

**Town of Jamestown, Colorado**

**Financial Statements  
with Independent Auditors' Report**

**December 31, 2016**

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# Town of Jamestown, Colorado

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## **Financial Section**



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Business Advisors

## Independent Auditors' Report

Honorable Mayor and Members of the Board of Trustees  
Town of Jamestown  
Jamestown, Colorado

### **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 Town of Jamestown as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Jamestown, 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 auditor considers internal control relevant to the 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 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 Town of Jamestown as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

The Town of Jamestown has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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 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 Matters**

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jamestown's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of the Town of Jamestown'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 Town of Jamestown's internal control over financial reporting and compliance.

*Hill & Company, PC*



## **Basic Financial Statements**

# Town of Jamestown, Colorado

## Statement of Net Position

December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 4,013,593	\$ 74,336	\$ 4,087,929
Accounts Receivable	9,238	10,907	20,145
Grants Receivable	7,989,695	-	7,989,695
Property Taxes Receivable	85,443	-	85,443
Capital Assets, <i>Not Being Depreciated</i>	10,421,584	9,385	10,430,969
Capital Assets, <i>Net of Accumulated Depreciation</i>	2,393,986	3,642,194	6,036,180
Total Assets	24,913,539	3,736,822	28,650,361
<b>Liabilities</b>			
Accounts Payable	5,709,039	585	5,709,624
Retainage Payable	20,388	-	20,388
State Advance	6,452,634	-	6,452,634
Noncurrent Liabilities			
Due Within One Year	7,748	-	7,748
Due in More Than One Year	25,994	-	25,994
Total Liabilities	12,215,803	585	12,216,388
<b>Deferred Inflows of Resources</b>			
Property Taxes	83,750	-	83,750
<b>Net Position</b>			
Net Investment in Capital Assets	12,781,828	3,651,579	16,433,407
Restricted For:			
Emergencies	22,000	-	22,000
Street Maintenance	38,160	-	38,160
Fire Department Operations	52,805	-	52,805
Disaster Recovery	347,818	-	347,818
Parks and Open Space	7,101	-	7,101
Unrestricted	(635,726)	84,658	(551,068)
Total Net Position	\$ 12,613,986	\$ 3,736,237	\$ 16,350,223

**Town of Jamestown, Colorado**  
**Statement of Activities**  
**Year Ended December 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 78,440	\$ 2,716	\$ 398,073	\$ -	\$ 322,349	\$ -	\$ 322,349
Public Safety	79,292	-	-	-	(79,292)	-	(79,292)
Public Works	625,345	-	26,234	4,514,862	3,915,751	-	3,915,751
Parks and Recreation	32,696	-	2,822	-	(29,874)	-	(29,874)
Interest on Long-Term Debt	2,345	-	-	-	(2,345)	-	(2,345)
Total Governmental Activities	<u>818,118</u>	<u>2,716</u>	<u>427,129</u>	<u>4,514,862</u>	<u>4,126,589</u>	<u>-</u>	<u>4,126,589</u>
<b>Business-Type Activities</b>							
Water Utility	167,920	102,793	-	-	-	(65,127)	(65,127)
Total Business-Type Activities	<u>167,920</u>	<u>102,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,127)</u>	<u>(65,127)</u>
Total Primary Government	<u>\$ 986,038</u>	<u>\$ 105,509</u>	<u>\$ 427,129</u>	<u>\$ 4,514,862</u>	<u>4,126,589</u>	<u>(65,127)</u>	<u>4,061,462</u>
<b>General Revenues</b>							
Property Taxes					72,591	-	72,591
Specific Ownership Taxes					3,066	-	3,066
Franchise Taxes					4,629	-	4,629
Investment Income					165	14	179
Contributions and Donations Not Restricted to Specific Programs					12,885	-	12,885
Miscellaneous					32,915	-	32,915
Insurance Proceeds					26,866	-	26,866
<b>Transfers</b>					(656,615)	656,615	-
Total General Revenues and Transfers					<u>(503,498)</u>	<u>656,629</u>	<u>153,131</u>
<b>Change in Net Position</b>					<u>3,623,091</u>	<u>591,502</u>	<u>4,214,593</u>
<b>Net Position, Beginning</b>					<u>8,990,895</u>	<u>3,144,735</u>	<u>12,135,630</u>
<b>Net Position, Ending</b>					<u>\$ 12,613,986</u>	<u>\$ 3,736,237</u>	<u>\$ 16,350,223</u>

