NORTHERN DAKOTA COUNTY CABLE COMMUNICATIONS COMMISSION

ANNUAL FINANCIAL REPORT

December 31, 2016

NORTHERN DAKOTA COUNTY CABLE COMMUNICATIONS COMMISSION

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NORTHERN DAKOTA COUNTY CABLE COMMUNICATIONS COMMISSION

ORGANIZATION

December 31, 2016

EXECUTIVE BOARD

Chair - George Tourville

Vice Chair - Mickey Kieffer

Secretary - John Bellows

Treasurer - Richard Jackson

At-Large - Todd Podgorski

Executive Director - Jodie Miller

COMMISSION MEMBERS

Representing:

Inver Grove Heights:
Richard Jackson
George Tourville

Lilydale:
Warren Peterson
Ginger Simek

Mendota:
James Rasmussen
Melody Rasmussen

Mendota Heights:
Mickey Kieffer
Sandra Krebsbach

South St. Paul:
Todd Podgorski

Sunfish Lake:
Mike Kampmeyer
JoAnne Wahlstrom

West St. Paul:
Jane Zaspel
John Bellows

Mark D. Harrington, CPA
Wayne A. Langer, CPA
Nichole Fairbanks, CPA
Jesse Fraley, CPA

Harrington Langer & Associates
CERTIFIED PUBLIC ACCOUNTANTS

Gregory W. Heck, CPA, CVA
Greg L. Emmerich, CPA
Michael Belknap, CPA
Bryan W. Swartz, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Northern Dakota County Cable
Communications Commission
Inver Grove Heights, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Northern Dakota County Cable Communications Commission as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission'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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northern Dakota County Cable Communications Commission, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Northern Dakota County Cable Communications Commission's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the budgetary comparison information, schedule of employer's PERA contributions and schedule of employer's share of PERA net pension liability on pages 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Dakota County Cable Communications Commission's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2017 on our consideration of Northern Dakota County Cable Communications Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Dakota County Cable Communications Commission's internal control over financial reporting and compliance.

Harrington Langer & Associates

May 25, 2017

NORTHERN DAKOTA COUNTY CABLE COMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

The management of the Northern Dakota County Cable Communications Commission ("NDC4" or "the Commission") offers readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the Commission's financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

- The Commission's primary source of revenue is from franchise fees. For 2016, total fees collected were $1,142,093.
- The assets and deferred outflows of the Commission exceeded the liabilities and deferred inflows at the close of the most recent year by $518,362 (net position). Of this amount, $485,984 (unrestricted net position) may be used to meet the Commission's ongoing operations.
- The Commission's total net position increased by $7,097.
- As of the close of the current year, the Commission reported an ending fund balance of $855,701, an increase of $53,907, in comparison with the prior year.
- At the end of the year, all of the ending fund balance was assigned for specific purposes.
- The Commission will use some of its reserves for significant capital equipment projects to replace obsolete equipment and software and to upgrade all production capabilities to high definition in the next couple of years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Commission's finances and activities. These statements are prepared using the full accrual basis of accounting and a total economic resource measurement focus, in order to provide both long-term and short-term information about the Commission's overall financial status. A detailed definition of these methods is provided in Note 1 to the basic financial statements.

The Statement of Net Position presents information on all of the Commission's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Change in net position may serve as a useful indicator of whether the financial position of the Commission is improving or declining.

The Statement of Activities presents changes in the Commission's net position during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related and legal requirements. All of the Commission's activities are accounted for in the general fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Commission's near-term financial decisions. Reconciliations are presented for the Balance Sheet of governmental funds and the Statement of Revenues, Expenditures and Changes in Fund Balance of governmental funds to facilitate the comparison between governmental funds and governmental activities.

Governmental Fund Financial Statements are prepared on a modified accrual basis, which means that they measure only current financial resources and uses. Capital assets and long-term liabilities are not presented in the Governmental Fund Financial Statements, as they do not represent currently available resources or obligations. The Commission adopts an annual appropriated budget for the general fund. A budgetary comparison statement for the general fund is presented in the basic financial statements to demonstrate compliance with the adopted budget.

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. The notes to the financial statements can be found immediately following the basic financial statements.

Overview of the Commission's Government-Wide Financial Statements

Net Position. Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, net position totaled $518,362 at the end of the current year.

The following is a condensed comparative summary of the Commission's net position at December 31:

Net Position	2016	2015
Assets		
Current and Other Assets	$ 1,263,914	$ 1,199,583
Security fund deposit	50,000	50,000
Capital assets, net	32,378	44,103
Total Assets	1,346,292	1,293,686
Deferred Outflows		
Deferred outflows related to pensions	202,665	44,612
Liabilities		
Current and Other Liabilities	408,213	397,789
Security deposit payable	50,000	50,000
Noncurrent Liabilities	512,940	345,428
Total Liabilities	971,153	793,217
Deferred Inflows		
Deferred inflows related to pensions	59,442	33,816
Net Position		
Net investment in capital assets	32,378	44,103
Unrestricted	485,984	467,162
Total Net Position	$ 518,362	$ 511,265

Changes in Net Position. For the year ended December 31, 2016, current year operations increased the Commission's net position by $7,097. GASB Statement No. 68 was implemented for the year ended December 31, 2015 and required a $302,294 restatement of beginning governmental activity net position. Prior year amounts were not restated causing a variance in ending net position at December 31, 2014 and beginning net position on January 1, 2015. See Note 12.

The following is a condensed comparative summary of the Commission's revenue and expenses as of December 31:

Changes in Net Position	2016	2015
Program Revenues		
Charges for Services	$ 1,177,438	$ 1,140,853
General Revenues		
Unrestricted investment earnings	1,588	1,546
Miscellaneous	6,613	4,371
Total General Revenues	8,201	5,917
Total Revenues	1,185,639	1,146,770
Expenses		
Operations	1,143,039	1,054,054
Non-capitalized equipment	16,978	61,545
Depreciation	18,525	30,330
Total Expenses	1,178,542	1,145,929
Change in Net Position	7,097	841
Net Position, Beginning (as originally reported)	511,265	812,718
Cumulative Effect of Change in Accounting Principle	-	(302,294)
Net Position, Beginning (as restated)	511,265	510,424
Net Position, Ending	$ 518,362	$ 511,265

Governmental Activities

The Commission's net position increased by $7,097 during 2016 to $518,362. Key elements to this increase are as follows:

- Franchise fees revenues from Comcast and newly-franchised CenturyLink (three quarterly payments starting April 2016) increased by 4.03% over 2015, while web streaming reimbursements decreased slightly from 2015, netting an overall increase in revenues of 3.22%.

