

CITY OF JAMESTOWN
Jamestown, Kentucky



FINANCIAL STATEMENTS
June 30, 2017

CONTENTS

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Notes to the Financial Statements	18-32
Required Supplementary Information	
Budget Information – Major Governmental Funds	33-35
Pension – Proportionate Share of the Net Pension Liability – Nonhazardous	36
Pension – Proportionate Share of the Net Pension Liability – Hazardous	37
Pension – Schedule of Contributions – Nonhazardous	38
Pension – Schedule of Contributions – Hazardous	39
Supplementary Information	
Budget Information – Nonmajor Governmental Funds	40
Combining Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	42
Combining Statement of Operating Revenues And Expenses – Proprietary Funds	43
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 <i>Government Auditing Standards</i>	44-45



INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council
City of Jamestown
Jamestown, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of June 30, 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, budgetary comparison information, and pension schedules on pages 3–10 and 33–39 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, Kentucky's basic financial statements. The budgetary information – nonmajor governmental funds, combining nonmajor fund financial statements, and combining statement of operating revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary information – nonmajor governmental funds, combining nonmajor governmental fund financial statements, and combining statement of operating revenues and expenses – proprietary funds 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, budgetary information – nonmajor governmental funds, the combining nonmajor governmental fund financial statements, and combining statement of operating revenues and expenses – proprietary funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior-Year Comparative Information

We have previously audited the City of Jamestown's 2016 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated January 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the City of Jamestown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jamestown, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
February 16, 2018

City of Jamestown, Kentucky

Management's Discussion and Analysis

Our discussion and analysis of the City of Jamestown's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read in conjunction with the auditors' report on page 1 and the City's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The City's net position increased in the governmental activities and decreased in the business-type activities. The net position of the governmental activities increased by \$24,566, or 1.8 percent to \$1,181,699, and the net position of the business-type activities decreased by \$434,754 or 2.4 percent to \$17,765,887.
- In the City's governmental activities, revenues increased by \$63,284, or 6.0 percent to \$1,139,207, and expenses decreased by \$48,919, or 3.7 percent to \$1,114,641. In the business-type activities, revenues increased by \$210,600, or 6.9 percent to \$3,248,616, while expenses decreased by \$21,222, or 0.6 percent to \$3,683,370.

OVERVIEW OF THIS ANNUAL REPORT

This annual report consists of the management's discussion and analysis report, the independent auditors' report, the basic financial statements of the City and the independent auditors' report on compliance. The financial statements also include notes that explain in more detail some of the information in the financial statements.

The City's financial statements present two kinds of statements, each with a different snapshot of the City's finances. The focus is both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual funds of the City, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the City's accountability.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the City and the changes in them. One can think of the City's net position—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health or position is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, changes in property tax rates or valuation, infrastructure asset condition, and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities—Most of the City's basic services are reported here, including general government administration, police, fire, dispatch, streets, sanitation and parks. Property taxes, licenses and permits, and grants finance most of these activities.

Business-type activities—The City collects fees from customers to cover the costs of the services, which includes water and sewer.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the City's funds. The fund financial statements provide more information about the City's funds and not the City as a whole.

The City has two kinds of funds:

Governmental Fund—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

Proprietary Fund—Services for which the City charges customers a fee are generally reported in proprietary funds.

NET POSITION

Our analysis begins with a summary of the City's Statement of Net Position, which is presented on Table A-1 followed by an explanation of the results. Changes in net position are presented in Table A-2, which is also followed by an explanation of the results.

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Current and Other Assets	\$ 763,450	\$ 727,008	\$ 2,772,946	\$ 2,913,237	\$ 3,536,396	\$ 3,640,245
Capital Assets	1,471,360	1,325,453	24,401,979	25,523,736	25,873,339	26,849,189
Deferred Outflows	136,339	115,622	460,638	339,851	596,977	455,473
Total Assets	<u>2,371,149</u>	<u>2,168,083</u>	<u>27,635,563</u>	<u>28,776,824</u>	<u>30,006,712</u>	<u>30,944,907</u>
Current Liabilities	20,983	20,645	356,309	380,163	377,292	400,808
Deferred Inflows	193,731	59,888	37,507	81,568	231,238	141,456
Long-Term Debt Outstanding	14,820	25,615	8,588,663	8,908,499	8,603,483	8,934,114
Net pension liability	<u>739,472</u>	<u>880,236</u>	<u>1,910,711</u>	<u>1,640,707</u>	<u>2,650,183</u>	<u>2,520,943</u>
Total Liabilities	<u>969,006</u>	<u>986,384</u>	<u>10,893,190</u>	<u>11,010,937</u>	<u>11,862,196</u>	<u>11,997,321</u>
Net Position:						
Invested in Capital Assets, net of debt	1,456,540	1,299,838	15,813,316	16,615,237	17,269,856	17,915,075
Restricted	57,989	81,057	451,628	460,022	509,617	541,079
Unrestricted	<u>(112,386)</u>	<u>(199,196)</u>	<u>477,429</u>	<u>690,628</u>	<u>365,043</u>	<u>491,432</u>
Total Net Position	<u>\$ 1,402,143</u>	<u>\$ 1,181,699</u>	<u>\$ 16,742,373</u>	<u>\$ 17,765,887</u>	<u>\$ 18,144,516</u>	<u>\$ 18,947,586</u>

The net position of the City's governmental activities increased by 18.6 percent, from \$1,181,699 in 2016 to \$1,402,143 in 2017. The net position of the business-type activities decreased by 5.8 percent, from \$17,765,887 in 2016 to \$16,742,373 in 2017. The net position from one activity generally cannot be used to make up for any deficits in the other activities.

NET POSITION, continued

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>
Revenues						
<u>Program Revenues</u>						
Charges for Service	\$ 68,852	\$ 68,326	\$ 2,739,899	\$ 2,420,393	\$ 2,808,751	\$ 2,488,719
Operating Grants & Contributions	70,266	70,149	-	-	70,266	70,149
Capital Grants & Contributions	20,250	48,669	\$ 98,402	\$ 822,934	118,652	871,603
<u>General Revenue</u>						
Taxes	199,511	203,333	-	-	199,511	203,333
License fees	715,437	643,793	-	-	715,437	643,793
Other Grants & Contributions	-	-	-	-	-	-
Investment Earnings	-	-	5,048	5,289	5,048	5,289
Donations	-	-	-	-	-	-
Gain on disposal of fixed assets	166,981	19,493	-	-	166,981	19,493
Miscellaneous	47,538	85,444	-	-	47,538	85,444
Total Revenue	<u>1,288,835</u>	<u>1,139,207</u>	<u>2,843,349</u>	<u>3,248,616</u>	<u>4,132,184</u>	<u>4,387,823</u>
Program Expenses						
General Government	288,713	286,120	-	-	288,713	286,120
Public Safety - Police	315,825	445,595	-	-	315,825	445,595
Public Safety - Fire	132,612	69,537	-	-	132,612	69,537
Parks and Recreation	15,300	10,636	-	-	15,300	10,636
Sanitation	80,308	78,423	-	-	80,308	78,423
Public Works	218,291	207,295	-	-	218,291	207,295
Cemetery	16,825	15,308	-	-	16,825	15,308
Community Development	-	-	-	-	-	-
Interest on Long-term Debt	517	1,727	-	-	517	1,727
Sewer and Water	-	-	3,866,863	3,683,370	3,866,863	3,683,370
Total Program Expenses	<u>1,068,391</u>	<u>1,114,641</u>	<u>3,866,863</u>	<u>3,683,370</u>	<u>4,935,254</u>	<u>4,798,011</u>
Net Change In Net Position	<u>\$ 220,444</u>	<u>\$ 24,566</u>	<u>\$ (1,023,514)</u>	<u>\$ (434,754)</u>	<u>\$ (803,070)</u>	<u>\$ (410,188)</u>

The City's total revenue decreased by 6.0 percent and the total cost of all programs increased by 3.0 percent. On the following page is a more in-depth description of the revenues and expenses of the governmental activities.

