

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**

**REPORT ON FINANCIAL STATEMENTS**  
*(with supplementary information)*  
*Year Ended December 31, 2014*

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
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**Year Ended December 31, 2014**

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**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
**CITY OF JAMESTOWN**  
Jamestown, North Dakota

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of

## INDEPENDENT AUDITORS' REPORT – continued

**CITY OF JAMESTOWN, NORTH DAKOTA**, as of December 31, 2014 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2015, on our consideration of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts

## INDEPENDENT AUDITORS' REPORT -- continued

and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting and compliance.

*Schauer & Associates, P.C.*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 23, 2015

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2014**

As management of the **CITY OF JAMESTOWN**, we offer readers of the **CITY OF JAMESTOWN'S** financial statements this narrative overview and analysis of the financial activities of the **CITY OF JAMESTOWN** for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying basic financial statements, the fund financial statements and the notes to the financial statements.

**Financial Highlights**

- The net position of the **CITY OF JAMESTOWN** decreased by \$6,224,821 or 9.5% as a result of current year operations. Net position of the business type activities decreased by \$6,053,259 and net position of the governmental activities decreased by \$171,562 or .6%.
- Total revenues from all sources were \$22,657,124. Revenue from governmental activities was \$13,301,714 and revenues from business type activities were \$9,355,410.
- Total cost of all programs was \$28,881,945. This was comprised of \$21,773,738 in governmental activities and \$7,108,207 in business type activities.
- Governmental net position totaled \$29,818,961 as of December 31, 2014.
- Governmental funds expenditures exceeded revenues by \$3,396,514.
- Unreserved fund balance for the general fund was \$4,307,231, 62.4% of the total general fund expenditures.

**Using This Annual Report**

This annual report presents the following three components of the financial statements:

1. Government-wide financial statements provide information for the City as a whole.
2. Fund financial statements provide detailed information for the City's significant funds.
3. Notes to the financial statements provide additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the **CITY OF JAMESTOWN'S** finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on how the City's net position changed during the most recent fiscal year. This statement is presented using the accrual basis of accounting, which means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

## CITY OF JAMESTOWN

Stutsman County, North Dakota

### MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Year Ended December 31, 2014

Both the Statement of Net Position and the Statement of Activities present information as follows:

- Governmental activities – this includes most of the City's basic services, which are primarily supported by property and sales taxes, interest income, user fees and intergovernmental revenues.
- Business-type activities – this includes those services which are intended to recover all or a significant part of their costs through user fees.

The government-wide financial statements include not only the City (*known as the primary government*), but also one legally separate entity for which the City is financially accountable. The *component unit* is the Jamestown Regional Airport Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government. Separately issued financial statements are available from their administrative offices as noted in footnote 1 B in the notes to the financial statements.

The government-wide financial statements begin on page 12.

#### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The **CITY OF JAMESTOWN**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the City's significant funds – not the City as a whole. The City's funds can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the government operations and the basic services it provides, and are reported on the modified accrual basis of accounting which focuses on available spendable resources. This allows the reader to evaluate the City's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the government-wide financial statements.

The **CITY OF JAMESTOWN** maintains 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major funds; equipment replacement fund, city sales tax fund, special assessment deficiency fund, and the construction fund. Data from the 39 other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2014**

The **CITY OF JAMESTOWN** adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison schedules for the general and major special revenue funds are required to be presented and are included in the required supplementary information section on pages 46 – 51 of this report.

The governmental fund financial statements begin on page 14.

*Proprietary Funds.* The **CITY OF JAMESTOWN** maintains two types of proprietary funds. Enterprise funds are used to report activities that charge for services it provides to outside customers. The Enterprise funds are presented as business-type activities in the government-wide statements. The **CITY OF JAMESTOWN** uses enterprise funds to account for its water utility, sewer utility, sanitation, solid waste and water meter deposits. Internal Service funds are used to report activities that provide services to other City programs and activities. The **CITY OF JAMESTOWN** uses an internal service fund to account for the self-funded insurance program. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide statements, only in more detail. The internal service fund is shown in a single column in the proprietary fund financial statements.

The basic proprietary fund statements begin on page 18.

*Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the **CITY OF JAMESTOWN'S** own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund statement is found on page 21.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 45 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining fund statements and other schedules can be found on pages 52 – 57.

**Financial Analysis of the City as a Whole**

The following tables present condensed information on the City's Net Position and Changes in Net Position for the fiscal years ended December 31, 2014 and 2013.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2014**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the **CITY OF JAMESTOWN**, assets exceeded liabilities by \$59,607,555 at the close of the most recent fiscal year.

Table I  
**NET POSITION**  
December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current assets	\$ 19,594,660	\$ 15,566,828	\$ 8,700,771	\$ 8,721,361	\$ 28,295,431	\$ 24,288,189
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	27,111,603	26,412,275	49,270,878	45,033,640	76,382,481	71,445,915
Total Assets	<u>46,915,661</u>	<u>42,188,501</u>	<u>57,971,649</u>	<u>53,755,001</u>	<u>104,887,310</u>	<u>95,943,502</u>
<b>LIABILITIES</b>						
Current liabilities	2,731,975	2,841,727	2,651,878	3,618,562	5,383,853	6,460,289
Long-term liabilities	<u>14,364,725</u>	<u>9,382,122</u>	<u>25,531,177</u>	<u>14,268,717</u>	<u>39,895,902</u>	<u>23,650,839</u>
Total Liabilities	<u>17,096,700</u>	<u>12,223,849</u>	<u>28,183,055</u>	<u>17,887,279</u>	<u>45,279,755</u>	<u>30,111,128</u>
<b>NET POSITION</b>						
Net Investment in capital assets	10,704,665	15,097,415	21,420,319	29,006,284	32,124,984	44,103,699
Restricted	10,030,614	11,647,033	7,158,831	7,188,740	17,189,445	18,835,773
Unrestricted	<u>9,083,682</u>	<u>3,220,204</u>	<u>1,209,444</u>	<u>(327,302)</u>	<u>10,293,126</u>	<u>2,892,902</u>
Total Net Position	<u>29,818,961</u>	<u>\$ 29,964,652</u>	<u>\$29,788,594</u>	<u>\$35,867,722</u>	<u>\$ 59,607,555</u>	<u>\$ 65,832,374</u>

Net investment in capital assets consists of land, buildings, infrastructure and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the **CITY OF JAMESTOWN'S** net position (\$17,189,445) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net position (\$10,293,126) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2014, the **CITY OF JAMESTOWN** is able to report positive balances in all of the three categories of net position, for the government as a whole.