- Overall expenses increased 2.25% from 2015 to 2016. Personnel expenses increased by 1.35%. Program expenses were higher in 2016 and capital outlay was lower. The Commission has considerable deferred capital outlay needs that will be addressed in 2017 and beyond.

Analysis of the Commission's Governmental Fund Statements

As noted earlier, the Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The general government functions are contained in the general fund of the Commission. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources, both committed and available for future operational needs.

As of the end of the current fiscal year, the Commission's general fund reported total ending fund balance of $855,701, an increase of $53,907 (6.7%) in comparison with the prior year.

The following schedule presents a summary of governmental fund revenues for the year ended December 31, 2016 and the amount and percentage of increases and decreases in relation to the prior year.

	2016 Amount	Percent of Total	2015 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Revenues					
Franchise fees	$1,142,093	96.48%	$1,097,827	$ 44,266	4.03%
Investment income	1,588	0.13%	1,546	42	2.72%
Intergovernmental	35,345	2.99%	43,026	(7,681)	-17.85%
Other	4,709	0.40%	4,371	338	7.73%
Total	$1,183,735	100.00%	$1,146,770	$ 36,965	

The largest increase in revenues was in the area of franchise fees. Franchise fees increased a total of $44,266. Franchise Fees were received from Comcast and from the newly-franchised CenturyLink (three quarterly payments beginning in April 2016).

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2016 and the amount and percentage of increases and decreases in relation to the prior year.

	2016 Amount	Percent of Total	2015 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Expenditures					
Current:					
Personnel expenses	$ 489,270	43.30%	$ 482,766	$ 6,504	1.35%
Program expenses	600,847	53.18%	550,660	50,187	9.11%
Special consulting projects	15,933	1.41%	9,977	5,956	59.70%
Capital outlay - equipment	23,778	2.10%	61,545	(37,767)	-61.36%
Total	$1,129,828	100.00%	$1,104,948	$ 24,880	

Personnel expenses were relatively flat with an unfilled vacancy and the increased use of independent contractors over employees during a medical leave. Higher program expenses included those independent contractors, as well as the city payments (proportionate to the increase in franchise fees revenues), legal and professional services with the additional cable franchisee and the incumbent's renewal, and higher maintenance and repairs in 2016. Capital outlay equipment will increase in 2017 and beyond for both video and office capital needs.

General Fund Budgetary Highlights

There were no changes to the original adopted budget.

Capital Assets and Long-Term Obligations

Capital Assets: The Commission's net investment in capital assets, as of December 31, 2016, amounts to $32,378 (net of accumulated depreciation). This investment in capital assets includes furniture and equipment. The total decrease in the Commission's investment in capital assets for the current year was $11,725.

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

- Depreciation of the capital assets of $18,525
- Deposit paid on workstation project of $6,800

Additional information on the Commission's capital assets can be found in Note 3.

Long-Term Obligations: At the end of the year, the Commission had total long-term obligations of $512,940. This amount is comprised of the net pension liability and compensated absences. During the current year, the Commission's long-term obligations increased by $167,512 primarily due to an increase in the Commission's net pension liability during the year.

Budget Assumptions for 2017

- Franchise Fees are budgeted 3% over 2016 projection. 2016 Actual Franchise Fees exceeded 2015 Actual by 4%.
- Overall Revenues for 2017 Budget are 2.5% higher than 2016 Budget, and 3% over 2016 projection. Personnel Expenses including wages and benefits for 2017 Budget are overall 3.4% higher than 2016 Budget and 4% higher than 2016 projection.
- Operating Expenses for 2017 Budget are 2.56% higher than 2016 Budget overall, with most routine expenses at 3%, but some adjustments decreased or increased specifically where changes are known, including decreases for legal costs for franchise renewal and issuance of a competitive franchise, shared cost for additional master control staffing, increased use of independent contractors, and new licensing fees required for edit suites.
- Capital Budget for 2017 is the same as 2016 for special consulting projects, web stream, and office capital needs, but for video capital, major capital equipment upgrades will begin in 2017 as the Commission replaces obsolete hardware and software and upgrades production capabilities to high definition. $350,000 is budgeted for 2017 capital video equipment, and these funds will come from the Commission's reserves until the Comcast franchise renewal is complete.

All of these factors were considered in preparing the Commission's budget for 2017.

Request for Additional Information

This financial report is designed to provide a general overview of the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director.

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
STATEMENT OF NET POSITION
December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
ASSETS		
Cash and investments	$ 935,281	$ 855,941
Franchise fees receivable	293,025	277,820
Other receivable from cable operator	-	22,796
Accounts receivable	35,608	43,026
Security fund deposit	50,000	50,000
Capital assets, net		
Depreciable	32,378	44,103
TOTAL ASSETS	1,346,292	1,293,686
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	202,665	44,612
LIABILITIES		
Accounts payable	15,042	17,190
Due to other governments	285,861	276,648
Due to related party	100,065	97,441
Salaries payable	7,245	6,510
Security deposit payable	50,000	50,000
Noncurrent liabilities		
Due within one year		
Compensated absences	3,608	3,376
Due in more than one year		
Compensated absences	22,162	20,736
Net pension liability	487,170	321,316
TOTAL LIABILITIES	971,153	793,217
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	59,442	33,816
NET POSITION		
Net investment in capital assets	32,378	44,103
Unrestricted	485,984	467,162
TOTAL NET POSITION	$ 518,362	$ 511,265

See accompanying notes
to basic financial statements

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
					Governmental Funds	
			Operating	Capital	Totals	
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	2016	2015
FUNCTIONS/PROGRAMS						
Governmental activities:						
General government	$ 1,178,542	$ 1,177,438	$ -	$ -	$ (1,104)	$ (5,076)
GENERAL REVENUES:						
Unrestricted investment earnings					1,588	1,546
Miscellaneous					6,613	4,371
TOTAL GENERAL REVENUES					8,201	5,917
CHANGE IN NET POSITION					7,097	841
NET POSITION, BEGINNING (as originally reported)					511,265	812,718
Cumulative Effect of Change in Accounting Principle					-	(302,294)
NET POSITION, BEGINNING (as restated)					511,265	510,424
NET POSITION, ENDING					$ 518,362	$ 511,265

