

Financial Statements

CITY OF JAMESTOWN, NEW YORK

YEAR ENDED DECEMBER 31, 2019

CITY OF JAMESTOWN, NEW YORK

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Independent Auditor's Report

To the City Council
City of Jamestown, New York

Report on the Financial Statements

I 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, New York as of and for the year ended December 31, 2019, 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Board of Public Utilities which represent 100% of the assets, liabilities, net position, revenues and expenses of the City's business-type activities. Those statements were audited by other auditors whose reports thereon have been furnished to me, and my opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based solely on the reports of the other auditors. I conducted the 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, based on my audit and the reports of other auditors, 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, New York as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 (pages 3 through 11), Budget Comparison Schedule - General Fund (page 57), Schedule of Changes in Total OPEB Liability and Related Ratios (page 58), Schedule of City's Contributions - Retirement Plans (page 59) and Schedule of City's Proportionate Share of Net Pension Liability (page 60), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I and the other auditors 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

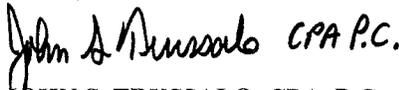
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jamestown, New York's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2020, on my consideration of the City of Jamestown, New York's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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, New York's internal control over financial reporting and compliance.


JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
June 15, 2020

CITY OF JAMESTOWN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Jamestown, New York's financial performance provides an overview of the City's financial activities for the year ended December 31, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The net position of the City's governmental activities included in the Government-wide financial statements totaled \$(127,761,957) as of December 31, 2019 compared to \$(132,571,739) as of December 31, 2018. The increase in the City's net position totaled \$4,809,782 for 2019 compared to \$4,048,636 for the year ended December 31, 2018.
- Revenues from the City's governmental activities totaled \$41,081,405 for 2019 compared to \$42,516,733 for 2018. Expenditures for governmental activities totaled \$36,271,623 for 2019 compared to \$38,468,097 for 2018.
- The fund balance of the City's General Fund included in the Fund financial statements totaled \$4,848,159 as of December 31, 2019 compared to \$3,439,690 as of December 31, 2018. The increase in the fund balance totaled \$1,408,469 for 2019 compared to \$555,007 for 2018.

THE FINANCIAL STATEMENTS

The Government-wide financial statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The Fund financial statements include statements for each of the three categories of activities - governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund financial statements to the Government-wide financial statements are provided to explain the differences created by the integrated approach.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the City 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 City's net position and changes in net position. Net position is the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

City of Jamestown, New York Management's Discussion and Analysis (Cont'd)

In the Statement of Net Position and the Statement of Activities, we separate the activities of the City as follows:

Governmental activities

Most of the City's basic services are reported in this category, including General Government, Fire, Police, Public Works, Parks, Recreation and Community Services. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities

The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Electric, Water, Wastewater, Sanitation, and District Heat activities are reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State Statute, while other funds are established by the City to help manage money for particular purposes and compliance with various grant provisions.

Governmental Funds

Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the City's programs. The differences of results in the Governmental fund financial statements to those in the Government-wide financial statements are explained in a reconciliation schedule following each Governmental fund financial statement.

Proprietary Funds

When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary Funds

The City is the trustee, or fiduciary for certain funds held on behalf of the Recreation Department Trust. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison schedules for the general fund.

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position for the City of Jamestown, New York, as a whole, totaled \$26,021,428 as of December 31, 2019 and \$15,553,266 as of December 31, 2018. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses and total assets are presented in the Statement of Activities.

The City's combined Net Position for the years ended December 31, 2019 and 2018 were as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other assets	\$ 14,591,232	\$ 14,338,698	\$ 38,421,737	\$ 39,172,191	\$ 53,012,969	\$ 53,510,889
Capital assets	46,817,369	45,985,445	137,718,267	136,390,836	184,535,636	182,376,281
Total assets	<u>61,408,601</u>	<u>60,324,143</u>	<u>176,140,004</u>	<u>175,563,027</u>	<u>237,548,605</u>	<u>235,887,170</u>
Deferred Outflows of Resources	<u>32,641,983</u>	<u>10,213,184</u>	<u>2,950,274</u>	<u>4,412,019</u>	<u>35,592,257</u>	<u>14,625,203</u>
Liabilities:						
Long-term debt	14,435,606	15,819,490	3,514,738	6,658,742	17,950,344	22,478,232
Bond anticipation note payable	-	-	1,200,000	1,600,000	1,200,000	1,600,000
Total OPEB liability	160,610,412	162,372,901	8,819,654	10,343,359	169,430,066	172,716,260
Net pension liability	6,027,327	3,377,953	2,476,007	1,174,045	8,503,334	4,551,998
Other liabilities	4,585,512	5,262,247	7,657,913	8,001,260	12,243,425	13,263,507
Total liabilities	<u>185,658,857</u>	<u>186,832,591</u>	<u>23,668,312</u>	<u>27,777,406</u>	<u>209,327,169</u>	<u>214,609,997</u>
Deferred Inflows of Resources	<u>36,153,684</u>	<u>16,276,475</u>	<u>1,638,581</u>	<u>4,072,635</u>	<u>37,792,265</u>	<u>20,349,110</u>
Net Position:						
Investment in capital assets, net of related debt	34,688,225	32,649,343	133,003,529	129,732,094	167,691,754	162,381,437
Restricted	5,154,109	5,633,309	4,250,574	4,228,096	9,404,683	9,861,405
Unrestricted	<u>(167,604,291)</u>	<u>(170,854,391)</u>	<u>16,529,282</u>	<u>14,164,815</u>	<u>(151,075,009)</u>	<u>(156,689,576)</u>
Total net position	<u>\$(127,761,957)</u>	<u>\$(132,571,739)</u>	<u>\$153,783,385</u>	<u>\$148,125,005</u>	<u>\$ 26,021,428</u>	<u>\$ 15,553,266</u>

Net Position Analysis - Overall

The City's overall net position totaled \$26,021,428 and \$15,553,266 as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, of the City's overall net position, \$167,691,754 and \$162,381,437, respectively, represents the City's investment in capital assets net of related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position Analysis - Governmental Activities

The City's net position for governmental activities totaled \$(127,761,957) and \$(132,571,739) as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, of the City's net position for governmental activities, \$34,688,225 and \$32,649,343, respectively, represents the investment in capital assets, net of related debt, restricted net position totaled \$5,154,109 and \$5,633,309, respectively, and unrestricted net position deficit totaled \$(167,604,291) and \$(170,854,391), respectively.

Net Position Analysis - Business-type Activities

The City's net position for business-type activities totaled \$153,783,385 and \$148,125,005 as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, of the City's net position for business-type activities, \$133,003,529 and \$129,732,094, respectively, represents the investment in capital assets, net of related debt, restricted net position totaled \$4,250,574 and \$4,228,096, respectively, and unrestricted net position totaled \$16,529,282 and \$14,164,815, respectively.

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Analysis of Changes in Net Position

The change in the City's net position for governmental activities and business-type activities for the years ended December 31, 2019 and 2018 is summarized below:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,038,959	\$ 2,025,253	\$ 56,138,560	\$ 57,066,917	\$ 58,177,519	\$ 59,092,170
Operating grant/contributions	3,053,580	2,592,976	-	-	3,053,580	2,592,976
Capital grants/contributions	2,087,779	3,606,193	746,676	-	2,834,455	3,606,193
General revenues:						
Real property taxes	16,009,693	16,011,981	-	-	16,009,693	16,011,981
Sales tax	6,715,250	6,434,338	-	-	6,715,250	6,434,338
State Aid	5,732,076	5,773,005	-	-	5,732,076	5,773,005
Board of Public Utilities	4,022,589	3,908,076	-	-	4,022,589	3,908,076
Investment earnings	122,064	54,351	286,009	287,261	408,073	341,612
Other	1,299,415	2,110,560	143,873	(53,644)	1,443,288	2,056,916
Total revenues	<u>41,081,405</u>	<u>42,516,733</u>	<u>57,315,118</u>	<u>57,300,534</u>	<u>98,396,523</u>	<u>99,817,267</u>
Expenses:						
General government support	5,418,198	5,359,541	-	-	5,418,198	5,359,541
Public safety	11,826,963	12,522,512	-	-	11,826,963	12,522,512
Public improvements/projects	61,408	47,309	-	-	61,408	47,309
Streets	5,233,031	4,879,968	-	-	5,233,031	4,879,968
Culture and recreation	1,719,024	1,766,007	-	-	1,719,024	1,766,007
Home and community/development	3,233,533	2,130,243	-	-	3,233,533	2,130,243
Employee benefits	8,270,582	11,236,709	-	-	8,270,582	11,236,709
Debt service	508,884	525,808	244,847	360,617	753,731	886,425
Utility operations	-	-	51,411,891	53,231,889	51,411,891	53,231,889
Total expenses	<u>36,271,623</u>	<u>38,468,097</u>	<u>51,656,738</u>	<u>53,592,506</u>	<u>87,928,361</u>	<u>92,060,603</u>
Change in net position	4,809,782	4,048,636	5,658,380	3,708,028	10,468,162	7,756,664
Net position, beginning of year	<u>(132,571,739)</u>	<u>(136,620,375)</u>	<u>148,125,005</u>	<u>144,416,977</u>	<u>15,553,266</u>	<u>7,796,602</u>
Net position, end of year	<u>\$(127,761,957)</u>	<u>\$(132,571,739)</u>	<u>\$153,783,385</u>	<u>\$148,125,005</u>	<u>\$ 26,021,428</u>	<u>\$ 15,553,266</u>

Governmental Activities

Revenues from the City's governmental activities totaled \$41,081,405 for 2019 compared to \$42,516,733 for 2018. Revenues for 2019 were comprised of the following: Property tax revenue (39%), Sales tax revenue (16%), State aid revenue (14%), Operating and Capital Grants/Contributions (13%), Board of Public Utilities revenue (10%), Charges for services (5%), Other revenue (3%).

Expenditures of governmental activities totaled \$36,271,623 for 2019 compared to \$38,468,097 for 2018. The City's programs for governmental activities include General Government, Fire, Police, Public Works, Community Development, Parks and Recreation, and Debt Service for Interest.

Business-type Activities

The business-type activities include Electric, Water, Waste Water, Sanitation, and District Heat services. As shown in the Statement of Activities and Changes in Net Position, the amounts paid by users totaled \$56,138,560 for 2019 and \$57,066,917 for 2018. Investment earnings totaled \$286,009 for 2019 and \$287,261 for 2018. The cost of all Business-type activities totaled \$51,656,738 for 2019 and \$53,592,506 for 2018.

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

LONG-TERM LIABILITIES

Governmental Activities

Long-term liabilities included in the City's governmental-activities totaled \$14,435,606 as of December 31, 2019 and \$15,819,490 as of December 31, 2018; a net decrease of \$1,383,884. As of December 31, 2019, long-term liabilities were comprised of the following: General Obligation Bonds \$11,904,388; Notes payable to Board of Public Utilities \$199,538; Note payable to NYS Police and Fire Retirement System \$274,733; Compensated absences \$2,031,729; Unamortized bond premiums in excess of unamortized debt issuance costs \$25,218. Detailed information regarding long term liabilities is included in Note 5 to the basic financial statements.

Information Regarding Long Term Liabilities for Governmental Activities

- The liability for compensated absences decreased \$126,910 to \$2,031,729 as of December 31, 2019.
- During 2019, the City issued a refunding bond totaling \$2,168,366 to refund the 2010A Public Improvement Bond.

Total OPEB Liability for Governmental Activities

- The total OPEB liability totaled \$160,610,412 and \$162,372,901 as of December 31, 2019 and 2018, respectively.

Net Pension Liability for Governmental Activities

- The net pension liability for governmental activities represents the City's share of the net pension liability of the ERS and PFRS retirement systems. The net pension liability for the ERS totaled \$1,763,982 and \$818,007 as of December 31, 2019 and 2018, respectively. The net pension liability for the PFRS totaled \$4,263,345 and \$2,559,946 as of December 31, 2019 and 2018, respectively.

Business-type Activities

Long-term liabilities included in the City's business-type activities totaled \$3,514,738 as of December 31, 2019 and \$6,658,742 as of December 31, 2018; a decrease of \$3,144,004. During 2019, the Business-type activities issued a refunding bond totaling \$1,831,634 to refund the 2010A Public Improvement Bond. In addition, during 2019, the City's business-type activities issued a \$1,200,000 bond anticipation note and repaid a \$1,600,000 bond anticipation note.

Total OPEB Liability for Business-type Activities

- The total OPEB liability totaled \$8,819,654 and \$10,343,359 as of December 31, 2019 and 2018, respectively.

Net Pension Liability for Business-type Activities

- The net pension liability for business-type activities represents the City's share of the net pension liability of the ERS retirement system totaling \$2,476,007 and \$1,174,045 as of December 31, 2019 and 2018, respectively.

Detailed information regarding long term liabilities is included in Note 5 to the basic financial statements.

Constitutional Debt Limit

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based upon 7% of the average of the total value of real property for the past five years. At December 31, 2019 the City's general obligation debt, including statutory exclusions, was at 25.34% of the legal limit compared to 29.12% of the legal limit at December 31, 2018.

Detailed information regarding the statutory debt limit is included in the Note 5 to the basic financial statements.

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

CAPITAL ASSETS

Governmental Activities

As of December 31, 2019, the City's governmental-activities maintained \$46,817,369 in capital assets (Cost \$97,971,448 less accumulated depreciation of \$51,154,079). As of December 31, 2018 the City's governmental-activities maintained \$45,985,445 in capital assets (Cost \$94,228,158 less accumulated depreciation of \$48,242,713).

Capital additions for 2019 totaled \$3,815,344 and were comprised of following: Infrastructure (including roads, sidewalks, and storm sewers) \$2,634,806; Buildings and structures \$648,022; Equipment \$346,092; Vehicles \$186,424.

Depreciation expense totaled \$2,971,832 and \$2,918,388 for the years ended December 31, 2019 and 2018, respectively.

Detailed information regarding capital asset activity is included in Note 4 to the basic financial statements.