**CITY OF JAMESTOWN**

**Stutsman County, North Dakota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**

**Year Ended December 31, 2014**

Table II  
CHANGES IN NET POSITION  
Years Ending December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 623,029	\$ 576,935	\$ 9,349,785	\$9,195,273	\$ 9,972,814	\$ 9,772,208
Operating grants	1,318,912	2,278,983			1,318,912	2,278,983
Capital grants	2,100	32,477			2,100	32,477
General revenues						
Property taxes, general	3,091,702	2,809,202			3,091,702	2,809,202
Property taxes, debt service	2,103,193	2,274,335			2,103,193	2,274,335
State aid distribution	1,188,806	1,119,243			1,188,806	1,119,243
Miscellaneous taxes	666,978	635,231			666,978	635,231
Sales taxes	2,437,496	2,469,605			2,437,496	2,469,605
Investment earnings	44,933	52,989	5,625	8,697	50,558	61,686
Repayment of economic development funds	665,296	120,108			665,296	120,108
Miscellaneous	984,663	708,687			984,663	708,687
Gain on sale of assets	174,606	229,773			174,606	229,773
Total Revenues	<u>13,301,714</u>	<u>13,307,568</u>	<u>9,355,410</u>	<u>9,203,970</u>	<u>22,657,124</u>	<u>22,511,538</u>
<b>EXPENSES</b>						
General government	948,226	945,465			948,226	945,465
Public safety	3,459,784	3,346,852			3,459,784	3,346,852
Public works	9,118,896	3,759,825			9,118,896	3,759,825
Flood control		99				99
Health	53,045	51,500			53,045	51,500
Civic center	767,284	727,639			767,284	727,639
Interest on long-term debt	351,222	254,076			351,222	254,076
Visitor's promotion	526,182	494,528			526,182	494,528
Business and industrial development	6,549,099	683,474			6,549,099	683,474
Water utility			2,589,862	2,302,369	2,589,862	2,302,369
Sewer utility			2,033,082	2,156,398	2,033,082	2,156,398
Sanitation			980,822	1,019,976	980,822	1,019,976
Solid waste			1,481,307	1,146,707	1,481,307	1,146,707
Water meter deposits			23,134	17,677	23,134	17,677
Total Expenses	<u>21,773,738</u>	<u>10,263,458</u>	<u>7,108,207</u>	<u>6,643,127</u>	<u>28,881,945</u>	<u>16,906,585</u>
Excess before transfers	(8,472,024)	3,044,110	2,247,203	2,560,843	(6,224,821)	5,604,953
Prior period adjustment	25,871	1,629			25,871	1,629
Transfers	8,300,462	(7,613,488)	(8,300,462)	7,613,488		
Change in net position	<u>(145,691)</u>	<u>(4,567,749)</u>	<u>(6,053,259)</u>	<u>10,174,331</u>	<u>(6,198,950)</u>	<u>5,606,582</u>
<b>BEGINNING NET POSITION</b>	<u>29,964,652</u>	<u>34,532,401</u>	<u>35,841,853</u>	<u>25,693,391</u>	<u>65,806,505</u>	<u>60,225,792</u>
<b>ENDING NET POSITION</b>	<u>\$29,818,961</u>	<u>\$29,964,652</u>	<u>\$29,788,594</u>	<u>\$35,867,722</u>	<u>\$59,607,555</u>	<u>\$65,832,374</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2014**

**Financial Analysis of the Government's Funds**

The **CITY OF JAMESTOWN** uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The focus of the **CITY OF JAMESTOWN'S** *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the **CITY OF JAMESTOWN'S** financing requirements. In particular, unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the **CITY OF JAMESTOWN'S** governmental funds reported combined ending fund balances of \$16,931,337, an increase of \$3,796,514. The *governmental funds unassigned fund balance* is (\$1,675,386). The rest of the fund balances are restricted to indicate that they are not available for new spending because it has already been committed.

The general fund is the chief operating fund of the **CITY OF JAMESTOWN**. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,307,231. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 62.4% of total general fund expenditures. Total general fund cash at year end is \$3,296,026.

The **CITY OF JAMESTOWN'S** general fund balance decreased by \$620,602 during the current fiscal year.

The debt service funds have a total fund balance of \$6,806,415, all of which is restricted for the payment of debt service.

***Proprietary Funds***

The **CITY OF JAMESTOWN'S** proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate financial information for the water utility, sewer utility, sanitation and solid waste, all of which are considered to be major funds of the **CITY OF JAMESTOWN**.

**General Fund Budgetary Highlights**

There were no changes to the original budgets for 2014. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$136,570 less than budgeted. This was mostly due an increase in building permits, and decreases in the highway tax distribution. The total general government expenditures were \$154,859 less than budgeted mainly due to lower expenses than budgeted in the public works department, more expenses at the civic center for the Energy Services project.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2014**

**Capital Assets**

The **CITY OF JAMESTOWN'S** investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$76,382,481 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure and equipment. The total value of land owned by the City has not been determined and will be added when it can be determined.

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

- Approximately \$6,300,000 was spent on continuing construction projects
- Approximately \$2,000,000 was spent on acquiring equipment and vehicles

Capital Assets  
 (Net of Accumulated Depreciation)  
 December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	238,145	303,903	542,048
Buildings	3,506,850	13,937,832	17,444,682
Infrastructure	20,826,199	33,498,715	54,324,914
Equipment	2,533,209	1,470,428	4,003,637
Total Capital Assets (Net of Depreciation)	<u>\$ 27,111,603</u>	<u>\$ 49,270,878</u>	<u>\$ 76,382,481</u>

Additional information on the **CITY OF JAMESTOWN'S** capital assets can be found in note 5 on pages 32 – 33 of this report.

**Long-Term Debt**

At year end the City had total long-term debt of \$44,713,520, an increase of \$16,912,375 over the prior year.

The city issued new debt for Special Assessment Refunding Improvement Bonds in the amount of \$5,390,000, a Wastewater Treatment Assessment warrant in the amount of \$1,000,000, Wastewater Treatment Revenue Bonds in the amount of \$9,745,196 and Water Tower and Water Mains Revenue Bonds in the amount of \$2,938,661.

The **CITY OF JAMESTOWN** continues to receive a rating of A2 from the rating agencies for their bonds.

Additional information on the **CITY OF JAMESTOWN'S** long term debt can be found in Note 7 on pages 34 - 38 of this report.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2014**

Table IV  
Long-Term Liabilities  
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 26,208,857	\$ 26,208,857
Refunding improvement bonds	14,570,911		14,570,911
Lease/purchase	1,836,027		1,836,027
Landfill closure costs		1,641,702	1,641,702
Compensated absences	300,405	155,618	456,023
Total	<u>\$ 16,707,343</u>	<u>\$ 28,006,177</u>	<u>\$ 44,713,520</u>

**Economic Factors and Next Year's Budgets and Rates**

2014 construction activities included the completion of a dormitory addition and remodel on the University of Jamestown campus for \$1,238,670, the addition of an MRI clinic for \$390,000 and Hyperbaric area for \$352,101 at the Jamestown Regional Medical Center. The Jamestown Regional Airport constructed a new airplane hangar in the amount of \$535,276. The Sanford Clinic did a \$1,985,210 remodel at their downtown facility, while the ND National Guard completed a \$738,000 remodel of their maintenance facility shop. Two new motels were constructed for a total valuation of \$5,315,000. Menard's Home Improvement constructed a new retail store building valued at \$5,912,630.

Residential construction for 2014 saw the start of construction on a 185 unit apartment complex for a value of \$2,765,000 along with permits for the construction of 35 single family residential homes with a total value of \$7,584,605.

Early indications for 2015 seem to indicate considerable commercial construction activity for the year. Some of the projects indicate that a number of retail stores planned for construction as well as a possible 50+ memory and assisted care facility and a 24 unit affordable housing complex. Indications also seem to conclude that the new home construction market will continue to be strong as well and that a number of multiple family apartment buildings will also be constructed.

Taxable valuations in the City for 2014 were \$33,163,612, an increase of 8.6%. The mill levy for the city of Jamestown in 2014 decreased to 110.22 mills or minus 3.1%.

**Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances and to demonstrate the City's accountability for the money it receives to the citizens of Jamestown. If you have any questions on this report or need further information, contact the **CITY OF JAMESTOWN'S** City Administrator at 102 3<sup>rd</sup> Avenue SE, Jamestown, North Dakota 58401.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Statement of Net Position**  
**December 31, 2014**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>ASSETS</b>				
Cash and equivalents	\$ 16,953,119	\$ 6,828,437	\$ 23,781,556	\$ 245,071
Certificates of deposit				127,779
Accounts receivable	8,950	786,691	795,641	14,840
Internal balances	(1,203,788)	1,085,643	(118,145)	
Due from other governmental agencies	3,836,379		3,836,379	185,982
Prepaid expenses				30,088
Loan fees				5,251
Property held for resale	209,398		209,398	
Capital assets				
Land and improvements not being depreciated	7,200	60,000	67,200	443,705
Construction in progress	238,145	303,903	542,048	928,947
Buildings	5,995,673	23,886,056	29,881,729	4,371,796
Infrastructure	35,883,779	37,263,255	73,147,034	11,009,593
Equipment	6,151,784	4,203,905	10,355,689	1,112,102
Less: Accumulated Depreciation	(21,164,978)	(16,446,241)	(37,611,219)	(7,619,507)
Net Capital Assets	<u>27,111,603</u>	<u>49,270,878</u>	<u>76,382,481</u>	<u>10,246,636</u>
Total Assets	<u>46,915,661</u>	<u>57,971,649</u>	<u>104,887,310</u>	<u>10,855,647</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	389,357	176,878	566,235	270,077
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,342,618	2,475,000	4,817,618	35,703
Due in more than one year				
Bonds, capital leases and contracts	14,064,320	25,375,559	39,439,879	914,055
Compensated absences	<u>300,405</u>	<u>155,618</u>	<u>456,023</u>	
Total Liabilities	<u>17,096,700</u>	<u>28,183,055</u>	<u>45,279,755</u>	<u>1,219,835</u>
<b>NET POSITION</b>				
Net investment in capital assets	10,704,665	21,420,319	32,124,984	9,296,878
Restricted for:				
Capital projects	354,320	2,928,479	3,282,799	
Debt service	7,678,879	2,433,208	10,112,087	
Other projects	1,997,415	1,797,144	3,794,559	
Unrestricted net position	<u>9,083,682</u>	<u>1,209,444</u>	<u>10,293,126</u>	<u>338,934</u>
Total Net Position	<u>\$ 29,818,961</u>	<u>\$ 29,788,594</u>	<u>\$ 59,607,555</u>	<u>\$ 9,635,812</u>

