilities	233,582
Long-term liabilities	1,118,471
Deferred inflows of resources	34,962
Total Liabilities & Deferred Inflows	<u>1,387,015</u>
NET POSITION	
Invested in capital assets	9,690,856
Unrestricted	237,131
Total Net Position	<u>\$ 9,927,987</u>
REVENUES	
Program Revenues	
Charges for services	\$ 257,272
Capital grants	1,126,090
General revenues	
Property taxes	308,477
Other revenues	117,524
Total Revenues	<u>1,809,363</u>
EXPENDITURES	
Operating	1,125,472
Projects	79,193
Total Expenditures	<u>1,204,665</u>
Change in Net Position	604,698
Net Position beginning of year	9,333,716
Prior period adjustment	(10,427)
Net Position end of year	<u>\$ 9,927,987</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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017, 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, 2017

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, 2017

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.

N. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

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, 2017.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government					
Cash deposits	\$ 450,756	\$ 20,429,397	\$	\$ 20,880,153	\$ 20,240,980
Certificates of deposit	250,000	7,750,000		8,000,000	8,000,000
Fiduciary funds					
Cash deposits	156,312			156,312	156,312
Component funds					
Cash deposits	<u>252,508</u>	<u>78,827</u>		<u>331,335</u>	<u>279,682</u>
Total Deposits	<u>\$ 1,109,576</u>	<u>\$ 28,258,224</u>	<u>\$</u>	<u>\$ 29,367,800</u>	<u>\$28,676,974</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, 2017, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
General	\$ 149,611	\$
Equipment replacement		40,635
City sales tax	1,755,421	
City share specials		714,689
Special assessment deficiency	2,200,488	
Construction		8,478,957
Business type activities	3,688,803	
Internal service fund	32,088	
Other governmental funds	<u>1,407,870</u>	
Interfund Totals	<u>\$ 9,234,281</u>	<u>\$9,234,281</u>

Transfers to/from other funds at December 31, 2017, consist of the following:

From the General Fund to the Equipment Replacement Fund to finance equipment purchases	\$ 406,975
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CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

3. Interfund Receivables, Payables and Transfers - continued

From Construction Fund to General Fund to reimburse costs	240,948
From other governmental funds to General Fund for closeouts	285,099
From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	295,215
From other governmental funds to Equipment Replacement Fund to finance equipment purchases	4,500
From City Share Specials to other governmental funds to finance debt service	719,971
Between Business-Type Activities to fund Solid Waste	1,236,682
From City Share Specials to Construction to fund storm water plan	290,116
From other governmental funds to Construction Fund to close out funds	84,089
From Equipment Replacement to Business-Type Activities to replace vehicles	628,065
From City Sales Tax to Construction Fund to fund engineering costs	16,137
From Construction Fund to Business-Type Activities to closeout project	200
From planning commission to General Fund to close out	537
From Business-Type Activities to Construction to closeout project	1,797
From City Share Specials to other governmental to fund debt service	192,820
From Construction Fund to other governmental for financing	40,500
From City Sales Tax to other governmental to fund debt service	192,820
From Civic Center to General Fund to record revenues generated	248,148
From Construction to other governmental funds to closeout projects	104,814
From City Share Specials to Business-Type Activities to fund debt service	663,250
From Construction Fund to Business-Type Activities for projects	1,562,641
From other governmental funds to Business-Type Activities to fund debt service	40,000
From Business-Type Activities to Construction Fund to fund projects	539,511
From Business-Type Activities to General Fund as budgeted	430,000
	<u>\$ 8,224,835</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, 2017 was as follows:

Primary Government

<i>Governmental Activities</i>	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</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>14,878</u>	<u>7,200</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

5. Capital Assets - continued

	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
Capital assets being depreciated:				
Buildings	6,053,325			6,053,325
Infrastructure	35,883,779	2,191,775		38,075,554
Equipment	6,959,064	507,019	310,548	7,155,535
Total capital assets being depreciated	<u>48,896,168</u>	<u>2,698,794</u>	<u>310,548</u>	<u>51,284,414</u>
Less accumulated depreciation for:				
Buildings	2,876,909	195,325		3,072,234
Infrastructure	16,325,466	633,943		16,959,409
Equipment	4,025,639	560,602	228,857	4,357,384
Total accumulated depreciation	<u>23,228,014</u>	<u>1,389,870</u>	<u>228,857</u>	<u>24,389,027</u>
Net capital assets being depreciated	<u>25,668,154</u>	<u>1,308,924</u>	<u>81,691</u>	<u>26,895,387</u>
Governmental Activities capital assets, net	<u>\$25,690,232</u>	<u>\$ 1,308,924</u>	<u>\$ 96,569</u>	<u>\$26,902,587</u>
<i>Business-Type Activities</i>	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	546,687	1,562,641		2,109,328
Total capital assets not being depreciated	<u>606,687</u>	<u>1,562,641</u>		<u>2,169,328</u>
Capital assets being depreciated				
Buildings	23,886,056			23,886,056
Infrastructure	37,263,255			37,263,255
Equipment	4,656,704	916,161		5,572,865
Total capital assets being depreciated	<u>65,806,015</u>	<u>916,161</u>		<u>66,722,176</u>
Less accumulated depreciation				
Buildings	10,798,249	420,975		11,219,224
Infrastructure	5,017,431	626,446		5,643,877
Equipment	3,228,073	274,289		3,502,362
Total accumulated depreciation	<u>19,043,753</u>	<u>1,321,710</u>		<u>20,365,463</u>
Net capital assets being depreciated	<u>46,762,262</u>	<u>(405,549)</u>		<u>46,356,713</u>
Business-Type Activities capital assets, net	<u>\$ 47,368,949</u>	<u>\$ 1,157,092</u>	<u>\$</u>	<u>\$ 48,526,041</u>

Discretely Presented Component Units

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2017 follows:

	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

5. Capital Assets - continued

	<u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/17</u>
Construction in progress	51,054	1,042,592		1,093,646
Total capital assets not being depreciated	<u>494,759</u>	<u>1,042,592</u>		<u>1,537,351</u>
Capital assets being depreciated				
Buildings	4,970,814			4,970,814
Infrastructure	11,514,725			11,514,725
Equipment	1,670,282			1,670,282
Total capital assets being depreciated	<u>18,155,821</u>			<u>18,155,821</u>
Less accumulated depreciation for:				
Buildings	729,289	89,532		818,821
Infrastructure	7,293,485	381,876		7,675,361
Equipment	511,538	59,765		571,303
Total accumulated depreciation	<u>8,534,312</u>	<u>531,173</u>		<u>9,065,485</u>
Net capital assets being depreciated,	9,621,509	(531,173)		9,090,336
Component Units capital assets, net	<u>\$10,116,268</u>	<u>\$ 511,419</u>	<u>\$</u>	<u>\$10,627,687</u>

Depreciation expense by function - primary government:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 37,863	Water utility	\$ 306,153
Public safety	197,355	Sewer utility	509,991
Public works	932,310	Sanitation	241,321
Civic center	<u>222,342</u>	Solid waste	<u>264,245</u>
Total	<u>\$ 1,389,870</u>	Total	<u>\$ 1,321,710</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, 2018.

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.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

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%	\$ 555,000
\$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%	55,000
\$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%	700,000
\$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%	180,000
\$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%	855,000
\$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%	910,000
\$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%	1,005,000
\$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%	3,590,000
\$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%	680,000
\$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%	3,635,000
\$1,975,000 2015 Series Z bonds due in annual installments of \$270,000 to \$295,000 through May 1, 2022, interest at 2%	1,395,000
\$1,123,587 2016B water treatment assessment warrants due in annual installments of \$45,000 to 70,000 through September 1, 2036, interest at 2.5%	1,075,000

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

7. Long-Term Obligations - continued

\$4,090,000 Series 2017 AA bonds due in annual installments of \$540,000 to 665,000 through May 1, 2024, interest at 2%	4,090,000
\$2,049,964 Series 2017 definitive improvement warrant due in semi-annual installments of \$75,938.96 including interest to May 1, 2047, interest at 2%	2,049,964
\$2,701,875 Series 2017 definitive improvement warrant due in semi-annual installments of \$67,062.61 including interest to May 1, 2047, interest at 2%	<u>2,701,875</u>
	<u>\$ 23,476,839</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

\$2,534,604 water treatment bonds of 2005 due in annual installments of \$104,604 to \$155,000 through September 1, 2025, interest at 2.5%	\$ 1,150,000
\$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%	759,000
\$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%	1,100,000
\$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%	2,015,000
\$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%	810,000
\$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.	1,565,000
\$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%	685,000
\$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%	885,000
\$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%	8,875,000
\$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%	3,105,000

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

7. Long-Term Obligations - continued

\$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%	690,000
\$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%	500,000
\$539,511 water treatment revenue bonds of 2016C, due in annual installments of \$30,000 to \$40,000 through September 1, 2031, interest at 2%	<u>501,511</u>
	<u>\$ 22,640,511</u>

Conduit Debt. From time to time, the City has approved issuance of 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, 2017, the number of Industrial Revenue Bonds outstanding and the aggregate principle amount payable is unknown.

The following is a summary of long-term obligation transactions for the year ended December 31, 2017:

	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement bonds	\$15,627,000	\$ 9,965,426	\$ 2,115,590	\$23,476,836	\$ 2,618,874
Issue costs	49,047	50,365	7,880	91,532	
Lease/purchase	1,631,550		107,201	1,524,349	110,657
Total Long-Term Debt	<u>17,307,597</u>	<u>10,015,791</u>	<u>2,230,671</u>	<u>25,092,717</u>	<u>2,729,531</u>
Compensated absences	288,175		2,707	285,468	
Net pension obligation PERS	4,846,030	3,286,986		8,133,016	
Net OPEB liability		377,681		377,681	
Governmental Activities Long Term Liabilities	<u>\$ 22,441,802</u>	<u>\$13,680,458</u>	<u>\$ 2,233,378</u>	<u>\$ 33,888,882</u>	<u>\$ 2,729,531</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$23,584,119	\$ 539,511	\$1,483,119	\$22,640,511	\$ 1,357,511
Landfill closure costs	1,677,347	31,701		1,709,048	
Total Long-Term Debt	<u>25,261,466</u>	<u>571,212</u>	<u>1,483,119</u>	<u>24,349,559</u>	<u>1,357,511</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

7. Long-Term Obligations - continued

	<u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	<u>Due Within One Year</u>
Compensated absences	158,751		20,125	138,626	
Business-Type Activities Long Term Liabilities	<u>\$25,420,217</u>	<u>\$ 571,212</u>	<u>\$1,503,244</u>	<u>\$24,488,185</u>	<u>\$ 1,357,511</u>

*Discretely presented component
unit*

Long-term debt					
Unison Bank	\$ 235,085	\$	\$ 21,930	\$ 213,155	\$ 23,208
Bank Forward	601,595		14,569	587,026	16,232
Jamestown/Stutsman Development Corporation	41,650			41,650	
Jamestown/Stutsman Development Corporation	43,000			43,000	
Stutsman County	65,000		13,000	52,000	13,000
Net pension obligation	130,099	93,593		223,692	
Net OPEB liability		10,388		10,388	
Discretely Presented Component Unit Long Term Liabilities	<u>\$ 1,116,429</u>	<u>\$ 103,981</u>	<u>\$ 49,499</u>	<u>\$ 1,170,911</u>	<u>\$ 52,440</u>

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

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Special Assessment Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,618,874	\$ 628,323	\$ 1,357,511	\$ 562,095
2019	2,515,012	570,504	1,398,000	528,083
2020	2,258,288	519,122	1,420,000	492,850
2021	1,947,631	472,541	1,467,000	457,120
2022	1,926,040	427,861	1,494,000	420,143
2023 – 2027	5,766,792	1,571,549	7,509,000	1,519,447
2028 – 2032	3,074,917	927,854	6,110,000	661,450
2033 – 2037	2,501,100	455,453	1,885,000	70,875
2038 – 2042	591,850	92,172		
2043 – 2045	276,335	20,671		
Total	<u>\$ 23,476,839</u>	<u>\$ 5,686,050</u>	<u>\$ 22,640,511</u>	<u>\$ 4,712,063</u>