Business-type Activities

As of December 31, 2019, the City's business-type activities maintained \$137,718,267 in capital assets (Cost \$280,792,266 less accumulated depreciation of \$143,073,999). As of December 31, 2018, the City's business-type activities maintained \$136,390,836 in capital assets (Cost \$273,697,900 less accumulated depreciation of \$137,307,064).

Capital additions for 2019 totaled \$8,650,004 and were comprised of the following: Electric Division \$5,147,625; Waste Water Division \$1,614,583; Water Division \$1,814,362; Solid Waste Division \$46,925; District Heat Division \$26,509.

Depreciation expense totaled \$7,610,710 and \$7,456,463 for the years ended December 31, 2019 and 2018, respectively.

Detailed information regarding capital asset activity is included in Note 4 to the basic financial statements.

THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported a combined fund balance of \$9,109,011 as of December 31, 2019 and \$7,907,655 as of December 31, 2018; an increase of \$1,201,356. The schedule below indicates the fund balances as of December 31, 2019 and 2018, and the net increase (decrease) for the year.

	<u>Fund Balance</u> <u>2019</u>	<u>Fund Balance</u> <u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
General fund	\$ 4,848,159	\$ 3,439,690	\$ 1,408,469
Capital projects fund	344,076	444,281	(100,205)
Special revenue fund	<u>3,916,776</u>	<u>4,023,684</u>	<u>(106,908)</u>
Total	<u>\$ 9,109,011</u>	<u>\$ 7,907,655</u>	<u>\$ 1,201,356</u>

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

THE CITY'S GOVERNMENTAL FUNDS (Cont'd)

General Fund

The change in the City's General fund balance for the year ended December 31, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Revenues and Other Sources:			
Real property taxes	\$16,009,693	\$16,011,981	\$ (2,288)
Real property tax items	316,488	313,528	2,960
Non-property tax items	7,324,403	7,118,988	205,415
Departmental income	865,876	817,916	47,960
Intergovernmental charges	233,649	226,391	7,258
State aid	7,736,995	7,592,832	144,163
Board of Public Utilities- Payments in lieu of taxes	4,022,589	3,908,076	114,513
Use of money and property	81,227	25,030	56,197
Other revenue	<u>366,341</u>	<u>471,810</u>	<u>(105,469)</u>
Total revenues	<u>36,957,261</u>	<u>36,486,552</u>	<u>470,709</u>
Expenditures:			
General government support	3,936,577	3,880,361	56,216
Public safety	11,335,793	12,043,453	(707,660)
Streets	4,176,501	4,164,941	11,560
Culture and recreation	1,890,250	1,880,978	9,272
Home and community services	864,131	851,424	12,707
Capital outlays	1,517,485	1,198,318	319,167
Employee benefits	10,122,443	9,795,483	326,960
Debt service - principal	1,379,372	1,622,023	(242,651)
Debt service - interest	<u>500,021</u>	<u>494,564</u>	<u>5,457</u>
Total expenditures	<u>35,722,573</u>	<u>35,931,545</u>	<u>(208,972)</u>
Other Sources (Uses):			
Premium received from bond issuance	229,518	-	229,518
Refunding bond issuance costs	<u>(55,737)</u>	<u>-</u>	<u>(55,737)</u>
Total other sources, net	<u>173,781</u>	<u>-</u>	<u>173,781</u>
Excess for the year	1,408,469	555,007	<u>853,462</u>
Fund balance, beginning of year	<u>3,439,690</u>	<u>2,884,683</u>	
Fund balance, end of year	<u>\$ 4,848,159</u>	<u>\$ 3,439,690</u>	

General Fund - Budgetary Highlights

The City's budget is prepared in accordance with New York State law and is based upon the modified accrual basis of accounting. The most significant budgeted fund is the General Fund.

For 2019, the City appropriated \$0 of its 2018 fund balance. During 2019, actual revenues totaled \$36,957,261 compared to a final revenue budget of \$36,350,461, a favorable variance of \$606,800. During 2019, actual expenditures totaled \$35,722,573 compared to a final expenditure budget of \$36,350,461, a favorable variance of \$627,888. Other sources totaled \$173,781 compared to a final budget of \$0, a favorable variance of \$173,781. As a result, the City's fund balance as of December 31, 2019 was \$1,408,469 higher than budgeted.

The 2019 General Fund final expenditure budget totaled \$36,350,461 compared to a 2018 final expenditure budget of \$35,840,573. The 2019 final expenditure budget included a net supplementary increase of \$352,499 from the original approved budget. The net supplementary increase is detailed in Note 9 to the basic financial statements. Other appropriations required changes in functional categories due to spending patterns.

A detailed budgetary comparison to actual for the General Fund is provided on page 57.

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

THE CITY'S GOVERNMENTAL FUNDS (Cont'd)

Capital Projects Fund

The change in the City's Capital Projects fund balance for the years ended December 31, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<i>Revenues and Other Sources:</i>			
General fund appropriations	\$ 1,517,485	\$ 1,198,318	\$ 319,167
Sale of property/compensation for loss	98,025	1,123,710	(1,025,685)
State aid	25,000	552,070	(527,070)
Other revenue	333,728	59,877	273,851
Total revenues	<u>1,974,238</u>	<u>2,933,975</u>	<u>(959,737)</u>
<i>Expenditures and Other Uses:</i>			
Capital outlays	<u>2,074,443</u>	<u>4,020,736</u>	<u>(1,946,293)</u>
Total expenditures	<u>2,074,443</u>	<u>4,020,736</u>	<u>(1,946,293)</u>
Deficiency for the year	(100,205)	(1,086,761)	<u>986,556</u>
Fund balance, beginning of year	<u>444,281</u>	<u>1,531,042</u>	
Fund balance, end of year	<u>\$ 344,076</u>	<u>\$ 444,281</u>	

The Capital Projects Fund included capital outlay expenditures of \$2,074,443 and \$4,020,736 for the years ended December 31, 2019 and 2018, respectively. Capital outlay expenditures were comprised of the following:

	<u>2019</u>	<u>2018</u>
Street resurfacing, construction, curb, gutter, sidewalks, LED lighting	\$ 1,311,935	\$ 1,088,318
Equipment and vehicles	86,679	47,875
Storm Sewers and Sidewalks	100,000	317,769
Building improvements	514,421	2,519,465
Other expenditures not capitalized	<u>61,408</u>	<u>47,309</u>
	<u>\$ 2,074,443</u>	<u>\$ 4,020,736</u>

Special Revenue Fund

The Special Revenue Fund of the City is comprised of the following: 1) Department of Development operations, 2) City's Special Revenue Fund which accounts for Federal and State grant revenues and expenditures.

The change in the Special Revenue fund balance for the years ended December 31, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<i>Revenues and Other Sources:</i>			
Departmental income	\$ 360,293	\$ 340,649	\$ 19,644
Use of money and property	40,837	29,321	11,516
Interfund revenues	410,000	405,000	5,000
Federal aid	2,081,521	1,005,277	1,076,244
State aid	1,056,206	1,198,850	(142,644)
Other revenue	400,621	1,120,058	(719,437)
Total revenues	<u>4,349,478</u>	<u>4,099,155</u>	<u>250,323</u>

**City of Jamestown, New York
Management's Discussion and Analysis (Cont'd)**

Special Revenue Fund (Cont'd)

	<u>2019</u>	<u>2018</u>	Increase (Decrease)
<i>Expenditures and Other Uses:</i>			
General government support	\$ 917,816	\$ 906,352	\$ 11,464
Public safety	270,604	199,860	70,744
Home and community/economic development	2,677,706	1,596,335	1,081,371
Capital outlays	<u>590,260</u>	<u>1,562,084</u>	<u>(971,824)</u>
Total expenditures	<u>4,456,386</u>	<u>4,264,631</u>	<u>191,755</u>
Deficiency for the year	(106,908)	(165,476)	<u>58,568</u>
Fund balance, beginning of year	<u>4,023,684</u>	<u>4,189,160</u>	
Fund balance, end of year	<u>\$ 3,916,776</u>	<u>\$ 4,023,684</u>	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the 2019 budget, tax rates, and fees that will be charged for activities. These factors include the pursuit of additional state aid and a reduction in costs for the self-funded health insurance plan via a buy-out for retired participants, which is currently awaiting approval by New York State. Full value of the property in the City totaled \$671,197,633 as of December 31, 2019. This valuation is projected to be relatively consistent for 2020. The City, along with other municipalities in New York State, is faced with many mandatory increases beyond the City's control. There is a mandatory increase in the NYS Employee Retirement System, NYS Police and Fire System, and medical and liability insurance. The City is also faced with the challenge of declining revenues and the constitutional tax limit. These current indicators are consistent with those used when adopting the General Fund Budget for 2019. The City did not allocate any of its unassigned fund balance of \$3,801,789 towards the 2020 budget.

Other Post Employment Benefits (OPEB)

The City provides post-employment benefit options for health care and dental insurance to eligible employees. As of December 31, 2019, the total OPEB liability, which is unfunded, totaled \$160,610,412 for governmental activities and \$8,819,654 for business-type activities.

Self-Insured Health and Dental Plan

The City maintains a self-insured health and dental care plan for its employees and retirees. The plan is administered by a third party administrator. As health care costs continue to rise, the City has made it a priority during contract negotiations with its various labor units, to negotiate increased employee and retiree contributions, co-pays and deductibles, and implementation of an employee wellness program.

NYS Employee Retirement System and NYS Police and Fire Retirement System

The net pension liability for the NYS Employee Retirement System included in governmental activities totaled \$1,763,982 and \$818,007 as of December 31, 2019 and 2018, respectively. The net pension liability included in governmental activities for NYS Police and Fire Retirement System totaled \$4,263,345 and \$2,559,946 as of December 31, 2019 and 2018, respectively. The net pension liability is a function of each of the Plans and is beyond the control of the City's elected and appointed officials.

Labor Negotiations

The City of Jamestown, New York maintains labor contracts with various collective bargaining units. The results of future labor contracts could have a significant impact on future operating budgets.

Constitutional Tax Limit

For 2019, the City was at 100% of its Constitutional Tax Limit, compared to 100% for 2018, and 100% for 2017.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, 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 any questions about this report, contact the Office of Comptroller at the City Hall, 200 East Third, Jamestown, New York, 14701, phone (716) 483-7538.

CITY OF JAMESTOWN, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>PRIMARY GOVERNMENT</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 7,958,084	\$ 14,907,643	\$ 22,865,727
Cash collateral - derivative	-	1,023,525	1,023,525
Investments, including restricted investments of \$5,597,266	-	8,821,011	8,821,011
Receivables:			
State, federal, and local governments	3,456,177	-	3,456,177
Accounts and other, net of allowance	952,125	7,714,147	8,666,272
Loans, net of allowance	1,142,307	258,213	1,400,520
Interest	-	32,332	32,332
Prepaid pension	704,578	-	704,578
Prepaid expenses and deposits	267,379	2,970,292	3,237,671
Property acquired for taxes and held for sale	22,095	-	22,095
Inventories	88,487	988,679	1,077,166
Other current and accrued assets	-	100,933	100,933
Charges for future benefits	-	1,067,875	1,067,875
Non-utility property	-	537,087	537,087
Capital assets:			
Land and construction in progress	1,207,755	3,994,999	5,202,754
Other capital assets, net of depreciation	<u>45,609,614</u>	<u>133,723,268</u>	<u>179,332,882</u>
Total assets	<u>61,408,601</u>	<u>176,140,004</u>	<u>237,548,605</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	5,572,201	2,087,200	7,659,401
Deferred outflows - OPEB	<u>27,069,782</u>	<u>863,074</u>	<u>27,932,856</u>
Total deferred outflows of resources	<u>32,641,983</u>	<u>2,950,274</u>	<u>35,592,257</u>
LIABILITIES			
Accounts payable and accrued liabilities	4,582,795	5,758,336	10,341,131
Consumer deposits	-	368,139	368,139
Bond anticipation note payable	-	1,200,000	1,200,000
Unearned revenue - taxes and other	2,717	-	2,717
<i>Non current liabilities:</i>			
Due within one year	1,484,191	421,699	1,905,890
Due in more than one year	12,951,415	3,093,039	16,044,454
<i>Other noncurrent liabilities:</i>			
Total OPEB liability	160,610,412	8,819,654	169,430,066
Net pension liability - PFRS	4,263,345	-	4,263,345
Net pension liability - ERS	1,763,982	2,476,007	4,239,989
Economic development	-	<u>1,531,438</u>	<u>1,531,438</u>
Total liabilities	<u>185,658,857</u>	<u>23,668,312</u>	<u>209,327,169</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	2,506,862	978,557	3,485,419
Deferred inflows - OPEB	33,646,822	653,925	34,300,747
Deferred inflows - debt	-	6,099	6,099
Total deferred inflows of resources	<u>36,153,684</u>	<u>1,638,581</u>	<u>37,792,265</u>
NET POSITION			
Net investment in capital assets	34,688,225	133,003,529	167,691,754
<i>Restricted for:</i>			
Economic development	4,810,033	-	4,810,033
Capital expenditures	344,076	-	344,076
Plant dismantling	-	2,249,023	2,249,023
Overhaul	-	1,816,805	1,816,805
Energy conservation	-	184,746	184,746
Unrestricted	<u>(167,604,291)</u>	<u>16,529,282</u>	<u>(151,075,009)</u>
Total net position	<u>\$(127,761,957)</u>	<u>\$153,783,385</u>	<u>\$ 26,021,428</u>