See accompanying notes
to basic financial statements

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016
(With Comparative Totals for 2015)

	Total Governmental Funds 2016	Total Governmental Funds 2015
ASSETS		
Cash and investments	$ 935,281	$ 855,941
Franchise fees receivable	293,025	277,820
Other receivable from cable operator	-	22,796
Accounts receivable	35,608	43,026
Security fund deposit	50,000	50,000
TOTAL ASSETS	$ 1,313,914	$ 1,249,583
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 15,042	$ 17,190
Due to other governments	285,861	276,648
Due to related party	100,065	97,441
Salaries payable	7,245	6,510
Security deposit payable	50,000	50,000
TOTAL LIABILITIES	458,213	447,789
FUND BALANCE		
Assigned	855,701	801,794
TOTAL FUND BALANCE	855,701	801,794
TOTAL LIABILITIES AND FUND BALANCE	$ 1,313,914	$ 1,249,583
Fund balance reported above	$ 855,701	$ 801,794
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	32,378	44,103
Certain liabilities and deferred inflows/outflows of resources are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(25,770)	(24,112)
Pension liability and deferred outflows and inflows on pension plan	(343,947)	(310,520)
Net position of governmental activities	$ 518,362	$ 511,265

See accompanying notes
to basic financial statements

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	General Fund	
	2016	2015
OPERATING REVENUES		
Franchise fees	$ 1,142,093	$ 1,097,827
Investment income	1,588	1,546
Intergovernmental - reimbursement	35,345	43,026
Other	4,709	4,371
TOTAL OPERATING REVENUES	1,183,735	1,146,770
EXPENDITURES		
Salaries	374,051	370,694
Personnel expenses and payroll taxes	115,219	112,072
Accounting/auditing	7,950	8,050
City payment	285,523	274,457
Conferences and training	18,154	13,544
Insurance	4,258	4,944
Legal and professional services	30,730	17,772
Miscellaneous	256	211
Maintenance and repairs	25,904	16,840
Mileage and parking	2,595	2,685
Office rental	98,328	94,548
Office supplies and equipment	3,243	3,025
Postage	812	1,029
Promotion	7,461	9,011
Memberships	3,852	4,412
Telephone	3,835	3,752
Webstream internet	2,426	1,899
Video services	9,131	4,555
Video supplies	4,680	4,000
News show production	58,965	55,870
Master control	32,744	30,056
Special consulting projects	15,933	9,977
Capital outlay - equipment	23,778	61,545
TOTAL EXPENDITURES	1,129,828	1,104,948
NET CHANGE IN FUND BALANCE	53,907	41,822
FUND BALANCE, BEGINNING	801,794	759,972
FUND BALANCE, ENDING	$ 855,701	$ 801,794

See accompanying notes
to basic financial statements

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total govermental funds	$ 53,907	$ 41,822
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(11,725)	(30,330)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences	(1,658)	(2,425)
Decrease in pension obligations	(33,427)	(8,226)
Change in net position of governmental activities	$ 7,097	$ 841

See accompanying notes
to basic financial statements

NORTHERN DAKOTA COUNTY CABLE COMMUNICATIONS COMMISSION NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The Northern Dakota County Cable Communications Commission (NDC4 or the Commission) was formed by the cities of Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul. The Commission was charged with informing itself about cable communications, preparing a needs assessment report, awarding a cable communications franchise and administering that franchise.

The Commission was officially formed in April 1982 with the signing of the Joint Powers Agreement with the individual municipalities. Financial activity for the Commission began in April 1982 limited to the initial collection of city assessments for the preliminary funding of the Commission.

Member cities appoint two representatives, one of which is required to be a public official. Each is appointed to a two-year term. Officers and other members of the executive committee are elected annually.

In November 1987, the Northern Dakota County Community Television Corporation (the Corporation) was formed. The Corporation was formed to promote the concept of public access to cable communications and to develop and implement ways and means of making cable communications readily accessible for public use. Effective 2002, the Corporation officially changed its name to Town Square Television.

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity:

In accordance with GASB pronouncements and generally accepted accounting principles, the financial statements of the reporting entity include those of the Commission (the primary government) and its component units. The Commission does not have any component units.

A component unit is defined as "legally separate organizations for which the elected officials of the primary government are financially accountable." The Commission considers the Corporation a related organization and not a component unit.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. There are no business-type activities.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued):

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting and Basis of Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. 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. Under this method, revenues are recognized when 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 Commission considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments are recorded only when payment is due.

Intergovernmental revenues 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. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Funds:

The Commission reports the following major governmental funds:

> **General Fund**—is the general operating fund of the Commission. It is used to account for all financial resources of the Commission.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds (continued):

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for an allowable use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets:

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles. During the budget year, supplemental appropriations and deletions are or may be authorized by the Commission. Individual amendments were not material in relation to the original appropriations which were adjusted.

Cash and Investments:

Cash and investment balances are invested to the extent available in authorized investments.

The Commission reports investments at fair value, based on quoted market prices, in the financial statements. Also, the Commission has reported all investment income, including changes in fair value of investments, as revenue in the operating statements.

Capital Assets:

Capital assets, which include property, plant, equipment, infrastructure assets and intangible assets such as easements and computer software, are reported in the governmental activities column in the government-wide financial statements. Capital assets (including intangible assets) are defined by the Commission as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

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

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

Furniture, fixtures, and equipment	5 - 10 years

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources:

In addition to assets, the statements of financial 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/expenditure) until then. The Commission has only one item that qualifies for reporting in this category. Accordingly, the one item, deferred outflows related to pensions, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Long-Term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

It is the Commission’s policy to permit employees to accumulate earned but unused vacation and personal leave benefits. All vacation pay and personal leave that is payable at termination is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in government funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Pensions:

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources:

In addition to liabilities, the statements of financial 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 that time. The Commission has only one item that qualifies for reporting in this category. Accordingly, the one item, deferred inflows related to pensions, is reported only in the statements of net position and results from actuarial calculations.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

Fund Balances:

Governmental funds report fund balance in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

> **Nonspendable**—includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
>
> **Restricted**—includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
>
> **Committed**—includes amounts that can only be used for the specific purposes determined by a formal action of the Commission's highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Commission taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
>
> **Assigned**—includes amounts intended to be used by the Commission for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Board of Commissioners or (b) a body (a budget, finance committee, or Executive Director) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.
>
> **Unassigned**—this residual classification is used for all remaining general fund balances.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position:

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets—This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position—This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, constitutional provisions. At December 31, 2016, there was no restricted net position.