**Town of Jamestown, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

	General	Disaster Recovery	Nomajor Governmental Funds	Total
<b>Assets</b>				
Cash	\$ 122,970	\$ 3,441,343	\$ 449,280	\$ 4,013,593
Accounts Receivable	-	8,442	796	9,238
Grants Receivable	-	7,989,695	-	7,989,695
Property Taxes Receivable	58,848	-	26,595	85,443
<b>Total Assets</b>	<b>\$ 181,818</b>	<b>\$ 11,439,480</b>	<b>\$ 476,671</b>	<b>\$ 12,097,969</b>
<b>Liabilities</b>				
Accounts Payable	\$ 24,350	\$ 5,680,489	\$ 4,200	\$ 5,709,039
Retainage Payable	-	20,388	-	20,388
State Advance	-	6,452,634	-	6,452,634
Total Liabilities	24,350	12,153,511	4,200	12,182,061
<b>Deferred Inflows of Resources</b>				
Property Taxes	57,163	-	26,587	83,750
Grants	-	7,123,276	-	7,123,276
Total Deferred Inflows of Resources	57,163	7,123,276	26,587	7,207,026
<b>Fund Balances</b>				
Restricted for:				
Emergencies	22,000	-	-	22,000
Street Maintenance	-	-	38,160	38,160
Fire Department Operations	-	-	52,805	52,805
Disaster Recovery	-	-	347,818	347,818
Parks and Open Space	-	-	7,101	7,101
Unrestricted, Unassigned	78,305	(7,837,307)	-	(7,759,002)
Total Fund Balances	100,305	(7,837,307)	445,884	(7,291,118)
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 181,818</b>	<b>\$ 11,439,480</b>	<b>\$ 476,671</b>	<b>\$ 12,097,969</b>

**Town of Jamestown, Colorado**  
Reconciliation of the Balance Sheet  
of Governmental Funds to the Statement of Net Position  
December 31, 2016

**Amounts Reported for Governmental Activities in the  
Statement of Net Position are Difference Because:**

<b><i>Total Fund Balances of Governmental Funds</i></b>	\$ (7,291,118)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	12,815,570
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	(33,742)
Certain long-term assets are not available to pay current expenditures and, therefore, are deferred in governmental funds. This amount represents grants not available as current financial resources.	<u>7,123,276</u>
<b><i>Total Net Position of Governmental Activities</i></b>	<b>\$ <u><u>12,613,986</u></u></b>

**Town of Jamestown, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2016**

	General	Disaster Recovery	Nonmajor Governmental Funds	Total
<b>Revenues</b>				
Taxes	\$ 54,734	\$ -	\$ 25,552	\$ 80,286
Licenses and Permits	125	-	-	125
Intergovernmental	248	5,325,017	14,977	5,340,242
Charges for Services	665	-	-	665
Contributions and Donations	-	-	13,642	13,642
Investment Income	128	-	37	165
Miscellaneous	32,877	-	38	32,915
	<u>88,777</u>	<u>5,325,017</u>	<u>54,246</u>	<u>5,468,040</u>
<b>Total Revenues</b>				
	<u>88,777</u>	<u>5,325,017</u>	<u>54,246</u>	<u>5,468,040</u>
<b>Expenditures</b>				
Current				
General Government	63,437	1,597	3,336	68,370
Public Safety	-	-	16,550	16,550
Public Works	-	-	9,651	9,651
Parks and Recreation	-	-	5,304	5,304
Capital Outlay	-	4,999,812	-	4,999,812
Debt Service				
Principal	-	-	7,325	7,325
Interest and Fiscal Charges	-	-	2,345	2,345
	<u>63,437</u>	<u>5,001,409</u>	<u>44,511</u>	<u>5,109,357</u>
<b>Total Expenditures</b>				
	<u>63,437</u>	<u>5,001,409</u>	<u>44,511</u>	<u>5,109,357</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>25,340</u>	<u>323,608</u>	<u>9,735</u>	<u>358,683</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Proceeds	-	26,866	-	26,866
Transfers Out	-	(242,113)	-	(242,113)
	<u>-</u>	<u>(215,247)</u>	<u>-</u>	<u>(215,247)</u>
<b>Total Other Financing Sources (Uses)</b>				
	<u>-</u>	<u>(215,247)</u>	<u>-</u>	<u>(215,247)</u>
<b>Net Change in Fund Balances</b>	25,340	108,361	9,735	143,436
<b>Fund Balances, Beginning</b>	<u>74,965</u>	<u>(7,945,668)</u>	<u>436,149</u>	<u>(7,434,554)</u>
<b>Fund Balances, Ending</b>	<u>\$ 100,305</u>	<u>\$ (7,837,307)</u>	<u>\$ 445,884</u>	<u>\$ (7,291,118)</u>