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Statement of Activities**  
**Year Ended December 31, 2014**

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets				
	Primary Government				Component Units
	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
	Expenses			Business-type Activities	Total
General government	\$ 948,226	\$ 116,815	\$ 2,100	\$ (948,226)	\$
Public safety	3,459,784	1,163,010		(3,310,998)	(3,310,998)
Public works	9,118,896	39,087		(7,867,089)	(7,867,089)
Flood control				39,087	39,087
Health	53,045			(53,045)	(53,045)
Civic center	767,284			(262,923)	(262,923)
Interest on long-term debt	351,222			(351,222)	(351,222)
Visitor's promotion	526,182			(526,182)	(526,182)
Business and industrial development	6,549,099			(6,549,099)	(6,549,099)
Total Governmental Activities	21,773,738	1,318,912	2,100	(19,829,697)	(19,829,697)
Business-Type Activities					
Water utility	2,589,862	3,875,113		1,285,251	1,285,251
Sewer utility	2,033,082	2,885,236		852,154	852,154
Sanitation	980,822	1,726,845		746,023	746,023
Solid waste	1,481,307	797,077		(684,230)	(684,230)
Other enterprise funds	23,134	65,514		42,380	42,380
Total Business-Type Activities	7,108,207	9,349,785		2,241,578	2,241,578
Total Primary Government	28,881,945	1,318,912	2,100	(17,588,119)	(17,588,119)
Component Units					
Jamestown Municipal Airport Authority	1,445,795	190,437	691,704		(563,654)
Total Component Units	1,445,795	190,437	691,704		(563,654)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes				3,091,702	3,091,702
Property taxes, levied for debt service				2,103,193	2,103,193
State aid distribution				1,188,806	1,188,806
Miscellaneous taxes				666,978	666,978
Sales taxes				2,437,496	2,437,496
Unrestricted investment earnings				44,933	44,933
Miscellaneous - repayment of economic development funds				665,296	665,296
Miscellaneous				984,663	984,663
Special item - gain on sale of assets				174,606	174,606
Transfers				8,300,462	(8,300,462)
Total General Revenues, Special Items, and Transfers				19,658,135	11,363,298
Change in Net Position				(171,562)	(242,322)
Net Position - Beginning				29,964,652	9,877,072
Prior period adjustment				25,871	1,062
Net Position - Ending				\$ 29,788,594	\$ 9,635,812

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



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2014**

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>							
Cash and cash equivalents	\$ 3,296,026	\$ 2,905,495	\$ 4,821,775	\$ 513,528	\$	\$ 5,416,295	\$ 16,953,119
Taxes receivable, net	1,982,758					1,833,504	3,816,262
Due from other funds	33,545	306,754	277,149	1,745,378		2,102,672	4,465,498
Receivable from other governments	1,601					18,519	20,120
Other receivables						8,950	8,950
Total Assets and Deferred Outflows of Resources	<u>\$ 5,313,930</u>	<u>\$ 3,212,249</u>	<u>\$ 5,098,924</u>	<u>\$ 2,258,906</u>	<u>\$</u>	<u>\$ 9,379,940</u>	<u>\$ 25,263,949</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$ 327,663	\$ 327,663
Due to other funds					5,982,617	83,434	6,066,051
Total Liabilities					<u>5,982,617</u>	<u>411,097</u>	<u>6,393,714</u>
Deferred inflows of resources							
Long - term receivables	<u>1,006,699</u>					<u>932,199</u>	<u>1,938,898</u>
Fund Balances:							
Restricted for							
Debt service				2,258,906		4,547,509	6,806,415
Committed						63,915	63,915
Assigned		3,212,249	5,098,924			3,425,220	11,736,393
Unassigned	<u>4,307,231</u>	<u>3,212,249</u>	<u>5,098,924</u>	<u>2,258,906</u>	<u>(5,982,617)</u>	<u>8,036,644</u>	<u>(1,675,386)</u>
Total Fund Balances	<u>4,307,231</u>	<u>3,212,249</u>	<u>5,098,924</u>	<u>2,258,906</u>	<u>(5,982,617)</u>	<u>16,931,337</u>	<u>16,931,337</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,313,930</u>	<u>\$ 3,212,249</u>	<u>\$ 5,098,924</u>	<u>\$ 2,258,906</u>	<u>\$</u>	<u>\$ 9,379,940</u>	<u>\$ 25,263,949</u>

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2014**

Total Fund Balance, Governmental Funds	\$ 16,931,337
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities and property held for resale are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	27,321,001
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	1,938,898
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The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	335,068
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Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(16,707,343)
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Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 29,818,961</u>
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**The accompanying notes are an integral part of these financial statements.**

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2014**

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 2,665,042	\$	\$	\$	\$	\$ 2,187,828	\$ 4,852,870
Sales and miscellaneous taxes	85,061		1,218,748			1,800,666	3,104,475
Fees and fines	208,178						208,178
Licenses and permits	411,946					90,964	411,946
Intergovernmental	2,421,320					88,741	2,512,284
Charges for services	534,289	3,842	27,982	870		4,555	623,030
Investment earnings	7,412		665,297		81,761	1,507,627	44,661
Miscellaneous	82,668		1,912,027	870	81,761	5,680,381	2,337,353
Total Revenues	6,415,916	3,842					14,094,797
<b>EXPENDITURES</b>							
Current:							
General government	732,548			266			732,814
Public safety	3,199,978					56,784	3,256,762
Public works	1,966,600	1,004			5,522,251	766,035	8,255,890
Health	53,045						53,045
Flood control							
Civic center	822,270						822,270
Visitor's promotion						526,262	526,262
Business and industrial development			6,549,099				6,549,099
Debt Service:							
Principal							
Interest and other charges							
Capital outlay	132,785	376,341				2,227,000	2,227,000
Total Expenditures	6,907,226	377,345	6,549,099	266	5,522,251	281,376	281,376
Excess (deficiency) of revenues over expenditures	(491,310)	(373,503)	(4,637,072)	604	(5,440,490)	1,540,675	2,049,801
<b>OTHER FINANCING SOURCES (USES)</b>						5,398,132	24,754,319
Proceeds from issue of bonds							
Transfers in	705,167	746,760			5,414,668	59,605	5,474,273
Transfers out	(834,459)	(193,867)			14,624,422	1,133,479	17,209,828
Total other financing sources and (uses)	(129,292)	552,893			(7,124,392)	(756,648)	(8,909,366)
<b>SPECIAL ITEM</b>						436,436	13,774,735
Proceeds from sale of equipment		127,182	148,573	5,546			281,301
Net change in fund balances	(620,602)	306,572	(4,488,499)	6,150	7,474,208	718,685	3,396,514
Prior period adjustment	400,000						400,000
Fund Balances - Beginning	4,527,833	2,905,677	9,587,423	2,252,756	(13,456,825)	7,317,959	13,134,823
Fund Balances - Ending	\$ 4,307,231	\$ 3,212,249	\$ 5,098,924	\$ 2,258,906	\$ (5,982,617)	\$ 8,036,644	\$ 16,931,337

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental**  
**Funds to the Statement of Activities**  
**Year Ended December 31, 2014**

Net Change in Fund Balances - Total Governmental Funds: \$ 3,396,514

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$2,049,801 exceeded depreciation \$1,243,780 in the current period.