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

CITY OF JAMESTOWN, NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>
Primary Government:							
Governmental activities:							
General government support	\$ 5,418,198	\$ 796,050	\$ 287,045	\$ 25,000	\$ (4,310,103)	\$ -	\$ (4,310,103)
Public safety	11,826,963	642,449	129,785	-	(11,054,729)	-	(11,054,729)
Public improvements and projects	61,408	-	-	-	(61,408)	-	(61,408)
Streets	5,233,031	54,781	203,439	1,783,778	(3,191,033)	-	(3,191,033)
Culture and recreation	1,719,024	-	-	-	(1,719,024)	-	(1,719,024)
Home and community/development	3,233,533	545,679	2,433,311	279,001	24,458	-	24,458
Employee benefits	8,270,582	-	-	-	(8,270,582)	-	(8,270,582)
Debt service	508,884	-	-	-	(508,884)	-	(508,884)
Total Governmental activities	<u>36,271,623</u>	<u>2,038,959</u>	<u>3,053,580</u>	<u>2,087,779</u>	<u>(29,091,305)</u>	<u>-</u>	<u>(29,091,305)</u>
Business-type activities:							
Board of Public Utilities	51,512,865	56,138,560	-	746,676	-	5,372,371	5,372,371
Total Business-type activities	<u>51,512,865</u>	<u>56,138,560</u>	<u>-</u>	<u>746,676</u>	<u>-</u>	<u>5,372,371</u>	<u>5,372,371</u>
Total Primary Government	<u>\$ 87,784,488</u>	<u>\$ 58,177,519</u>	<u>\$ 3,053,580</u>	<u>\$ 2,834,455</u>	<u>(29,091,305)</u>	<u>5,372,371</u>	<u>(23,718,934)</u>
General Revenues:							
Property taxes for general purposes					\$ 16,009,693	\$ -	\$ 16,009,693
Sales taxes for general purposes					6,715,250	-	6,715,250
State aid not restricted to specific purpose					5,732,076	-	5,732,076
City's Board of Public Utilities - Payment in lieu of taxes					4,022,589	-	4,022,589
Franchise fees and Utilities gross receipts					505,456	-	505,456
Other unclassified revenue					454,197	-	454,197
Other tax items					316,488	-	316,488
Refund of prior year expenditures					23,274	-	23,274
Investment earnings					122,064	286,009	408,073
Total general revenues					<u>33,901,087</u>	<u>286,009</u>	<u>34,187,096</u>
Change in net position					4,809,782	5,658,380	10,468,162
Net position, beginning of year					<u>(132,571,739)</u>	<u>148,125,005</u>	<u>15,553,266</u>
Net position, end of year					<u>\$(127,761,957)</u>	<u>\$153,783,385</u>	<u>\$ 26,021,428</u>

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

**CITY OF JAMESTOWN, NEW YORK
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 4,295,792	\$ 526,710	\$ 3,135,582	\$ 7,958,084
Amounts held in custody - health care deposit	173,600	-	-	173,600
Receivables:				
State, Federal, and Local Governments	2,978,550	-	477,627	3,456,177
Other	715,148	236,935	42	952,125
Loans, net of allowance of \$500,000 for loan loss	-	-	1,142,307	1,142,307
Prepaid expenses:				
Retirement plans	704,578	-	-	704,578
Insurance	79,705	-	14,074	93,779
Property acquired for taxes and held for sale, net	3,452	-	18,643	22,095
Due from other funds	-	279,359	21,758	301,117
Inventories	88,487	-	-	88,487
Total assets	<u>9,039,312</u>	<u>1,043,004</u>	<u>4,810,033</u>	<u>14,892,349</u>
LIABILITIES:				
Payables:				
Accounts	807,926	601,829	-	1,409,755
Other	49,270	97,099	-	146,369
Accrued liabilities	2,670,986	-	-	2,670,986
Accrued health care claims	281,823	-	-	281,823
Retiree health insurance premiums received in advance	73,862	-	-	73,862
Due to other funds	301,117	-	-	301,117
Unearned revenue:				
Federal grants	-	-	271,667	271,667
Restricted grants	-	-	477,473	477,473
Property taxes	3,452	-	-	3,452
Other	2,717	-	144,117	146,834
Total liabilities	<u>4,191,153</u>	<u>698,928</u>	<u>893,257</u>	<u>5,783,338</u>
FUND BALANCES:				
Non spendable	1,046,370	-	-	1,046,370
Restricted:				
Economic development	-	-	3,916,776	3,916,776
Capital expenditures	-	344,076	-	344,076
Unassigned	3,801,789	-	-	3,801,789
Total fund balances	<u>\$ 4,848,159</u>	<u>\$ 344,076</u>	<u>\$ 3,916,776</u>	<u>\$ 9,109,011</u>

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

CITY OF JAMESTOWN, NEW YORK

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position**

YEAR ENDED DECEMBER 31, 2019

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

Total fund balance - governmental funds		\$ 9,109,011
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$97,971,448 and the accumulated depreciation is \$51,154,079.		46,817,369
Long term liabilities, including general obligation bonds, retirement system notes payable, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		(14,410,388)
Governmental funds report bond issuance costs as expenditures and bond premiums received as revenues. However, in the statement of activities, bond issuance costs and bond premiums are capitalized and allocated over the life of the issued bonds. This is the amount by which the unamortized bond premium of \$202,364 exceeded unamortized bond issuance costs of \$177,146.		(25,218)
Grants and other receipts restricted for a specific purpose are classified as unearned revenue deferred in the governmental funds until the restriction is met. The government-wide financial statements recognize restricted grants and other receipts restricted for a specific purpose when received.		893,257
Property tax revenue is recognized in the period for which levied rather than when available. The governmental funds defer that amount which is not currently available.		3,452
The total OPEB liability is not due and payable in the current period and therefore is not recognized as a liability in the Governmental funds.		(160,610,412)
Governmental funds do not recognize deferred outflows or inflows for the total OPEB liability:		
<i>Deferred Outflows of Resources:</i>		
Deferred outflows - OPEB	27,069,782	
<i>Deferred Inflows of Resources:</i>		
Deferred inflows - OPEB	<u>(33,646,822)</u>	(6,577,040)
Governmental funds do not recognize deferred outflows or inflows for the ERS and PFRS retirement systems:		
<i>Deferred Outflows of Resources:</i>		
Deferred outflows - pension	5,572,201	
<i>Deferred Inflows of Resources:</i>		
Deferred inflows - pension	<u>(2,506,862)</u>	3,065,339
The net pension liability for the ERS and PFRS is not due and payable in the current period and therefore is not recognized as a liability in the Governmental funds.		
<i>Net Pension Liability - ERS</i>	(1,763,982)	
<i>PFRS</i>	<u>(4,263,345)</u>	<u>(6,027,327)</u>
Total net position - governmental activities		<u>\$(127,761,957)</u>

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

CITY OF JAMESTOWN, NEW YORK
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues:				
Real property taxes	\$16,009,693	\$ -	\$ -	\$16,009,693
Real property tax items	316,488	-	-	316,488
Non-property tax items	7,324,403	-	-	7,324,403
Departmental income	865,876	-	360,293	1,226,169
Intergovernmental charges	233,649	-	-	233,649
Use of money and property	81,227	-	40,837	122,064
Licenses and permits	231,105	-	-	231,105
Fines and forfeitures	58,953	-	-	58,953
Sale of property/compensation for loss	1,000	98,025	-	99,025
Other unclassified revenue	52,009	333,728	400,621	786,358
Board of Public Utilities - Payment in lieu of taxes	4,022,589	-	-	4,022,589
Refund of prior year expenditures	23,274	-	-	23,274
State aid	7,736,995	25,000	1,056,206	8,818,201
Federal aid	-	-	2,081,521	2,081,521
Interfund revenues	-	1,517,485	410,000	1,927,485
Total revenues	<u>36,957,261</u>	<u>1,974,238</u>	<u>4,349,478</u>	<u>43,280,977</u>
Expenditures:				
General government support	3,936,577	-	917,816	4,854,393
Public safety	11,335,793	-	270,604	11,606,397
Streets	4,176,501	-	-	4,176,501
Culture and recreation	1,890,250	-	-	1,890,250
Home and community and economic development	864,131	-	2,677,706	3,541,837
Capital outlays	1,517,485	2,074,443	590,260	4,182,188
Employee benefits	10,122,443	-	-	10,122,443
Debt service - principal	1,379,372	-	-	1,379,372
Debt service - interest	500,021	-	-	500,021
Total expenditures	<u>35,722,573</u>	<u>2,074,443</u>	<u>4,456,386</u>	<u>42,253,402</u>
Excess (deficiency) revenues over expenditures	1,234,688	(100,205)	(106,908)	1,027,575
Other Sources (Uses):				
Premium received from issuance of refunding bond	229,518	-	-	229,518
Refunding bond issuance costs	<u>(55,737)</u>	<u>-</u>	<u>-</u>	<u>(55,737)</u>
Total other sources (uses)	<u>173,781</u>	<u>-</u>	<u>-</u>	<u>173,781</u>
Net Change in fund balances	1,408,469	(100,205)	(106,908)	1,201,356
Fund balances, beginning of year	<u>3,439,690</u>	<u>444,281</u>	<u>4,023,684</u>	<u>7,907,655</u>
Fund balances, end of year	<u>\$ 4,848,159</u>	<u>\$ 344,076</u>	<u>\$ 3,916,776</u>	<u>\$ 9,109,011</u>

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

CITY OF JAMESTOWN, NEW YORK

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities**

**Governmental Funds
YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds \$ 1,201,356

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$3,806,814 exceeded depreciation expense of \$2,971,832 in the current year. 834,982

Governmental funds report bond issuance costs as expenditures and bond premiums received as revenues. However, in the statement of activities, bond issuance costs and bond premiums are allocated over the life of the issued bonds. This is the amount by which the accretion of bond premiums of \$28,424 exceeded the amortization of bond issuance costs of \$27,057 in the current year. 1,367

Governmental funds recognize OPEB expense when paid. The government-wide financial statements include the provisions of GASB No. 75. This amount represents the net effect of OPEB expenses. 2,535,268

Governmental funds recognized the net decrease in the liability for compensated absences as an expenditure. The government-wide financial statements recognize the net decrease in the liability for compensated absences as a reduction in the liability. 126,910

Governmental funds report bond and other debt proceeds as other financing sources while repayment of principal is reported as an expenditure. The net effect of these differences in the treatment of bond and other debt proceeds as well as the payment of principal is as follows:

<i>Proceeds from issuance of debt:</i>		
2019 Refunding Serial Bonds	(2,168,366)	
Premium received	(229,518)	
Cost of issuance	55,737	
<i>Principal payments:</i>		
General obligation bonds	3,458,978	
Notes payable - Board of Public Utilities	88,760	
Notes payable - NYS Police and Fire Retirement System	<u>50,016</u>	1,255,607

Governmental funds defer grants and other receipts designated for a specific purpose until the restriction is met. The government-wide financial statements recognize grants and other receipts designated for specific purpose when received. (272,087)

The government-wide financial statements recognize the gain (loss) from the disposition of fixed assets based upon proceeds from the sale less accumulated depreciation. (3,058)

Governmental funds recognize retirement plan contributions when paid. The government-wide financial statements include the provisions of GASB No. 68. The net effect of these differences in the treatment of retirement plan expense follows:

NYS Employee Retirement System and NYS Police and Fire Retirement System (870,563)

Change in net position of governmental activities **\$ 4,809,782**

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

**CITY OF JAMESTOWN, NEW YORK
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
DECEMBER 31, 2019**

**Business-type Activities
 Enterprise Fund
Board of Public Utilities**

ASSETS:

Current assets:

Cash and cash equivalents	\$ 14,907,643
Cash collateral - derivative	1,023,525
Investments	3,223,745
Interest receivable	32,332
Accounts receivable:	
Accounts, net of allowance of \$731,017	7,391,250
Affiliates	322,897
Inventories, at average cost	988,679
Prepaid items	2,970,292
Other current and accrued assets	<u>100,933</u>
Total current assets	<u>30,961,296</u>

Other assets:

Investments - restricted	5,597,266
Notes receivable from City of Jamestown, New York's General Fund	199,538
Notes receivable - other	58,675
Non-utility property	<u>537,087</u>
Total other assets	<u>6,392,566</u>

Property and equipment, less accumulated depreciation 137,718,267

Charges for future benefits 1,067,875

Total assets 176,140,004

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows - pension	2,087,200
Deferred outflows - OPEB	<u>863,074</u>
Total deferred outflows of resources	<u>2,950,274</u>

CITY OF JAMESTOWN, NEW YORK
 PROPRIETARY FUND
 STATEMENT OF NET POSITION (Cont'd)
DECEMBER 31, 2019

	Business-type Activities Enterprise Fund <u>Board of Public Utilities</u>
LIABILITIES:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 5,758,336
Consumer deposits	368,139
Bond anticipation note payable	1,200,000
Current maturities of long-term debt	<u>421,699</u>
Total current liabilities	<u>7,748,174</u>
Non-current liabilities:	
Long term debt, less current maturities	3,093,039
Total OPEB liability	8,819,654
Economic development	1,531,438
Net pension liability	<u>2,476,007</u>
Total non-current liabilities	<u>15,920,138</u>
Total liabilities	<u>23,668,312</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows - pension	978,557
Deferred inflows - OPEB	653,925
Deferred inflows - Debt	<u>6,099</u>
Total deferred inflows of resources	<u>1,638,581</u>
NET POSITION	
Net investment in capital assets	133,003,529
Restricted for:	
Plant dismantling	2,249,023
Overhaul	1,816,805
Energy conservation	184,746
Unrestricted	<u>16,529,282</u>
Total net position	<u>\$153,783,385</u>

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

**CITY OF JAMESTOWN, NEW YORK
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019**

	Business-type Activities Enterprise Fund <u>Board of Public Utilities</u>
Operating Revenues	<u>\$ 56,138,560</u>
Operating Expenses:	
Operations	28,622,521
Depreciation and amortization	7,323,436
Administrative and general	6,794,406
Payments in lieu of taxes to primary government	4,022,589
Taxes	2,667,185
Consumer accounts	1,238,737
Repairs and maintenance	<u>743,017</u>
Total operating expenses	<u>51,411,891</u>
Operating Income	<u>4,726,669</u>
Non-operating Revenue (Expense):	
Grant revenue	746,676
Interest income	286,009
Change in fair value of investments	129,873
Gain on disposal of fixed assets	14,000
Interest expense	(197,766)
Refunding bond issuance costs	<u>(47,081)</u>
Total non-operating revenue (expense), net	<u>931,711</u>
Change in net position	5,658,380
Net position, beginning of year	<u>148,125,005</u>
Net position, end of year	<u>\$153,783,385</u>