**Town of Jamestown, Colorado**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended December 31, 2016

**Amounts Reported for Governmental Activities in the  
 Statement of Activities are Difference Because:**

<b><i>Net Change in Fund Balances of Governmental Funds</i></b>	\$ 143,436
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital Outlays	3,969,802
Depreciation	(100,390)
<p>Repayments of long-term debt are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>	
	7,325
<p>Revenues that do not provide current financial resources are deferred in governmental funds but are recognized in the statement of activities. This amount represents the change in grants not available as current financial resources.</p>	
	<u>(397,082)</u>
<b><i>Change in Net Position of Governmental Activities</i></b>	<b><u><u>\$ 3,623,091</u></u></b>

**Town of Jamestown, Colorado**  
Statement of Net Position  
Proprietary Fund  
December 31, 2016

	Water
<b>Assets</b>	
Current Assets	
Cash	\$ 74,336
Accounts Receivable	10,907
Total Current Assets	85,243
Noncurrent Assets	
Capital Assets, <i>Not Being Depreciated</i>	9,385
Capital Assets, <i>Net of Accumulated Depreciation</i>	3,642,194
Total Noncurrent Assets	3,651,579
<b>Total Assets</b>	<b>\$ 3,736,822</b>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$ 585
Total Current Liabilities	585
<b>Net Position</b>	
Net Investment in Capital Assets	3,651,579
Unrestricted	84,658
Total Net Position	3,736,237
<b>Total Liabilities and Net Position</b>	<b>\$ 3,736,822</b>

**Town of Jamestown, Colorado**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
Year Ended December 31, 2016

	Water
<b>Operating Revenues</b>	
Charges for Services	\$ 94,032
Miscellaneous	8,761
Total Operating Revenues	102,793
<b>Operating Expenses</b>	
Personnel	46,862
Operations	22,742
Depreciation	98,316
Total Operating Expenses	167,920
<b>Net Operating Loss</b>	(65,127)
<b>Nonoperating Revenues</b>	
Investment Income	14
<b>Net Loss Before Capital Contributions and Transfers</b>	(65,113)
<b>Capital Contributions and Transfers</b>	
Contributed Capital Assets	414,502
Transfers In	242,113
<b>Change in Net Position</b>	591,502
<b>Net Position, <i>Beginning</i></b>	3,144,735
<b>Net Position, <i>Ending</i></b>	\$ 3,736,237

**Town of Jamestown, Colorado**  
Statement of Cash Flows  
Proprietary Fund  
Year Ended December 31, 2016

	Water
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 92,483
Cash Payments to Employees	(41,917)
Cash Payments to Suppliers	(30,182)
Net Cash Provided by Operating Activities	20,384
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition and Construction of Capital Assets	(242,113)
Transfers from Other Funds	242,113
Net Cash Provided (Used) by Capital and Related Financing Activities	-
<b>Cash Flows From Investing Activities</b>	
Interest Income Received	14
<b>Net Increase in Cash</b>	20,398
<b>Cash, Beginning</b>	53,938
<b>Cash, Ending</b>	\$ 74,336
<b>Reconciliation of Net Operating Loss to</b>	
<b>Net Cash Provided by Operating Activities</b>	
Net Operating Loss	\$ (65,127)
Adjustments to Reconcile Net Operating Loss to	
Net Cash Provided by Operating Activities	
Depreciation	98,316
Changes in Assets and Liabilities	
Accounts Receivable	(10,310)
Accounts Payable	(2,495)
Net Cash Provided by Operating Activities	\$ 20,384
<b>Noncash Transactions</b>	
Contributed Capital Assets	\$ 414,502

See Notes to Financial Statements.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### **Note 1: Summary of Significant Accounting Policies**

The Town of Jamestown, Colorado (the Town) was incorporated in 1883, and is governed by a Mayor and six-member Board of Trustees elected by the residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

#### ***Reporting Entity***

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Town.

Based on the application of this criteria, the Town does not include additional organizations in its reporting entity.

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### Note 1: Summary of Significant Accounting Policies (Continued)

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those accounted for in another fund.

The *Disaster Recovery Fund* accounts for the flood recovery activities of the Town, substantially financed with federal and state grants and insurance proceeds.