806,021

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

(106,694)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

342,023

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which net proceeds exceeded repayments.

(4,683,300)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, it also includes the amortization of bond issue costs

(8,778)

Some expenses reported in the statement of activities do not require the use of current financial resources, such as compensated absences, and these are not reported as expenditures in governmental funds.

(6,143)

Internal service funds are used by management to charge the costs of certain activities, such as health care, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

88,795

Change in Net Assets of Governmental Activities

\$ (171,562)

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2014**

	Enterprise Funds					Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Other Enterprise Funds	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 3,429,863	\$ 2,092,814	\$	\$ 1,305,760	\$	\$ 6,828,437
Accounts receivable, net	369,046	241,441	176,203			786,690
Due from other funds		784,220	66,748	402,451	173,466	1,426,885
Total Current Assets	3,798,909	3,118,475	242,951	1,708,211	173,466	9,042,012
Non-current assets:						
Capital assets:						
Land				60,000		60,000
Construction in progress		79,601	8,750	215,552		303,903
Infrastructure	16,760,325	18,983,147	1,519,783			37,263,255
Buildings	3,042,329	5,991,260	2,618,701	12,233,766		23,886,056
Equipment and furniture	372,387	1,100,429	2,315,767	415,321		4,203,904
Less accumulated depreciation	(4,564,513)	(5,324,589)	(2,542,192)	(4,014,946)		(16,446,240)
Total non-current assets	15,610,528	20,829,848	3,920,809	8,909,693		49,270,878
Total Assets	19,409,437	23,948,323	4,163,760	10,617,904	173,466	58,312,890
						458,938
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable		156,380		20,498		176,878
Due to other funds	403,415					403,415
Accrued health insurance benefits						61,694
Bonds, notes and loans payable	627,000	1,633,000		215,000		2,475,000
Total Current Liabilities	1,030,415	1,789,380		235,498		3,055,293
Non-current liabilities:						
Compensated absences	70,572	34,037	31,609	19,400		155,618
Closure and postclosure costs				1,641,702		1,641,702
Bonds, notes and loans payable	9,546,661	13,907,196		280,000		23,733,857
Total non-current liabilities	9,617,233	13,941,233	31,609	1,941,102		25,531,177
Total Liabilities	10,647,648	15,730,613	31,609	2,176,600		28,586,470
						61,694
<b>NET POSITION</b>						
Net investment in capital assets	5,436,867	5,289,652	3,920,809	6,772,991		21,420,319
Restricted for debt service	998,321	1,198,081		236,805		2,433,207
Restricted for capital projects	1,452,356	1,476,123				2,928,479
Restricted for other purposes				1,797,144		1,797,144
Unrestricted	874,245	253,854	211,342	(365,636)	173,466	1,147,271
Total Net Position	\$ 8,761,789	\$ 8,217,710	\$ 4,132,151	\$ 8,441,304	\$ 173,466	\$ 29,726,420
						397,244
						397,244

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2014**

	Enterprise Funds				Other		Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Enterprise Funds	Total	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 3,870,215	\$ 2,865,823	\$ 1,726,084	\$ 775,790	\$ 47,864	\$ 9,285,776	\$ 994,969
Miscellaneous	4,898	19,413	761	21,287	17,650	64,009	
Total Operating Revenues	<u>3,875,113</u>	<u>2,885,236</u>	<u>1,726,845</u>	<u>797,077</u>	<u>65,514</u>	<u>9,349,785</u>	<u>994,969</u>
<b>OPERATING EXPENSES</b>							
Personal services	1,092,138	676,320	577,292	575,894		2,921,644	
Contractual services	148,901	58,355	2,334	81,698		291,288	
Utilities	218,276	419,258		67,442		704,976	
Repairs and maintenance	254,349	242,414	87,581	359,993		944,337	
Other supplies and expenses	529,277	113,455	92,986	106,977		842,695	
Insurance claims and expenses	5,963		4,383	7,293		17,639	844,270
Sundry expenses	40,741	45,465		12,368	23,134	121,708	
Depreciation	178,221	284,414	230,973	265,897		959,505	
Total Operating Expenses	<u>2,467,866</u>	<u>1,839,681</u>	<u>995,549</u>	<u>1,477,562</u>	<u>23,134</u>	<u>6,803,792</u>	<u>844,270</u>
Operating Income (Loss)	<u>1,407,247</u>	<u>1,045,555</u>	<u>731,296</u>	<u>(680,485)</u>	<u>42,380</u>	<u>2,545,993</u>	<u>150,699</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	2,352	2,309	96	868		5,625	270
Interest expense	(142,630)	(206,460)		(17,500)		(366,590)	
Net non-operating revenues (expenses)	<u>(140,278)</u>	<u>(204,151)</u>	<u>96</u>	<u>(16,632)</u>		<u>(360,965)</u>	<u>270</u>
Income (loss) before contributions and transfers							
Transfers in	1,266,969	841,404	731,392	(697,117)	42,380	2,185,028	150,969
Transfers out	2,102,746	4,651,780	142,867	918,749		7,816,142	
Change in net position	<u>(4,154,402)</u>	<u>(10,957,024)</u>	<u>(876,237)</u>	<u>(128,940)</u>		<u>(16,116,603)</u>	
Total fund net position - beginning	(784,687)	(5,463,840)	(1,978)	92,692	42,380	(6,115,433)	150,969
Prior period correction	8,724,170	7,300,632	4,134,129	15,551,836	131,086	35,841,853	246,275
Total fund net position - ending	<u>\$ 8,761,789</u>	<u>\$ 8,217,710</u>	<u>\$ 4,132,151</u>	<u>\$ 8,441,304</u>	<u>\$ 173,466</u>	<u>\$ 29,726,420</u>	<u>\$ 397,244</u>
Change in net position, per above						(6,115,433)	
Internal service funds are used by management to charge the costs of certain activities to individual funds.							
The net revenue (expense) of certain internal service funds is reported with Business Activities.						62,174	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements						<u>\$ (6,053,259)</u>	

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2014**

	Enterprise Funds				Other Enterprise Funds	Total	Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 3,794,863	\$ 2,855,911	\$ 1,714,127	\$ 775,790	\$ 65,514	\$ 9,206,205	\$ 994,969
Payments to suppliers	(1,198,313)	(760,089)	(185,441)	(607,980)	(23,134)	(2,774,957)	
Payments to employees	(1,106,505)	(669,712)	(574,699)	(579,776)		(2,930,692)	
Payments on claims	(5,963)		(4,383)	(7,293)		(17,639)	(833,068)
Internal activity - payment from (to) other funds	3,217,164	674,667	(74,224)	856,241	(42,380)	4,631,468	(412,171)
Other receipts	4,898	19,413	761	21,287		46,359	
Net Cash Provided by (Used in) Operating Activities	4,706,144	2,120,190	876,141	458,269		8,160,744	(250,270)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfer in	2,102,746	4,651,780	142,867	918,749		7,816,142	
Transfers out	(4,154,402)	(10,957,024)	(876,237)	(128,940)		(16,116,603)	
Net Cash Provided by (Used in) Noncapital Financing Activities	(2,051,656)	(6,305,244)	(733,370)	789,809		(8,300,461)	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition & construction of capital assets	(2,130,671)	(4,511,340)	(142,867)	(26,070)		(6,810,948)	
Proceeds from issue of capital debt	2,938,661	10,745,196				13,683,857	
Principal paid on capital debt	(546,568)	(1,143,306)		(205,000)		(1,894,874)	
Interest paid on capital debt	(142,630)	(206,460)		(17,500)		(366,590)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	118,792	4,884,090	(142,867)	(248,570)		4,611,445	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest and dividends	2,352	2,309	96	868		5,625	270
Net Cash Provided by Investing Activities	2,352	2,309	96	868		5,625	270
Net increase (decrease) in cash and cash equivalents	2,775,632	701,345		1,000,376		4,477,354	(250,000)
Cash and cash equivalents, January 1	654,231	1,391,469		305,384		2,351,084	250,000
Cash and cash equivalents, December 31	<u>\$ 3,429,863</u>	<u>\$ 2,092,814</u>	<u>\$</u>	<u>\$ 1,305,760</u>	<u>\$</u>	<u>\$ 6,828,437</u>	<u>\$</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ 1,407,247	\$ 1,045,555	\$ 731,296	\$ (680,485)	\$ 42,380	\$ 2,545,993	\$ 150,699
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	178,221	284,414	230,973	265,897		959,505	
Change in Assets and Liabilities							
Receivables, net	(75,352)	(9,912)	(11,957)			(97,221)	
Due to (from) other funds	3,217,164	674,667	(74,224)	856,241	(42,380)	4,631,468	(412,171)
Accounts payable	(6,769)	118,858	(2,540)	20,498		130,047	11,202
Compensated absences	(14,367)	6,608	2,593	(3,882)		(9,048)	
Net Cash Provided by ( Used in ) Operating Activities	<u>\$ 4,706,144</u>	<u>\$ 2,120,190</u>	<u>\$ 876,141</u>	<u>\$ 458,269</u>	<u>\$</u>	<u>\$ 8,160,744</u>	<u>\$ (250,270)</u>