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

**CITY OF JAMESTOWN, NEW YORK
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2019

	Business-type Activities Enterprise Fund Board of Public Utilities
Cash Flows from Operating Activities:	
Cash received from customers	\$ 56,075,094
Cash paid to suppliers and employees	(37,978,105)
Cash paid for taxes and payments in lieu of taxes	(6,689,774)
Net cash provided by operating activities	<u>11,407,215</u>
Cash Flows from Noncapital Financing Activities:	
Loan principal payments received from City of Jamestown, NY	88,760
Net cash provided by noncapital financing activities	<u>88,760</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(9,240,867)
Principal payments on long-term debt	(3,144,004)
Interest paid on long-term debt	(213,038)
Principal payment on bond anticipation note	(400,000)
Refunding bond issuance costs	(47,081)
Proceeds from grant funding	746,676
Proceeds from asset disposition	14,000
Net cash used in capital and related financing activities	<u>(12,284,314)</u>
Cash Flows from Investing Activities:	
Proceeds from sale of investments	5,713,149
Interest income	237,323
Cash received from premium purchase of investments	42,921
Change in cash collateral - derivative	98,368
Net cash provided by investing activities	<u>6,091,761</u>
Net decrease in cash and cash equivalents	5,303,422
Cash and cash equivalents, beginning of year	<u>9,604,221</u>
Cash and cash equivalents, end of year	<u>\$ 14,907,643</u>
Reconciliation of change in net position to net cash provided by operating activities:	
Operating income	\$ 4,726,669
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation and amortization	7,323,436
<i>Change in operating assets and liabilities:</i>	
Accounts receivable	(39,811)
Inventories	117,938
Prepaid items	301,517
Charges for future benefits	(98,983)
Other current and accrued assets	(11,541)
Deposits and prepayments	13,796
Accounts payable	(192,018)
Other current and accrued liabilities	437,644
Consumer deposits	(37,451)
Miscellaneous operating reserves	66,170
Pension liability	1,301,962
OPEB Liability	(1,523,705)
Deferred outflows - Pension	1,842,565
Deferred outflows - OPEB	(380,820)
Deferred inflows - Pension	(2,948,487)
Deferred inflows - OPEB	508,334
Net cash provided by operating activities	<u>\$ 11,407,215</u>

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

**CITY OF JAMESTOWN, NEW YORK
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

DECEMBER 31, 2019

	<u>Agency Funds</u>	<u>Recreation Department Trust Funds</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 24,837	\$ 14,941	\$ 39,778
Total assets	<u>24,837</u>	<u>14,941</u>	<u>39,778</u>
Liabilities			
Other liabilities	690	-	690
Amounts held in custody for others	<u>24,147</u>	<u>-</u>	<u>24,147</u>
Total liabilities	<u>24,837</u>	<u>-</u>	<u>24,837</u>
Net Position			
Net position held in trust	<u>-</u>	<u>14,941</u>	<u>14,941</u>
Total net position	<u>\$ -</u>	<u>\$ 14,941</u>	<u>\$ 14,941</u>

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

**CITY OF JAMESTOWN, NEW YORK
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

YEAR ENDED DECEMBER 31, 2019

	<u>Recreation Department Trust Funds</u>
Additions:	
Special event revenue and entry fees	\$ 18,038
Total additions	<u>18,038</u>
Deductions:	
Culture and recreation	<u>18,898</u>
Total deductions	<u>18,898</u>
Change in net position	(860)
Net position:	
Beginning of Year	<u>15,801</u>
End of Year	<u>\$ 14,941</u>

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

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Jamestown, New York have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

The City of Jamestown, New York, which was established in 1886, is governed by City Law and other general laws of the State of New York and various local laws. The City Council is the legislative body responsible for overall operations and the Mayor serves as chief fiscal officer. The City is located in the County of Chautauqua, New York.

The City provides the following basic services: general government support, police and fire protection, safety inspection, highway maintenance, recreation programs, water service, street lighting, garbage collection, electric and district heating services.

The decision to include a potential component unit in the City's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the City's reporting entity:

Board of Public Utilities

The Board of Public Utilities was established under Section 50 of the Jamestown City Charter to supply the Jamestown area, as well as other municipalities, with electricity, water, sewer, sanitation and district heating services. Under Section 55 B. of the Jamestown City Charter, it is the City Council's responsibility to provide for any deficiency in sinking fund requirements for all bonds outstanding. Under Section 57 of the Jamestown City Charter, the City Council is responsible for financial matters. Thus, the Board of Public Utilities is included in the reporting entity as a business-type activity.

Department of Development

The Department of Development was established to coordinate and carry out the directives and policies of planning, urban renewal, housing, improvement of the central business district and industrial development within the geographic boundaries of the City. The majority of the Board is comprised of City Council members, the Mayor and the Director of Finance. Financial activity for the Department of Development is included in the Special Revenue Fund in the accompanying basic financial statements.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. 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 of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 expense of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. 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 identifiable activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. 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 and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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 revenue 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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, early retirement and post-employment health care benefits, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

The City reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in other funds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and improvements to facilities, and procurement of equipment.
- The *special revenue fund* accounts for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditure for specified purposes.

The City reports the following major proprietary fund:

- The *Board of Public Utilities* is used to account for the operations of the Municipal Electric System, Municipal Water System, Municipal Waste Water System, Solid Waste Division, and District Heating Division.

Additionally, the City reports the following fund type:

- Fiduciary funds include *agency funds* and *expendable trust funds* which are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments.

Private-sector standards of accounting and financial reporting generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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 ongoing operations. The principal operating revenues of the Board of Public Utilities are charges to customers for sales and services. Operating expenses 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.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Governmental Fund Financial Statements

The City utilizes the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 defines terminology and classification of fund balance to reflect spending constraints on resources, rather than the availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: non spendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the City is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

Non spendable - Consists of assets inherently non spendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, and financial assets held for resale.

Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. The City's legally adopted reserves are reported here.

Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the City's highest level of decision making authority prior to the end of the fiscal year, which requires the same level of formal action to remove the said constraint.

Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the City's highest level of decision making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual of fund balance.

Unassigned - Represents the residual classification of the City's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from over spending amounts restricted, committed, or assigned for specific purposes.

The City has not adopted any resolutions to commit fund balance. The City's policy is to apply expenditures against non spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Assets, Liabilities and Net Position

Cash and Investments

The City pools cash resources of its various funds in order to facilitate the management of cash. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State statutes govern the City's investment policies. City monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The Director of Finance is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposits at 102% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Due to and Due from Other Funds

Interfund receivable and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Real Property Taxes

The City's real property taxes are levied annually on January 1, and are due January 31. In addition, the City collects real property taxes on behalf of the County of Chautauqua, New York. The City maintains a real property tax collection and enforcement agreement with the County of Chautauqua, New York. Pursuant to the terms of the agreement, on or about April 1 of each year, all City of Jamestown and County of Chautauqua taxes which remain unpaid are submitted to the County of Chautauqua, New York for collection and enforcement.

On April 1 of each year, the City is required to remit to the County all taxes collected by the City on behalf of the County minus any deficiency in the collection of City taxes up to 100% of the City's tax levy. The real property tax collection and enforcement agreement with the County of Chautauqua, New York guarantees the City 100% of its tax levy.

Real property taxes and similar items collected within 60 days following December 31 are recognized as revenue. Unearned revenues include real property taxes and similar items not collected within this period.

Inventories and Prepaid Items

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Certain payments for insurance and retirement reflect costs applicable to future accounting periods and are recorded as prepaid items.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Assets, Liabilities and Net Position (Cont'd)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Maintenance equipment	15
Land improvements	20
Infrastructure:	
Streets	20-40
Sidewalks	20-40
Storm sewers	50
Machinery and equipment:	
Furniture and furniture	10
Heavy equipment	15
Vehicles	5
Computers	5

Compensated Absences

Full time, permanent employees are granted vacation and sick leave in varying amounts based on length of service. Employees must use earned vacation time within twelve months from the date that vacation time is credited to their account (employee anniversary date). Sick leave is accumulated at the rate of one day per month of employment. Unused sick leave is accumulated by active employees. Unused accumulated sick leave is paid to employees who retire with ten or more years of continuous service, to a maximum of 200 days.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Assets, Liabilities and Net Position (Cont'd)

Compensated Absences (Cont'd)

Vested or accumulated general leave that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. The government-wide financial statements include a liability for compensated absences for employees who have attained age 55 and are participants in the NYS Employees Retirement System and employees with twenty years of service who are participants in the NYS Police and Fire Retirement System.

Vested or accumulated general leave attributable to employees of the proprietary fund's Board of Public Utilities is recorded as an expense and liability of that fund as the benefits accrue to employees.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

E. Post-employment Benefits

In addition to providing pension benefits, the City provides health and dental insurance coverage and survivor benefits for retired employees and their survivors. Retired employees and survivors are eligible for continued participation in the same health and dental insurance plans of the City as provided for active employees, provided that such retirees continue to pay to the City an amount equal to amounts paid towards health and dental insurance premiums as active employees are required to pay to participate in said health and dental insurance. Upon the death of an eligible retired employee, the spouse of such employee may continue to participate in the aforementioned health and dental insurance plans provided such spouse continues to pay the portion of premiums required to be paid by an active employee. The City recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

F. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then, The City only has one item that qualifies for reporting in this category. This is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability and the difference during the measurement period between the City's contributions and its proportional share of total contributions to the pension systems not included in pension expense. Lastly, is the City's contributions to the pension systems subsequent to the measurement date. See details of deferred pension outflows in Note 6.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Deferred Inflows/Outflows of Resources (Cont'd)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City only has one item that qualifies for reporting in this category. This is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability and the difference during the measurement period between the City's contributions and its proportional share of total contributions to the pension systems not included in pension expense. See details of deferred pension outflows in Note 6.

G. Insurance

The City purchases insurance covering liability for most risks including, but not limited to, property damage, general liability, vehicle liability, workers' compensation and excess liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred, the amount of loss can be reasonably estimated and the estimated amount of loss exceeds insurance coverage.

In addition, the City acts as a self-insurer for health and dental insurance. The City maintained stop/loss insurance for claims which exceed the individual specific deductible of \$175,000. It is the City's policy to estimate the cost of claims outstanding at year end and record this amount as a liability.

H. Subsequent Events

On January 30, 2020, the World Health Organization declared the corona virus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the corona virus include restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. As a result of this event, economic uncertainties have arisen which could negatively impact future revenues. Other financial impacts could occur though such potential impacts are unknown and/or are not reasonably estimable at this time.

Management of the City of Jamestown, New York has evaluated events through June 15, 2020, which is the date the financial statements of the City of Jamestown, New York were available for issuance and have determined, with the exception related to the pandemic noted in the above paragraph, that there are no subsequent events that require disclosure under generally accepted accounting principles.

I. Budgets and Budgetary Accounting

Budget Policies

No later than September 30, the City Comptroller submits a tentative budget to the City for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds. After public hearings are conducted to obtain taxpayer comments, no later than December 1st, the City Council adopts the budget. All modifications of the budget must be approved by the City Council.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Budgets and Budgetary Accounting (Cont'd)

Budgetary Control

The appropriated budget for each fund is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Budgetary control over individual capital projects is provided by City Council approval of bond authorizations and provisions of bond indebtedness.

J. Accounting Pronouncements

During the year ended December 31, 2019, the City of Jamestown, New York evaluated the provisions of GASB No. 83, *Certain Assets Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, and Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and 61*, which became effective for the year ended December 31, 2019. The City of Jamestown, New York determined that these Statements have no significant impact on the City of Jamestown, New York's financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits and Investments

Deposits and investments are valued at cost and are categorized as either (1) insured or collateralized with securities held by the City or its agent in the City's name, (2) collateralized with securities held by the pledging financial institution's trust department or agency in the City's name; or (3) uncollateralized; this includes any bank balance that is collateralized with securities held by the pledging financial institution, its trust department, or agent but not in the City's name. Deposits and investments at year end were entirely covered by Federal Depository Insurance and collateralized with securities held by the pledging financial institutions's trust department in City's name.

Carrying amounts of deposits	\$ 22,905,505
Less Fiduciary Funds cash and equivalents	<u>(39,778)</u>
Total cash and equivalents - Government-wide Statement of Net Position	<u>\$ 22,865,727</u>
Governmental activities	\$ 7,958,084
Business-type activities	<u>14,907,643</u>
	<u>\$ 22,865,727</u>

The City's financial institution (bank) balances at December 31, 2019 were fully FDIC insured and/or collateralized.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CONSTITUTIONAL TAX MARGIN AND LIMIT

Constitutional Tax Margin

The City's constitutional tax margin for the year ended December 31, 2019 was computed as follows:

Five-year Average Full Valuation of Taxable Real Estate (2014-2018) \$667,360,598

Constitutional Tax limit

2% of Five-year Average Full Valuation of Taxable Real Estate \$ 13,347,212

2019 Tax Levy less Statutory Exclusions

Total tax levy for 2019 \$ 16,011,982

Statutory Exclusions from Constitutional Tax Limit:

Debt service for General Obligation Bonds (1,618,819)

Budgetary appropriations for capital expenditures (1,045,951)

Total statutory exclusions (2,664,770)

Tax levy subject to constitutional tax limit \$ 13,347,212

Constitutional tax margin \$ 0

Constitutional Tax Limit

For 2019 the City's tax levy (subject to the constitutional tax limit) totaled \$13,347,212 which was 100.00% of its constitutional tax limit of \$13,347,212.

Property Tax Cap

On June 24, 2011, the property tax cap was signed into law (see Chapter 97 of the NYS Laws of 2011). The tax cap law establishes a limit on the annual growth of property taxes levied by local governments to two percent or the rate of inflation, whichever is less. There are limited, narrow exclusions to the tax cap, including significant judgements arising out of tort actions and unusually large year-to-year increases in pension contribution rates. The tax cap applied to fiscal years beginning in 2012.