Unrestricted—This amount includes all other net position.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Comparative Totals:

The basic financial statements and required supplementary information include certain prior-year summarized comparative information in total but not to the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Reconciliation of Government-Wide and Fund Financial Statements:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 and reported as depreciation expense."

The details of this difference are as follows:

Capital outlay	$ 23,778
Uncapitalized capital outlay	(16,978)
Depreciation expense	(18,525)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	$ (11,725)

NOTE 2. DEPOSITS AND INVESTMENTS

In accordance with applicable Minnesota Statutes, the Commission maintains deposits at authorized depository banks all of which are members of the Federal Reserve System.

Minnesota Statutes require that all deposits be protected by insurance, surety bonds, or collateral. If collateral is pledged as protection for the deposits, the market value of the collateral must at a minimum be 110% of the deposits not covered by insurance or bonds.

Minnesota statutes require that the securities pledged as collateral be held in safekeeping by the Commission's Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

a) United States government treasury bills, treasury notes, treasury bonds;

b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;

d) General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by the same local government entity;

e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporations; and

f) Time deposits that are fully insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to the Commission. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2016, all deposits of the Commission were covered by federal depository insurance or perfected collateral held by the Commission's agent in the Commission's name.

The Commission did not hold any investments during 2016 and does not have a formal investment policy that limits risk.

NOTE 3. SECURITY FUND

The Commission received a $50,000 security fund deposit in February of 1985 from Comcast. This deposit is for additional protection for the faithful performance of the franchise agreement and any other orders and directions of the Commission. Any balance remaining at the end of the franchise agreement reverts back to Comcast. This security fund is in a separate bank account with all interest earned to be paid quarterly to Comcast.

NOTE 4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	December 31, 2015	Additions	Deletions	December 31, 2016
Governmental activities:				
Capital assets, being depreciated:				
Furniture, fixtures & equipment	$ 336,913	$ 6,800	$ -	$ 343,713
Less accumulated depreciation for:				
Furniture, fixtures & equipment	292,810	18,525	-	311,335
Governmental activities capital assets - net	$ 44,103	$ (11,725)	$ -	$ 32,378

Depreciation expense charged to operations for the year ended December 31, 2016 was $18,525.

NOTE 5. LIABILITIES

Due to other governments is broken down as follows:

Due to other governments:	
Due to member cities	$ 285,523
Use tax payable	338
	$ 285,861

NOTE 6. FRANCHISE FEES

The Commission receives franchise fees equal to five percent of the Cable Companies' annual gross revenue. These revenues are to be considered compensation for the use of the member municipalities' public property.

The Cable Companies consider their gross revenue to be trade secret information not for public disclosure. Accordingly, the Cable Companies' gross revenue amounts are not disclosed in these financial statements. In accordance with the franchise agreement, $1,125,454 was recognized as earned franchise fees for the Commission. Franchise fees earned but not received at December 31, 2016 were $293,025.

NOTE 7. DEFINED BENEFIT PENSION PLANS

Plan Description:

The Commission participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employee Fund))

All full-time and certain part-time employees of the Commission are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Benefits Provided:

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Contributions:

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2016. The Commission was required to contribute 7.50% for Coordinated Plan members in calendar year 2016. The Commission's contributions to the General Employees Fund for the year ended December 31, 2016, were $27,899. The Commission's contributions were equal to the required contributions as set by state statute.

Pension Costs:

General Employees Fund Pension Costs

At December 31, 2016, the Commission reported a liability of $487,170 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of $6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled $6,385. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the Commission's proportion share was 0.0060% which was a decrease of 0.0002% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016 , the Commission recognized pension expense of $67,524 for its proportionate share of the General Employees Plan's pension expense. In addition, the Commission recognized an additional $1,904 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $6 million to the General Employees Fund.

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

At December 31, 2016, the Commission reported its proportionate share of the General Employee Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 39,924
Changes in actuarial assumptions	95,388	-
Net difference between projected and actual earnings on pension plan investments	93,203	-
Changes in proportion	-	19,518
Commission contributions subsequent to the measurement date	14,074	-
Total	$ 202,665	$ 59,442

$14,074 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions to the General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2017	$ 33,427
2018	33,427
2019	44,699
2020	17,597
2021	-
Thereafter	-

Actuarial Assumptions:

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment rate of return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
Total	100%	

NOTE 7. DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate specified in Minnesota Statutes. Based on that assumption, the fiduciary net position of the General Employees Fund 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 periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity:

The following presents the Commission's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1 % Lower Discount Rate (6.5%)	Current Discount Rate (7.5%)	1 % Higher Discount Rate (8.5%)
Sensitivity of Net Pension Liability at Current Single Discount Rate	$ 619,926	$ 487,170	$ 318,507

Pension Plan Fiduciary Net Position:

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

NOTE 8. RELATED PARTY TRANSACTIONS

In accordance with the agreement between the Commission and the Corporation, the Commission provides compensation for the Executive Director and Administrative Assistant, with their services provided to the Corporation on an "in-kind" basis. Additionally, the Commission pays rent to the Corporation for use of a common facility. At December 31, 2016, the Commission had a payable in relation to Town Square Television in the amount of $100,065.

NOTE 9. LONG-TERM OBLIGATIONS

Changes in general long-term liabilities for the year ended December 31, 2016 is as follows:

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Due Within One Year
Governmental activities:					
Compensated absences	$ 24,112	$ 1,658	$ -	$ 25,770	$ 3,608
Net pension liability	321,316	165,854	-	487,170	-
Compensated absences	$345,428	$167,512	$ -	$512,940	$ 3,608

For the governmental activities, compensated absences are generally liquidated by the General Fund. It is not practicable to determine specific year of payment of long-term accrued compensated absences.