The accompanying notes are an integral part of these financial statements

**CITY OF JAMESTOWN**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$
Receivables:	
Due from other funds	<u>118,145</u>
Total Assets	<u><u>118,145</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u>118,145</u>
Total Liabilities	<u><u>\$ 118,145</u></u>
<b>NET POSITION</b>	
Held in trust for benefits and other purposes	

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



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2014**

**1. Summary of Significant Accounting Policies**

The City's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. The City's government-wide financial statements apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The City's more significant accounting policies are described below.

**A. Description of the Reporting Entity**

**CITY OF JAMESTOWN** is a municipal corporation governed by an elected five member council. As of 1978, the City adopted a home rule charter.

**B. Reporting Entity**

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Jamestown Regional Airport Authority operates the City's airport facility. The Authority's budget is subject to approval by the city council.

The component unit condensed financial information reflects this discretely presented unit. Complete financial statements for the individual component unit may be obtained from its administrative office as follows:

Jamestown Regional Airport Authority  
Jamestown Airport  
Jamestown, ND 58401

Governmental accounting standards require reasonable separation between the primary government (including its blended component units) and its discretely presented component units, both in the financial statements and in the related notes and required supplementary information. Because the discretely presented component unit, although legally separate, has been and is operated as if it is part of the primary government, there are limited instances where special note references or separation will be required. If no separate note reference or categorization is made, the user should assume that information presented is equally applicable to the City and to its component unit.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**B. Reporting Entity – continued**

**Condensed Component Unit Financial Statements**

	Jamestown Regional Airport Authority
ASSETS	
Current assets	\$ 609,011
Capital assets	10,246,636
Total Assets	<u>10,855,647</u>
LIABILITIES	
Current liabilities	305,780
Long-term liabilities	914,055
Total Liabilities	<u>1,219,835</u>
NET POSITION	
Invested in capital assets	9,296,878
Unrestricted	338,934
Total Net Position	<u>9,635,812</u>
REVENUES	
Program Revenues	
Charges for services	\$ 190,437
Capital grants	691,704
General revenues	
Property taxes	252,075
Other revenues	69,257
Total Revenues	<u>1,203,473</u>
EXPENDITURES	
Operating	1,052,721
Projects	393,074
Total Expenditures	<u>1,445,795</u>
Change in Net Position	(242,322)
Net Position beginning of year	9,877,072
Prior period adjustment	1,062
Net Position end of year	<u>\$ 9,635,812</u>

**C. Basis of Presentation**

***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non exchange revenues. Business-type activities are financed in whole or in part by fees and charges for services.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**C. Basis of Presentation – continued**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include (1) fines, fees and charges for services to customers that benefit from the services provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. General revenues, including taxes, are those revenues that are not properly classified as program revenue.

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

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

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
3. In addition, any other governmental fund that the City believes is particularly important to financial statement users may be reported as a major fund.

***Governmental Funds***

Governmental funds are utilized to account for most of the City's governmental functions. The City's major governmental funds are as follows:

*General Fund* - The General Fund is the operating fund of the City and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Equipment Replacement Fund* - This fund is used to account for the transfer of monies from the different funds to finance the purchase of major equipment.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**C. Basis of Presentation – continued**

*City Sales Tax Fund* - This fund is used to account for the portion of sales tax collections dedicated to economic development and payments are made towards economic development projects.

*Special Assessment Deficiency Fund* - This fund is used to account for the sale of lots received for tax deficiencies and pay off the taxes due on the associated lots.

*Construction Fund* – This fund is used to account for the issue of bonds and the construction of major projects for the City.

The City reports the following major enterprise funds:

*Water Utility Fund* – This fund is used to account for the provision of water services to the residents of the City.

*Sewer Utility Fund* – This fund is used to account for the provision of sewer services to the residents of the City.

*Sanitation Fund* – This fund is used to account for the provision of garbage pickup services to the residents of the City.

*Solid Waste Fund* – This fund is used to account for the provision of landfill services to the residents of the City.

In addition, the City reports the following fund types:

*Internal Service Fund* – These funds are used to account for services provided to other City departments, or other governments, on a cost reimbursement basis. The Health Insurance Fund is used to account for the cost of providing health insurance to City employees.

*Agency Funds* – These funds are used to account for assets held by the City as agent for other individuals, private organizations, or other governmental units and /or funds.

**D. Basis of Accounting**

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The City's internal service fund also uses the accrual basis of accounting.

Governmental funds and agency funds follow the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of its fiscal year. Expenditures are recorded when the related

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**D. Basis of Accounting – continued**

fund liability is incurred, except for interest not matured on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenue is recorded as revenue in the year the tax is levied in the government-wide financial statements. Property tax revenues in the governmental funds are recorded when it becomes available.

Property taxes are levied and certified no later than October 10 and the property taxes attach as an enforceable lien on property as of January 1 and are due and payable at that time. The first installment of taxes becomes delinquent March 1 and the second installment on October 15. The taxes are collected by the County Treasurer and remitted to the City on a monthly basis.

State general and categorical aids and other entitlements are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, expenditure-driven grant programs, and interest income. Fines, permits and fees are not susceptible to accrual because they are not measurable until received in cash.

For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations.

**E. Measurement Focus**

On the government-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds, and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**E. Measurement Focus – continued**

Liabilities for claims, judgments, compensated absences and pension contributions that will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

**F. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**G. Deposits and Investments**

The City maintains deposits at depository banks that are members of the Federal Reserve System. North Dakota laws require all public deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentality's, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies, or instrumentality's, or by any county, city, township, school district, park district, or other political subdivision of the State of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body, and bonds issued by any other state of the United States or such other securities approved by the banking board.

*Interest rate risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* North Dakota State Statute limits political subdivisions to invest their surplus funds in:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or by the state.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**G. Deposits and Investments - continued**

4. Obligations of the state.

The City has no investments other than demand and time deposits.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2014, the City's deposits were not fully insured or collateralized with securities held by the financial institutions in the City's name. (See note 2)

**H. Cash Flow Information**

The City considers cash and cash equivalents in proprietary funds for purposes of the statement of cash flows to be cash on hand, demand deposits and all highly liquid investments with a maturity of three months or less to be cash equivalents.

**I. Capital Assets**

***Government-Wide Statements***

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported as assets in the fund financial statements. All capital assets are recorded at cost (or estimated historical cost). The assets are updated for additions and retirements during the City's year. The City has established a capitalization threshold of \$5,000 and having a useful life in excess of two years. Donated capital assets are recorded at their fair market value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City's land and construction in progress are capitalized but are not depreciated. All the remaining capital assets are depreciated over their estimated useful lives on a straight-line basis. The City has established the following useful lives:

Buildings	25 to 50 years
Infrastructure	50 to 60 years
Equipment	5 to 20 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**J. Long-Term Obligations**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists primarily of bonds and compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources. The payment of principal and interest are reported as expenditures.