The City's property tax cap for 2019 was \$16,481,747. Subdivision 5 of General Municipal Law Section 3-c, expressly authorizes a local government's governing body to override the property tax cap for the coming fiscal year by the adoption of a local law approved by a vote of sixty percent (60%) of said governing body.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 follows:

Governmental Activities

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,207,755	\$ -	\$ -	\$ 1,207,755
<i>Total capital assets not being depreciated</i>	<u>1,207,755</u>	<u>-</u>	<u>-</u>	<u>1,207,755</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	41,186,980	2,634,806	-	43,821,786
Buildings and structures	30,350,286	648,022	-	30,998,308
Equipment	18,254,390	346,092	(38,800)	18,561,682
Vehicles	3,228,747	186,424	(33,254)	3,381,917
<i>Total capital assets being depreciated</i>	<u>93,020,403</u>	<u>3,815,344</u>	<u>(72,054)</u>	<u>96,763,693</u>
<i>Less accumulated depreciation:</i>				
Infrastructure	16,311,406	1,353,965	-	17,665,371
Buildings and structures	14,819,212	716,444	-	15,535,656
Equipment	14,304,605	741,210	(38,800)	15,007,015
Vehicles	2,807,490	160,213	(21,666)	2,946,037
<i>Total accumulated depreciation</i>	<u>48,242,713</u>	<u>2,971,832</u>	<u>(60,466)</u>	<u>51,154,079</u>
<i>Total capital assets being depreciated, net</i>	<u>44,777,690</u>	<u>843,512</u>	<u>(11,588)</u>	<u>45,609,614</u>
Governmental activities capital assets, net	<u>\$45,985,445</u>	<u>\$ 843,512</u>	<u>\$ (11,588)</u>	<u>\$46,817,369</u>

Depreciation Expense

Capital assets are stated at cost. Depreciation expense is calculated utilizing the straight-line method.

Depreciation expense for the year ended December 31, 2019 is summarized as follows:

Governmental activities:

General support	\$ 635,477
Public safety	312,883
Streets	1,880,995
Culture and recreation	40,781
Home and Community	101,696
Total depreciation expense	<u>\$ 2,971,832</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS (Cont'd)

Business-type activities

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,904,077	\$ 12,000	\$ -	\$ 1,916,077
Construction in progress	915,622	4,206,671	(3,043,371)	2,078,922
<i>Total capital assets not being depreciated</i>	<u>2,819,699</u>	<u>4,218,671</u>	<u>(3,043,371)</u>	<u>3,994,999</u>
<i>Capital assets being depreciated:</i>				
Electric Division	166,966,353	4,748,640	(1,151,808)	170,563,185
Waste Water Division	46,969,745	1,442,047	(478)	48,411,314
Water Division	41,539,727	1,217,856	(53,187)	42,704,396
Solid Waste Division	3,632,323	46,925	(350,165)	3,329,083
District Heat Division	<u>11,770,053</u>	<u>19,236</u>	<u>-</u>	<u>11,789,289</u>
<i>Total capital assets being depreciated</i>	<u>270,878,201</u>	<u>7,474,704</u>	<u>(1,555,638)</u>	<u>276,797,267</u>
<i>Less accumulated depreciation:</i>				
Electric Division	76,398,572	5,399,805	(1,491,623)	80,306,754
Waste Water Division	31,226,005	899,038	-	32,125,043
Water Division	18,760,189	766,183	(1,987)	19,524,385
Solid Waste Division	1,955,366	318,060	(350,165)	1,923,261
District Heat Division	<u>8,966,932</u>	<u>227,624</u>	<u>-</u>	<u>9,194,556</u>
<i>Total accumulated depreciation</i>	<u>137,307,064</u>	<u>7,610,710</u>	<u>(1,843,775)</u>	<u>143,073,999</u>
<i>Total capital assets being depreciated, net</i>	<u>133,571,137</u>	<u>(136,006)</u>	<u>288,137</u>	<u>133,723,268</u>
Business-type activities capital assets, net	<u>\$136,390,836</u>	<u>\$ 4,082,665</u>	<u>\$ (2,755,234)</u>	<u>\$137,718,267</u>

Depreciation and Amortization Expense

Capital assets are stated at cost, which includes payroll and payroll related costs, transportation costs, and overhead. Depreciation of capital assets is computed using group composite straight-line rates. When capital assets are retired, the capitalized cost, together with the cost of removal less salvage value, if any, are charged to the accumulated depreciation.

Depreciation and amortization expense for the year ended December 31, 2019 was comprised of the following:

	<u>Depreciation Expense</u>	<u>Proceeds From Sale of Property</u>	<u>Depreciation expense allocated to various expense accounts</u>	<u>Total</u>
Business-type activities:				
Electric Division	\$ 5,112,531	\$ -	\$ 287,274	\$ 5,399,805
Waste Water Division	899,038	-	-	899,038
Water Division	766,183	-	-	766,183
Solid Waste Division	318,060	-	-	318,060
District Heat Division	<u>227,624</u>	<u>-</u>	<u>-</u>	<u>227,624</u>
Total depreciation expense	<u>\$ 7,323,436</u>	<u>\$ -</u>	<u>\$ 287,274</u>	<u>\$ 7,610,710</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT

Constitutional Debt Limit

As of December 31, 2019, the City's constitutional debt limit is computed as follows:

Five-year Average Full Valuation of Taxable Real Estate (2015-2019)	<u>\$671,197,633</u>
Constitutional debt limit - 7% of Five-year Average Full Valuation of Taxable Real Estate	\$ 46,983,834
Indebtedness subject to constitutional debt limit - Governmental activities	<u>11,904,388</u>
Net Debt Contracting Margin	<u>\$ 35,079,446</u>
 Percentage of Debt Contracting Power Exhausted	 <u>25.34%</u>

Summary of Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended December 31, 2019 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retired</u>	<u>End of Year</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$13,195,000	\$ 2,168,366	\$ (3,458,978)	\$11,904,388	\$ 1,125,464
Unamortized premium	1,267	229,518	(28,421)	202,364	37,111
Less debt issuance costs	<u>(148,463)</u>	<u>(55,737)</u>	<u>27,054</u>	<u>(177,146)</u>	<u>(24,409)</u>
	<u>13,047,804</u>	<u>2,342,147</u>	<u>(3,460,345)</u>	<u>11,929,606</u>	<u>1,138,166</u>
 <i>Notes payable:</i>					
Board of Public Utilities:					
Note payable - Electric Division	252,994	-	(82,659)	170,335	84,188
Note payable - District Heat Division	35,304	-	(6,101)	29,203	6,245
NYS Police/Fire Retirement System	<u>324,749</u>	<u>-</u>	<u>(50,016)</u>	<u>274,733</u>	<u>51,592</u>
	<u>613,047</u>	<u>-</u>	<u>(138,776)</u>	<u>474,271</u>	<u>142,025</u>
 Subtotal for bonds and notes	 13,660,851	 2,342,147	 (3,599,121)	 12,403,877	 1,280,191
Compensated absences	<u>2,158,639</u>	<u>-</u>	<u>(126,910)</u>	<u>2,031,729</u>	<u>204,000</u>
Total Governmental activities	<u>\$15,819,490</u>	<u>\$ 2,342,147</u>	<u>\$ (3,726,031)</u>	<u>\$14,435,606</u>	<u>\$ 1,484,191</u>
 <u>Business-type Activities:</u>					
General obligation bonds and notes	\$ 6,630,000	\$ 1,831,634	\$ (5,151,022)	\$ 3,310,612	\$ 399,536
Unamortized premium	<u>28,742</u>	<u>193,875</u>	<u>(18,491)</u>	<u>204,126</u>	<u>22,163</u>
	<u>6,658,742</u>	<u>2,025,509</u>	<u>(5,169,513)</u>	<u>3,514,738</u>	<u>421,699</u>
Bond anticipation notes	<u>1,600,000</u>	<u>1,200,000</u>	<u>(1,600,000)</u>	<u>1,200,000</u>	<u>1,200,000</u>
 Total Business-type activities	 <u>\$ 8,258,742</u>	 <u>\$ 3,225,509</u>	 <u>\$ (6,769,513)</u>	 <u>\$ 4,714,738</u>	 <u>\$ 1,621,699</u>

Governmental Activities - Unamortized Premium and Issuance Costs

	<u>Outstanding Principal</u>	<u>Unamortized Premium</u>	<u>Unamortized Issuance Costs</u>
2006 A and C Refunding Bonds	\$ 20,000	\$ 388	\$ -
2013 Public Improvement Bonds	4,200,000	-	(128,098)
2019 Refunding Improvement Bonds	<u>2,154,388</u>	<u>201,976</u>	<u>(49,048)</u>
	<u>\$ 6,374,388</u>	<u>\$ 202,364</u>	<u>\$ (177,146)</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (Cont'd)

Governmental Activities - Additional Debt Disclosures:

General Obligation Bonds

Description	Final Maturity	Interest Rate	Beginning of Year	Additions	Retired	End of Year
2006A Bond Refunding	2019	3.5%-4.50%	\$ 45,000	\$ -	\$ (45,000)	\$ -
2006C Bond Refunding	2020	3.5%-4.00%	45,000	-	(25,000)	20,000
2010A Public Improvement	2025	4.0%-4.25%	2,595,000	-	(2,595,000)	-
2011A Public Improvement	2026	3.5%-4.25%	2,470,000	-	(270,000)	2,200,000
2013 Public Improvement	2030	2.0%-4.00%	4,550,000	-	(350,000)	4,200,000
2015 Public Improvement	2035	2.25%-4.00%	3,490,000	-	(160,000)	3,330,000
2019 Bond Refunding	2025	5.0%	-	2,168,366	(13,978)	2,154,388
			<u>\$13,195,000</u>	<u>\$ 2,168,366</u>	<u>\$ (3,458,978)</u>	<u>\$11,904,388</u>

Notes Payable

As of December 31, 2019, notes payable were comprised of the following:

	Amount
Note payable to City of Jamestown, NY Board of Public Utilities-Electric Division, payable \$7,247 per month including interest at 2.0% through December 2021.	\$ 170,335
Note payable to City of Jamestown, NY Board of Public Utilities-District Heat Division, payable \$565 per month including interest at 2.0% through June 2024.	29,203
Note payable to New York State Police and Fire Retirement System, payable \$60,246 per year including interest at 3.15% through December 2024.	<u>274,733</u>
	<u>\$ 474,271</u>

Compensated absences

As explained in Note 1, compensated absences for employees who have attained age 55 and are participants in the NYS Employees Retirement System and employees with twenty years of service who are participants in the NYS Police and Fire Retirement System are included as a liability in the government-wide financial statements. The Governmental funds include as an expenditure, matured compensated absences which are payable to currently terminating employees.

Governmental-activities Debt Service Requirements

The annual debt service requirements to maturity for general obligation bonds and notes, as of December 31, 2019 are as follows:

Year	General Obligation Bonds		Other Notes		Total Principal and Interest		Unamortized Debt Issuance	
	Principal	Interest	Principal	Interest	Principal	Interest	Premium	Costs
2020	\$ 1,125,464	\$ 414,315	\$ 142,025	\$ 11,769	\$ 1,267,489	\$ 426,084	\$ 37,111	\$ (24,409)
2021	1,148,911	372,714	145,735	8,326	1,294,646	381,040	36,723	(20,567)
2022	1,194,057	328,685	61,393	5,596	1,255,450	334,281	36,723	(20,567)
2023	1,247,500	282,048	63,254	3,746	1,310,754	285,794	36,723	(20,567)
2024	1,282,456	234,075	61,864	1,902	1,344,320	235,977	36,723	(20,567)
2025-2029	4,281,000	592,472	-	-	4,281,000	592,472	18,361	(62,704)
2030-2034	1,365,000	141,801	-	-	1,365,000	141,801	-	(7,765)
2035	260,000	4,225	-	-	260,000	4,225	-	-
Totals	<u>\$11,904,388</u>	<u>\$ 2,370,335</u>	<u>\$ 474,271</u>	<u>\$ 31,339</u>	<u>\$12,378,659</u>	<u>\$ 2,401,674</u>	<u>\$ 202,364</u>	<u>\$ (177,146)</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT (Cont'd)

Current Refunding of Debt

During 2019, the City issued \$4,000,000 Public Improvement Bonds to refund the 2010 Series A Public Improvement Bonds included in the Governmental-activities and Business-type activities District Heat Division. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide for future debt service for the refunded bonds. As a result, the 2010 Series A Public Improvement Bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The allocation for the bond refunding follows:

	Governmental Activities	Business-type Activities
2019 Refunding Bonds Issued	\$ 2,168,366	\$1,831,634
Premium received	229,518	193,875
Issuance costs	(55,737)	(47,081)
Refunded bonds, 2010 Public Improvement Bonds - Series A	(2,342,147)	(1,978,428)

In addition, during 2019, the City's Business-type activities District Heat Division refunded the 2006 Improvement Bonds - Series D. The cost for the refunding totaled \$367,360 and the 2006 Improvement Bonds - Series D bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. .