NOTE 10. GOVERNMENTAL FUND BALANCE

As of December 31, 2016, fund balance consisted of the following:

Fund balance:	
Assigned - General Fund	
Special project fund	$ 23,000
Cash flow	572,512
Emergency / unanticipated expenditures	178,251
Compensated absences	25,770
Ensuing year's budget deficit	56,168
	$ 855,701

NOTE 11. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the Commission carries commercial insurance policies. The Commission retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2016
(With Comparative Actual Amounts for 2015)

	2016				
	Budgeted Amounts		Actual	Variance with Final Budget Positive	2015 Actual
	Original	Final	Amounts	(Negative)	Amounts
REVENUES					
Franchise fees	$ 1,116,819	$ 1,116,819	$ 1,142,093	$ 25,274	$ 1,097,827
Investment income	1,520	1,520	1,588	68	1,546
Intergovernmental - reimbursement	36,586	36,586	35,345	(1,241)	43,026
Other	3,954	3,954	4,709	755	4,371
TOTAL REVENUES	1,158,879	1,158,879	1,183,735	24,856	1,146,770
EXPENDITURES					
Salaries	384,081	384,081	374,051	10,030	370,694
Personnel expenses and payroll taxes	124,427	124,427	115,219	9,208	112,072
Accounting/auditing	8,453	8,453	7,950	503	8,050
City payment	279,205	279,205	285,523	(6,318)	274,457
Conferences and training	19,000	19,000	18,154	846	13,544
Insurance	8,074	8,074	4,258	3,816	4,944
Legal and professional services	36,000	36,000	30,730	5,270	17,772
Miscellaneous	627	627	256	371	211
Maintenance and repairs	30,814	30,814	25,904	4,910	16,840
Mileage and parking	3,479	3,479	2,595	884	2,685
Office rental	98,330	98,330	98,328	2	94,548
Office supplies and equipment	6,673	6,673	3,243	3,430	3,025
Postage	1,819	1,819	812	1,007	1,029
Promotion	15,896	15,896	7,461	8,435	9,011
Memberships	4,667	4,667	3,852	815	4,412
Telephone	4,919	4,919	3,835	1,084	3,752
Webstream internet	1,712	1,712	2,426	(714)	1,899
Video services	10,284	10,284	9,131	1,153	4,555
Video supplies	8,150	8,150	4,680	3,470	4,000
News show production	62,065	62,065	58,965	3,100	55,870
Master control	49,980	49,980	32,744	17,236	30,056
Special projects	20,000	20,000	15,933	4,067	9,977
Capital outlay - equipment	45,000	45,000	23,778	21,222	61,545
TOTAL EXPENDITURES	1,223,655	1,223,655	1,129,828	93,827	1,104,948
REVENUES OVER (UNDER) EXPENDITURES	$ (64,776)	$ (64,776)	53,907	$ 118,683	41,822
FUND BALANCE, BEGINNING			801,794		759,972
FUND BALANCE, ENDING			$ 855,701		$ 801,794

See accompanying notes to
required supplementary information

BUDGETARY INFORMATION

The Board of Commissioners adopts an annual legal budget for the Commission's general fund. The budget for the fund is prepared on the modified accrual basis and includes capital outlays as expenses. Additionally, the fund does not include depreciation as a budgetary expense. Budgetary level of control is exercised at the line item level. Any revisions of the budget must be approved by the Commission. During the year ended December 31, 2016, the Commission did not approve any budget adjustments.

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PERA CONTRIBUTIONS
For the Year Ended December 31, 2016

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
December 31, 2016	$ 27,899	$ 27,899	$ -	$ 371,987	7.50%
December 31, 2015	$ 28,674	$ 28,674	$ -	$ 382,320	7.50%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

NORTHERN DAKOTA COUNTY CABLE
COMMUNICATIONS COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF PERA NET PENSION LIABILITY
For the Year Ended December 31, 2016

Measurement Date	Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with NDC4 (a)	Employer's Proportionate Share of the Net Pension Liability and the State's Porportionate Share of the Net Pension Liability Associated with NDC4 (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2016	December 31, 2016	0.0060%	$ 487,170	$ 6,385	$ 493,555	$ 373,213	130.5%	78.2%
June 30, 2015	December 31, 2015	0.0062%	$ 321,316	$ -	$ 321,316	$ 364,625	88.1%	78.2%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

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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 Board of Commissioners
Northern Dakota County Cable
Communications Commission
Inver Grove Heights, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Northern Dakota County Cable Communications Commission as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Northern Dakota County Cable Communications Commission's basic financial statements and have issued our report thereon dated May 25, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Dakota County Cable Communications Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Dakota County Cable Communications Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designated to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies and listed as items 2016-1 and 2016-2.

Compliance and Other Matters

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

Northern Dakota County Cable Communications Commission's Response to the Findings

Northern Dakota County Cable Communications Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Harrington Langer & Associates

May 25, 2017

NORTHERN DAKOTA COUNTY CABLE COMMUNICATIONS COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2016

2016-1 Lack of Segregation of Duties

Condition: Northern Dakota County Cable Communications Commission does not have adequate internal accounting controls in certain areas because of a lack of segregation of duties.

Criteria: Internal controls should provide a good system of internal accounting controls that contemplate adequate segregation of duties so that no one individual handles a transaction from inception to completion.

Cause: This condition is common to organizations of this size due to the limited number of office personnel.

Effect: The lack of segregation of duties may not provide an effective system of internal accounting control necessary to prevent and detect errors and irregularities.

Recommendation: Management should provide close supervision and review of accounting policies and procedures and financial information. The Board of Commissioners should monitor the activities of the Commission by receiving interim financial statements and provide oversight to the financial reporting process. Any modifications of internal controls in this area should be reviewed from a cost/benefit perspective.

Management Response: Management will continue to implement segregation of duties to the extent possible. Management and the Board will continue to provide oversight to the financial reporting process.

2016-2 Financial Reporting Process

Condition: Like many similarly sized organizations, the Commission has requested assistance from us, the auditors, with drafting financial statements and the related notes.

Criteria: Internal controls should provide a good system of internal accounting controls that includes the preparation of the financial statements and footnotes.

Effect: This control deficiency increases the possibility that errors and irregularities in the presentation of the financial statements and footnotes may not be detected on a timely basis.

Recommendation: The outsourcing of these services is not unusual to organizations of this size and is a result of management’s cost-benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. Management and the Board of Commissioners should continue to monitor the activities of the Commission by reviewing the financial statements and related notes and providing oversight to the financial reporting process.

Management Response: Management is aware of the situation, but a cost-benefit analysis of the issue does not currently support the allocation of additional employees or resources at this time. Certain other safeguards are currently maintained (management oversight and review of draft financial statements) which provide satisfactory mitigation of the issue.