# Town of Jamestown, Colorado

Notes to Financial Statements

December 31, 2016

## Note 1: Summary of Significant Accounting Policies (Continued)

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

The Town reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water to citizens of the Town.

### **Assets, Liabilities and Net Position/Fund Balances**

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Capital Assets* - Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Infrastructure assets used to support governmental activities, which include streets, bridges, sidewalks, drainage systems and trails, are excluded from the financial statements except for additions since January 1, 2004. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Plant and Infrastructure	40 years
Land Improvements	10 - 50 years
Buildings and Improvements	15 - 50 years
Equipment	5 - 20 years

*State Advance* - The Town received an advance from the State of Colorado to finance capital improvements. The advance will be repaid with grants, insurance proceeds, donations, and other revenues as they are received.

*Deferred Inflows of Resources* - Deferred inflows of resources include property taxes earned but levied for a subsequent year. Grants earned but not available as current financial resources are also reported as deferred inflows of resources in the governmental fund financial statements.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### ***Assets, Liabilities and Net Position/Fund Balances*** (Continued)

*Compensated Absences* - Employees of the Town are allowed to accumulate paid time off to a maximum of 80 hours. Upon retirement or separation from the Town, employees with six months of continuous service will be paid for 50% of their accumulated paid time off.

A liability for these compensated absences is reported when earned in the proprietary funds and when due in the governmental funds. Because the accumulated balances are insignificant, no liability is reported in the financial statements.

*Long-Term Debt* - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Net Position/Fund Balances* - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The Board of Trustees is authorized to establish a fund balance commitment through passage of a resolution, and may assign fund balances to a specific purpose through an informal action.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Town's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

#### ***Property Taxes***

Property taxes attach as an enforceable lien on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

### **Note 2: Stewardship, Compliance and Accountability**

#### ***Accountability***

At December 31, 2016, the Disaster Recovery Fund had a negative fund balance of \$7,837,307. In September of 2013, a flood caused significant damage and impairment to the Town's roads, water plant and lines, and fire station. Repair and replacement of these assets will be significantly financed with federal and state grants received in the future. Once complete, the grant proceeds and other revenues are expected to eliminate the negative fund balance.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### Note 3: Cash and Investments

#### ***Cash Deposits***

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Town had bank deposits of \$4,287,861 collateralized with securities held by the financial institutions' agents but not in the Town's name.

#### ***Investments***

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the Town may invest in a single issuer of investment securities, except for corporate securities.

At December 31, 2016, the Town had no investments.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2016, is summarized below.

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<b>Governmental Activities</b>				
Capital Assets, not being depreciated				
Land	\$ 588,253	\$ 943,043	\$ —	\$ 1,531,296
Construction in Progress	<u>6,177,351</u>	<u>2,712,937</u>	<u>—</u>	<u>8,890,288</u>
Total Capital Assets, not being depreciated	<u>6,765,604</u>	<u>3,655,980</u>	<u>—</u>	<u>10,421,584</u>
Capital Assets, being depreciated				
Infrastructure	11,438	—	—	11,438
Land Improvements	438,515	313,822	—	752,337
Buildings and Improvements	1,651,338	—	—	1,651,338
Equipment	<u>464,580</u>	<u>—</u>	<u>—</u>	<u>464,580</u>
Total Capital Assets, being depreciated	<u>2,565,871</u>	<u>313,822</u>	<u>—</u>	<u>2,879,693</u>
Less Accumulated Depreciation				
Infrastructure	(4,576)	(1,144)	—	(5,720)
Land Improvements	(46,043)	(16,616)	—	(62,659)
Buildings and Improvements	(113,070)	(58,472)	—	(171,542)
Equipment	<u>(221,628)</u>	<u>(24,158)</u>	<u>—</u>	<u>(245,786)</u>
Total Accumulated Depreciation	<u>(385,317)</u>	<u>(100,390)</u>	<u>—</u>	<u>(485,707)</u>
Total Capital Assets, being depreciated	<u>2,180,554</u>	<u>213,432</u>	<u>—</u>	<u>2,393,986</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,946,158</u>	<u>\$ 3,869,412</u>	<u>\$ —</u>	<u>\$ 12,815,570</u>
<b>Business-Type Activities</b>				
Capital Assets, not being depreciated				
Water Rights	\$ 9,385	\$ —	\$ —	\$ 9,385
Total Capital Assets, not being depreciated	<u>9,385</u>	<u>—</u>	<u>—</u>	<u>9,385</u>
Capital Assets, being depreciated				
Infrastructure	3,245,150	656,615	—	3,901,765
Less Accumulated Depreciation	<u>(161,255)</u>	<u>(98,316)</u>	<u>—</u>	<u>(259,571)</u>
Total Capital Assets, being depreciated	<u>3,083,895</u>	<u>558,299</u>	<u>—</u>	<u>3,642,194</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,093,280</u>	<u>\$ 558,299</u>	<u>\$ —</u>	<u>\$ 3,651,579</u>