Business-type Activities - Additional Debt Disclosures:

Bonds Payable	Final Maturity	Interest Rate	Beginning of Year	Additions	Retired	End of Year
<i>Electric:</i>						
2006 Bond Refunding	2019	4.85-5.00%	\$ 2,340,000	\$ -	\$ (2,340,000)	\$ -
2015 Bond Refunding	2025	4.125-5.00%	1,755,000	-	(270,000)	1,485,000
<i>District Heating:</i>						
2010A Improvement Bond	2030	4.00-4.50%	2,125,000	-	(2,125,000)	-
2006 Improvement Bond	2026	4.00-5.00%	410,000	-	(410,000)	-
2019 Refunding Bonds	2030	5.00%	-	1,831,634	(6,022)	1,825,612
			6,630,000	1,831,634	(5,151,022)	3,310,612
<i>Unamortized Premium</i>			28,742	193,875	(18,491)	204,126
			<u>\$ 6,658,742</u>	<u>\$ 2,025,509</u>	<u>\$ (5,169,513)</u>	<u>\$ 3,514,738</u>
Bond Anticipation Note						
Electric Division			<u>\$ 1,600,000</u>	<u>\$ 1,200,000</u>	<u>\$ (1,600,000)</u>	<u>\$ 1,200,000</u>

Business-type Activities Debt Service Requirements

The annual debt service requirements to maturity for business-type activities general obligation bonds as of December 31, 2019 are as follows:

Year	Principal	Unamortized Premium	Interest	Total
2020	\$ 399,536	\$ 22,163	\$ 106,336	\$ 528,035
2021	396,089	22,163	94,146	512,398
2022	400,943	22,163	81,745	504,851
2023	402,500	22,163	69,034	493,697
2024	402,544	22,164	55,826	480,534
2025-2029	1,114,000	89,638	113,337	1,316,975
2030	195,000	3,672	2,925	201,597
Totals	<u>\$ 3,310,612</u>	<u>\$ 204,126</u>	<u>\$ 523,349</u>	<u>\$ 4,038,087</u>

Bond Anticipation Notes

On March 6, 2019, the Electric Division issued a \$1,200,000 bond anticipation. The bond anticipation note is due March 5, 2020 with interest at 1.75%. Also, during 2019, the Electric Division repaid the \$1,600,000 bond anticipation note with interest at 1.93% that was originally issued March 7, 2018.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

1. PENSION PLANS

General Information

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Plan Descriptions

Employees Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Local Police and Fire Retirement System (PFRS)

The New York State and Local Police and Fire Retirement System provides retirement benefits as well as death and disability benefits. The New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to the New York State and Local Police and Fire Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policies

The Systems are non-contributory except for the following:

- Employees who joined the New York State and Local Employees Retirement System (ERS) after July 27, 1996 are required to contribute 3% of their gross earnings during their first ten years of employment.
- Effective January 1, 2010, Tier V employees of the (ERS) and (PFRS) are required to contribute 3% of their gross earnings for all years of public service. Effective March 16, 2012, Tier VI employees of the (ERS) and (PFRS) are required to contribute at rates ranging between 3% to 6% of their gross earnings. Applicable contribution rates are based upon various wage levels for all years of public service.

For the New York State and Local Employees Retirement System and the Local Police and Fire Retirement System, the State Comptroller shall certify annually the rates expressed as proportions of members payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

1. PENSION PLANS (Cont'd)

The City is required to contribute at an actuarially determined rate. The required and actual contributions for the current and two preceding years were:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>General Fund</u>	<u>Department Of</u>	<u>General Fund</u>	<u>Board of Public Utilities</u>
	<u>NYS and Local</u>	<u>Development</u>	<u>NYS and Local</u>	<u>NYS and Local</u>
	<u>Employees</u>	<u>Employees</u>	<u>Police and Fire</u>	<u>Employees</u>
2019	\$ 866,828	\$ 64,272	\$2,011,733	\$1,288,734
2018	\$ 883,096	\$ 65,624	\$1,981,420	\$1,347,223
2017	\$ 924,036	\$ 71,197	\$2,177,017	\$1,337,901

The City's contributions made to the Systems were equal to 100% of the contributions required for each year.

2. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2019, the City reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net asset (liability) was measured as of March 31, 2019. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation as of April 1, 2018. The City's portion of the net pension asset (liability) was based on a projection of the City's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the City.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	March 31, 2019	March 31, 2019
Net pension asset (liability)	\$(4,239,989)	\$(4,263,345)
City's portion of the Plan's total		
Net Pension Liability	0.0598420%	.2542150%
Change in proportion since prior measurement date	(.0018803)	.0009448

The ERS and PFRS net pension liability is recognized as follows:

	<u>ERS</u>	<u>PFRS</u>
Governmental Activities:		
City of Jamestown, New York	\$(1,665,165)	\$(4,263,345)
Jamestown Urban Renewal Agency	(98,817)	-
Business-type Activities	<u>(2,476,007)</u>	<u>-</u>
Net pension liability	<u>\$(4,239,989)</u>	<u>\$(4,263,345)</u>

The ERS and PFRS pension expense is recognized as follows:

	<u>ERS</u>	<u>PFRS</u>
Governmental Activities:		
City of Jamestown, New York	\$ 1,022,337	\$ 2,653,966
Jamestown Urban Renewal Agency	73,783	-
Business-type Activities	<u>1,499,395</u>	<u>-</u>
Pension expense	<u>\$ 2,595,515</u>	<u>\$ 2,653,966</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

2. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Cont'd)

Governmental Activities:

At December 31, 2019, the City's Governmental Activities reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 347,365	\$1,035,685	\$ 118,412	\$ 455,182
Changes in assumptions	443,393	1,548,987	-	-
Net difference between projected and actual investment earnings on plan investments	-	-	452,736	853,844
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,590	7,298	130,487	496,201
City's contributions subsequent to measurement date	<u>698,268</u>	<u>1,463,615</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,516,616</u>	<u>\$4,055,585</u>	<u>\$ 701,635</u>	<u>\$1,805,227</u>

Business-Type Activities:

At December 31, 2019, the City's Business-type Activities reported deferred outflows of resources and deferred inflows of resources related to pensions follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<u>ERS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 487,577	\$ 166,211
Changes in assumptions	622,368	-
Net difference between projected and actual investment earnings on plan investments	-	635,480
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,705	176,866
BPU's contributions subsequent to measurement date	<u>966,550</u>	<u>-</u>
Total	<u>\$2,087,200</u>	<u>\$ 978,557</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

2. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Cont'd)

Deferred outflows of resources related to pensions 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 December 31, 2019. The net amount of employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended March 31,</u>	<u>ERS</u>		<u>PFRS</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
2020	\$ 320,947	\$ 444,918	\$ 713,448
2021	\$ (377,598)	\$ (537,298)	\$ (294,248)
2022	\$ (54,904)	\$ (83,509)	\$ (94,933)
2023	\$ 228,268	\$ 317,982	\$ 407,425
2024	\$ -	\$ -	\$ 55,051

Actuarial Assumptions

The total pension liability as of March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.5%	2.5%
Salary increases	4.2%	5.0%
Investment rate of return	7.0%	7.0%
Cost of living adjustments	1.3%	1.3%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

2. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Cont'd)

Actuarial Assumptions (Cont'd)

The long-term rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rate of return (expected return, net of investment expenses and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major class included in the target asset allocation for the ERS and PFRS as of March 31, 2019 are summarized below:

<i>Asset type:</i>	<i><u>Target Asset Allocation</u></i>	<i><u>Long-term Expected Real Rate of Return</u></i>
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.55%
Absolute return strategy investments	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	(0.25%)
Inflation-indexed bonds	4.0%	1.25%
	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

2. PENSION LIABILITIES, PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Cont'd)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and PFRS, as well as what the City's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1% point lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount 7.0%	1% Increase 8.0%
<u>ERS</u>			
Employer's proportionate share of the Net pension asset (liability)	\$(18,537,910)	\$ (4,239,989)	\$ 7,771,278
<u>PFRS</u>			
Employer's proportionate share of the Net pension asset (liability)	\$(15,407,093)	\$ (4,263,345)	\$ 5,042,977

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2019 were as follows:

	<u>ERS</u> <u>(Dollars in Thousands)</u>	<u>PFRS</u> <u>(Dollars in Thousands)</u>
Employers' total pension liability	\$189,803,429	\$ 34,128,100
Plan net position	<u>182,718,124</u>	<u>32,451,037</u>
Employers' net pension liability	<u>\$ 7,085,305</u>	<u>\$ 1,677,063</u>
Ratio of Plan net position to the employers' total pension liability	<u>96.3%</u>	<u>95.1%</u>

Prepaid Pension Plan Expense

Employer contributions are paid annually based on the Systems fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2019 represent the employer contribution for the period January 1, 2020 through March 31, 2020 based upon paid wages multiplied by the employers' contribution rate by tier.

Prepaid retirement contributions as of December 31, 2019 were comprised of the following:

Governmental Activities:

ERS	\$ 216,706
PFRS	<u>487,872</u>
	<u>\$ 704,578</u>

Business-type Activities:

ERS	<u>\$ 322,184</u>
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CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

3. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSION

Plan Description

The City's provides post-employment benefit options for health care and dental insurance to eligible employees, terminated employees, and their dependents. The benefits are provided in accordance with City ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include years of service, employee age, and disability due to line of duty. The City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the City subsidizing the remaining costs. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by actions of the City Council for governmental activities and the Board for the Business-type activities, pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and members varies depending on the applicable agreement. The City currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

At December 31, 2019, the following employees were covered by the benefit terms:

	<u>Governmental</u> <u>Activities</u>	<u>Business type</u> <u>Activities</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	501	110	611
Inactive employees entitled to but not receiving benefit payments	-	-	-
Active employees	<u>212</u>	<u>109</u>	<u>321</u>
	<u>713</u>	<u>219</u>	<u>932</u>

The total OPEB liability of \$160,610,412 for Governmental activities and \$8,819,654 was measured as of September 30, 2019 and was determined by an interim actuarial valuation as of December 31, 2019. The total OPEB liability of \$8,819,654 for Business-type activities was measured as of January 1, 2019, and was determined by an interim actuarial valuation as of December 31, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.37%
Salary increases	3.37%
Discount rate	3.50%
Healthcare cost trends	6.20%
Retiree's share of benefit-related costs	17.00% - 60.00%

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

3. OTHER POST- EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSION (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The discount rate was based on the Fidelity Mutual General Obligation AA 20 year bond rate as of the measurement date.

Mortality rates for retirees and surviving spouses were based on the Adjusted RPH-2014 combined mortality, fully generational using Mortality Improvement Scale MP-2019.

Retirement and termination assumptions reflect general published tables based on large-scale retirement plan population data. The Plan's estimated termination and retirement experience is then analyzed, and the base table is adjusted accordingly as necessary. No formal experience study is prepared for this plan.

Changes in Total OPEB Liability

	Governmental <u>Activities</u>	Business type <u>Activities</u>	<u>Total</u>
Balance, January 1, 2018	<u>\$162,372,901</u>	<u>\$10,343,359</u>	<u>\$172,716,260</u>
<i>Changes for the year:</i>			
Service cost	3,648,426	264,231	3,912,657
Interest	6,208,896	378,734	6,587,630
Changes in benefit terms	(2,454,138)	(1,428,062)	(3,882,200)
Differences between expected and actual experience	(44,563,422)	(1,019,384)	(45,582,806)
Changes in assumptions or other inputs	39,306,906	999,733	40,306,639
Benefit payments	<u>(3,909,157)</u>	<u>(718,957)</u>	<u>(4,628,114)</u>
Net changes	<u>(1,762,489)</u>	<u>(1,523,705)</u>	<u>(3,286,194)</u>
Balance, December 31, 2019	<u>\$160,610,412</u>	<u>\$ 8,819,654</u>	<u>\$169,430,066</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.83% in 2018 to 2.75% in 2019, updated premium information, and changes in the Mortality Improvement Scale from MP-2018 to MP-2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% percentage point lower (1.75%) or 1% percentage point higher (3.75%) than the current discount rate.

	1% Decrease	Current Discount	1% Increase
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
<u>Governmental Activities</u>			
Total OPEB liability	<u>\$196,055,170</u>	<u>\$160,610,412</u>	<u>\$133,866,359</u>
<u>Business-type Activities</u>			
Total OPEB liability	<u>\$ 9,494,784</u>	<u>\$ 8,819,654</u>	<u>\$ 8,216,430</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

3. OTHER POST- EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSION (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% percentage point lower (4.20%) or 1% percentage point higher (6.20%) than the current discount rate.

	1% Decrease 4.20% to 3.18%	Healthcare Cost Trend Rate 5.20% to 4.18%	1% Increase 6.20% to 5.18%
<u>Governmental Activities</u>			
Total OPEB liability	<u>\$131,074,026</u>	<u>\$160,610,412</u>	<u>\$200,226,062</u>
<u>Business-type Activities</u>			
Total OPEB liability	<u>\$ 8,040,853</u>	<u>\$ 8,919,654</u>	<u>\$ 9,713,123</u>

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

For the year ended December 31, 2019, the City's Governmental activities recognized OPEB expense of \$1,373,889 and Business-type activities recognized OPEB expense of \$(664,293). At December 31, 2019 the City's Business-type activities reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ -	\$ 84,357	\$ 30,120,214	\$ 606,362
Changes in assumptions and other inputs	26,081,753	597,003	3,526,608	47,563
Contributions subsequent to measurement date	988,029	181,714	-	-
Total	<u>\$ 27,069,782</u>	<u>\$ 863,074</u>	<u>\$ 33,646,822</u>	<u>\$ 653,925</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Year ended December 31,</u>		
2020	\$(5,854,624)	\$ 28,598
2021	\$(1,710,445)	\$ (1,163)
Thereafter	\$ -	\$ -

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS (Cont'd)

3. OTHER POST- EMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSION (Cont'd)

Expected Cash Flows

An actuarial valuation under GASB No. 75 requires the projection of expected benefits to be paid over the lifetime of all active employees, retirees, and dependents covered under the plan. The following illustrates the next 10 years of future net employer costs for governmental activities expected in the valuation, based upon the closed group population as of the census date and the assumptions and methodologies disclosed in this footnote.

<u>Year ended December 31,</u>	
2020	\$ 3,795,000
2021	\$ 3,970,000
2022	\$ 4,123,000
2023	\$ 4,224,000
2024	\$ 4,491,000
2025	\$ 4,720,000
2026	\$ 4,954,000
2027	\$ 5,189,000
2028	\$ 5,355,000
2029	\$ 5,479,000
Thereafter	\$367,080,000

4. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by independent plan administrators through administrative service agreements. The Plan, available to all eligible City employees, permits employees to defer a portion of their salary until termination, retirement, death or unforeseeable emergency.