The City leases equipment with a historical cost of \$1,524,826 and accumulated amortization of \$321,908 under capital lease arrangements. Future minimum lease payments at December 31, 2017, are as follows:

2018	\$ 157,443
2019	157,443
2020	157,443
2021	157,443

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

7. Long-Term Obligations - continued

2022	157,443
2023 – 2027	787,215
2028 – 2029	<u>249,284</u>
Total minimum lease payments	1,823,714
Less deferred interest	<u>299,365</u>
Present value minimum lease payments	<u>\$ 1,524,349</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 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.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

8. Pension Plan – continued

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2018. 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 \$1,416,186 at December 31, 2017, as follows:

	<u>January 1, 2018</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,753,121
Current employees	
100% vested	2,525,707
Non vested	
Total pension benefit obligation	<u>8,278,828</u>
Net assets available for benefits at market (cost unavailable)	9,695,014
Assets in excess of accumulated pension benefit obligation	<u>\$ (1,416,186)</u>

For the year ended December 31, 2017, the employer recognized pension expense of \$30,637 and deferred inflows of resources of \$1,279,456.

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 for 2018 was calculated to be \$0 based on actuarially determined requirements computed through actuarial valuations performed as of January 1, 2018.

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 58 of the City’s financial statements. For the three years ended 2017, 2016 and 2015, available assets were sufficient to fund 117%, 101%, and 104%, respectively, of the pension benefit obligation. The Plan went from an

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

8. Pension Plan – continued

overfunded plan of \$317,506 in 2015 to an overfunded plan of \$77,180 in 2016 and an overfunded plan of \$1,416,186 in 2017. The City's contributions for the years ended 2017, 2016 and 2015 were 0.00%, 1.51%, and 1.06%, 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 nine 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 members elected by the active membership of the NDPERS system; one member elected by the retired public employees and 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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

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

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 withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the City reported a liability of \$8,133,016 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2017, the Employer's proportion was .505996%, which is an increase of .008762 from its proportion measured as of July 1, 2016.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

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

For the year ended December 31, 2017, the Employer recognized pension expense of \$1,246,103. At December 31, 2017, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 48,342	\$ 39,626
Change of assumptions	3,335,085	183,437
Net difference between projected and actual investment earnings on pension plan investments	109,382	
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,873	24,971
Employer contributions subsequent to the measurement date	186,866	
	<u>\$ 3,757,548</u>	<u>\$ 248,034</u>

\$186,866 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, 2018.

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:	
2018	\$ 724,036
2019	874,122
2020	760,215
2021	621,791
2022	342,484

Actuarial assumptions. The total pension liability in the July 1, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation		3.50%
Salary Increases	Service at Beginning of Year:	Increase Rate:
	0	15.00%
	1	10.00%
	2	8.00%
	Age*	
	Under 36	8.00%
	36 – 40	7.50%
	41 – 49	6.00%
	50+	5.00%

*Age-based salary increase rates apply for employees with three or more years of service

Investment rate of return	7.75% , net of investment expenses
Cost-of-living adjustments	None

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

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

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 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31%	6.05%
International Equity	21%	6.70%
Private Equity	5%	10.20%
Domestic Fixed Income	17%	1.43%
International Fixed Income	5%	-0.45%
Global Real Assets	20%	5.16%
Cash Equivalents	1%	0.00%

Discount rate. For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

The pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments through the 2061. Therefore, the long-term expected rate of return on pension plan investment was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.75%; the municipal bond rate is 3.56%; and the resulting Single Discount Rate is 6.44%.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

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

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 6.44 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 (5.44 percent) or 1-percentage-point higher (7.44 percent) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
Employer’s proportionate share of the net pension liability	\$ 11,040,819	\$ 8,133,016	\$ 5,713,846

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. Other Post Employment Benefits (OPEB)

The following brief description of the NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code. OPEB provides for a credit toward their monthly health insurance premiums under the state health plan based upon a member’s years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine 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 members elected by the active membership of the NDPERS system; one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. The employer contributions for employees of the state board of career and technical education is 2.99% of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as “*prefunded credit applied*” on the Statement of Changes in Plan Net Position for the OPEB trust funds.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

10. Other Post Employment Benefits (OPEB) - continued

Retiree Health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2017, the Employer reported a liability of \$377,681 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At July 1, 2017, the Employer's proportion was .477466 percent.

For the year ended December 31, 2017, the Employer recognized OPEB expense of \$45,407. At December 31, 2017, the Employer reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$ 9,211
Change of assumptions	36,581	
Net difference between projected and actual earnings on OPEB plan investments		14,280
Changes in proportion and differences between employer contributions and proportionate share of contributions		754
Employer contributions subsequent to the measurement date	29,919	
	<u>\$ 66,500</u>	<u>\$ 24,245</u>

\$29,919 reported as deferred outflows of resources related to OPEB resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB's will be recognized in OEPB expense as follows:

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

10. Other Post Employment Benefits (OPEB) - continued

Year ended December 31:		
2018	\$	596
2019		596
2020		596
2021		596
2022		4,166
Thereafter		5,786

Actuarial Assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Not applicable
Investment rate of return	7.50%, 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 long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	37%	5.80%
Small Cap Domestic Equities	9%	7.05%
International Equities	14%	6.20%
Core-Plus Fixed Income	40%	1.56%

Discount rate. The discount rate used to measure the total OPEB liability was 7.75%. The projection of cash flows used to determine the discount rate assumed plan members and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2017, and July 1, 2016, HPRS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

10. Other Post Employment Benefits (OPEB) - continued

Sensitivity of the Employer’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of July 1, 2017. Calculated using the discount rate of 7.50%, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employer’s proportionate share of the net pension liability	\$ 472,810	\$ 377,681	\$ 296,138

11. 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.

12. 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, 2017 and 2016, is as follows:

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

12. Risk Management - continued

	<u>2017</u>	<u>2016</u>
Claims payable, January 1	\$ 32,018	\$ 58,683
Add: Claims incurred	698,947	587,928
Less: Claims paid	<u>(648,256)</u>	<u>(614,593)</u>
Claims payable, December 31	<u>\$ 82,709</u>	<u>\$ 32,018</u>

Claims payable are based on claims paid in January, February and March of 2018 for claims incurred in 2017.

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 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.