Depreciation expense was charged to functions/programs of the Town as follows:

<b>Governmental Activities</b>	
General Government	\$ 10,070
Public Safety	62,742
Public Works	186
Parks and Recreation	<u>27,392</u>
<b>Total</b>	<b><u>\$ 100,390</u></b>

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### Note 5: Long-Term Debt

#### **Governmental Activities**

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016.

	Balance 12/31/15	Additions	Payments	Balance 12/31/16	Due Within One Year
2005 Fire Truck Lease	\$ <u>41,067</u>	\$ <u>—</u>	\$ <u>(7,325)</u>	\$ <u>33,742</u>	\$ <u>7,748</u>

During 2005, the Town entered into a capital lease to finance the purchase of a fire truck. Principal and interest payments are due annually on March 1, through 2020. Interest accrues at 5.62% per annum. Capital assets of \$193,068 have been capitalized under this lease. Future minimum lease payments are as follows.

#### Year Ending December 31,

2017	\$ 9,670
2018	9,670
2019	9,670
2020	<u>9,670</u>
Total Minimum Lease Payments	38,680
Less: Interest Portion	<u>(4,938)</u>
 Present Value of Future Minimum Lease Payments	 \$ <u>33,742</u>

### Note 6: Interfund Transactions

During the year ended December 31, 2016, the Disaster Recovery Fund transferred \$242,113 to the Water Fund for water line repairs.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### **Note 7: Risk Management**

#### ***Public Entity Risk Pool***

The Town 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. The Town purchases commercial insurance for its workers compensation claims. For other risks of loss, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

### **NOTE 8: Commitments and Contingences**

#### ***Claims and Judgments***

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2016, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the financial position of the Town.

#### ***Tabor Amendment***

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of the State and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the Town has made certain interpretations of the Amendment's language in order to determine compliance.

# Town of Jamestown, Colorado

## Notes to Financial Statements

December 31, 2016

### **Note 8: Commitments and Contingencies** (Continued)

#### ***Tabor Amendment*** (Continued)

In November, 1996, the Town's citizens approved a ballot question allowing the Town to collect, retain, and expend all revenues collected and received by the Town during the year 1997 and each subsequent year for capital projects, basic municipal services, and other lawful municipal services, notwithstanding the limitations of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$22,000.

## **Required Supplementary Information**

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Property Taxes	\$ 53,123	\$ 48,094	\$ (5,029)
Specific Ownership Taxes	2,100	2,011	(89)
Franchise Taxes	3,490	4,629	1,139
Licenses and Permits	150	125	(25)
Intergovernmental	-	248	248
Charges for Services	300	665	365
Investment Income	70	128	58
Miscellaneous	559	32,877	32,318
<b>Total Revenues</b>	<u>59,792</u>	<u>88,777</u>	<u>28,985</u>
<b>Expenditures</b>			
General Government	<u>59,469</u>	<u>63,437</u>	<u>(3,968)</u>
<b>Total Expenditures</b>	<u>59,469</u>	<u>63,437</u>	<u>(3,968)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	323	25,340	25,017
<b>Other Financing Sources</b>			
Transfers In	<u>7,060</u>	<u>-</u>	<u>(7,060)</u>
<b>Net Change in Fund Balance</b>	7,383	25,340	17,957
<b>Fund Balance, Beginning</b>	<u>86,735</u>	<u>74,965</u>	<u>(11,770)</u>
<b>Fund Balance, Ending</b>	<u>\$ 94,118</u>	<u>\$ 100,305</u>	<u>\$ 6,187</u>

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 Disaster Recovery Fund  
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Intergovernmental	\$ 15,253,402	\$ 5,325,017	\$ (9,928,385)
Total Revenues	15,253,402	5,325,017	(9,928,385)
<b>Expenditures</b>			
General Government	478,440	1,597	476,843
Capital Outlay	14,769,402	4,999,812	9,769,590
Total Expenditures	15,247,842	5,001,409	10,246,433
<b>Excess of Revenues Over (Under) Expenditures</b>	5,560	323,608	318,048
<b>Other Financing Sources (Uses)</b>			
Insurance Proceeds	-	26,866	26,866
Transfers Out	(5,560)	(242,113)	(236,553)
Total Other Financing Sources (Uses)	(5,560)	(215,247)	(209,687)
<b>Net Change in Fund Balance</b>	-	108,361	108,361
<b>Fund Balance, <i>Beginning</i></b>	83,350	(7,945,668)	(8,029,018)
<b>Fund Balance, <i>Ending</i></b>	\$ 83,350	\$ (7,837,307)	\$ (7,920,657)