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Wayne A. Langer, CPA
Nichole Fairbanks, CPA
Jesse Fraley, CPA

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Commissioners
Northern Dakota County Cable
Communications Commission
Inver Grove Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Northern Dakota County Cable Communications Commission as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated May 25, 2017.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except we did not test for compliance with the provisions for tax increment financing because the Commission has not established a tax increment financing district.

In connection with our audit, nothing came to our attention that caused us to believe that the Commission failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions.* However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Langer & Associates

May 25, 2017

NDC4
DRAFT 2018 BUDGET
10-4-2017

Acct ID	Acct Description	2017 Projection	2017 Budget	Projected Over(Under)	2018 Draft Budget	2018 budget compared with 2017 projection
Revenues						
4000	Franchise Fees - Comcast	$ 1,151,453	$ 1,145,023	$ 6,430	$ 1,185,997	3%
4001	Franchise Fees - CenturyLink	36,968	0	36,968	38,077	3%
4200	Interest - Checking	31	20	11	31	0.5%
4210	Interest - Savings	1,399	1,406	(6)	1,406	0.5%
4500	Miscellaneous Income	908	0	908	0	
4558	Reimbursed Production Costs	3,558	3,800	(242)	3,665	3%
4559	Reimbursed City Web Streaming	37,177	38,117	(940)	37,960	2%
	Total Revenues	1,231,494	1,188,366	43,128	1,267,135	3%
Operating Expenses						
	Wages & Fees	340,540	397,537	(56,997)	392,236	15%
5100	FICA Employer	25,450	30,136	(4,686)	28,813	13%
5110	PERA Employer	24,951	29,545	(4,594)	28,248	13%
5111	Personnel Exps - Disability	2,362	3,224	(862)	2,674	13%
5113	Personnel Exps - Health Ins	55,776	54,000	1,776	61,618	10%
5118	Personnel Exps - Dental	1,126	1,400	(274)	1,147	2%
5119	Personnel Exps - Life Ins	450	1,488	(1,038)	1,800	300%
5120	Personnel Exps - Other	4,000	4,000	-	4,000	0%
5125	Workers Compensation	1,073	1,228	(156)	1,119	4%
5126	Personnel - Flex Mgt.	300	300	-	300	0%
5127	Payroll Service	1,830	3,000	(1,170)	3,000	64%
	Personnel Expenses	457,858	525,859	(68,001)	524,954	15%
5130	Mileage & Parking	3,090	3,090	-	3,183	3%
6000	Accounting	8,150	8,150	-	8,558	5%
6010	Bank Charges	45	75	(30)	75	67%
6020	Conferences & Training	17,000	17,000	-	14,000	-18%
6219	Legal - Franchise Renewal	18,208	13,500	4,708	8,500	-53%
6220	Legal - Regular	18,355	18,000	355	23,000	25%
6249	Office Furniture (under $300)	1,372	1,372	-	1,413	3%
6250	Office Supplies	2,732	2,732	-	2,814	3%
6251	Office Computer Upgrades	2,569	2,569	-	2,646	3%
6270	Postage - Routine	1,819	1,819	-	1,874	3%
6280	Rep/Maint Office Equipment	2,911	2,911	-	2,998	3%

NDC4
DRAFT 2018 BUDGET
10-4-2017

Acct ID	Acct Description	2017 Projection	2017 Budget	Projected Over(Under)	2018 Draft Budget	2018 budget compared with 2017 projection
6281	Computer Projects/Maint	6,792	6,792	-	6,996	3%
6282	Web Site Expenses	1,400	600	800	1,442	3%
6300	Rents - Office	101,280	101,278	2	104,318	3%
6322	Appreciation Dinner	4,500	4,500	-	4,635	3%
6323	Service Awards	350	350	-	361	3%
6330	Telephone - Landline	3,721	3,721	-	3,832	3%
6331	Telephone - Cellular	247	247	-	255	3%
6332	Telephone - Repair/Maintenance	861	861	-	887	3%
7000	Master Control	27,803	55,605	(27,803)	57,273	106%
7001	City Equipment - Rep/Maint	8,742	8,742	-	9,004	3%
7006	City Payments	297,105	286,256	10,849	306,018	3%
7100	Insurance - Media Professional	2,499	2,624	(125)	2,574	3%
7110	Insurance - LMCIT	3,098	3,098	-	3,253	5%
7200	Memberships	4,800	4,800	-	4,944	3%
7210	Newsletter	1,000	1,000	-	1,000	0%
7230	Promotion - Special Events	1,100	1,100	-	1,100	0%
7231	Promotion - Other	1,643	1,643	-	1,693	3%
7232	Promotion - Award Entry Fees	2,450	2,450	-	2,524	3%
7233	Promotion - Advertising	4,974	4,974	-	5,124	3%
7240	Publications/Subscriptions	200	200	-	206	3%
7300	Rep/Maint Video Equipment	9,332	9,332	-	9,612	3%
7304	High Speed Web Stream Service	1,712	1,712	-	1,763	3%
7305	Wireless Data Services	946	946	-	974	3%
7312	Video Services - IGH	3,180	3,180	-	3,275	3%
7313	Video Services - MH	893	893	-	920	3%
7314	Video Services - SSP	554	554	-	571	3%
7315	Video Services - WSP	2,424	2,424	-	2,497	3%
7316	Video Services - Other Mtgs	1,000	1,000	-	1,030	3%
7317	Video Services - School Boards	1,764	1,764	-	1,817	3%
7318	Video Services - Indexing	1,220	0	1,220	1,257	3%
7327	Production Software- Govt.	5,450	5,450	-	5,614	3%
7328	Music Licensing	900	900	-	927	3%
7330	Video Supplies	1,700	1,700	-	1,751	3%
7335	Govt Access Sets/Props	1,800	1,800	-	1,854	3%
7339	Govt Programs - Ind Contractor	2,000	2,000	-	2,060	3%
7350	Video Media - Government	3,300	3,300	-	3,399	3%