13. 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, 2017, is \$585,353 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,123,695 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 2017. 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.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

13. Closure and Post-closure Care Costs - continued

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 four 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.

14. 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.

15. 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.

16. 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.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

17. City of Jamestown Sales Tax

During the year ended December 31, 2017, the City of Jamestown collected 2% City sales tax.

Reported by the City	
City sales tax fund	\$ 1,151,692
City share special reserve fund	<u>1,151,692</u>
 Total City Sales Tax	 <u>\$ 2,303,384</u>
 Passed through to Jamestown Park and Recreation District	 <u>\$ 2,554,912</u>

18. Subsequent Events

On April 2, 2018, the City Council approved the disbursement to JSDC \$2,800,000 for the Jamestown Airport Business Park and awarded the bid for \$2,067,379.25 for the 2018 seal coat, patching, construction, and reconstruction district.

19. Deficit Fund Balances

The deficit of \$2,728 in the Forestry Grant Fund (special revenue fund) is due to timing differences for expenses that will be reimbursed by the grant or by matching funds.

20. Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at December 31, 2017 include the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$ 26,902,587	\$ 48,526,041
Less: related long-term debt	<u>(25,092,717)</u>	<u>(24,349,559)</u>
Net Investment in Capital Assets	<u>1,809,870</u>	<u>24,176,482</u>
 Restricted		
Capital projects	450,712	5,148,208
Debt service	8,341,366	3,409,204
Special revenue	<u>4,130,374</u>	<u>2,096,292</u>
Total Restricted	<u>12,922,452</u>	<u>10,653,704</u>
 Unrestricted	 5,715,353	 3,064,399
Total Net Position	<u>\$ 20,447,675</u>	<u>\$ 37,894,585</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2017

21. Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2017, 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 Governmental Funds</u>	<u>Total</u>
Restricted:								
Debt service	\$	\$	\$	\$ 2,268,420	\$	\$	\$ 5,406,889	\$ 7,675,309
Committed:			4,093,354				37,020	4,130,374
Assigned:								
Equipment replacement		3,272,064						3,272,064
Economic development/ infrastructure			4,468,604					4,468,604
Capital projects							385,716	385,716
City share specials						1,487,561		1,487,561
Vector control							370,746	370,746
Visitor's promotion							159,231	159,231
Visitor's promotion capital construction							115,092	115,092
City taxi							7,042	7,042
Bulletproof vest							837	837
Homeland security							625	625
Forestry							(2,728)	(2,728)
DARE							49	49
Unassigned	3,874,537				(4,318,203)			(443,666)
	<u>\$ 3,874,537</u>	<u>\$3,272,064</u>	<u>\$ 8,561,958</u>	<u>\$ 2,268,420</u>	<u>\$ (4,318,203)</u>	<u>\$ 1,487,561</u>	<u>\$ 6,480,519</u>	<u>\$ 21,626,856</u>

22. Restatement

The December 31, 2016 ending net position was restated by \$379,111. **CITY OF JAMESTOWN** posted prior period adjustments in 2017 in order to comply with Governmental Accounting Standards Board (GASB) Statement 75 related to OPEB benefits. The adjustment amount recognizes the initial balance of the net OPEB liability associated with the **City of Jamestown's** participation in the NDPERS OPEB plan.

Net Position, December 31, 2016, as previously reported	\$26,326,601
Restatement due to implementation of GASB 75, effect on net position	(379,111)
Net Position, December 31, 2016, as restated	<u>\$25,947,490</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
General Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,985,885	\$ 2,985,885	\$ 3,068,019	\$ 82,134
Sales and miscellaneous taxes	595,115	595,115	426,089	(169,026)
Fees and fines	224,000	224,000	173,603	(50,397)
Licenses and permits	374,255	374,255	290,371	(83,884)
Intergovernmental	1,911,750	1,911,750	1,807,568	(104,182)
Charges for services	404,500	404,500	412,929	8,429
Investment earnings	6,000	6,000	5,654	(346)
Miscellaneous	204,490	204,490	431,352	226,862
Total Revenues	<u>6,705,995</u>	<u>6,705,995</u>	<u>6,615,585</u>	<u>(90,410)</u>
EXPENDITURES				
Current:				
General government	798,725	798,725	827,717	(28,992)
Public safety	3,738,825	3,738,825	3,826,682	(87,857)
Public works	1,925,820	1,925,820	2,047,724	(121,904)
Health	56,280	56,280	56,280	
Civic center	469,560	469,560	475,412	(5,852)
Debt Service				
Principal	107,204	107,204	107,204	
Interest	50,239	50,239	50,239	
Capital Outlay	96,700	96,700	32,280	64,420
Total Expenditures	<u>7,243,353</u>	<u>7,243,353</u>	<u>7,423,538</u>	<u>(180,185)</u>
Excess (deficiency) of revenues over expenditures	<u>(537,358)</u>	<u>(537,358)</u>	<u>(807,953)</u>	<u>(270,595)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	541,537	541,537	1,204,732	663,195
Transfers out	(406,975)	(406,975)	(655,661)	(248,686)
Total Other Financing Sources and (Uses)	<u>134,562</u>	<u>134,562</u>	<u>549,071</u>	<u>414,509</u>
SPECIAL ITEM				
Proceeds from sale of capital assets	2,000	2,000		(2,000)
Net change in fund balances	(400,796)	(400,796)	(258,882)	141,914
Fund Balances - Beginning	4,037,049	4,037,049	4,037,049	
Fund Balances - Ending	<u>\$ 3,636,253</u>	<u>\$ 3,636,253</u>	<u>\$ 3,778,167</u>	<u>\$ 141,914</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, 2017

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	\$ 6,615,585
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	300,569
Grants accrued at prior year are included for budgetary purposes	(1,198)
Grants accrued are not considered revenues for budgetary purposes	1,967
Engineering fees are treated as transfers for fund purposes	(240,948)
The net proceeds from the civic center are included in the budget	<u>224,062</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 6,900,037</u></u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,423,538
Accounts payable at prior year end are included in the budget	(70,697)
Accounts payable at current year end are not included in the budget	19,799
The expenses from promotion, revolving and concession funds are not included in the budget	<u>238,980</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 7,611,620</u></u>