**Town of Jamestown, Colorado**  
Notes to Required Supplementary Information  
December 31, 2016

**NOTE 1: Stewardship, Compliance and Accountability**

***Budgetary Accounting***

Budgets are adopted for all funds of the Town as required by State statutes. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted.

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at year end.

***Legal Compliance***

For the year ended December 31, 2016, the General, Rebuild Jamestown and Water Fund expenditures exceeded the amounts budgeted by \$3,968, \$3,336 and \$219,856, respectively. These may be violations of State statutes.

## **Supplementary Information**

**Town of Jamestown, Colorado**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2016**

	Streets	Fire	Rebuild Jamestown	Conservation Trust	Total
<b>Assets</b>					
Cash	\$ 37,983	\$ 52,797	\$ 347,818	\$ 10,682	\$ 449,280
Accounts Receivable	177	-	-	619	796
Property Taxes Receivable	-	26,595	-	-	26,595
<b>Total Assets</b>	<u>\$ 38,160</u>	<u>\$ 79,392</u>	<u>\$ 347,818</u>	<u>\$ 11,301</u>	<u>\$ 476,671</u>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,200	\$ 4,200
Total Liabilities	-	-	-	4,200	4,200
<b>Deferred Inflows of Resources</b>					
Property Taxes	-	26,587	-	-	26,587
<b>Fund Balances</b>					
Restricted for:					
Street Maintenance	38,160	-	-	-	38,160
Fire Department Operations	-	52,805	-	-	52,805
Disaster Recovery	-	-	347,818	-	347,818
Parks and Open Space	-	-	-	7,101	7,101
Total Fund Balances	<u>38,160</u>	<u>52,805</u>	<u>347,818</u>	<u>7,101</u>	<u>445,884</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 38,160</u>	<u>\$ 79,392</u>	<u>\$ 347,818</u>	<u>\$ 11,301</u>	<u>\$ 476,671</u>

**Town of Jamestown, Colorado**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2016

	Streets	Fire	Rebuild Jamestown	Conservation Trust	Total
<b>Revenues</b>					
Taxes	\$ -	\$ 25,552	\$ -	\$ -	\$ 25,552
Intergovernmental	11,234	-	921	2,822	14,977
Contributions and Donations	-	11,364	600	1,678	13,642
Investment Income	-	37	-	-	37
Miscellaneous	38	-	-	-	38
	<u>11,272</u>	<u>36,953</u>	<u>1,521</u>	<u>4,500</u>	<u>54,246</u>
Total Revenues					
<b>Expenditures</b>					
Current					
General Government			3,336		3,336
Public Safety	-	16,550	-	-	16,550
Public Works	9,651	-	-	-	9,651
Parks and Recreation	-	-	-	5,304	5,304
Debt Service					
Principal	-	7,325	-	-	7,325
Interest and Fiscal Charges	-	2,345	-	-	2,345
	<u>9,651</u>	<u>26,220</u>	<u>3,336</u>	<u>5,304</u>	<u>44,511</u>
Total Expenditures					
<b>Net Change in Fund Balances</b>	1,621	10,733	(1,815)	(804)	9,735
<b>Fund Balances, Beginning</b>	<u>36,539</u>	<u>42,072</u>	<u>349,633</u>	<u>7,905</u>	<u>436,149</u>
<b>Fund Balances, Ending</b>	<u>\$ 38,160</u>	<u>\$ 52,805</u>	<u>\$ 347,818</u>	<u>\$ 7,101</u>	<u>\$ 445,884</u>