NOTE 7 - INTERFUND ACTIVITY OF GOVERNMENTAL FUNDS

The governmental funds include interfund balances and activity as of and for the year ended December 31, 2019 as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Transfer-In</u>	<u>Transfer-Out</u>
General Fund	\$ -	\$ 301,117	\$ -	\$ -
Capital Projects Fund	279,359	-	-	-
Special Revenue Fund	21,758	-	-	-
	<u>\$ 301,117</u>	<u>\$ 301,117</u>	<u>\$ -</u>	<u>\$ -</u>

Interfund balances and activity are eliminated in the government-wide financial statements.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FEDERAL AND STATE GRANTS

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

NOTE 9 - GENERAL FUND BUDGET AMENDMENTS

Original budget	<u>\$35,997,962</u>
Amendments:	
General government support	8,504
Public safety	230,032
Streets	267,850
Culture and recreation	209,614
Home and community services	10,000
Capital outlays	321,934
Employee benefits	(688,482)
Debt service - principal	8,992
Debt service - interest	<u>(15,945)</u>
Total amendments	<u>352,499</u>
Revised budget	<u>\$36,350,461</u>

NOTE 10 - LITIGATION

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

NOTE 11 - TAX ABATEMENTS

The County of Chautauqua, New York, entered into various property tax abatement programs for the purpose of economic development and job creation. For the year ended December 31, 2019, the City's property tax revenue was reduced \$250,258. The City received Payment in Lieu of Tax (PILOT) payments totaling \$90,182.

NOTE 12 - LABOR NEGOTIATIONS

A tripartite arbitration panel has awarded the police officers' union a retroactive wage increase of 2% effective January 1, 2016 and by another 2% effective January 1, 2017. The previous collective bargaining agreement with the police officers' union expired December 31, 2015.

The City of Jamestown, New York contends that the decision by the tripartite arbitration panel was unlawful and is appealing the decision to the New York State Supreme Court Appellate Division. The court filings are expected in the second half of 2020 as all court cases have been delayed due to the COVID 19 pandemic.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES OTHER DISCLOSURES (Board of Public Utilities)

1. Summary of Accounting Policies

Business

The Board of Public Utilities operates five divisions which include Electric, Water, Solid Waste, Waste Water, and District Heating. The Board of Public Utilities is a blended component unit of the City of Jamestown.

Basis of Presentation

The financial statements of the Board of Public Utilities have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Board of Public Utilities is engaged only in business-type activities as defined in GASB Statement No. 34. The Board of Public Utilities applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict or contradict GASB pronouncements.

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash is received or paid. Non-exchange transactions in which the Board of Public Utilities gives or receives value without directly receiving or giving equal value in exchange include grants and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Board of Public Utilities distinguishes operating revenues and expenses from nonoperating items in its financial statements. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Board of Public Utilities's principal on-going operations. The principal operating revenue of the Board of Public Utilities are charges to customers for sales and services. Operating expenses 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.

Capital Assets and Depreciation

Capital assets are stated at cost, which includes salaries and benefits, transportation costs, and overhead. Depreciation of capital assets are computed using group composite straight-line rates. When assets are retired, their cost, together with the cost of removal less salvage, if any, is charged to accumulated depreciation.

Revenue Recognition

Customers are billed based on usage. Revenue is recognized based upon billings.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Divisions consider all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

1. Summary of Accounting Policies (Cont'd)

Investments

Investments are reported at fair value; fair value is generally based on market prices.

Inventory

Inventory is valued at cost utilizing the average cost method.

Restricted Cash and Investments

Restricted cash and investments consist of amounts designated for plant dismantling, overhaul, and economic development.

Post Employment Benefits

The Divisions provide health insurance coverage for current and future retirees and their spouses.

Fair Value of Financial Instruments

The Divisions financial instruments consist of cash, investments, and any short term debt. The carrying amounts of these financial instruments approximate their fair value due to the short-term nature of the financial instruments.

Health Insurance

The Divisions fund its health costs through self-insured health premiums. The Divisions employ an administrator to manage the self-insurance plan. Monthly premiums, based on prior experience, are deposited in a separate bank account from which the administrator pays out funds for health claims, prescriptions, administration fees, and stop loss insurance premiums. Stop loss coverage was \$135,000 per occurrence effective May 1, 2019.

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Divisions have two items that qualified for reporting in this category. They are related to pensions and other postemployment benefits reported in the Statement of Financial Position. The first item represents the effect of the net change in the Divisions proportion of the collective net pension liability and the difference during the measurement period between the Divisions contributions and its proportional share of total contributions to the pension system not included in pension expense. Also included are the Divisions contributions to the pension system subsequent to the measurement date. See details of deferred pension inflows in the notes to the financial statements. The second item is related to the postemployment benefits (OPEB) reported in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience. Also included is the Divisions contributions to the OPEB Plan subsequent to the measurement date. See details of deferred OPEB outflows in the notes to the financial statements.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

1. Summary of Accounting Policies (Cont'd)

Deferred Inflows/Outflows of Resources (Cont'd)

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Divisions have two items that qualified for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. It represents the effect of the net change in the Divisions contributions and its proportional share of total contributions to the pension system not included in pension expense. See details of deferred pension inflows in the notes to the financial statements. The second item is related to the postemployment benefits (OPEB) reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. See details of deferred OPEB inflows in the notes to the financial statements.

Accounts Receivable

Accounts receivable are carried at their net realizable value. The Divisions policy is to accrue a penalty on past due customer receivables. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. The allowance for uncollectible accounts totaled \$731,017 as of December 31, 2019.

Utilization of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from these estimates.

Net Position

Net position is classified into three categories according to availability of assets for satisfaction of the Divisions obligations. The Divisions net position is classified as follows:

Net investment in capital assets - This represents the Divisions total investments in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net position - Consists of net positions with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions of enabling legislation.

Unrestricted - Unrestricted net position represent resources derived from services and other operating revenue.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

1. Summary of Accounting Policies (Cont'd)

Derivative Instruments - Commodity

The Electric Division of the Board of Public Utilities recognizes all derivative instruments as either assets or liabilities on the statement of net position at fair value.

The Electric Division holds derivative financial instruments for the purpose of managing the market risk of certain identifiable and anticipated transactions relating to purchase of natural gas for use in power generation of electricity. In general, the types of risk hedged are those relating to the variability of future earnings and cash flows caused by change in commodity prices. The Electric Division does not engage in speculative derivative activities or derivative trading activities.

The Electric Division mitigates the price risk associated with its commodity purchase agreements by locking in the economic margin at the time the Electric Division enters into such transactions using New York Mercantile Exchange (NYMEX) futures contracts. The Electric Division maintains accounts with a broker and direct counter-parties. Based on the value of the Electric Division's position in these accounts and the associated margin requirements, the Electric Division may be required to deposit cash into these accounts.

In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the Electric Division includes any cash collateral held in this account in a net presentation in the Statement of Net Position with the associated fair value of instruments in the account.

The Electric Division enters into future contracts that are exchange based utilizing NYMEX. For direct counter-party derivative transactions, the Electric Division may be exposed to credit risk related to the risk of loss that the Electric Division would incur as a result of nonperformance by counter-parties pursuant to their terms of their contractual obligations. The Electric Division believes that the counter-parties to these contracts will fulfill their related contractual obligations.

The Electric Division's outstanding derivative portfolio consists of 69 natural gas futures contracts measured in dekatherms (dth) at December 31, 2019. As such, the Electric Division is exposed to concentrations or credit risk related to these contracts.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Board of Public Utilities financial statements that are included at fair value in the statement of net position include cash and cash equivalents, long-term debt, and derivative instruments. The carrying amount approximates fair value of cash and cash equivalents. Long-term debt is carried at cost, which approximates fair value based on current rates at which the Board of Public Utilities could borrow funds with similar remaining maturities. The fair value of derivative instrument is based on market transactions and other market evidence, whenever possible, including market-based input models, broker or dealer quotations, and third-party market or published commodity values upon which the contract value is based.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

1. Summary of Accounting Policies (Cont'd)

Fair Value Measurement - Definition and Hierarchy

The Board of Public Utilities uses quoted prices in active markets related to natural gas futures contracts in determining fair value. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Board of Public Utilities. Unobservable inputs are inputs that reflect the Board of Public Utilities assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The Board of Public Utilities's commodity hedging instruments are valued using Level 2 inputs defined as follows:

Level 2 - Valuations based on quoted prices in inactive markets, or whose values are based on models - but the inputs to those models are observable either directly or indirectly for substantially the full term of the asset or liability. The total value of future contracts was deemed immaterial as of December 31, 2019. Cash collateral at December 31, 2019 was \$1,023,525, and is recorded in the statement of net position.

Accounting Pronouncements

During the year ended December 31, 2019, the Board of Public Utilities evaluated the provisions of GASB No. 83, *Certain Assets Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, and Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and 61*, which became effective for the year ended December 31, 2019. The Board of Public Utilities determined that these Statements have no significant impact on the Board of Public Utilities's financial statements.

2. Deposits and Investments

The Board of Public Utilities investment policies are governed by State statutes because they are a component unit of the City of Jamestown. In addition, the BPU has its own written investment policy. Monies must be deposited in FDIC insured commercial banks and trust companies located within the State. The BPU Business Manager is authorized to use interest bearing demand deposits and certificates of deposit. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts. Deposits of the Board of Public Utilities were fully insured or collateralized by securities held in the name of the City of Jamestown. The following Table presents the investments (including restricted investments) and maturities of the Board of Public Utilities investment securities with interest rate risk as of December 31, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6 Months to 1 year</u>	<u>1 - 5 Years</u>	<u>More than 5 Years</u>
U.S. Treasuries	<u>\$ 8,821,011</u>	<u>\$ -</u>	<u>\$ 3,662,229</u>	<u>\$ 5,158,782</u>	<u>\$ -</u>

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

3. Charges for Future Benefits

As of December 31, 2019, the Board of Public Utilities elected to defer the recognition of the expense for compensated absences under the provision of FASB Accounting Standards Codification. These accrued costs, which totaled \$1,067,875 at December 31, 2019, will be included as allowable costs for rate-making purposes when paid.

4. Restricted Net Position

Plant Dismantling

Certain revenues of the Electric Division of the Board of Public Utilities are required to be set aside to fund anticipated future costs associated with dismantling of the Electric Division's existing coal plant. Pursuant to the Electric Division's 2004 rate plan, approved by the NYS Public Service Commission, the off-system sales profits of \$1,225,000 were reflected in the Electric Divisions's rates. Any amounts exceeding that level are to be set aside to fund the plant dismantling costs. Actual contributions to the plant dismantling reserve are per the PSC approved profit matrix if profits are less than \$1,225,000. The plant dismantling reserve has been capped and only expenses will be deducted from this reserve going forward.

Overhaul

Pursuant to the Electric Division's 2016 rate plan, approved by the NYS Public Service Commission, the off-system sales profits of \$1,225,000 were reflected in the Electric Division's rates, but any amounts exceeding that level were to be set aside to fund the plan overhaul costs. Actual contributions to the overhaul reserve were \$70,147 for the year ended December 31, 2019.

Energy Conservation

The program provides the Electric Division's community with information needed to understand why they should change their energy usage habits and educate them on becoming more energy responsible.

5. Other non-current liability - Economic Development

At December 31, 2019, non-current liabilities include \$1,531,438 for economic development. The economic development liability was originally established with \$600,000. The purpose of this fund is to provide funding to improve infrastructure and build line extensions for new loads. Because the funds collected were a result of over billings to customers in prior years, the Municipal Electric Division is accruing interest on the amounts not refunded at 3.25% per annum.

6. Additional Disclosures - Electric Division

Major Customer

The Municipal Electric System sells excess energy into the New York State Independent System Operator, commonly referred to as off system sales. Revenues to the Electric System from this regional transmission organization amounted to approximately 11.9% of Electric System revenue for the year ended December 31, 2019.

CITY OF JAMESTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

6. Additional Disclosures - Electric Division

Contingencies

The Municipal Electric System has received notice of potential liability for a contribution toward clean up costs for two super fund sites. Transformer carcasses, previously owned by the Electric System were shipped to these sites for disposal. Although the Electric System potentially has joint responsibility for additional contributions to these sites, management believes that any additional liability would not have a material effect on operations.

Derivative Financial Instruments - Commodity Derivatives

The Board of Public Utilities - Electric Division utilizes futures contracts as part of the Division's overall commodity strategy. The objective of this strategy is to stabilize earnings by managing a significant portion of the market risk associated with fluctuations in the price of natural gas utilized in the generation of electricity, thereby attempting to provide more stability to operating results. The Division enters into derivative financial instruments to stabilize the cost of natural gas used in operations. The Division maintains operating procedures that are administered by experienced management in order to monitor compliance with internal management policies.

The estimated fair value of derivative hedging instruments outstanding consisting of net liquidity relating to future contracts for natural gas derivative purchases is deemed immaterial to the financial statements as of December 31, 2019. Cash collateral provided to counter parties totaled \$1,023,525 is included within current assets on the Statement of Net Position as of December 31, 2019.

The Division does not employ hedge accounting for commodity derivatives and, therefore, includes unrealized gains and losses on open derivative contracts as a component of costs of power. Net realized losses of \$98,365 related to the Electric Division's derivative hedge activity were included in cost of power during the year ended December 31, 2019.

7. Subsequent Events

On January 30, 2020, the World Health Organization declared the corona virus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the corona virus include restrictions on travel, and quarantines in certain areas, and forced closures of certain types of public places and businesses. As a result of this event, economic uncertainties have arisen which could negatively impact future revenues. Other financial impacts could occur though such potential impacts are unknown and/or are not reasonably estimable at this time.

Management of the Board of Public Utilities has evaluated events through April 23, 2020, which is the date the financial statements of the Board of Public Utilities were available for issuance and have determined, with the exception related to the pandemic noted in the above paragraph, that there are no subsequent events that require disclosure under generally accepted accounting principles.