Note B - Excess of Expenditures Over Appropriations

Expenditures in the General Fund exceeded appropriations by \$180,185. 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
Budget and Actual (with Variances)
Notes to RSI - General Fund
Year Ended December 31, 2017

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, 2017

	Equipment Replacement			City Sales Tax			City Share Specials - Reserve		
	Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)	Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)	Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)
	Budgeted Original	Final		Budgeted Original	Final		Budgeted Original	Final	
REVENUES									
Sales and miscellaneous taxes	\$ 5,000	\$ 5,000	\$ (106)	\$ 1,301,510	\$ 1,301,510	\$ (149,818)	\$ 1,250,085	\$ 1,250,085	\$ (98,393)
Investment earnings				42,000	42,000	(21,193)	6,500	6,500	(1,432)
Miscellaneous				340,000	340,000	199,627			
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>(106)</u>	<u>1,683,510</u>	<u>1,683,510</u>	<u>28,616</u>	<u>1,256,585</u>	<u>1,256,585</u>	<u>(99,825)</u>
EXPENDITURES									
Current:									
General government									
Public works									
Business and industrial development		1,837	(1,837)						
Capital Outlay	525,000	482,119	42,881	3,378,525	3,378,525	2,298,419			
Total Expenditures	<u>525,000</u>	<u>483,956</u>	<u>41,044</u>	<u>3,378,525</u>	<u>3,378,525</u>	<u>2,298,419</u>			
Excess (deficiency) of revenues over expenditures	(520,000)	(520,000)	40,938	(1,695,015)	(1,695,015)	2,327,035	1,256,585	1,256,585	(99,825)
OTHER FINANCING SOURCES (USES)									
Transfers in	706,690	706,690							
Transfers out									
Total other financing sources and (uses)	<u>706,690</u>	<u>706,690</u>	<u>(628,065)</u>	<u>(208,957)</u>	<u>(208,957)</u>	<u>(208,957)</u>	<u>(1,382,955)</u>	<u>(1,382,955)</u>	<u>(483,202)</u>
SPECIAL ITEM									
Proceeds from sale of capital assets		118,303	118,303						
Net change in fund balances	186,690	(282,134)	(468,824)	(1,695,015)	(1,695,015)	2,182,329	(126,370)	(126,370)	(583,027)
Fund balances - beginning	3,554,198	3,554,198		8,074,644	8,074,644		2,196,958	2,196,958	
Fund balances - ending	<u>\$3,740,888</u>	<u>\$3,272,064</u>	<u>\$(468,824)</u>	<u>\$6,379,629</u>	<u>\$6,379,629</u>	<u>\$ 2,182,329</u>	<u>\$2,070,588</u>	<u>\$2,070,588</u>	<u>\$(583,027)</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Note to RSI - Major Special Revenue Funds
Year Ended December 31, 2017

Note A - Excess of Expenditures Over Appropriations

Expenditures in the Equipment Replacement Fund exceeded appropriations by \$587,021. All expenditures were approved by the City Council. These expenditures were all funded by available fund balances.

Expenditures in the City Share Specials - Reserve Fund exceeded appropriations by \$483,202. 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, 2017

RETIREMENT PLAN FOR EMPLOYEES OF THE CITY OF JAMESTOWN
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
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
2017	9,695,014	8,281,851	117%	1,413,163	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>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.505996%	0.497234%	0.500908%
Employer's proportionate share of the net pension liability (asset)	\$ 8,133,016	\$ 4,846,030	\$ 3,406,089
Employer's covered payroll	\$ 5,165,421	\$ 5,010,950	\$ 4,462,486
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	157.45%	96.71%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	61.98%	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>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 374,556	\$ 362,784	\$ 338,961
Contributions in relation to the statutorily required contribution	\$ 369,566	\$ 351,874	\$ 333,948
Contribution deficiency (excess)	\$ 4,990	\$ 10,910	\$ 5,013
Employer's covered - employee payroll	\$ 5,165,421	\$ 5,010,950	\$ 4,462,486
Contributions as a percentage of covered-employee payroll	7.15%	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, 2017

Change of Assumptions

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2017 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.

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

	2017
Employer's proportion of the net OPEB liability	0.477466%
Employer's proportionate share of the net OPEB liability	\$ 377,681
Employer's covered payroll	\$5,165,421
Employer's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	7.31%
Plan fiduciary net position as a percentage of the total OPEB liability	59.78%

* Complete data for this schedule is not available prior to 2017

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

	2017
Statutorily required contribution	\$ 60,044
Contributions in relation to the statutorily required contribution	\$ 59,172
Contribution deficiency (excess)	\$ 872
Employer's covered - employee payroll	\$5,165,421
Contributions as a percentage of covered-employee payroll	1.15%

* Complete data for this schedule is not available prior to 2017

Notes to Required Supplementary Information
for the Year Ended December 31, 2017

Change of Assumptions

Amounts reported in 2017 reflect actuarial assumption changes effective July 1, 2017 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, 2017

	Nonmajor Special Revenue	Public Building Site	Nonmajor Debt Service	Total Other Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 477,100	\$ 250,000	\$ 3,300,000	\$ 4,027,100
Taxes receivable, net		174,455	1,620,626	1,795,081
Due from other funds	235,971	26,257	1,205,843	1,468,071
Receivable from other governments	5,803			5,803
Other receivables	9,619			9,619
Total Assets and Deferred Outflows of Resources	<u>\$ 728,493</u>	<u>\$ 450,712</u>	<u>\$ 6,126,469</u>	<u>\$ 7,305,674</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 33,900	\$	\$ 135,953	\$ 169,853
Due to other funds	6,679		53,522	60,201
Total Liabilities	<u>40,579</u>		<u>189,475</u>	<u>230,054</u>
Deferred inflows of resources				
Long - term receivables		<u>64,996</u>	<u>530,105</u>	<u>595,101</u>
Fund Balances:				
Restricted for:				
Debt service			5,406,889	5,406,889
Committed	37,020			37,020
Assigned	650,894	385,716		1,036,610
Unassigned				
Total Fund Balances	<u>687,914</u>	<u>385,716</u>	<u>5,406,889</u>	<u>6,480,519</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 728,493</u>	<u>\$ 450,712</u>	<u>\$ 6,126,469</u>	<u>\$ 7,305,674</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, 2017