Looking at the business-type activities, revenues for the City decreased to \$2,843,349 in 2017, or 12.5 percent, while total expenses increased to \$3,866,863, or 5.0 percent. The decrease in revenues and increase in expenses resulted in a decrease in net position by \$1,023,514. Capital grants and contributions decreased by \$724,532 see the discussion on page 7 on the capital assets. The City's major source of revenue in the business-type activities is charges for service, which increased by \$319,506. This revenue source makes up 96.4 percent of total business type activities revenues.

GOVERNMENTAL ACTIVITIES

Next, the City analyzes the governmental activities and the changes in those activities, which is presented in Table A-3.

Table A-3
Condensed Governmental Activities - Revenues & Expenditures

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Variance</u>
Taxes	\$ 199,511	\$ 203,333	\$ (3,822)
Licenses and permits	715,437	643,793	71,644
Intergovernmental	64,116	89,229	(25,113)
Charges for Services	68,851	68,326	525
Other Revenues	<u>73,938</u>	<u>115,033</u>	<u>(41,095)</u>
Total Revenues	<u>1,121,853</u>	<u>1,119,714</u>	<u>2,139</u>
General Administration	\$ 256,334	\$ 256,237	\$ 97
Public Safety	433,444	470,909	(37,465)
Public Works	205,281	201,992	3,289
Sanitation	80,308	76,870	3,438
Other	25,570	19,389	6,181
Capital Outlay	240,481	44,838	195,643
Debt Service	<u>11,312</u>	<u>12,255</u>	<u>(943)</u>
Total Expenditures	<u>1,252,730</u>	<u>1,082,490</u>	<u>170,240</u>
Excess (Deficiency) of Revenues over Expenditures before transfers	<u>\$ (130,877)</u>	<u>\$ 37,224</u>	<u>\$(168,101)</u>

Revenues for the City's governmental activities increased by \$2,139, while total expenditures increased by 15.7 percent. Governmental activities excess of revenues over expenditures before transfers decreased by \$168,101. The City's major source of revenue in the governmental activities is licenses and permits, which makes up 63.8 percent of total revenues. This revenue source increased by \$71,644 in 2017.

BUDGET HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. These amendments were made shortly after the beginning of the year to reflect events that may occur. The budget contains proposed expenditures and expected revenues. A comparison of the final amended budget to actual amounts is presented in the table below (Tables A-4 & A-5).

Table A-4

Condensed Governmental Activities - Revenues

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 197,000	\$ 199,511	\$ 2,511
Licenses and permits	703,000	715,437	12,437
Intergovernmental	29,120	29,092	(28)
Charges for Services	68,000	68,851	851
Municipal Aid Fund	35,100	35,118	18
Other Revenues	<u>232,250</u>	<u>240,825</u>	<u>8,575</u>
Total Revenues	<u>\$ 1,264,470</u>	<u>\$ 1,288,834</u>	<u>\$ 24,364</u>

Table A-5

Condensed Governmental Activities - Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	\$ 251,180	\$ 256,334	\$ 5,154
Public Safety	438,150	433,444	(4,706)
Sanitation	81,000	80,308	(692)
Public Works	188,925	186,984	(1,941)
Recreation	10,000	8,745	(1,255)
Cemetery	17,200	16,825	(375)
Municipal Aid Fund	112,070	58,186	(53,884)
Debt Service	11,313	11,312	(1)
Capital Outlay	<u>201,800</u>	<u>200,592</u>	<u>(1,208)</u>
Total Expenditures	<u>\$ 1,311,638</u>	<u>\$ 1,252,730</u>	<u>\$ (58,908)</u>

The City budgeted for a total of \$1,264,470 in revenues for 2017, but ended up having revenues of \$1,288,834, which put the City 1.9 percent over the revenue budget. A total of \$1,311,638 was budgeted for expenses, but expenditures totaled \$1,252,730 at the end of 2017. The City was under budget on the expenses by \$58,908 or 4.5 percent as detailed above.

CAPITAL ASSETS

The City has a total of \$47,072,817 invested in a broad range of capital assets, including police and fire equipment and vehicles, buildings, land, infrastructure assets, and water and sewer lines. This amount represents a decrease of \$133,773 from last year's total investment of \$47,206,590. The major capital additions included a police vehicle for \$39,066, a new utility vehicle for \$13,000 and new fire trucks and equipment for \$150,816. The City also relocated utility lines along US 127 with a total cost of \$895,255.

Table A-6
Capital Assets at Year End Without Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>
Land & Improvements	\$ 386,999	\$ 386,999	\$ -	\$ -	\$ 386,999	\$ 386,999
Buildings & Improvements	1,026,435	1,026,435	-	-	1,026,435	1,026,435
Vehicles & Equipment	997,353	1,195,309	-	-	997,353	1,195,309
Infrastructure Assets	340,170	300,282	-	-	340,170	300,282
Water & Sewer System	-	-	44,321,860	44,297,565	44,321,860	44,297,565
Total Capital Assets	<u>\$ 2,750,957</u>	<u>\$ 2,909,025</u>	<u>\$ 44,321,860</u>	<u>\$ 44,297,565</u>	<u>\$ 47,072,817</u>	<u>\$ 47,206,590</u>

DEBT

This year the City has \$8,603,483 in long-term debt, a \$330,631 decrease from last year's total of \$8,934,114.

Table A-7

Debt Outstanding at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>
Note Payable	\$ 14,820	\$ 25,615	\$ 3,878,663	\$ 4,055,999	\$ 3,893,483	\$ 4,081,614
Revenue Bond Payable	-	-	4,710,000	4,852,500	4,710,000	4,852,500
Total Debt Outstanding	<u>\$ 14,820</u>	<u>\$ 25,615</u>	<u>\$ 8,588,663</u>	<u>\$ 8,908,499</u>	<u>\$ 8,603,483</u>	<u>\$ 8,934,114</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials consider many factors when setting the fiscal year 2018 budget. Some of the factors are the local economy, expected grant money, and anticipated tax revenue.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens of the City, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Tyler McGowan, City Clerk, at P.O. Box 587, Jamestown, KY 42629.