**CITY OF JAMESTOWN, NEW YORK
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE**

YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues:				
Real property taxes	\$16,011,982	\$16,011,982	\$16,009,693	\$ (2,289)
Real property tax items	331,500	331,500	316,488	(15,012)
Non-property tax items	6,794,000	6,794,000	7,324,403	530,403
Departmental income	851,000	851,000	865,876	14,876
Intergovernmental charges	232,000	232,000	233,649	1,649
Use of money and property	12,000	12,000	81,227	69,227
Licenses and permits	224,800	224,800	231,105	6,305
Fines and forfeitures	80,000	80,000	58,953	(21,047)
Sale of property/compensation for loss	-	-	1,000	1,000
Other unclassified revenue	10,000	40,565	52,009	11,444
Board of Public Utilities -				
Payments in lieu-of-taxes	4,032,000	4,032,000	4,022,589	(9,411)
Refund of prior year expenditures	110,000	110,000	23,274	(86,726)
State aid	<u>7,308,680</u>	<u>7,630,614</u>	<u>7,736,995</u>	<u>106,381</u>
Total revenues	<u>35,997,962</u>	<u>36,350,461</u>	<u>36,957,261</u>	<u>606,800</u>
Expenditures:				
General government support	\$ 3,983,816	\$ 3,992,320	\$ 3,936,577	\$ 55,743
Public safety	11,032,290	11,262,322	11,335,793	(73,471)
Streets	3,835,817	4,103,667	4,176,501	(72,834)
Culture and recreation	1,695,423	1,905,037	1,890,250	14,787
Home and community services	857,500	867,500	864,131	3,369
Capital outlays	1,195,550	1,517,484	1,517,485	(1)
Employee benefits	11,685,000	10,996,518	10,122,443	874,075
Debt service-principal	1,268,747	1,277,739	1,379,372	(101,633)
Debt service-interest	<u>443,819</u>	<u>427,874</u>	<u>500,021</u>	<u>(72,147)</u>
Total expenditures	<u>35,997,962</u>	<u>36,350,461</u>	<u>35,722,573</u>	<u>627,888</u>
Excess of revenues over expenditures	-	-	1,234,688	1,234,688
Other Sources (Uses):				
Premium received from refunding bond issuance	-	-	229,518	229,518
Refunding bond issuance costs	<u>-</u>	<u>-</u>	<u>(55,736)</u>	<u>(55,736)</u>
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>173,781</u>	<u>173,781</u>
Net Change in fund balance	-	-	1,408,469	1,408,469
Fund balance, beginning of year	<u>3,439,690</u>	<u>3,439,690</u>	<u>3,439,690</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,439,690</u>	<u>\$ 3,439,690</u>	<u>\$ 4,848,159</u>	<u>\$ 1,408,469</u>

See Independent Auditor's Report.

CITY OF JAMESTOWN, NEW YORK

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Total OPEB Liability

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Service Costs	\$ 3,648,426	\$ 264,231	\$ 3,912,657
Interest	6,208,896	378,734	6,587,630
Changes of benefit items	(2,454,138)	(1,428,062)	(3,882,200)
Differences between expected and actual experience	(44,563,422)	(1,019,384)	(45,582,806)
Changes of assumptions or other inputs	39,306,906	999,733	40,306,639
Benefit payments	<u>(3,909,157)</u>	<u>(718,957)</u>	<u>(4,628,114)</u>
Net change in total OPEB liability	(1,762,489)	(1,523,705)	(3,286,194)
Total OPEB Liability, beginning	<u>162,372,901</u>	<u>10,343,359</u>	<u>172,716,260</u>
Total OPEB Liability, end	<u>\$160,610,412</u>	<u>\$ 8,819,654</u>	<u>\$169,430,066</u>
Covered employee payroll	\$ 12,759,081	\$ 7,036,365	\$ 19,795,446
Total OPEB liability as a percentage of covered payroll	1258.79%	125.34%	855.90%
Deferred Outflows - Estimated Net Contributions Subsequent to the Measurement Date	(988,029)		
Total OPEB Liability, net of Deferred Outflows	\$159,622,383		

Schedule of Funding Progress

Governmental Activities

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Total OPEB Liability</u>	<u>Unfunded OPEB Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Liability as a % of Covered Payroll</u>
12/31/19	\$0	\$160,610,412	\$160,610,412	0.00%	\$12,759,081	1258.79%
12/31/18	\$0	\$162,372,901	\$162,372,901	0.00%	\$12,759,081	1272.61%

Business-type Activities

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Total OPEB Liability</u>	<u>Unfunded OPEB Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Liability as a % of Covered Payroll</u>
12/31/19	\$0	\$ 8,819,654	\$ 8,819,654	0.00%	\$ 7,036,365	125.34%
12/31/18	\$0	\$ 10,343,359	\$ 10,343,359	0.00%	\$ 7,036,365	147.00%

** This Schedule is intended to show information for ten years. Additional years will be included as they become available.

See Independent Auditor's Report.

City of Jamestown, NY
Required Supplementary Information
Schedule of City Contributions
Last 10 Fiscal Years

	<i>Police and Fire Retirement System - Governmental Activities</i>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 2,011,733	\$ 1,981,420	\$ 2,177,017	\$ 2,188,383	\$ 2,082,692	\$ 2,480,027	\$ 2,366,903	\$ 1,951,100	\$ 1,822,960	\$ 1,388,768
Contributions in relation to contractually required contribution	2,011,733	1,981,420	2,177,017	2,188,383	2,082,692	2,480,027	2,366,903	1,951,100	1,822,960	1,388,768
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 9,048,026	\$ 8,894,657	\$ 9,261,033	\$ 9,132,062	\$ 8,515,335	\$ 8,605,271	\$ 8,095,166	\$ 7,900,008	\$ 8,210,013	\$ 7,894,832
Contributions as a percentage of covered-employee payroll	22%	22%	24%	24%	24%	29%	29%	25%	22%	18%
	<i>Employees' Retirement System - Governmental Activities</i>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 931,100	\$ 948,720	\$ 995,233	\$ 1,020,681	\$ 1,132,337	\$ 1,236,030	\$ 1,344,693	\$ 1,084,669	\$ 1,039,281	\$ 708,764
Contributions in relation to contractually required contribution	931,100	948,720	995,233	1,020,681	1,132,337	1,236,030	1,344,693	1,084,669	1,039,281	708,764
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 6,556,968	\$ 6,580,874	\$ 6,658,116	\$ 6,564,819	\$ 6,397,807	\$ 6,456,423	\$ 6,516,625	\$ 6,179,488	\$ 6,372,406	\$ 6,382,768
Contributions as a percentage of covered-employee payroll	14%	14%	15%	16%	18%	19%	21%	18%	16%	11%
	<i>Employees' Retirement System - Business-type Activities</i>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 1,288,734	\$ 1,347,223	\$ 1,337,901	\$ 1,329,650	\$ 1,393,999	\$ 1,564,057	\$ 1,684,749	\$ 1,549,820	\$ 1,219,062	\$ 900,758
Contributions in relation to contractually required contribution	1,288,734	1,347,223	1,337,901	1,329,650	1,393,999	1,564,057	1,684,749	1,549,820	1,219,062	900,758
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll - Board of Public Utilities	\$ 9,367,190	\$ 9,651,136	\$ 9,443,838	\$ 9,258,282	\$ 8,546,134	\$ 8,944,723	\$ 8,864,599	\$ 8,408,088	\$ 8,004,104	\$ 8,117,200
Contributions as a percentage of covered-employee payroll	14%	14%	14%	14%	16%	17%	19%	18%	15%	11%

See Independent Auditor's Report.

City of Jamestown, NY
 Required Supplementary Information
 Schedule of City's Proportionate Share
 of the Net Pension Liability
 Last 5 Fiscal Years

	<i>Police and Fire Retirement System - Government wide</i>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City's proportion of the net pension liability	0.2542150%	0.2532702%	0.2650806%	0.2712136%	0.2725067%	-	-	-	-	-
City's proportionate share of the net pension liability	\$ 4,263,345	\$ 2,559,946	\$ 5,494,198	\$ 8,030,057	\$ 750,101	-	-	-	-	-
City's covered payroll	\$ 9,048,026	\$ 8,894,657	\$ 9,261,033	\$ 9,132,062	\$ 8,515,335	-	-	-	-	-
City's proportion of the net pension liability as a percentage of its covered payroll	47%	29%	59%	88%	9%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	95.1%	96.9%	93.5%	90.2%	99.0%					
	<i>Employees' Retirement System - Government wide</i>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
City's proportion of the net pension liability	0.0598420%	0.0617223%	0.0629800%	0.0604838%	0.0600616%	-	-	-	-	-
City's proportionate share of the net pension liability	\$ 4,239,989	\$ 1,992,052	\$ 5,917,741	\$ 9,991,195	\$ 2,029,029	-	-	-	-	-
City's covered payroll	\$ 15,924,158	\$ 16,232,010	\$ 16,101,954	\$ 15,823,101	\$ 14,943,941	-	-	-	-	-
City's proportion of the net pension liability as a percentage of its covered payroll	27%	12%	37%	63%	14%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%					

See Independent Auditor's Report.

**CITY OF JAMESTOWN, NEW YORK
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2019

	<u>Special Revenue</u>	<u>Department Of Development</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 163,124	\$ 2,972,458	\$ 3,135,582
Account receivable:			
Governments	269,319	208,308	477,627
Other	-	42	42
Loans receivable, net of allowance of \$500,000 for loan loss	-	1,142,307	1,142,307
Prepaid expenses	-	14,074	14,074
Due from other funds	21,758	-	21,758
Real property held for sale	-	18,643	18,643
Total assets	<u>454,201</u>	<u>4,355,832</u>	<u>4,810,033</u>
Liabilities			
Unearned revenue:			
Restricted grants	454,201	23,272	477,473
Federal grants	-	271,667	271,667
Other	-	144,117	144,117
Total liabilities	<u>454,201</u>	<u>439,056</u>	<u>893,257</u>
Fund Balance			
Reserved for:			
Economic development	-	3,916,776	3,916,776
Total fund balance	<u>\$ -</u>	<u>\$ 3,916,776</u>	<u>\$ 3,916,776</u>

See Independent Auditor's Report.

CITY OF JAMESTOWN, NEW YORK
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2019

	<u>Special Revenue</u>	<u>Department Of Development</u>	<u>Totals</u>
Revenues:			
Departmental income	\$ -	\$ 360,293	\$ 360,293
Use of money and property	-	40,837	40,837
Local sources and other revenue	215,235	185,386	400,621
Interfund revenues	-	410,000	410,000
State aid	501,628	554,578	1,056,206
Federal aid	-	<u>2,081,521</u>	<u>2,081,521</u>
Total revenues	<u>716,863</u>	<u>3,632,615</u>	<u>4,349,478</u>
Expenditures:			
General government support	-	917,816	917,816
Public safety	270,604	-	270,604
Home and community	35,000	2,081,521	2,116,521
Capital outlays	411,259	179,001	590,260
Economic development	-	<u>561,185</u>	<u>561,185</u>
Total expenditures	<u>716,863</u>	<u>3,739,523</u>	<u>4,456,386</u>
Excess (deficiency) of revenues over expenditures	-	(106,908)	(106,908)
Fund balance, beginning of year	<u>-</u>	<u>4,023,684</u>	<u>4,023,684</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 3,916,776</u>	<u>\$ 3,916,776</u>

See Independent Auditor's Report.

**CITY OF JAMESTOWN, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct Programs:</i>		
Community Development Block Grant	14.218	\$ 1,508,078
Home Investment Partnership Program (HOME)	14.239	<u>537,495</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 2,045,573</u>
<u>U.S. Environmental Protection Agency</u>		
<i>Direct Program:</i>		
Brownfields Assessment and Cleanup Cooperative	66.818	<u>\$ 35,948</u>
Total U.S. Environmental Protection Agency		<u>\$ 35,948</u>
Total Federal Expenditures		<u>\$ 2,081,521</u>

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Jamestown, New York under the programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the City of Jamestown, New York, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jamestown, New York.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**CITY OF JAMESTOWN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED DECEMBER 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes No

Significant deficiency identified not considered to be a material weakness? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness identified? Yes No

Significant deficiency identified not considered to be a material weakness? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major program:

CFDA Number
14.218

Name of Federal Program
Community Development Block Grant

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

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

**CITY OF JAMESTOWN, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

YEAR ENDED DECEMBER 31, 2019

There were no audit findings noted for the year ended December 31, 2018.

***Independent Auditor's 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 City Council
City of Jamestown, New York

I 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, each major fund and the aggregate remaining fund information of the City of Jamestown, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Jamestown, New York's basic financial statements and have issued my report thereon dated June 15, 2020. I did not audit the financial statements of the Board of Public Utilities which represent 100% of the assets, liabilities, net position, revenues and expenses of the City's business-type activities. Those statements were audited by other auditors whose reports thereon have been furnished to me, and my opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Jamestown, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jamestown, New York's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Jamestown, New York'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 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.

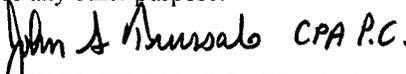
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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, New York's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jamestown, New York'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.


JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
June 15, 2020

**Independent Auditor's Report on Compliance For Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

To the City Council
City of Jamestown, New York

Report on Compliance for Each Major Federal Program

I have audited the City of Jamestown, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Jamestown, New York's major federal programs for the year ended December 31, 2019. City of Jamestown, New York's major federal programs are identified in the summary of auditor's 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 its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Jamestown, New York's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Jamestown, New York's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City of Jamestown, New York's compliance.

Opinion on each Major Federal Program

In my opinion, the City of Jamestown, New York, 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, 2019.

Report on Internal Control Over Compliance

Management of City of Jamestown, New York, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Jamestown, New York'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, I do not express an opinion on the effectiveness of the City of Jamestown, New York's internal control over compliance.

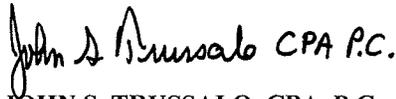
***Independent Auditor's Report on Compliance For Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance
Page 2***

Report on Internal Control Over Compliance (Cont'd)

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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This purpose of this report on internal control over compliance is solely to describe the scope of my 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.

 CPA P.C.

JOHN S. TRUSSALO, CPA, P.C.

Jamestown, New York

June 15, 2020