	Nonmajor Special Revenues	Public Building Site	Nonmajor Debt Service	Total Other Governmental Funds
REVENUES				
Property taxes	\$	\$ 217,525	\$ 2,238,557	\$ 2,456,082
Sales and miscellaneous taxes	572,282			572,282
Menards sales tax & TIF			435,109	435,109
Intergovernmental	31,847			31,847
Charges for services	94,435			94,435
Investment earnings	1,163	1,079	14,293	16,535
Miscellaneous	58			58
Total Revenues	<u>699,785</u>	<u>218,604</u>	<u>2,687,959</u>	<u>3,606,348</u>
EXPENDITURES				
Current:				
Public safety	13,705			13,705
Public works	113,841	132,515		246,356
Visitor's promotion	556,132			556,132
Principal			2,115,587	2,115,587
Interest and other charges			502,501	502,501
Menards share			328,773	328,773
Capital outlay				
Total Expenditures	<u>683,678</u>	<u>132,515</u>	<u>2,946,861</u>	<u>3,763,054</u>
Excess (deficiency) of revenues over expenditures	<u>16,107</u>	<u>86,089</u>	<u>(258,902)</u>	<u>(156,706)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			1,250,923	1,250,923
Transfers out	(4,500)		(409,188)	(413,688)
Total other financing sources and (uses)	<u>(4,500)</u>		<u>841,735</u>	<u>837,235</u>
Net change in fund balances	11,607	86,089	582,833	680,530
Fund balances - beginning	676,307	299,627	4,824,056	5,799,990
Fund balances - ending	<u>\$ 687,914</u>	<u>\$ 385,716</u>	<u>\$ 5,406,889</u>	<u>\$ 6,480,519</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Vector Control	Visitor's Promotion	Safe Shelter Grant	City Tax	SANE	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	\$ 251,222	\$ 100,878	\$	\$	\$	\$	\$	\$	\$ 49	\$ 477,100
Due from other funds	142,790	58,353		7,042			625			235,971
Receivable from other governments			1,015			858		3,930		5,803
Other receivables	9,619									9,619
Total Assets and Deferred Outflows of Resources	\$ 403,631	\$ 159,231	\$ 1,015	\$ 7,042	\$	\$ 858	\$ 625	\$ 3,930	\$ 49	\$ 728,493
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 32,885	\$	\$ 1,015	\$	\$	\$	\$	\$	\$	\$ 33,900
Due to other funds						21		6,658		6,679
Total Liabilities	32,885		1,015			21		6,658		40,579
Deferred inflows of resources										
Long - term receivables										
Fund balances:										
Committed										37,020
Assigned	370,746	159,231		7,042		837	625	(2,728)	49	650,894
Unassigned										
Total Fund Balances	370,746	159,231		7,042		837	625	(2,728)	49	687,914
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 403,631	\$ 159,231	\$ 1,015	\$ 7,042	\$	\$ 858	\$ 625	\$ 3,930	\$ 49	\$ 728,493

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, 2017

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Taxi	SANE	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	D.A.R.F. Program Fund	Total Nonmajor Special Revenue Funds
REVENUES											
Sales and miscellaneous taxes	\$	\$ 491,310	\$ 80,972	\$ 3,770	\$ 14,142	\$ 5,356	\$ 1,260	\$ 2,135	\$ 3,930	\$ 1,254	\$ 572,282
Intergovernmental Charges for services	94,435	200	319								31,847
Investment earnings	644	58									94,435
Miscellaneous											1,163
Total Revenues	95,079	491,568	81,291	3,770	14,142	5,356	1,260	2,135	3,930	1,254	699,785
EXPENDITURES											
Current:											
Public safety											
Public works	80,296	469,730	86,402	3,770	29,615	5,356	397	2,135	3,930	2,047	13,705
Visitor's promotion											113,841
Total Expenditures	80,296	469,730	86,402	3,770	29,615	5,356	397	2,135	3,930	2,047	556,132
Excess (deficiency) of revenues over expenditures	14,783	21,838	(5,111)		(15,473)		863			(793)	16,107
OTHER FINANCING SOURCES (USES)											
Transfers in	(4,500)										(4,500)
Transfers out											
Total other financing sources and (uses)	(4,500)										(4,500)
Net change in fund balances	10,283	21,838	(5,111)		(15,473)		863			(793)	11,607
Fund balances - beginning	360,463	137,393	157,223		22,515		(26)	625	(2,728)	842	676,307
Fund balances - ending	\$ 370,746	\$ 159,231	\$ 152,112	\$	\$ 7,042	\$	\$ 837	\$ 625	\$ (2,728)	\$ 49	\$ 687,914

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2017

	Curb and Gutter	Series 2013										1999 BND (99-71)					
		Series T Refunding Improvement	Series U Refunding Improvement	Series V Refunding Improvement	Series W Refunding Improvement	Series X Refunding Improvement	SRF Refunding Improvement	Series Y Refunding Improvement	Series Z Refunding Improvement	Series AA Refunding Improvement	Series 2016B Refunding Improvement						
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES																	
Cash and cash equivalents	\$ 425,000	\$ 550,000	\$ 100,000	\$ 150,000	\$ 425,000	\$ 75,000	\$ 500,000	\$ 150,000	\$ 300,000	\$ 187,613	\$ 373,263	\$ 61,773	\$ 2,349	\$			
Taxes receivable, net	25,511	168,774	210,319	192,074	73,505	57,130	373,263	187,613	373,263	11,881	117,593						
Due from other funds	19,945	38,018	24,132	31,612	165,815	10,744	152,317	11,881	117,593								
Total Assets and Deferred Outflows of Resources	\$ 470,456	\$ 756,792	\$ 334,451	\$ 373,686	\$ 664,320	\$ 142,874	\$ 652,317	\$ 349,494	\$ 790,856	\$ 61,773	\$ 2,349	\$	\$				

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES																	
Liabilities:																	
Due to other funds	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable																	
Total Liabilities																	
Deferred inflows of resources																	
Long - term receivables	18,095	76,172	87,081	29,057	9,723	12,293		53,331	78,544				2,349				