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2017

	Primary Government			2016 Totals
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	\$ 579,190	\$ 1,662,100	\$ 2,241,290	\$ 2,351,389
Certificates of deposit	-	362,000	362,000	362,000
Receivables, net	176,347	270,868	447,215	418,531
Grant receivable	-	-	-	19,695
Internal balances	7,913	(7,913)	-	-
Other current assets	-	34,263	34,263	28,609
Total current assets	<u>763,450</u>	<u>2,321,318</u>	<u>3,084,768</u>	<u>3,180,224</u>
Noncurrent assets				
Restricted cash	-	451,627	451,627	460,021
Capital assets				
Land	232,170	208,100	440,270	536,118
Plant and sewer system, net	-	24,004,398	24,004,398	24,255,195
Depreciable buildings, property, and equipment, net	945,541	189,481	1,135,022	970,610
Construction in progress	-	-	-	825,418
Infrastructure, net	293,649	-	293,649	261,848
Total noncurrent assets	<u>1,471,360</u>	<u>24,853,606</u>	<u>26,324,966</u>	<u>27,309,210</u>
Total assets	<u>\$ 2,234,810</u>	<u>\$ 27,174,924</u>	<u>\$ 29,409,734</u>	<u>\$ 30,489,434</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	<u>136,339</u>	<u>460,638</u>	<u>596,977</u>	<u>455,474</u>
Total assets and deferred outflows of resources	<u>\$ 2,371,149</u>	<u>\$ 27,635,562</u>	<u>\$ 30,006,711</u>	<u>\$ 30,944,908</u>
LIABILITIES AND NET POSITION				
Current liabilities				
Accounts payable	\$ 20,983	\$ 74,392	\$ 95,375	\$ 86,614
Construction payable	-	-	-	19,694
Accrued payroll taxes	-	31,383	31,383	40,559
Accrued interest	-	63,378	63,378	74,660
Other liabilities	-	187,155	187,155	179,283
Current portion of long-term obligations	11,068	327,021	338,089	330,631
Total current liabilities	<u>32,051</u>	<u>683,329</u>	<u>715,380</u>	<u>731,441</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	3,752	8,261,642	8,265,394	8,603,483
Net pension liability - CERS	739,472	1,910,711	2,650,183	2,520,943
Total non-current liabilities	<u>743,224</u>	<u>10,172,353</u>	<u>10,915,577</u>	<u>11,124,426</u>
Total liabilities	<u>775,275</u>	<u>10,855,682</u>	<u>11,630,957</u>	<u>11,855,867</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	<u>193,731</u>	<u>37,507</u>	<u>231,238</u>	<u>141,455</u>
Net position				
Net investment in capital assets	1,456,540	15,813,316	17,269,856	17,915,075
Restricted for				
Debt service	-	83,090	83,090	94,436
Depreciation	-	211,326	211,326	209,810
Other purposes	57,989	157,211	215,200	236,833
Unrestricted	(112,386)	477,430	365,044	491,432
Total net position	<u>1,402,143</u>	<u>16,742,373</u>	<u>18,144,516</u>	<u>18,947,586</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,371,149</u>	<u>\$ 27,635,562</u>	<u>\$ 30,006,711</u>	<u>\$ 30,944,908</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
for the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			2016 Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 288,713	\$ -	\$ 6,152	\$ 20,250	\$ (262,311)	\$ -	\$ (262,311)	\$ (256,440)
Public safety-Police	315,825	-	18,496	-	(297,329)	-	(297,329)	(398,872)
Public safety-Fire	132,612	-	10,500	-	(122,112)	-	(122,112)	(61,787)
Public works	218,291	-	35,118	-	(183,173)	-	(183,173)	(172,630)
Parks and recreation	15,300	-	-	-	(15,300)	-	(15,300)	(10,636)
Sanitation	80,308	68,852	-	-	(11,456)	-	(11,456)	(10,097)
Cemetery	16,825	-	-	-	(16,825)	-	(16,825)	(15,308)
Interest on long-term debt	517	-	-	-	(517)	-	(517)	(1,727)
Total governmental activities	1,068,391	68,852	70,266	20,250	(909,023)	-	(909,023)	(927,497)
Business-type activities								
Water & Sewer	3,866,863	2,739,899	-	98,402	-	(1,028,562)	(1,028,562)	(440,043)
Total business-type activities	3,866,863	2,739,899	-	98,402	-	(1,028,562)	(1,028,562)	(440,043)
Total primary government	\$ 4,935,254	\$ 2,808,751	\$ 70,266	\$ 118,652	(909,023)	(1,028,562)	(1,937,585)	(1,367,540)
General revenues								
Taxes								
Property taxes, levied for general purposes					199,511	-	199,511	203,333
License fees								
Franchise					85,130	-	85,130	83,321
Payroll					312,618	-	312,618	287,166
Insurance premiums					281,838	-	281,838	257,847
Other fees					35,851	-	35,851	15,459
Investment earnings					-	5,048	5,048	5,289
Gain on disposal of capital assets					166,981	-	166,981	19,493
Miscellaneous					47,538	-	47,538	85,444
Total general revenues					1,129,467	5,048	1,134,515	957,352
Change in net position					220,444	(1,023,514)	(803,070)	(410,188)
Net position - beginning					1,181,699	17,765,887	18,947,586	19,357,774
Net position - ending					\$ 1,402,143	\$ 16,742,373	\$ 18,144,516	\$ 18,947,586

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

CITY OF JAMESTOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds	2016 Totals
ASSETS				
Cash	\$ 525,394	\$ 53,796	\$ 579,190	541,217
Receivables, net	172,154	4,193	176,347	177,878
Due from other funds	7,913	-	7,913	7,913
Total assets	\$ 705,461	\$ 57,989	\$ 763,450	\$ 727,008
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 20,983	-	\$ 20,983	20,645
Total liabilities	20,983	-	20,983	20,645
Fund balances				
Restricted	-	57,989	57,989	81,057
Assigned to				
Capital projects	14,619	-	14,619	53,657
Cemetery	8,160	-	8,160	19,254
Economic development	21,180	-	21,180	-
Unassigned	640,519	-	640,519	552,395
Total fund balances	684,478	57,989	742,467	706,363
Total liabilities and fund balances	\$ 705,461	\$ 57,989	\$ 763,450	\$ 727,008

Amounts reported for *governmental activities* in the statement of net position are different because:

Fund balances reported above		\$ 742,467	\$ 706,363
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,471,360	1,325,453
Net deferred inflows/outflows related to the long-term net pension liability are not reported in the funds.		(57,392)	55,735
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds.		(754,292)	(905,852)
Net position of governmental activities		\$ 1,402,143	\$ 1,181,699

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended June 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>2016 Totals</u>
REVENUES				
Taxes	\$ 199,511	-	\$ 199,511	203,333
Licenses and permits	715,437	-	715,437	643,793
Intergovernmental	29,092	35,024	64,116	89,229
Charges for services	68,851	-	68,851	68,326
Other revenues	<u>73,844</u>	<u>94</u>	<u>73,938</u>	<u>115,033</u>
 Total revenues	 <u>1,086,735</u>	 <u>35,118</u>	 <u>1,121,853</u>	 <u>1,119,714</u>
EXPENDITURES				
Current				
General administration	256,334	-	256,334	256,237
Public safety-Police	343,283	-	343,283	423,525
Public safety-Fire	90,161	-	90,161	47,384
Sanitation	80,308	-	80,308	76,870
Public works	186,984	18,297	205,281	201,992
Parks and recreation	8,745	-	8,745	4,081
Cemetery	16,825	-	16,825	15,308
Capital outlay	200,592	39,889	240,481	44,838
Debt service	<u>-</u>	<u>11,312</u>	<u>11,312</u>	<u>12,255</u>
 Total expenditures	 <u>1,183,232</u>	 <u>69,498</u>	 <u>1,252,730</u>	 <u>1,082,490</u>
 Excess (deficiency) of revenues over expenditures	 <u>(96,497)</u>	 <u>(34,380)</u>	 <u>(130,877)</u>	 <u>37,224</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	(11,312)	11,312	-	-
Sale of property	<u>166,981</u>	<u>-</u>	<u>166,981</u>	<u>31,893</u>
 Total other financing sources (uses)	 <u>155,669</u>	 <u>11,312</u>	 <u>166,981</u>	 <u>31,893</u>
 Net change in fund balances	 59,172	 (23,068)	 36,104	 69,117
 Fund balances-beginning	 <u>625,306</u>	 <u>81,057</u>	 <u>706,363</u>	 <u>637,246</u>
Fund balances-ending	<u>\$ 684,478</u>	<u>\$ 57,989</u>	<u>\$ 742,467</u>	<u>\$ 706,363</u>
Reconciliation to government-wide change in net position:				
Net change in fund balances			\$ 36,104	\$ 69,117
add: capital outlay expenditures capitalized			240,481	44,838
add: debt service expenditures			11,312	12,255
less: depreciation on governmental activities assets			(94,577)	(70,346)
less: proceeds on disposal of capital assets			(166,981)	(31,893)
add: gain on disposal of capital assets			166,981	19,493
change in net pension liability			27,641	(17,171)
less: interest on long-term debt			(517)	(1,727)
Change in net position Governmental Activities			<u>\$ 220,444</u>	<u>\$ 24,566</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017