**K. Compensated Absences**

The City allows employees to accumulate up to a maximum of 960 hours of sick leave. On termination no payment is made for unused sick leave. Vacation can be carried over up to 40 hours per year. Any vacation not taken is paid for upon termination. The amount to be paid from current resources is not significant.

**L. Equity Classifications**

***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
2. Restricted net position – consists of net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

***Fund Statements***

In the governmental fund statements, fund balances are classified as restricted, committed, assigned and unassigned.

Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: (a) externally imposed by creditors, (such as



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**L. Equity Classifications - continued**

through debt covenants), grantors, contributors, or laws or regulations of other governments.; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which is the City Council through an ordinance or resolution.

Assigned fund balance represents amounts constrained by the government's intent to be used for a specific purpose, but neither restricted nor committed.

Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and is not restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

**2. Cash and Cash Equivalents**

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and cash equivalents." The following summary presents the amount of the City's deposits which are fully insured or collateralized with securities held by the City or its agent in the City's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the City's name (category 2), and those deposits which are not collateralized (category 3) at December 31, 2014.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government					
Cash deposits	\$ 860,270	\$12,889,517	\$ 178,195	\$13,927,982	\$ 13,281,556
Certificates of deposit	250,000	10,250,000		10,500,000	10,500,000
Fiduciary funds					
Cash deposits					
Certificates of deposit					
Component funds					
Cash deposits	254,443			254,443	245,071
Certificates of deposit	<u>130,281</u>			<u>130,281</u>	<u>127,779</u>
Total Deposits	<u>\$1,494,994</u>	<u>\$23,139,517</u>	<u>\$ 178,195</u>	<u>\$24,812,706</u>	<u>\$24,154,406</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**3. Interfund Receivables, Payables and Transfers**

Cash of all funds is commingled into pooled cash. Separate cash balances are maintained for each fund in the records of the City. When a fund overdraws its share of pooled cash it is shown as a liability of that fund and a receivable of a fund with a positive cash balance since the actual deficit balance in any particular fund is not a bank deficit balance.

Balances due to/from other funds at December 31, 2014, consist of the following:

Due to the General fund from the Construction Fund	\$ 33,545
Due to the Equipment Replacement Fund from the Construction Fund	306,754
Due to the City Sales Tax Fund from the Construction Fund	277,149
Due to the other governmental funds from the Construction Fund	2,019,238
Due to the Special Assessment Deficiency Fund from the Construction Fund	1,745,378
Due to the Business Type Activities from the Construction Fund	1,023,470
Due from the Internal Service Fund to the Construction Fund	458,938
Due to the Trust & Agency type funds	118,145
	<u>\$ 5,982,617</u>

Transfers to/from other funds at December 31, 2014, consist of the following:

From the General Fund to the Equipment Replacement Fund to finance equipment purchases	\$ 500,245
From General Fund to Construction fund to reimburse costs	93,388
From other governmental funds to General fund for closeout and matching	34,341
From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	236,820
From Construction to other governmental funds to closeout projects	700,863
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	9,695
Between other governmental funds to finance debt service	432,616
Between Business-Type Activities to fund Solid Waste	918,749
From other governmental funds to Business-Type Activities to fund wastewater treatment	279,996
From Equipment Replacement Fund to Business-Type Activities for equipment purchases	193,867
From Construction Fund to Business-Type Activities for construction projects	6,423,530
From Business-Type Activities to Construction Fund to reimburse costs	847,177
From Civic Center to General Fund to record revenues generated	240,826
From Business-Type Activities to Construction Fund to fund projects	13,683,857
From Business-Type Activities to General Fund as budgeted	430,000
	<u>\$ 25,025,970</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**4. Property Held for Resale**

Property held for resale was obtained in the settlement of litigation. The property is being held only for resale. The property is currently valued at cost.

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

**Primary Government**

<i>Governmental Activities</i>	12/31/13	Additions	Deletions	12/31/14
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	414,878	223,267	400,000	238,145
Total capital assets not being depreciated	422,078	223,267	400,000	245,345
Capital assets being depreciated:				
Buildings	4,326,558	1,669,115		5,995,673
Infrastructure	35,883,779			35,883,779
Equipment	5,873,804	557,420	279,440	6,151,784
Total capital assets being depreciated	46,084,141	2,226,535	279,440	48,031,236
Less accumulated depreciation for:				
Buildings	2,381,312	107,511		2,488,823
Infrastructure	14,423,637	633,943		15,057,580
Equipment	3,288,995	502,326	172,746	3,618,575
Total accumulated depreciation	20,093,944	1,243,780	172,746	21,164,978
Net capital assets being depreciated	25,990,197	982,755	106,694	26,866,258
Governmental Activities capital assets, net	<u>\$26,412,275</u>	<u>\$ 1,206,022</u>	<u>\$ 506,694</u>	<u>\$27,111,603</u>
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	17,725,690	4,911,040	22,332,827	303,903
Total capital assets not being depreciated	17,785,690	4,911,040	22,332,827	363,903
Capital assets being depreciated				
Buildings	23,886,056			23,886,056
Infrastructure	14,930,428	22,332,827		37,263,255
Equipment	3,955,347	287,128	38,570	4,203,905
Total capital assets being depreciated	42,771,831	22,619,955	38,570	65,353,216

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**5. Capital Assets - continued**

	<u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/14</u>
Less accumulated depreciation				
Buildings	9,522,344	425,880		9,948,224
Infrastructure	3,468,424	296,116		3,764,540
Equipment	2,533,113	237,509	37,145	2,733,477
Total accumulated depreciation	<u>15,523,881</u>	<u>959,505</u>	<u>37,145</u>	<u>16,446,241</u>
Net capital assets being depreciated	<u>27,247,950</u>	<u>21,660,450</u>	<u>1,425</u>	<u>48,906,975</u>
Business-Type Activities capital assets, net	<u>\$45,033,640</u>	<u>\$ 26,571,490</u>	<u>\$22,334,252</u>	<u>\$49,270,878</u>

**Discretely Presented Component Units**

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2014 follows:

	<u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/14</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress	26,060	902,887		928,947
Total capital assets not being depreciated	<u>469,765</u>	<u>902,887</u>		<u>1,372,652</u>
Capital assets being depreciated				
Buildings	4,371,796			4,371,796
Infrastructure	11,009,593			11,009,593
Equipment	1,139,537		27,435	1,112,102
Total capital assets being depreciated	<u>16,520,926</u>		<u>27,435</u>	<u>16,493,491</u>
Less accumulated depreciation for:				
Buildings	473,672	77,552		551,224
Infrastructure	6,160,488	374,659		6,535,147
Equipment	508,268	40,970	16,102	533,136
Total accumulated depreciation	<u>7,142,428</u>	<u>493,181</u>	<u>16,102</u>	<u>7,619,507</u>
Net capital assets being depreciated,	<u>9,378,498</u>	<u>(493,181)</u>	<u>11,333</u>	<u>8,873,984</u>
Component Units capital assets, net	<u>\$ 9,848,263</u>	<u>\$ 409,706</u>	<u>\$ 11,333</u>	<u>\$10,246,636</u>

Depreciation expense by function - primary government:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 35,028	Water utility	\$ 178,221
Public safety	249,737	Sewer utility	284,414
Public works	882,668	Sanitation	230,973
Civic center	76,347	Solid waste	265,897
Total	<u>\$ 1,243,780</u>	Total	<u>\$ 959,505</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City currently does not have any deferred outflows of resources.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Long-Term Obligations**

Governmental activities include the following types of long-term debt:

*Special assessment bonds* are issued to provide for the construction of improvement projects for residential and commercial developments. Special assessment bonds are paid directly from the sinking fund that has been set up to accumulate the taxes collected by the County from the property owners who directly benefit from each project.