Fund balances:																	
Restricted																	
Debt service	452,361	680,620	247,370	344,629	654,597	130,581	516,364	296,163	712,312				8,251				
Total Fund Balances	452,361	680,620	247,370	344,629	654,597	130,581	516,364	296,163	712,312				8,251				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 470,456	\$ 756,792	\$ 334,451	\$ 373,686	\$ 664,320	\$ 142,874	\$ 652,317	\$ 349,494	\$ 790,856	\$ 61,773	\$ 2,349	\$	\$				

Series H Refunding Improvement	Series J Refunding Improvement	Series K 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
\$ 1,648	\$ 1,581 130,762	\$	\$	\$ 22,882 129,463	\$ 225,000 90,335 7,078	\$ 9,298 133,897	\$ 1,082	\$ 400,000 60,045 40,197	\$ 13,956	\$ 1,644	\$ 65,844 187,843	\$ 3,300,000 1,620,626 1,205,843
\$ 1,648	\$ 1,32,343	\$	\$	\$ 152,345	\$ 322,413	\$ 143,195	\$ 1,082	\$ 500,242	\$ 13,956	\$ 1,644	\$ 253,687	\$ 6,126,469
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$ 1,581	\$	\$	\$ 2,688	\$ 52,200	\$ 4,817	\$ 1,082	\$ 29,470	\$ 13,956	\$ 1,644	\$ 56,022	\$ 530,105
\$ 1,648	\$ 130,762	\$	\$	\$ 149,657	\$ 270,213	\$ 138,378	\$	\$ 470,772	\$	\$	\$ 197,665	\$ 5,406,889
\$ 1,648	\$ 130,762	\$	\$	\$ 149,657	\$ 270,213	\$ 138,378	\$	\$ 470,772	\$	\$	\$ 197,665	\$ 5,406,889
\$ 1,648	\$ 1,32,343	\$	\$	\$ 152,345	\$ 322,413	\$ 143,195	\$ 1,082	\$ 500,242	\$ 13,956	\$ 1,644	\$ 253,687	\$ 6,126,469

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2017

		Series 2013										
		Series T	Series U	Series V	Series W	Series X	Series Y	Series Z	Series AA	Series 2016B	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	(98-71)	(99-71)
REVENUES												
Property taxes	\$ 38,340	\$ 191,222	\$ 271,766	\$ 265,130	\$ 146,329	\$ 87,788	\$ 72,127	\$ 262,731	\$ 390,939	\$ 61,773	\$	\$ 197
Menards sales tax & TIF		2,010	427	554	1,803	1,157	220	463	379			22
Investment earnings	1,759	193,232	272,193	265,684	148,132	87,788	72,347	263,194	391,318	61,773	54	219
Total Revenues	40,099											
EXPENDITURES												
Principal		115,000	315,000	295,000	315,000	65,000		295,000		48,587		
Menards share		24,628	13,936	36,066	88,455	22,788	23,125	31,942	30,118	4,935		
Interest and other charges		139,628	328,936	331,066	403,455	87,788	23,125	326,942	30,118	53,522		
Total Expenditures												
Excess (deficiency) of revenues over expenditures	40,099	53,604	(56,743)	(65,382)	(255,323)		49,222	(63,748)	361,200	8,251	54	219
OTHER FINANCING SOURCES (USES)												
Transfers in	11,611	23,950	86,157	99,878	221,613		23,939	99,959	225,526		(54)	(219)
Transfers out	(84,089)						(40,000)					
Total other financing sources and (uses)	(72,478)	23,950	86,157	99,878	221,613		(16,061)	99,959	225,526		(54)	(219)
Net change in fund balances	(32,379)	77,554	29,414	34,496	(33,710)		33,161	36,211	586,726	8,251		
Fund balances - beginning	484,740	603,066	217,956	310,133	688,307	4,546	97,420	259,952	125,586			
Fund balances - ending	\$ 452,361	\$ 680,620	\$ 247,370	\$ 344,629	\$ 654,597	\$ 4,546	\$ 130,581	\$ 296,163	\$ 712,312	\$ 8,251	\$	\$

Series H	Series J	Series K	Series M	Series N	Series WWTA	Series O	Series P	Series 2007B SW Sewer	Series Q	Series R	Series S	Total Nonmajor Debt Service Funds
Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement	
\$ 2,525	\$ 23,048	\$	\$	\$ 36,268	\$ 87,309	\$ 11,015	\$	\$ 76,724	\$ 2,363	\$ 2,552	\$ 208,411	\$ 2,238,557
396	427	61	73	518	960	473	55	1,369		404	709	435,109
<u>2,921</u>	<u>23,475</u>	<u>61</u>	<u>73</u>	<u>36,786</u>	<u>88,269</u>	<u>11,488</u>	<u>55</u>	<u>78,093</u>	<u>2,363</u>	<u>2,956</u>	<u>209,120</u>	<u>2,687,959</u>
	40,000			40,000	70,000	15,000		77,000			350,000	2,115,587
	400			2,805	18,575	3,913		23,118			11,414	328,773
	40,400			42,805	88,575	18,913		100,118			361,414	502,501
<u>2,921</u>	<u>(16,925)</u>	<u>61</u>	<u>73</u>	<u>(6,019)</u>	<u>(306)</u>	<u>(7,425)</u>	<u>55</u>	<u>(22,025)</u>	<u>2,363</u>	<u>2,956</u>	<u>(152,294)</u>	<u>(258,902)</u>
	10,656			3,838	2,323	4,048		16,346			35,440	1,250,923
<u>(149,791)</u>	<u>(4,037)</u>	<u>(2,584)</u>	<u>(2,584)</u>	<u>(2,584)</u>	<u>(2,584)</u>	<u>(2,584)</u>	<u>(55)</u>	<u>(5,155)</u>	<u>(5,155)</u>	<u>(123,204)</u>	<u>(123,204)</u>	<u>(409,188)</u>
	10,656			3,838	2,323	4,048		16,346			35,440	841,735
	(6,269)			(2,181)	2,017	(3,377)		(5,679)			(116,854)	582,833
148,518	137,031	3,976	2,511	151,838	268,196	141,755		476,451			314,519	4,824,056
<u>\$ 1,648</u>	<u>\$ 130,762</u>	<u>\$</u>	<u>\$</u>	<u>\$ 149,657</u>	<u>\$ 270,213</u>	<u>\$ 138,378</u>	<u>\$</u>	<u>\$ 470,772</u>	<u>\$</u>	<u>\$</u>	<u>\$ 197,665</u>	<u>\$ 5,406,889</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended December 31, 2017

LIST OF CITY OFFICIALS

Mayor	Katie Andersen
Council	Ramone Gumke
	Steve Brubakken
	Dan Buchanan
	Pam Phillips
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, 2017, 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 September 27, 2018.