	Business-type Activities Water & Sewer	2016 Totals
ASSETS		
Current assets		
Cash	\$ 1,662,100	1,810,172
Certificates of deposit	362,000	362,000
Receivables, net	270,868	240,653
Grant receivable	-	19,695
Other current assets	<u>34,264</u>	<u>28,609</u>
Total current assets	<u>2,329,232</u>	<u>2,461,129</u>
Non-current assets		
Restricted cash and cash equivalents	451,627	460,021
Capital assets		
Construction in progress	-	825,418
Land, easements and buildings	208,100	208,100
Vehicle and equipment	189,481	235,023
Plant and sewer equipment	43,924,279	43,029,024
Less: accumulated depreciation	<u>(19,919,881)</u>	<u>(18,773,829)</u>
Total noncurrent assets	<u>24,853,606</u>	<u>25,983,757</u>
Total assets	<u>27,182,838</u>	<u>28,444,886</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	<u>460,638</u>	<u>339,851</u>
Total assets and deferred outflows of resources	<u>\$ 27,643,476</u>	<u>\$ 28,784,737</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 74,393	\$ 65,967
Construction payable	-	19,694
Accrued payroll payable	31,383	40,559
Due to other funds	7,913	7,913
Accrued interest payable	63,378	74,660
Customer' deposits	187,155	179,283
Current portion of long-term obligations	<u>327,021</u>	<u>319,836</u>
Total current liabilities	<u>691,243</u>	<u>707,912</u>
Noncurrent liabilities		
Noncurrent portion of long-term obligations	8,261,642	8,588,663
Net pension liability - CERS	<u>1,910,711</u>	<u>1,640,707</u>
Total noncurrent liabilities	<u>10,172,353</u>	<u>10,229,370</u>
Total liabilities	<u>10,863,596</u>	<u>10,937,282</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	<u>37,507</u>	<u>81,568</u>
NET POSITION		
Net investment in capital assets	15,813,316	16,615,237
Restricted for:		
Debt service	83,090	94,436
Depreciation	211,326	209,810
Other purposes	157,211	155,776
Unrestricted	<u>477,430</u>	<u>690,628</u>
Total net position	<u>16,742,373</u>	<u>17,765,887</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 27,643,476</u>	<u>\$ 28,784,737</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2017

	Business-type Activities Water & Sewer	2016 Totals
Operating revenues		
Charges for services	\$ 2,685,356	\$ 2,349,685
Other income	54,543	70,708
	2,739,899	2,420,393
Operating expenses		
Office	362,918	354,899
Water production	865,033	769,006
Water distribution	398,227	300,564
Sewer treatment	803,692	815,718
Sewer collection	-	4,152
Depreciation and amortization	1,204,594	1,191,538
	3,634,464	3,435,877
Operating (loss)	(894,565)	(1,015,484)
Non-operating revenues (expenses)		
Interest and investment revenue	5,048	5,289
Interest expense	(232,399)	(247,493)
	(227,351)	(242,204)
(Loss) before capital contributions	(1,121,916)	(1,257,688)
Capital contributions		
Grants received	69,838	798,479
Water and sewer tap fees	28,564	24,455
	(1,023,514)	(434,754)
Change in net position	(1,023,514)	(434,754)
Total net position - beginning	17,765,887	18,200,641
TOTAL NET POSITION - ENDING	\$ 16,742,373	\$ 17,765,887

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2017

	Business-type Activities Water & Sewer	2016 Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 2,717,556	\$ 2,380,738
Payments to suppliers	(735,078)	(694,728)
Payments for employee services and benefits	(1,596,038)	(1,435,959)
Net cash provided by operating activities	386,440	250,051
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	118,097	891,560
Purchase of capital assets	(102,534)	(970,037)
Principal paid on capital debt	(319,836)	(275,103)
Interest paid on capital debt	(243,681)	(250,004)
Net cash (used in) capital and related financing activities	(547,954)	(603,584)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	5,048	5,289
Net cash provided by investing activities	5,048	5,289
Net decrease in cash	(156,466)	(348,244)
Cash - beginning of the year	2,270,193	2,618,437
CASH - END OF THE YEAR	\$ 2,113,727	\$ 2,270,193
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating (loss)	\$ (894,565)	\$ (1,015,484)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,204,594	1,191,538
Net pension liability	105,159	85,244
Change in assets and liabilities:		
Receivables, net	(30,215)	(41,907)
Other current assets	(5,655)	3,444
Accounts and other payables	8,426	20,302
Accrued expenses	(9,176)	4,662
Customer deposits	7,872	2,252
Net cash provided by operating activities	\$ 386,440	\$ 250,051

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jamestown, Kentucky (the city) operates under the Mayor-Council form of government and provides the following services as authorized by its charter: public safety, public works, recreation, and community development. The accounting policies of the City of Jamestown conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

The financial statements of the City of Jamestown, Kentucky include the funds, account groups and entities over which the Mayor and Council exercise significant oversight responsibility. Oversight responsibility, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, was determined on the basis of the City's ability to significantly influence operation, select the governing body, and participate in fiscal management and the scope of public service. The Jamestown Cemetery Board, and the Jamestown Parks and Recreation Board are component units that are subject to the City's oversight responsibility. The Cemetery Board and Parks and Recreation Board have been included in the accompanying financial statements.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the City as a whole. The statements distinguish between governmental and business-type activities of the City. These financial statements include the financial activities of the City except for fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The government-wide statement of activities reflects costs of government by function for governmental activities and business-type activities. Program revenues include charges paid by recipient for the goods or services offered by the program and grants or contributions that are restricted to the program. Revenues which are not classified as program revenues are presented as general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The accounts of the City are organized on the basis of funds, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, net position, revenues and expenditures or expenses.

Governmental funds are those through which most governmental functions are financed. The governmental fund measurement focus is upon the determination of financial position and budgetary control over revenues and expenditures. Proprietary fund types are used to account for operations that are financed and operated in a manner similar to business enterprises - where intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements

The following funds are used by the City of Jamestown:

Governmental Funds

General Fund – The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund. Most of the essential governmental services such as police and fire protection, community services and general administration are reported in this fund.

Special Revenue Funds – The Municipal Road Aid Fund accounts for the money received from the Commonwealth of Kentucky under the gasoline tax distribution program.

Debt Service Fund – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term leases and debt principal, interest and related costs.

Proprietary Funds

Proprietary funds are used to account for the ongoing organizations and activities of the City, which are similar to those found in private business enterprises. The measurement focus is upon the determination of net income, financial position, and changes in cash flows.

Enterprise funds are established to account for the acquisition, operations and maintenance of the City's facilities and services which are entirely or predominantly self-supported by user charges or where the City has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounts are maintained on the accrual basis of accounting. The City's enterprise operations include the following:

Water & Sewer Fund – A proprietary fund used to account for the water and sewer utility services provided to the residents of the City of Jamestown, the operations of which are financed by user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. Their focus is on individual funds rather than reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when they are incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Permits, fines and forfeits, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available in all funds.

Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained for a specific purpose by the City, using its highest level of decision making authority. The City Council is the highest level of decision making authority for the City of Jamestown. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City has designated the Mayor to carry the intent of the City Council.

Unassigned – all other spendable amounts.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted funds are available. Once restricted funds are spent, the City will use committed funds first, assigned funds second and unassigned funds last.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgeting

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts in the financial statements are as adopted by ordinance of the City and have been revised for amendments authorized during the year.

Pensions

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 County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Accounting Policies

Accounts receivable are stated less an allowance for doubtful accounts.

Cash - The City of Jamestown considers all cash, both restricted and unrestricted, as cash for purposes of the Statement of Cash Flows.