**Refunding Improvement Bonds**

\$1,309,568 Wastewater Treatment Assessment Warrant of 2004 due in annual installments of \$55,000 to \$85,000 through September 1, 2024, interest at 2.5%	\$ 765,000
\$1,820,000 2006 Series O bonds due in annual installments of \$10,000 to \$250,000 through May 1, 2021, interest at 4.0% to 4.4%	100,000
\$1,467,998 2007B improvement bonds replace sanitary sewer mains due in annual installments of \$74,998 to \$79,000 through September 1, 2026, interest at 2.5%	931,000
\$1,875,000 2008 Series Q bonds due in annual installments of \$235,000 to \$375,000 through May 1, 2015, interest at 2.20% to 3.25%	270,000
\$1,780,000 2009 Series R bonds due in annual installments of \$235,000 to \$255,000 through May 1, 2016, interest at 1.25% to 3.00%	510,000
\$2,675,000 2010 Series S bonds due in annual installments of \$20,000 to \$370,000 through May 1, 2025, interest at 1.00% to 3.20%	1,230,000
\$2,955,000 2011 Series T bonds due in annual installments of \$80,000 to \$560,000 through May 1, 2026, interest at 2.00% to 3.55%	1,490,000

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**7. Long-Term Obligations - continued**

\$2,540,000 2012 Series U bonds due in annual installments of \$95,000 to \$345,000 through May 1, 2022, interest at 1.00% to 1.65%	1,870,000
\$2,210,000 2013 Series V bonds due in annual installments of \$15,000 to \$310,000 through September 1, 2026, interest at 2.5%	1,900,000
\$4,520,000 2014 Series W bonds due in annual installments of \$290,000 to \$315,000 through May 1, 2029, interest at 1% to 3%	4,520,000
\$870,000 2014 Series X bonds due in annual installments of \$50,000 to \$65,000 through May 1, 2029, interest at 2% to 4%	870,000
	<u>\$ 14,456,000</u>

Business-Type activities include the following types of long-term debt:

*Revenue bonds* are backed by the revenues from the Enterprise Funds to pay the debt service.

**Revenue Bonds**

\$1,289,702 solid waste treatment bonds of 1993 due in annual installments of \$60,000 to \$80,000 through October 14, 2015, interest at 2.5%	\$ 80,000
\$9,375,000 wastewater treatment bonds of 1996 (A) exempt, due in annual installments of \$450,000 to \$585,000 through September 1, 2016, interest at 2.5%	1,160,000
\$6,925,000 wastewater treatment bonds of 1996 (B) taxable, due in annual installments of \$330,000 to \$435,000 through September 1, 2016, interest at 2.5%	860,000
\$2,375,000 solid waste treatment bonds of 1997 due in annual installments of \$105,000 to \$140,000 through September 1, 2017, interest at 2.5%	415,000
\$370,120 water and sewer revenue bonds of 2002 due in annual installments of \$20,000 to \$30,000 through September 1, 2016, interest at 2.5%	60,000
\$2,534,604 water treatment revenue bonds of 2005 due in annual installments of \$104,604 to \$155,000 through September 1, 2025, interest at 2.5%	1,530,000
\$1,475,346 master lift station revenue bonds of 2005 due in annual installments of \$57,346 to \$93,000 through September 1, 2026, interest at 2.5%	970,000
\$2,076,816 water treatment revenue bonds of 2007 due in annual installments of \$90,000 to \$135,000 through September 1, 2026 interest at 2.5%	1,410,000
\$2,996,823 water treatment revenue bonds of 2010 due in annual installments of \$135,000 to \$165,000 through September 1, 2030, interest at .5%	2,445,000

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**7. Long-Term Obligations - continued**

\$1,140,023 (not fully issued) wastewater treatment revenue bonds of 2011 due in annual installments of \$50,000 to \$90,000 through September 1, 2030, interest at 2.5%	955,000
\$2,653,177 water treatment revenue bonds of 2010B, due in annual installments of \$105,000 to \$170,000 through September 1, 2030, interest at 2.5%. In 2013, the City received \$381,617 in ARRA debt forgiveness.	1,850,000
\$822,306 clean water revenue bonds of 2013, due in annual installments of \$32,306 to \$50,000 through September 1, 2033, interest at 2%	790,000
\$1,000,000, wastewater treatment assessment warrant of 2013, due in annual installments of \$35,000 to \$70,000 through September 1, 2034, interest at 2%	1,000,000
\$10,350,000(not fully issued) wastewater treatment revenue bonds of 2013, due in annual installments of \$405,000 to \$655,000 through September 1, 2034, interest at 2%	9,745,196
\$3,812,000(not fully issued) water tower revenue bonds of 2013, due in annual installments of \$152,000 to \$235,000 through September 1, 2033, interest at 2%	2,938,661
	<u>\$ 26,208,857</u>

*Conduit Debt.* From time to time, the City has issued Municipal Industrial Development Act Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2014, the aggregate principal amount payable for the four outstanding series issued is \$4,361,200.

The following is a summary of long-term obligation transactions for the year ended December 31, 2014:

	<u>12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/14</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement bonds	\$11,293,000	\$ 5,390,000	\$ 2,227,000	\$ 14,456,000	\$ 2,242,000
Issue costs	21,860	81,268	(11,783)	114,911	
Lease/purchase		1,881,984	45,957	1,836,027	100,618
Total Long-Term Debt	11,314,860	7,353,252	2,261,174	16,406,938	2,342,618

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**7. Long-Term Obligations - continued**

	<u>12/31/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/14</u>	<u>Due Within One Year</u>
Compensated absences	294,262	6,143		300,405	
Governmental Activities Long Term Liabilities	<u>\$ 11,609,122</u>	<u>\$7,359,395</u>	<u>\$ 2,261,174</u>	<u>\$16,707,343</u>	<u>\$ 2,342,618</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$ 14,419,874	\$13,683,857	\$1,894,874	\$26,208,857	\$2,475,000
Landfill closure costs	1,607,482	34,220		1,641,702	
Total Long-Term Debt	16,027,356	13,718,077	1,894,874	27,850,559	2,475,000
Compensated absences	164,667		9,049	155,618	
Business-Type Activities Long Term Liabilities	<u>\$ 16,192,023</u>	<u>\$13,718,077</u>	<u>\$1,903,923</u>	<u>\$28,006,177</u>	<u>\$2,475,000</u>
<i>Discretely presented component unit</i>					
Long-term debt					
Unison Bank	\$ 293,485	\$	\$ 18,377	\$ 275,108	\$ 19,391
Bank Forward		98,000		98,000	2,525
Bank Forward		535,000		535,000	13,787
Jamestown/Stutsman Development Corporation	41,650			41,650	
Discretely presented component Unit Long Term Liabilities	<u>\$ 335,135</u>	<u>\$ 633,000</u>	<u>\$ 18,377</u>	<u>\$ 949,758</u>	<u>\$ 35,703</u>

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

<u>Year Ending</u>	<u>Governmental Activities Special Assessment Bonds</u>		<u>Business-Type Activities Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,242,000	\$ 323,838	\$ 2,475,000	\$ 692,556
2016	1,987,000	278,711	2,454,000	648,026
2017	1,697,000	240,148	1,429,000	583,130
2018	1,332,000	208,971	1,316,000	546,780
2019	1,287,000	179,621	1,353,000	513,533
2020 – 2024	3,789,000	565,278	7,291,000	2,036,098
2025 – 2029	2,122,000	142,989	6,484,000	1,093,409
2030 – 2034			3,406,857	290,862
Total	<u>\$ 14,456,000</u>	<u>\$ 1,939,556</u>	<u>\$ 26,208,857</u>	<u>\$ 6,404,394</u>

The City leases equipment with a historical cost of \$1,524,826 and accumulated amortization of \$16,943 under capital lease arrangements. Future minimum lease payments at December 31, 2014, are as follows:



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**7. Long-Term Obligations - continued**

2015	\$ 157,443
2016	157,443
2017	157,443
2018	157,443
2019	157,443
2020 - 2024	787,215
2025 - 2029	261,597
Total minimum lease payments	<u>1,836,027</u>
Less deferred interest	<u>460,011</u>
Present value minimum lease payments	<u>\$ 1,376,016</u>

**8. Pension Plan**

**A. Plan Description**

The City provides pension benefits for employees of the City including Park Board employees, through the Retirement Plan of the City of Jamestown (single employer plan).