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 Streets Fund  
 Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 11,465	\$ 11,465	\$ 11,234	\$ (231)
Investment Income	20	20	-	(20)
Miscellaneous	-	-	38	38
<b>Total Revenues</b>	<u>11,485</u>	<u>11,485</u>	<u>11,272</u>	<u>(213)</u>
<b>Expenditures</b>				
Public Works	<u>9,634</u>	<u>14,934</u>	<u>9,651</u>	<u>5,283</u>
<b>Total Expenditures</b>	<u>9,634</u>	<u>14,934</u>	<u>9,651</u>	<u>5,283</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	1,851	(3,449)	1,621	5,070
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(500)</u>	<u>(500)</u>	-	<u>500</u>
<b>Net Change in Fund Balance</b>	1,351	(3,949)	1,621	5,570
<b>Fund Balance, Beginning</b>	<u>35,956</u>	<u>35,956</u>	<u>36,539</u>	<u>583</u>
<b>Fund Balance, Ending</b>	<u>\$ 37,307</u>	<u>\$ 32,007</u>	<u>\$ 38,160</u>	<u>\$ 6,153</u>

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 Fire Fund  
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Property Taxes	\$ 24,011	\$ 24,497	\$ 486
Specific Ownership Taxes	700	1,055	355
Contributions and Donations	8,000	11,364	3,364
Investment Income	30	37	7
	<u>32,741</u>	<u>36,953</u>	<u>4,212</u>
Total Revenues			
<b>Expenditures</b>			
Public Safety	21,562	16,550	5,012
Debt Service			
Principal	6,936	7,325	(389)
Interest and Fiscal Charges	2,734	2,345	389
	<u>31,232</u>	<u>26,220</u>	<u>5,012</u>
Total Expenditures			
<b>Excess of Revenues Over (Under) Expenditures</b>	1,509	10,733	9,224
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(500)	-	500
<b>Net Change in Fund Balance</b>	1,009	10,733	9,724
<b>Fund Balance, <i>Beginning</i></b>	47,923	42,072	(5,851)
<b>Fund Balance, <i>Ending</i></b>	<u>\$ 48,932</u>	<u>\$ 52,805</u>	<u>\$ 3,873</u>

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 Rebuild Jamestown Fund  
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 921	\$ 921
Contributions and Donations	-	600	600
	<u>-</u>	<u>1,521</u>	<u>1,521</u>
Total Revenues	-	1,521	1,521
<b>Expenditures</b>			
General Government	-	3,336	(3,336)
	<u>-</u>	<u>3,336</u>	<u>(3,336)</u>
Total Expenditures	-	3,336	(3,336)
<b>Net Change in Fund Balance</b>	-	(1,815)	(1,815)
<b>Fund Balance, <i>Beginning</i></b>	-	349,633	349,633
	<u>-</u>	<u>349,633</u>	<u>349,633</u>
<b>Fund Balance, <i>Ending</i></b>	\$ -	\$ 347,818	\$ 347,818
	<u><u>-</u></u>	<u><u>347,818</u></u>	<u><u>347,818</u></u>

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 Conservation Trust Fund  
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Grants	\$ 131,879	\$ -	\$ (131,879)
Intergovernmental	2,700	2,822	122
Contributions and Donations	-	1,678	1,678
Total Revenues	134,579	4,500	(130,079)
<b>Expenditures</b>			
Parks and Recreation	1,900	5,304	(3,404)
Capital Outlay	131,879	-	131,879
Total Expenditures	133,779	5,304	128,475
<b>Net Change in Fund Balance</b>	800	(804)	(1,604)
<b>Fund Balance, Beginning</b>	9,091	7,905	(1,186)
<b>Fund Balance, Ending</b>	\$ 9,891	\$ 7,101	\$ (2,790)

**Town of Jamestown, Colorado**  
 Budgetary Comparison Schedule  
 Water Fund  
 Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Charges for Services	\$ 92,846	\$ 94,032	\$ 1,186
Investment Income	5	14	9
Miscellaneous	150	8,761	8,611
Transfers In	2,000	242,113	240,113
Total Revenues	95,001	344,920	249,919
<b>Expenditures</b>			
Personnel	48,569	46,862	1,707
Operations	22,292	22,742	(450)
Capital Improvements	-	242,113	(242,113)
Reserves	2,500	-	2,500
Transfers Out	18,500	-	18,500
Total Expenditures	91,861	311,717	(219,856)
<b>Change In Net Position, Budgetary Basis</b>	\$ 3,140	33,203	\$ (30,063)
<b>Adjustments To GAAP Basis</b>			
Depreciation		(98,316)	
Capital Outlay		242,113	
Capital Contributions		414,502	
<b>Change In Net Position, GAAP Basis</b>		591,502	
<b>Net Position, Beginning</b>		3,144,735	
<b>Net Position, Ending</b>		\$ 3,736,237	

## **Compliance Section**

## **Single Audit**



**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and Members of the Board of Trustees  
Town of Jamestown  
Jamestown, Colorado

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jamestown as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Jamestown, and have issued our report thereon dated February 28, 2018.