Unearned revenues represent grant revenues received but unearned. Revenues are recognized when eligible expenditures are incurred.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City of Jamestown.

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

Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through February 16, 2018, which represents the date these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2017, have not been evaluated by the city.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

2. CASH AND INVESTMENTS

Under Kentucky Revised Statute 66.480 the City is allowed to invest in obligations of the U.S. and of its agencies, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy states that unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than one year from the date of purchase.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City of Jamestown's deposits and investments at June 30, 2017 were entirely covered by federal depository insurance or by collateral held by the custodial banks in the City's name. Bank deposits at June 30, 2017 totaled \$3,075,353, of which \$556,373 was covered by FDIC, and \$2,518,980 was covered by pledged collateral. The book balance of the City's deposits totaled \$3,054,917.

Statement of Cash Flows

The proprietary fund type Statement of Cash Flows includes the following as cash:

Cash – unrestricted	\$ 1,662,100
Cash – restricted	<u>451,627</u>
	<u>\$ 2,113,727</u>

3. RECEIVABLES

Receivables at year end of the City's major individual and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Governmental Funds Total
Governmental Funds:			
Taxes	\$ 80,875	\$ -	\$ 80,875
Licenses, permits, billings	100,220	-	100,220
Charges for service	5,800	-	5,800
Intergovernmental	-	4,193	4,193
Other	<u>1,751</u>	<u>-</u>	<u>1,751</u>
Gross receivables	188,646	4,193	192,839
Less: allowance for uncollectible	<u>(16,492)</u>	<u>-</u>	<u>(16,492)</u>
Net receivables	<u>\$ 172,154</u>	<u>\$ 4,193</u>	<u>\$ 176,347</u>
	Total		
Business-type Activities:			
Customer	\$ 274,486		
Less: allowance for uncollectible	<u>(3,618)</u>		
Net receivables	<u>\$ 270,868</u>		

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4. CAPITAL ASSETS

A summary of capital asset activity during the fiscal year is as follows:

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 232,170	\$ -	\$ -	\$ 232,170
Capital assets that are depreciated:				
Land improvements	154,829	-	-	154,829
Buildings and improvements	1,026,435	-	-	1,026,435
Vehicles and equipment	<u>1,195,309</u>	<u>200,594</u>	<u>(398,550)</u>	<u>997,353</u>
Total	<u>2,376,573</u>	<u>200,594</u>	<u>(398,550)</u>	<u>2,178,617</u>
Total non-infrastructure assets	2,608,743	200,594	(398,550)	2,410,787
Infrastructure assets	<u>300,282</u>	<u>39,888</u>	<u>-</u>	<u>340,170</u>
Total capital assets	<u>2,909,025</u>	<u>240,482</u>	<u>(398,550)</u>	<u>2,750,957</u>
Less accumulated depreciation:				
Land improvements	58,981	7,245	-	66,226
Buildings and improvements	375,567	24,223	-	399,790
Vehicles and equipment	1,110,590	55,018	(398,550)	767,058
Infrastructure	<u>38,434</u>	<u>8,089</u>	<u>-</u>	<u>46,523</u>
Total	<u>1,583,572</u>	<u>94,577</u>	<u>(398,550)</u>	<u>1,279,597</u>
Capital assets, net	<u>\$ 1,325,453</u>	<u>\$ 145,904</u>	<u>\$ -</u>	<u>\$ 1,471,360</u>
Business-Type Activities:				
Land and easements	\$ 208,100	\$ -	\$ -	\$ 208,100
Water and sewer system	43,029,024	895,255	-	43,924,279
Construction in progress	825,418	69,837	(895,255)	-
Vehicles and equipment	<u>235,023</u>	<u>13,000</u>	<u>(58,542)</u>	<u>189,481</u>
Total	<u>44,297,565</u>	<u>978,092</u>	<u>(953,797)</u>	<u>44,321,860</u>
Less accumulated depreciation:	<u>18,773,829</u>	<u>1,204,595</u>	<u>(58,542)</u>	<u>19,919,880</u>
Capital assets, net	<u>\$ 25,523,736</u>	<u>\$ (226,502)</u>	<u>\$ (895,255)</u>	<u>\$ 24,401,979</u>

The construction in process consists entirely of the US 127 waterline relocation project that is funded by a Kentucky Infrastructure Authority grant. The project was completed by June 30, 2017.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the Governmental functions as follows:

General government	\$ 29,756
Police	15,815
Fire	42,451
Parks and recreation	<u>6,555</u>
Total depreciation expense	<u>\$ 94,577</u>

Capital assets acquired are recorded at cost or estimated cost. Depreciation of capital assets is provided over the estimated useful lives of the respective assets using the straight-line basis. The estimated useful lives are as follows:

Infrastructure	20-40 years
Utility systems	25-40 years
Buildings and improvements	25-40 years
Land improvements	10-20 years
Machinery and equipment	5-10 years
Vehicles	3-5 years

5. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT

Revenue Bonds

The City issued \$462,000 of City of Jamestown Water and Sewer Revenue Bonds dated March 23, 1996, at the rate of 4.5% to provide funds for expansion of the water and sewer system. The balance at June 30, 2017, totaled \$297,500.

The City issued \$269,000 of City of Jamestown Water and Sewer Revenue Bonds dated March 25, 1999, bearing interest at the rate of 4.75% to provide funds for extensions of the water and sewer system. The balance at June 30, 2017, totaled \$202,500.

Effective April 27, 2004, the City of Jamestown issued \$1,377,000 of Water and Sewer Revenue Bonds bearing a variable interest rate (ranging from 2.28% to 4.41%) for the purpose of retiring portions of the 1981, 1988, and 1991 Issues. All bonds maturing after April 27, 2004, were replaced with the current 2004 Issue. This action constitutes a defeasance of the bonds maturing on or after April 27, 2004 from the 1981, 1988, and 1991 Issues. The balance at June 30, 2017, totaled \$607,000.

The City issued \$3,932,000 of City of Jamestown Waterworks and Sewer Revenue Bonds dated June 25, 2009, bearing interest at the rate of 4.5% to provide funds for the expansion of the water system. The balance at June 30, 2017, totaled \$3,603,000.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

5. BUSINESS - TYPE ACTIVITIES - LONG-TERM DEBT (CONTINUED)

Revenue Bonds (continued)

The debt service requirements for all revenue bonds are summarized as follows:

Fiscal year	Principal	Interest	Total
2018	\$ 148,500	\$ 210,009	\$ 358,509
2019	155,000	203,530	358,530
2020	161,500	196,768	358,268
2021	169,000	189,624	358,624
2022	130,000	183,106	313,106
2023-2027	715,500	824,743	1,540,243
2028-2032	681,500	664,753	1,346,253
2033-2037	681,000	513,093	1,194,093
2038-2042	748,000	354,413	1,102,413
2043-2047	912,000	173,520	1,085,520
2048-2050	<u>208,000</u>	<u>9,360</u>	<u>217,360</u>
Total	<u>\$ 4,710,000</u>	<u>\$3,522,919</u>	<u>\$ 8,232,919</u>

Note Payable

The City obtained a construction loan in connection with the water system expansion project. This loan is through the Kentucky Infrastructure Authority. The original amount of the loan was \$3,038,700 and bears interest at a rate of 0.4% and requires semi-annual payments of \$53,795 which includes principal and interest. Service fees are charged in addition to the semi-annual payment. The following is a schedule of future maturities:

Fiscal year	Principal	Interest	Fees	Total
2018	\$ 98,633	\$ 8,956	\$ 4,478	\$ 112,067
2019	99,029	8,561	4,281	111,871
2020	99,425	8,165	4,082	111,672
2021	99,824	7,766	3,873	111,463
2022	100,213	7,373	3,683	111,269
2023-2027	507,167	30,683	15,391	553,241
2028-2032	517,309	20,548	10,272	548,129
2033-2037	527,844	10,106	5,053	543,003
2038-2041	<u>214,213</u>	<u>1,165</u>	<u>577</u>	<u>215,955</u>
	<u>\$ 2,263,657</u>	<u>\$ 103,323</u>	<u>\$ 51,690</u>	<u>\$ 2,418,670</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

5. BUSINESS - TYPE ACTIVITIES - LONG-TERM DEBT (CONTINUED)

Note Payable (continued)

The City improved and expanded its sewer wastewater treatment facility. The total cost for the facility was \$3,153,000. Funding for this project was made up of the following grants and loans: CDBG grant of \$653,000 and a Kentucky Infrastructure Authority loan of \$2,500,000, with 30% of the loan forgiven upon distribution leaving a total payable amount of \$1,733,353. The loan requires semi-annual payments of \$47,919 which includes principal and interest. The loan bears interest at a rate of 1%. The following is a schedule of future maturities.