NDC4
DRAFT 2018 BUDGET
10-4-2017

Acct ID	Acct Description	2017 Projection	2017 Budget	Projected Over(Under)	2018 Draft Budget	2018 budget compared with 2017 projection
7400	Insight 7- Supplies	3,100	3,100	-	3,193	3%
7401	Insight 7- Media	1,850	1,850	-	1,906	3%
7402	Insight 7- Promotion	1,400	1,400	-	1,442	3%
7403	Insight 7- Production	57,119	57,119	-	58,832	3%
	Program Expenses	652,460	662,483	(10,023)	691,191	6%
	Total Operating Expenses	1,110,318	1,188,342	(78,024)	1,216,145	10%
	Net Operating Income	$ 121,176	$ 25	$ 121,152	$ 50,991	
Capital Expenditures						
6222	Special Consulting Projects	5,000	20,000	(15,000)	20,000	300%
7320	Capital Equipment - Web Stream	20,000	20,000	-	46,800	134%
7322	Capital Equipment - Office	20,000	15,000	5,000	27,500	38%
7324	Capital Equipment - Video	312,503	350,000	(37,497)	53,000	-83%
	Total Capital Expenditures	$ 357,503	$ 405,000	$ (47,497)	$ 147,300	-59%
combined change in fund balance		$ (236,327)	$ (404,975)	$ 168,649	$ (96,309)	

NDC4
Income Statement
For the Four Months Ending April 30, 2018

Acct ID	Acct Description	Current Month Actual	Current Month Budget	Current Month Over (Under)	Trial Balance 4-30-18	Payables / Receivables 2017	Year to Date Actual April 30, 2018	Year to Date Budget	Year to Date Over (Under)
Operating Revenues									
4000	Franchise Fees - Comcast	$ 274,163	$ 296,499	$ (22,337)	$ 560,917	$ 286,754	$ 274,163	$ 296,499	$ (22,337)
4001	Franchise Fees - CenturyLink	6,100	9,519	(3,419)	14,460	8,360	6,100	9,519	(3,419)
4200	Interest - Checking	7	3	4	15	0	15	10	5
4210	Interest - Savings	91	117	(26)	511	0	511	469	42
4558	Reimbursed Production Costs	0	0	0	137	0	137	0	137
	Total Operating Revenues	280,361	306,138	(25,778)	576,039	295,115	280,925	306,497	(25,573)
Operating Expenses									
	Wages & Fees	24,633	32,686	(8,053)	97,875	0	97,875	130,745	(32,870)
5100	FICA Employer	1,728	2,401	(673)	6,867	0	6,867	9,604	(2,737)
5110	PERA Employer	1,833	2,354	(521)	7,288	0	7,288	9,416	(2,128)
5113	Personnel Exps - Health Ins	4,472	5,135	(663)	17,886	0	17,886	20,539	(2,653)
5118	Personnel Exps - Dental	94	96	(2)	375	0	375	382	(8)
5120	Personnel Exps - Other	0	333	(333)	634	0	634	1,333	(699)
5125	Workers Compensation	0	0	0	1,254	0	1,254	1,119	135
5126	Personnel - Flex Mgt.	0	25	(25)	225	0	225	100	125
5127	Payroll Service	116	250	(134)	612	0	612	1,000	(388)
	Personnel Expenses	32,875	43,280	(10,405)	133,016	0	133,016	174,239	(41,223)

NDC4

Income Statement

For the Four Months Ending April 30, 2018

Acct ID	Acct Description	Current Month Actual	Current Month Budget	Current Month Over (Under)	Trial Balance 4-30-18	Payables / Receivables 2017	Year to Date Actual April 30, 2018	Year to Date Budget	Year to Date Over (Under)
5130	Mileage & Parking	198	265	(68)	344	79	265	1,061	(796)
6000	Accounting	5,950	6,000	(50)	5,950	0	5,950	6,000	(50)
6010	Bank Charges	0	6	(6)	45	0	45	25	20
6020	Conferences & Training	555	600	(45)	1,842	0	1,842	3,500	(1,658)
6219	Legal - Franchise Renewal	10,041	708	9,333	21,045	6,972	14,073	2,833	11,240
6220	Legal - Regular	678	1,917	(1,239)	1,268	450	818	7,667	(6,849)
6250	Office Supplies	164	235	(71)	164	0	164	938	(774)
6270	Postage - Routine	71	156	(85)	259	42	218	625	(407)
6280	Rep/Maint Office Equipment	292	250	42	292	0	292	999	(708)
6281	Computer Projects/Maint	434	583	(149)	1,736	0	1,736	2,332	(596)
6300	Rents - Office	8,693	8,693	(0)	34,772	0	34,772	34,773	(1)
6330	Telephone - Landline	308	319	(11)	918	0	918	1,277	(359)
6331	Telephone - Cellular	41	21	19	41	0	41	85	(44)
7200	Memberships	0	0	0	4,585	0	4,585	4,944	(359)
7231	Promotion - Other	61	141	(80)	79	0	79	564	(485)
7300	Rep/Maint Video Equipment	168	801	(633)	269	0	269	3,204	(2,935)
7304	High Speed Web Stream Service	105	147	(42)	419	0	419	588	(168)
7305	Wireless Data Services	71	81	(10)	249	0	249	325	(76)
7312	Video Services - IGH	207	273	(66)	729	0	729	1,092	(363)
7313	Video Services - MH	0	77	(77)	342	0	342	307	35
7314	Video Services - SSP	0	48	(48)	135	0	135	190	(55)
7315	Video Services - WSP	135	208	(73)	387	0	387	832	(445)
7316	Video Services - Other Mtgs	0	86	(86)	48	0	48	343	(295)
7317	Video Services - School Boards	86	151	(66)	275	0	275	606	(331)
7318	Video Services - Indexing	50	105	(55)	150	0	150	419	(269)

NDC4
Income Statement
For the Four Months Ending April 30, 2018

Acct ID	Acct Description	Current Month Actual	Current Month Budget	Current Month Over (Under)	Trial Balance 4-30-18	Payables / Receivables 2017	Year to Date Actual April 30, 2018	Year to Date Budget	Year to Date Over (Under)
7327	Production Software- Govt.	0	468	(468)	600	0	600	1,871	(1,271)
7339	Govt Programs - Ind Contractor	200	172	28	200	0	200	687	(487)
7400	Insight 7- Supplies	0	266	(266)	449	0	449	1,064	(615)
7402	Insight 7- Promotion	200	120	80	200	0	200	481	(281)
	Program Expenses	28,706	22,897	5,809	77,791	7,542	70,249	79,632	(9,383)
Total Operating Expenses		61,580	66,177	(4,597)	210,807	7,542	203,265	253,871	(50,606)
Net Operating Income		$ 218,780	$ 239,961	$ (21,181)	$ 365,232	$ 287,572	$ 77,660	$ 52,627	$ 25,033
Capital Expenses									
7320	Capital Equipment - Web Stream	(1,100)	1,400	(2,500)	1,700	0	1,700	5,600	(3,900)
	Total Capital Expenses	$ (1,100)	$ 1,400	$ (2,500)	$ 1,700	$ -	$ 1,700	$ 5,600	$ (3,900)
Combined change to fund balance		$ 219,880	$ 238,561	$ (18,681)	$ 363,532	$ 287,572	$ 75,960	$ 47,027	$ 28,933