**Internal Control Over Financial Reporting**

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

Our consideration of the Town of Jamestown's internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Jamestown's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2016-001 to be material weaknesses.

**Response to Findings**

The Town of Jamestown's response to the findings identified in our audit is described in the accompanying corrective action plan. The Town of Jamestown's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Jamestown'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 Town of Jamestown'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 Town of Jamestown's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hill & Company, PC

Greenwood Village, Colorado  
February 28, 2018





**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

**Independent Auditors' Report on Compliance for Each Major Federal Program, Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Honorable Mayor and Members of the Board of Trustees  
Town of Jamestown  
Jamestown, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Jamestown's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Town of Jamestown's major federal programs for the year ended December 31, 2016. The Town of Jamestown's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Jamestown's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Jamestown complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

**Report on Internal Control Over Compliance**

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

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

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

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



Honorable Mayor and Members of the Board of Trustees  
Town of Jamestown  
Page 3

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Jamestown as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Jamestown. We issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jamestown's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hill & Company PC*

Greenwood Village, Colorado  
February 28, 2018



**Town of Jamestown, Colorado**  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2016

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major federal programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

97.036 Disaster Grants - Public Assistance  
97.039 Hazard Mitigation

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

Auditee qualified as low-risk auditee?  yes  no

**Federal Awards Findings and Questioned Costs**

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

(Continued)

**Town of Jamestown, Colorado**  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2016

(Continued)

**Financial Statement Findings**

**2016-001** Financial Reporting

Criteria	The Town is responsible to implement internal controls designed to ensure that its financial information is accurate and timely.
Condition	The Town's accounting records did not properly report significant grant revenues and the related expenditures. In addition, Town personnel did not accurately prepare the schedule of expenditures of federal awards.
Context	As a result of our audit procedures, we proposed material adjustments to the Town's accounting records, including the schedule of expenditures of federal awards.
Effect	The risk of misstatements in the Town's financial statements is significantly increased when internal controls are inadequate and personnel lack the appropriate skills and knowledge. Also, the Town was unable to complete the audit process within the deadlines established by State statutes.
Cause	The Town experienced a flood event in September, 2013. As a result, many Town assets were destroyed, including roads, the water plant, and the fire station. The Town received significant donations and grants to repair and replace these assets. The Town did not have adequate resources to maintain the accounting records for these expanded activities, including the necessary skills, knowledge, and experience.
Recommendation	We recommend that the Town continue to utilize the necessary accounting expertise to maintain accurate and complete financial information.

Views of Responsible Officials and Planned Corrective Actions

See the accompanying Corrective Action Plan.

**Town of Jamestown, Colorado**  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2016

**2015-001** Financial Reporting

We identified similar misstatements in the financial statements and the schedule of expenditures of federal awards during the current audit process and this finding is repeated as 2016-001.



# Memo

**To:** Hinkle & Company PC  
**From:** Chris Krolick, Finance Specialist  
**Date:** February 28, 2018  
**Re:** Audit Finding Response

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The Town of Jamestown implemented a corrective action to complete the 2017 audit process in a cleaner and timelier manner than in the past. Following our auditor's recommendation, the Town contracted with an outside consultant, for a pre-audit review and recommended adjustments to our books prior submitting them for audit review. The Town has approved a budget to engage the consultant for the 2017 audit review as well as periodic review of the 2018 figures.

Additionally, the Town staff has largely completed preparation of the 2017 figures and has Met with the consultant to set a schedule and strategy for review of the 2017 figures and to review new draft procedures around entries to keep 2018 as clean as possible.

We believe these measures will minimize future reviews, and allow the Town to complete future audits in a cleaner and timelier manner.

**Town of Jamestown, Colorado**  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Disbursements
<b>U.S. Department of Housing and Urban Development</b>		
Passed through Colorado Department of Local Affairs		
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster		
Community Development Block Grant Disaster Recovery	14.269	\$ <u>299,562</u>
<b>U.S. Department of Homeland Security</b>		
Passed through Colorado Department of Public Safety		
Disaster Grants - Public Assistance	97.036	2,761,822
Hazard Mitigation	97.039	<u>1,153,823</u>
Total U.S.Department of Homeland Security		<u>3,915,645</u>
Total Federal Financial Assistance		\$ <u><u>4,215,207</u></u>

**Town of Jamestown, Colorado**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2016

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The Town does not charge a de minimis indirect cost rate.