Fiscal year	Principal	Interest	Fees	Total
2018	\$ 79,888	\$ 15,951	\$ 3,190	\$ 99,029
2019	80,689	15,150	3,030	98,869
2020	81,498	14,341	2,868	98,707
2021	82,315	13,524	2,705	98,544
2022	83,140	12,699	2,540	98,379
2023-2027	428,371	50,824	10,165	489,360
2028-2032	450,278	28,917	5,783	484,978
2033-2036	<u>328,826</u>	<u>6,609</u>	<u>1,322</u>	<u>336,757</u>
	<u>\$ 1,615,005</u>	<u>\$ 158,015</u>	<u>\$ 31,603</u>	<u>\$ 1,804,623</u>

The total business-type activities long-term debt is summarized as follows:

Current portion of KIA water expansion loan	\$ 98,633
Current portion of KIA sewer expansion loan	79,888
Current portion of revenue bonds	<u>148,500</u>
Total current portion	<u>327,021</u>
Long-term portion of KIA water expansion loan	2,165,025
Long-term portion of KIA sewer expansion loan	1,535,117
Long-term portion of revenue bonds	<u>4,561,500</u>
Total long-term portion	<u>8,261,642</u>
Total debt	<u>\$ 8,588,663</u>

A summary of changes in business-type activities long-term debt is as follows:

	Balance July 1, 2016	Additions	Payments	Balance June 30, 2017
Bonds and notes payable	<u>\$ 8,908,499</u>	<u>\$ -</u>	<u>\$ 319,836</u>	<u>\$ 8,588,663</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

6. BOND ORDINANCE REQUIREMENTS

The revenue bond ordinances require that the following reserves be created and maintained.

Sinking Fund Reserve – This reserve is required to receive a monthly transfer of 1/120th of the average annual principal and interest requirements until the average annual debt service of the 1996, 1998, 2004 and 2009 bonds is achieved. The balance of this reserve at June 30, 2017, totaled \$83,091.

Depreciation reserve – The balance of this reserve at June 30, 2017, totaled \$211,326.
\$462,000 Bond Issue: The City is required to deposit \$230 per month into a “Funded Reserve Depreciation Account” until the account reaches \$27,600. The deposits are to resume any time the account falls below \$27,600.

\$269,000 Bond Issue: The City is required to deposit \$135 per month into a “Funded Depreciation Reserve Account”. The monthly deposits are for the life of the loan.

\$3,932,000 Bond Issue: The City is required to deposit \$1,820 per month into a “Funded Reserve Depreciation Account” until the account reaches \$218,400. The deposits are to resume any time the account falls below the \$218,400.

Emergency Reserve – This reserve is required to receive a monthly transfer of \$100 to be disbursed solely for repairing or replacing catastrophic damage. The balance of this reserve at June 30, 2017, totaled \$157,211.

7. GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT

Notes Payable

The City established a line of credit through the Bank of Jamestown on July 18, 2006. The available line is \$362,000, and matures on November 11, 2018. The annual interest on the line of credit is 2.75%. During fiscal year 2017 the City made no draws on the line of credit and as of June 30, 2017, the line of credit had a balance of \$0.

The City borrowed \$100,000 from the South Kentucky Rural Electric Cooperative Company for improvement to City Hall. The note is dated October 2, 2008. Principal and interest is payable monthly in the amount of \$943 starting on November 1, 2008. The note bears interest at a rate of 2.5% and is collateralized by a certificate of deposit. The note is due in full on October 1, 2018. The balance at June 30, 2017, totaled \$14,820.

A summary of debt maturities including interest is as follows:

Fiscal Year	Principal	Interest	Total
2018	11,068	244	11,312
2019	<u>3,752</u>	<u>20</u>	<u>3,772</u>
	<u>\$ 14,820</u>	<u>\$ 264</u>	<u>\$ 15,084</u>

A summary of changes in general long-term debt is as follows:

	Balance July 1, 2016	Additions	Payments	Balance June 30, 2017
Notes payable	<u>\$ 25,615</u>	<u>\$ -</u>	<u>\$ 10,795</u>	<u>\$ 14,820</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. RETIREMENT PLAN

CERS

The City of Jamestown is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2017, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2017, participating employers contributed 18.68% of each employee's wages for non-hazardous job classifications and 31.06% of each employee's wages for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. Each member's account is credited with a 4% employer pay credit for non-hazardous members, and a 7.5% pay credit for hazardous members. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2017, the City contributed \$179,386, or 100% of the required contribution for non-hazardous job classifications, which was allocated \$133,963 to the CERS pension fund and \$45,423 to the CERS insurance fund. The City contributed \$49,203, or 100% of the required contribution for hazardous job classifications, which was allocated \$34,391 to the CERS pension fund and \$14,812 to the CERS insurance fund.

Benefits – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. RETIREMENT PLAN (CONTINUED)

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+ At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+ Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources –
 At June 30, 2017, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 2,650,183</u>	<u>\$ 2,130,255</u>	<u>\$ 519,928</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2016 was as follows:

Non-hazardous	Hazardous
.04326%	.03030%

The proportionate share at June 30, 2016 increased .00093% for non-hazardous and decreased .01535% for hazardous to the proportionate share as of June 30, 2015.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2017, the City recognized pension expense of \$349,093. At June 30, 2017, the City 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
Differences between expected and actual results	\$ 16,799	\$ -
Changes of assumptions	142,685	-
Net difference between projected and actual earnings on Plan investments	244,126	-
Changes in proportion and differences between City contributions and proportionate share of contributions	25,013	231,238
City contributions subsequent to the measurement date	168,354	-
Total	<u>\$ 596,977</u>	<u>\$ 231,238</u>

The \$168,354 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,

2018	\$ 61,461
2019	15,252
2020	66,322
2021	54,350

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

Inflation	3.25%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.50%, net of Plan investment expense, including inflation

Hazardous

Inflation	3.25%
Salary increases	4.00%, average, including inflation
Investment rate of return	7.50%, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP- 2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. RETIREMENT PLAN (CONTINUED)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. Several factors are considered in evaluating the long-term rate of return assumptions including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
Combined Equity	44%	5.4%
Combined Fixed Income	19%	1.5%
Real Return (Diversified Inflation Strategies)	10%	3.5%
Real Estate	5%	4.5%
Absolute Return (Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.5%
Cash Equivalent	<u>2%</u>	(0.25)%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	Non-hazardous			Hazardous		
	Discount rate	City's proportionate share of net pension liability		Discount rate	City's proportionate share of net pension liability	
1% decrease	6.50%	\$ 2,654,637		6.50%	\$ 653,182	
Current discount rate	7.50%	\$ 2,130,255		7.50%	\$ 519,928	
1% increase	8.50%	\$ 1,680,747		8.50%	\$ 410,018	

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

8. RETIREMENT PLAN (CONTINUED)

Payable to the Pension Plan – At June 30, 2017, the City reported a payable of \$16,939 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017. The payable includes both the pension and insurance contribution allocation.

9. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2017 were levied in October 2016, on the assessed property located in the City of Jamestown as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	Date Per K.R.S. 134.020
1. Due date for payment	Upon receipt
2. Discount of 2%	December 31
3. Face value payment period	January 1
4. 10% penalty delinquent date	January 31

These taxes are collected by the City Clerk. Vehicle taxes are collected by the County Clerk of Russell County and are due and collected in the birth month of the licensee.

10. RISK MANAGEMENT

The City of Jamestown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the city also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2017

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
MUNICIPAL TAXATION				
General property taxes	\$ 178,000	\$ 173,000	175,010	\$ 2,010
P.I.L.O.T.	3,000	3,000	2,934	(66)
Motor vehicle taxes	<u>15,000</u>	<u>21,000</u>	<u>21,567</u>	<u>567</u>
Total municipal taxation	<u>196,000</u>	<u>197,000</u>	<u>199,511</u>	<u>2,511</u>
LICENSES, PERMITS AND BILLINGS				
Occupational license fees	280,000	306,000	312,618	6,618
Insurance license	240,000	285,000	281,838	(3,162)
Net profits license fees	12,000	12,000	12,205	205
Franchise fees	75,000	80,000	85,130	5,130
Alcohol license fees	<u>-</u>	<u>20,000</u>	<u>23,646</u>	<u>3,646</u>
Total licenses, permits and billings	<u>607,000</u>	<u>703,000</u>	<u>715,437</u>	<u>12,437</u>
INTERGOVERNMENTAL REVENUES				
State fire aid	7,750	10,500	10,500	-
KLEFPF	12,400	18,500	18,496	(4)
LGEAF	<u>100</u>	<u>120</u>	<u>96</u>	<u>(24)</u>
Total intergovernmental	<u>20,250</u>	<u>29,120</u>	<u>29,092</u>	<u>(28)</u>
CHARGES FOR SERVICE				
Sanitation fees	<u>68,000</u>	<u>68,000</u>	<u>68,851</u>	<u>851</u>
OTHER REVENUE				
Donations	10,500	20,250	20,250	-
Fire department	1,300	1,000	3,240	2,240
Interest	-	-	513	513
Arrest fees	1,800	1,400	1,208	(192)
Rent from utilities	36,000	3,000	3,000	-
Law enforcement citation fees	7,700	7,100	6,152	(948)
Miscellaneous	<u>30,000</u>	<u>32,519</u>	<u>39,481</u>	<u>6,962</u>
Total other	<u>87,300</u>	<u>65,269</u>	<u>73,844</u>	<u>8,575</u>
TOTAL REVENUE	<u>\$ 978,550</u>	<u>\$ 1,062,389</u>	<u>\$ 1,086,735</u>	<u>\$ 24,346</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2017

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL ADMINISTRATION				
Elected officials compensation	\$ 21,200	\$ 21,200	\$ 21,187	\$ (13)
Salaries	31,500	-	-	-
Fringe benefits and payroll tax	50,000	39,000	38,933	(67)
Printing and advertising	4,000	5,500	4,117	(1,383)
Professional fees	30,000	35,000	34,806	(194)
Uniforms	-	-	1,035	1,035
Maintenance and repairs	5,000	9,000	12,664	3,664
Travel	-	700	652	(48)
Utilities	91,000	95,000	94,160	(840)
Telephone	1,400	1,400	1,384	(16)
Insurance and bonds	5,500	9,600	9,596	(4)
Technical supplies	800	1,000	884	(116)
Postage	3,500	3,500	3,500	-
Office supplies	2,500	1,700	1,356	(344)
Miscellaneous supplies	500	1,000	906	(94)
Dues and subscriptions	1,000	1,000	575	(425)
Education and certification	300	750	718	(32)
Community development	12,000	20,830	19,861	(969)
Festivals and holidays	5,000	5,000	10,000	5,000
Total administration	<u>265,200</u>	<u>251,180</u>	<u>256,334</u>	<u>5,154</u>
PUBLIC SAFETY - POLICE				
Police salaries	180,000	170,000	175,475	5,475
Fringe benefits and payroll taxes	105,000	95,000	95,717	717
Dispatch	25,000	25,000	25,000	-
Printing and advertising	100	100	-	(100)
Professional fees	300	300	126	(174)
Uniforms	1,500	7,200	3,386	(3,814)
Maintenance and repairs	3,000	5,000	4,651	(349)
Travel	1,500	2,200	1,473	(727)
Ammunition	1,500	-	-	-
Telephone	2,300	2,400	2,370	(30)
Small equipment purchases	1,000	3,000	2,938	(62)
Insurance and bonds	8,100	21,400	21,397	(3)
Technical supplies	2,000	3,500	3,996	496
Motor fuel	8,000	5,200	5,510	310
Investigative expense	400	400	-	(400)
Miscellaneous materials and supplies	500	1,500	944	(556)
Dues and subscriptions	500	500	300	(200)
Total police department	<u>340,700</u>	<u>342,700</u>	<u>343,283</u>	<u>583</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2017

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
PUBLIC SAFETY - FIRE				
Firefighter allowances	\$ 10,000	\$ 9,000	\$ 8,900	\$ (100)
Professional fees	500	12,000	10,530	(1,470)
Uniforms	1,000	1,200	1,128	(72)
Maintenance and repairs	2,000	18,000	17,673	(327)
Vehicle maintenance	1,000	1,500	883	(617)
Vehicle repair	3,000	17,000	15,561	(1,439)
Telephone	2,000	2,000	1,990	(10)
Small equipment purchase	500	500	110	(390)
Insurance	8,500	16,400	16,305	(95)
Technical supplies	800	800	500	(300)
Heating supplies	3,000	2,150	1,987	(163)
Motor fuel and lubricants	3,000	2,500	2,690	190
Miscellaneous material and supplies	500	500	365	(135)
Equipment repair	1,200	1,200	1,039	(161)
Education and certification	200	200	-	(200)
State fire aid expenses	7,750	10,500	10,500	-
Total fire department	<u>44,950</u>	<u>95,450</u>	<u>90,161</u>	<u>(5,289)</u>
SANITATION				
Outside services	<u>77,000</u>	<u>81,000</u>	<u>80,308</u>	<u>(692)</u>
PUBLIC WORKS				
Salaries	132,000	105,000	104,977	(23)
Fringe benefits	60,000	50,000	50,057	57
Uniforms	600	600	600	-
Maintenance and repairs	5,000	10,000	9,320	(680)
Insurance	5,800	16,000	15,998	(2)
Technical supplies	300	750	729	(21)
Motor fuel	5,000	5,000	4,299	(701)
Telephone	375	375	358	(17)
Small equipment purchase	700	1,200	646	(554)
Total maintenance department	<u>209,775</u>	<u>188,925</u>	<u>186,984</u>	<u>(1,941)</u>
PARKS AND RECREATION	<u>5,500</u>	<u>10,000</u>	<u>8,745</u>	<u>(1,255)</u>
CEMETERY	<u>15,500</u>	<u>17,200</u>	<u>16,825</u>	<u>(375)</u>
CAPITAL OUTLAY	<u>25,000</u>	<u>201,800</u>	<u>200,592</u>	<u>(1,208)</u>
TOTAL EXPENDITURES	<u>983,625</u>	<u>1,188,255</u>	<u>1,183,232</u>	<u>(5,023)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	-	-	(11,312)	-
Sale of property	-	166,981	166,981	-
Total other financing sources (uses)	<u>-</u>	<u>166,981</u>	<u>155,669</u>	<u>(11,312)</u>
Net change in fund balances	<u>\$ (5,075)</u>	<u>\$ 41,115</u>	<u>\$ 59,172</u>	<u>\$ 18,057</u>

**CITY OF JAMESTOWN, KENTUCKY
 REQUIRED SUPPLEMENTAL SCHEDULE OF
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NONHAZARDOUS
 Last Three Fiscal Years**

	2017	2016	2015
City's proportion of the net pension liability	0.04326%	0.04233%	0.04726%
City's proportionate share of the net pension liability (asset)	\$ 2,130,255	\$ 1,820,100	\$ 1,533,428
City's covered employee payroll	\$ 1,027,887	\$ 995,271	\$ 1,084,182
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	207.25%	182.87%	141.44%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The measurement date of the net pension liability is one year preceding the fiscal year of the City.