NDC4
Balance Sheet
April 30, 2018

ASSETS		
Current Assets		
Key Community Checking	$ 1,200	
Key Community Savings	26,671	
Bremer Checking	2,759	
Bremer MMkt Savs (Charter 1)	22,786	
MidWestOnel Bank - Checking	6,588	
MidWestOne Bank Invest Savgs	458,787	
Petty Cash	75	
Total Current Assets		518,866
Property and Equipment		
Total Property and Equipment		0
Other Assets		
Security Deposit	50,000	
Total Other Assets		50,000
Total Assets		$ 568,866
LIABILITIES AND CAPITAL		
Current Liabilities		
Use Tx Pbl - Roundg Correction	$ (1)	
Wages/FICA/PERA Payable	7,245	
Flex DEPCAR Payable	(68)	
Flex FSAMED Payable	996	
DENTAL - Employee Payable	133	
Payroll Error	(180)	
Health Ins - Employee Payable	(507)	
PERA Employee Payable	(237)	
Life Ins Employee Payable	19	
LTD - Employee Payable	(254)	
Total Current Liabilities		7,146
Long-Term Liabilities		
Security Deposit Payable	50,000	
Total Long-Term Liabilities		50,000
Total Liabilities		57,146
Capital		
Fund Balance	837,639	
Net Income	(325,919)	
Total Capital		511,720
Total Liabilities & Capital		$ 568,866

NOTES relating to NDC4 draft 2018 budget

Excerpt from August 2, 2017, NDC4 Full Commission Minutes:

D) Draft 2018 NDC4 Budget – The NDC4 2018 Draft Budget was handed out. J. Miller stated that the 2018 Capital Budget is not ready and will be available at the October meeting. Tonight's handout is the operating budget. Administrative staff is short-handed this summer. The 2018 budget amounts are based on the 2017 projections. Generally it includes 3% increases to the 2017 projections. Where there was some knowledge of what to expect, those items had a specific projection. Revenues are based on the first half of the 2017 actual revenues.

Personnel expenses will be below the 2017 budget because of the open vacancies. Health insurance costs are unknown (and a worst-case scenario of 20% was included). The dental plan rates will not change. The master control line item was increased because the position started June 1, 2017, and will be a full year in 2018. The city payments are projected on the franchise fees.

J. Bellows asked about the 15% increase for wages and fees. J. Miller believes it is a formula problem and will check the spreadsheet and get back to the commission.

Chair Tourville suggested letting the member cities know that the operating budget and capital budget were being worked on and available in September or October.

J. Miller reminded commissioners that if they had any questions or comments regarding the budget to call her.

Excerpt from October 4, 2017, NDC4 Full Commission Minutes:

C) 2018 Draft Budget— J. Miller presented the NDC4 Draft 2018 Budget. It had not changed much from when it was presented on August 2, 2017. The numbers are conservative. Revenues are budgeted at a 3% increase over 2017 projection. The 15% increase of 2018 budget compared with 2017 projection for personnel expenses is misleading because of unfilled vacancies this year. The 15% is over this year's expected total, which is far below 2017 budget. The health insurance renewal came in at less than 15% budgeted increase (8%). The dental insurance renewal remained flat for next year. The budget for benefits also covers eligible employees who are not enrolled in the plans at this time. The legal budget is the same total as 2017, with opposite allocations between regular and renewal legal expenses. The master control line is skewed because the position was not filled until June, but the position will be for the full year in 2018. The city payments are 25% of the actual franchise fees received from the cable companies, paid out to the cities in one annual payment.

The program expenses budget is 6% higher than the 2017 projection, which is actually 4.3% higher than the 2017 budget. The operating budget shows a $51,000 surplus, which will be used to offset capital expenditures.

Capital expenditures— the truck upgrade was a major capital expense in 2017, so the 2018 capital equipment video budget shows a major decrease from 2017. Special consulting projects for 2018 could include an engineering consultant to do a cable system technical audit, a finance consultant to audit franchise fees and PEG fees, or various other consulting/special projects. For capital equipment web stream, we are now three years into our contract (soon to expire) with the current vendor, with encoders that are now almost three years old. We will be researching vendors in 2018, and the increase in the 2018 budget allows for the possibility of a new vendor, new equipment, and possible new services such as closed captioning. For capital equipment office the budget allows for possible addition of more standing desks and replacement of the copier/printer. The capital equipment video budget could include a production camera, edit suite, wireless microphone equipment, and media storage. ***Motion 10-4-17-04*** to approve the NDC4 Draft 2018 Budget was made by R. Jackson, seconded by B. Kleinman, and unanimously carried.

Excerpt from draft Management Analysis supplement to 2017 audit report, to be presented for NDC4 approval at June 6, 2018 Commission meeting:

Budget Assumptions for 2018

- Franchise Fees are budgeted 3% over 2017 projection. 2017 Actual Franchise Fees exceeded 2016 Actual by 4%.
- Overall Revenues for 2018 Budget are 3% over 2017 projection.
- Personnel Expenses including wages and benefits for 2018 Budget are overall .17% lower than 2017 Budget and 15% higher than 2017 projection, because of the vacancies that went unfilled in 2017.
- Program Operating Expenses for 2018 Budget are 6% higher than 2017 projection and 4.33% higher than 2017 Budget, with most routine expenses at 3%, but some adjustments decreased or increased specifically where changes are known, including decreases for conferences & training, and increase for full year of shared cost for additional master control staff position.
- Capital Budget for 2018 is the same as 2017 for special consulting projects, increased for possible upgrade and replacement hardware for web streaming and potential closed captioning requirements, and increased for office equipment replacement. Capital video equipment replacements and upgrades will continue in 2018 as the Commission replaces obsolete hardware and software and upgrades production capabilities to high definition. Funds will come from the Commission's reserves until the Comcast franchise renewal is complete.

All of these factors were considered in preparing the Commission's budget for 2018.