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. (2014-001)

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.
Certified Public Accountants

Jamestown, North Dakota
September 27, 2018

Schauer & Associates, P.C.

Certified Public Accountants

Ronald R. Fuchs, CPA

Duane R. Dunn, CPA

Robert A. Piatz, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council

CITY OF JAMESTOWN

Jamestown, North Dakota

Report on Compliance for Each Major Federal Program

We have audited **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs for the year ended December 31, 2017. **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

CITY OF JAMESTOWN, NORTH DAKOTA'S basic financial statements include the operations of the Jamestown Regional Airport Authority, which received \$989,601 in federal awards that are not included in the schedule of expenditures of federal awards for the year ended December 31, 2017. Our audit described below, did not include the operations of the Jamestown Regional Airport Authority because the component unit has separately issued financial statements prepared and presented in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - continued

with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance.

Opinion on Each Major Federal Program

In our opinion, **CITY OF JAMESTOWN, NORTH DAKOTA**, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of **CITY OF JAMESTOWN, NORTH DAKOTA** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE - continued**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants
Jamestown, North Dakota
September 27, 2018

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION
Year Ended December 31, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Department of Agriculture			
Passed through ND Forest Service			
American the beautiful tree planting	10.664	13-DG-11010000-004	\$ 3,930
Total Department of Agriculture			<u>3,930</u>
Department of Justice			
Direct Programs			
Bulletproof Vest Partnership	16.607	BUBX-1407-3897	1,260
Total Direct Department of Justice			<u>1,260</u>
Passed Through State Attorney General's Office			
Edward Byrne Memorial Justice Assistance	16.738	16205	3,770
Total Indirect Department of Justice			<u>3,770</u>
Total Department of Justice			<u>5,030</u>
Department of Transportation			
Passed Through State Department of Transportation			
National Priority Safety Programs	20.616	PHSPOP1705-05-11	5,459
	20.616	PHSPID1710-02-10	4,702
	20.616	PHSPID1710-12-06	904
	20.616	PHSPDD1711-02-06	1,390
	20.616	PHSPOP1805-05-08	1,967
Highway Safety Cluster			<u>14,422</u>
Total Department of Transportation			<u>14,422</u>
Environmental Protection Agency			
Passed Through State Department of Health			
Capitalization Grants for Drinking Water			
State Revolving Funds (1) (2)	66.468	4700498-06	1,123,587
Capitalization Grants for Drinking Water			
State Revolving Funds (1) (2)	66.468	4700498-07	539,511
Drinking Water State Revolving Fund Cluster			<u>1,663,098</u>
Total Environmental Protection Agency			<u>1,663,098</u>
Department of Homeland Security			
Passed Through State Department of Emergency			
Services			
State homeland security grant	97.067	A0401-001-2017-R	2,135
Total Department of Homeland Security			<u>2,135</u>
Total City of Jamestown			<u>\$ 1,688,615</u>

(1) major programs (2) State Revolving Loans comingled funds

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
Year Ended December 31, 2017

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **CITY OF JAMESTOWN, NORTH DAKOTA** under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the **CITY OF JAMESTOWN**, it is not intended to and does not present the financial position, changes in net position, or cash flows of the **CITY OF JAMESTOWN**.

B. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. **CITY OF JAMESTOWN** has elected not to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

C. State Revolving Loan Balances at year end

2004 Wastewater Treatment Assessment Warrant	\$ 555,000
2005 Water Treatment Revenue Bonds	1,150,000
2005 B Master Lift Station Revenue Bonds	759,000
2007 B Improvement Bonds Replace Sanitary Sewer Mains	700,000
2007 Water Treatment Revenue Bonds	1,100,000
2010 Waste Treatment Revenue Bonds	2,015,000
2010 B Waste Treatment Revenue Bonds	1,565,000
2011 Wastewater Treatment Revenue Bonds	810,000
2013 Clean Water (Wastewater Inlet Piping) Revenue Bonds	685,000
2013 Wastewater Treatment Assessment Warrant	885,000
2013 D Wastewater Treatment Revenue Bonds	8,875,000
2014 Water Tower Revenue Bonds	3,105,000
2014 Drinking Water Revenue Bonds	690,000
2016 Solid Waste Treatment Revenue Bonds	500,000
2016 C Water Treatment Revenue Bonds	501,511
2016 B Water Treatment Assessment warrant	1,123,587

CITY OF JAMESTOWN
Stutsman County, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2017

A. Summary of Audit Results

Financial Statements

Type of auditors' report issued – unmodified

Internal control over financial reporting

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs - unmodified

Identification of major programs

66.468 Capitalization Grants for Drinking Water - State Revolving Funds

Dollar threshold used to distinguish between type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

B. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*.

2014-001 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.

Stutsman County, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
Year Ended December 31, 2017

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 - Concur

C. Findings and Questioned Costs – Major Federal Award Programs Audit.

1. None

**CITY OF JAMESTOWN
102 3rd Ave SE
Jamestown, ND 58401**

**CORRECTIVE ACTION PLAN
Year Ended December 31, 2017**

Finding Number: 2014-001

Finding Title: Financial Statement Preparation

Name of Contact Person Responsible for Corrective Action

Sarah Hellekson, City Administrator

Corrective Action Planned: The City Council is aware of this condition. The Council will continue to request that Schauer & Associates, P.C. assist with the preparation of financial statements but will instruct City administration to provide all requested schedules.

**CITY OF JAMESTOWN
102 3rd Ave SE
Jamestown, ND 58401**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2017**

Finding Number: 2014-001

Finding Title: Financial Statement Preparation

Summary of Condition: The City of Jamestown does not have an internal control system designed to provide for the preparation of financial statements being audited.

Summary of Corrective Action Previously Reported: 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 but will instruct City administration to provide all requested schedules.