The City's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the City's fiscal year payroll, reported on the Schedule of Contributions.

**CITY OF JAMESTOWN, KENTUCKY
 REQUIRED SUPPLEMENTAL SCHEDULE OF
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HAZARDOUS
 Last Three Fiscal Years**

	2017	2016	2015
City's proportion of the net pension liability	0.03030%	0.04565%	0.04703%
City's proportionate share of the net pension liability (asset)	\$ 519,928	\$ 700,843	\$ 564,789
City's covered employee payroll	\$ 161,120	\$ 233,526	\$ 238,195
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	322.70%	300.11%	237.11%
Plan fiduciary net position as a percentage of the total pension liability	53.95%	57.52%	63.46%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The measurement date of the net pension liability is one year preceding the fiscal year of the City.

The City's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the City's fiscal year payroll, reported on the Schedule of Contributions.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL
SCHEDULE OF CONTRIBUTIONS - NONHAZARDOUS
Last Four Fiscal Years

	2017	2016	2015	2014
Contractually required employer contribution	\$ 133,963	\$ 127,664	\$ 126,897	\$ 148,967
Contributions relative to contractually required employer contribution	<u>133,963</u>	<u>127,664</u>	<u>126,897</u>	<u>148,967</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 753,545	\$ 1,027,887	\$ 995,271	\$ 1,084,182
Employer contributions as a percentage of covered-employee payroll	17.78%	12.42%	12.75%	13.74%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The City's covered payroll reported above is payroll for the City's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL
SCHEDULE OF CONTRIBUTIONS - HAZARDOUS
Last Four Fiscal Years

	2017	2016	2015	2014
Contractually required employer contribution	\$ 34,391	\$ 32,643	\$ 48,410	\$ 51,855
Contributions relative to contractually required employer contribution	<u>34,391</u>	<u>32,643</u>	<u>48,410</u>	<u>51,855</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 158,413	\$ 161,120	\$ 233,526	\$ 238,195
Employer contributions as a percentage of covered-employee payroll	21.71%	20.26%	20.73%	21.77%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The City's covered payroll reported above is payroll for the City's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

SUPPLEMENTARY INFORMATION

**CITY OF JAMESTOWN, KENTUCKY
BUDGETARY COMPARISON
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2017**

MUNICIPAL ROAD AID FUND	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 35,024	\$ 24
Interest	<u>100</u>	<u>100</u>	<u>94</u>	<u>(6)</u>
TOTAL REVENUES	<u>\$ 35,100</u>	<u>\$ 35,100</u>	<u>\$ 35,118</u>	<u>\$ 18</u>
EXPENDITURES				
Maintenance	\$ 72,181	\$ 72,181	18,297	\$ (53,884)
Capital outlay	<u>39,889</u>	<u>39,889</u>	<u>39,889</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 112,070</u>	<u>\$ 112,070</u>	<u>\$ 58,186</u>	<u>\$ (53,884)</u>
 DEBT SERVICE FUND				
REVENUES				
Transfers in	<u>\$ 11,313</u>	<u>\$ 11,313</u>	<u>\$ 11,312</u>	<u>\$ (1)</u>
TOTAL REVENUES	<u>\$ 11,313</u>	<u>\$ 11,313</u>	<u>\$ 11,312</u>	<u>\$ (1)</u>
EXPENDITURES				
Debt service	<u>\$ 11,313</u>	<u>\$ 11,313</u>	<u>\$ 11,312</u>	<u>\$ (1)</u>
TOTAL EXPENDITURES	<u>\$ 11,313</u>	<u>\$ 11,313</u>	<u>\$ 11,312</u>	<u>\$ (1)</u>

**CITY OF JAMESTOWN, KENTUCKY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2017**

	<u>Municipal Road Aid Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 53,796	\$ -	\$ 53,796
Accounts receivable	<u>4,193</u>	<u>-</u>	<u>4,193</u>
Total assets	<u>\$ 57,989</u>	<u>\$ -</u>	<u>\$ 57,989</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	-	-	-
Fund balance	<u>57,989</u>	<u>-</u>	<u>57,989</u>
Total liabilities and fund balance	<u>\$ 57,989</u>	<u>\$ -</u>	<u>\$ 57,989</u>

**CITY OF JAMESTOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2017**

	Municipal Road Aid Fund	Debt Service Fund	Total
REVENUES			
Intergovernmental revenues	\$ 35,024	\$ -	\$ 35,024
Interest	94	-	94
Total revenues	35,118	-	35,118
EXPENDITURES			
Maintenance	18,297	-	18,297
Capital outlay	39,889	-	39,889
Debt service	-	11,312	11,312
Total expenditures	58,186	11,312	69,498
Excess revenues over (under) expenditures before other sources (uses)	(23,068)	(11,312)	(34,380)
OTHER FINANCING SOURCES			
Transfers from other funds	-	11,312	11,312
Excess revenues and other sources over (under) expenditures	(23,068)	-	(23,068)
Fund balances, July 1, 2016	81,057	-	81,057
FUND BALANCES - JUNE 30, 2017	\$ 57,989	\$ -	\$ 57,989

CITY OF JAMESTOWN, KENTUCKY
COMBINING STATEMENT OF OPERATING REVENUES AND EXPENSES
PROPRIETARY FUND
for the year ended June 30, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,971,524	\$ 713,832	\$ 2,685,356
Penalties	30,042	20,028	50,070
Other revenue	<u>1,875</u>	<u>2,598</u>	<u>4,473</u>
Total operating revenues	<u>2,003,441</u>	<u>736,458</u>	<u>2,739,899</u>
OPERATING EXPENSES			
Depreciation and amortization	800,295	404,299	1,204,594
Salaries and wages	521,720	326,785	848,505
Payroll taxes	399,712	233,485	633,197
Insurance	26,753	26,752	53,505
Utilities	270,248	151,883	422,131
Telephone	5,715	4,278	9,993
Professional services	29,789	45,351	75,140
Materials and supplies	78,906	12,049	90,955
Chemicals	90,393	42,061	132,454
Sludge expense	-	24,862	24,862
Analytical	12,195	22,643	34,838
Fuel and lube	6,962	2,599	9,561
Advertising	848	848	1,696
Uniforms	2,000	1,400	3,400
Maintenance and repairs	32,287	27,391	59,678
Travel and lodging	402	225	627
Postage	9,205	6,137	15,342
Loan service fee	8,023	-	8,023
Dues and subscriptions	1,077	1,001	2,078
Training	-	861	861
Rent	1,800	1,200	3,000
Miscellaneous	<u>24</u>	<u>-</u>	<u>24</u>
Total operating expenses	<u>2,298,354</u>	<u>1,336,110</u>	<u>3,634,464</u>
Operating income (loss)	<u>\$ (294,913)</u>	<u>\$ (599,652)</u>	<u>\$ (894,565)</u>



**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**

To the Mayor and the City Council
City of Jamestown
Jamestown, Kentucky

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, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Jamestown, Kentucky's basic financial statements, and have issued our report thereon dated February 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jamestown, Kentucky'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 the City of Jamestown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jamestown, Kentucky's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jamestown, Kentucky'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*.

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.

RFH

RFH, PLLC
Lexington, Kentucky
February 16, 2018