All employees who are employed for more than 20 hours a week and more than five months a year, with one year of continuous service, are eligible to participate. Benefits are 50% vested at five years of credited service and thereafter an additional 10% per year until they are 100% vested at 10 years of service.

A member may retire with an age and service benefit after completing 25 years of credited service and attaining the normal retirement age of 65. The retirement benefit for employees terminating after January 1, 1998, payable monthly for life equals 1.2% of a member's average monthly earnings multiplied by credited service (maximum 30). For those participant's that are age 60 or older as of January 1, 1998, their benefit will be the greater of the benefit calculated as stated previously or 60% of average monthly earnings minus 75% of his social security benefit, reduced 1/25 for each year of credited service less than 25 at normal retirement date. The minimum benefit shall be the accrued benefit under the old benefit formula as of January 1, 1998. If a member has less than 25 years of credited service the benefit is determined by taking the above formula times the fraction of the years of credited service divided by 25. A member's average monthly earnings is the average pay over the highest five consecutive years of employment. A member may retire early and receive a percentage of the accrued benefit based on the number of years retired early as long as the member has earned at least ten years credited service, is within ten years of normal retirement, and has the employer's approval.

Benefit provisions and all other requirements are established by City ordinance. Employees are not required to contribute to the Plan. The City is required to make all contributions necessary to fund the Plan using the actuarial basis specified by City ordinance. There are no related party transactions.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**8. Pension Plan - continued**

**B. Funding Status and Progress**

The amount shown below as the “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2015. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% a year compounded annually, (b) projected salary increases of 4% a year compounded annually, attributable to inflation, and (c) no post retirement benefit increases.

Assets in excess of accumulated pension benefit obligation were \$541,147 at December 31, 2014, as follows:

	<u>January 1, 2015</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,078,486
Current employees	
100% vested	3,556,397
Non vested	733
Total pension benefit obligation	<u>7,635,616</u>
Net assets available for benefits at market (cost unavailable)	8,176,763
Assets in excess of accumulated pension benefit obligation	<u>\$ (541,147)</u>

Effective January 1, 2009, the actuarial cost method changed from the entry age normal with 10 year level dollar amortization cost method to entry age normal with closed 30 year level dollar amortization method and the mortality tables changed from 1983 Group Annuity Mortality table to RP2000 combined healthy mortality table. Effective January 1, 2009, the actuarial cost method changed to entry age normal with closed 10 year level dollar amortization. Effective January 1, 2008, The City began participation in the North Dakota Public Employees Retirement System. Employees were allowed to transfer to the ND PERS at that time.

**C. Actuarially Determined Contribution Requirements and Contributions Made**

The Plan’s funding policy provides for actuarially determined periodic contributions at rates necessary to accumulate sufficient assets to pay benefits when due.

The significant actuarial assumptions used to compute the actuarially determined contribution rate are the same as those used to compute the pension benefit obligation as described in B above.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**8. Pension Plan - continued**

The contributions to the Plan of \$19,320 for 2014 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2015. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was .70% of current covered payroll for 2014.

**D. Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on page 51 of the City's financial statements. For the three years ended 2014, 2013 and 2012, available assets were sufficient to fund 107, 104, and 88 percent, respectively, of the pension benefit obligation. The Plan went from an underfunded plan of \$841,201 in 2012 to an overfunded plan of \$325,008 in 2013 and an overfunded plan of 541,147 in 2014. The City's contributions for the years ended 2014, 2013 and 2012 were .70, 1.59, and 5.42 percent, respectively, of annual covered payroll, all made in accordance with actuarially determined requirements.

**9. North Dakota Public Employees Retirement System**

The City participates in the North Dakota Public Employees' Retirement System (NDPERS) administered by the State of North Dakota. Following is a brief description of the plan.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan covering substantially all classified employees of the City. The plan provides retirement, disability and death benefits. If an active employee dies with less than three years of credited service, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of credited service, the surviving spouse will be entitled to a single payment refund, lifetime monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, 60 monthly payments equal to the employee's accrued normal retirement benefit calculated as if the employee were age 65 the day before death occurred or monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible employees who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the employee must meet the criteria established by the Retirement Board for being considered totally disabled.

Employees are entitled to unreduced monthly pension benefits equal to 2.0% of their final average salary for each year of service beginning when the sum of age and years of credited service equal or exceed 85, or at normal retirement age (65). The plan permits early retirement at ages 55-64, with three or more years of service.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**9. North Dakota Public Employees Retirement System - continued**

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 7% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. The City has not elected to implement a salary reduction agreement. The City is required to contribute 7.12% of each participant's salary as the employer's share. In addition to the 7.12% employer contribution the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. The City's required and actual contributions to NDPERS for the years ended December 31, 2014, 2013, and 2012 were \$371,293, \$303,833 and \$242,706, respectively.

NDPERS issues a publicly available financial report that includes financial statements and the required supplementary information for NDPERS. That report may be obtained by writing to NDPERS; 400 East Broadway, Suite 505; PO Box 1657; Bismarck, ND 58502-1657.

**10. Cobra Benefits**

Under the Consolidated Omnibus Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured before the first day of the month for the actual month covered. This program is offered for a period of 18 months after the employee's termination date. There is no cost to the City.

**11. Risk Management**

The City is exposed to various risks related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; health care of its employees and natural disasters. The City is self insured for employee health insurance. The City has established a separate fund to account for this activity: Group Health Insurance. Each participating fund makes payments to the group health insurance fund. Such payments are displayed on the financial statement as revenues and expenditures/expenses to the extent that the charge to the other funds is based on the actual expenses of the funds plus an additional amount for catastrophic losses. Payments in excess of these amounts, if any, are reported as operating transfers.

The City has contracted with third party administrators (TPAS) to administer the employee health insurance programs and to review and process claims. In addition, the City has contracted with third party carriers for specific and aggregate stop loss coverage to limit the City's exposure to losses. The specific and aggregate stop loss coverage is as follows:

Health insurance – The City is self-insured for \$20,000 per individual per year with the aggregate stop loss attachment point of 120% of expected plan benefits incurred during the contract year.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**11. Risk Management - continued**

A reconciliation of claims payable for the years ended December 31, 2014 and 2013, is as follows:

	2014	2013
Claims payable, January 1	\$ 50,492	\$ 65,792
Add: Claims incurred	474,017	551,604
Less: Claims paid	<u>(462,815)</u>	<u>(566,904)</u>
Claims payable, December 31	<u>\$ 61,694</u>	<u>\$ 50,492</u>

Claims payable are based on claims paid in January, February and March of 2015 for claims incurred in 2014.

The City participates in the North Dakota Insurance Reserve Fund (NDIRF) entity risk pool established by certain municipalities ("Members") to provide liability coverage. The City's payments to NDIRF are displayed on the financial statements as expenditures/expenses in the appropriate funds.

The purpose of the NDIRF is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the Members and other parties included within the scope of coverage of the NDIRF.

The city does not exercise any control over the activities of the NDIRF.

The City's risk for workers' compensation is covered by premiums paid to the North Dakota Workforce Safety and Insurance. It was created by the Legislature of the State of North Dakota. The City's risk for property coverage is covered by premiums paid to the North Dakota State Fire and Tornado fund. The Fund was established by the State of North Dakota to insure political subdivisions and certain other entities against loss to public buildings and permanent contents from damage caused by fire, tornadoes and other types of risks.

For insured programs, there have been no significant reductions in insurance coverage. Settled claims have not exceeded commercial insurance coverage for the current year or the three prior years.

**12. Closure and Post-closure Care Costs**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has calculated a liability as of the financial statement date. The estimated landfill closure and post-closure care liability at December 31, 2014, is \$561,761 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,079,941 is the remaining balance of the estimated cost of closure and post-closure care for the remaining capacity. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. The City expects to close the landfill in the year 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**12. Closure and Post-closure Care Costs - continued**

The City is required by state and federal regulations to demonstrate the financial assurance mechanism established for closure and post-closure costs. The City must meet the following test:

1. A ratio of current assets to current liabilities greater than one and five-tenths or a current rating for the owner's or operator's most recent bond issuance of AAA, AA or A as issued by Standard and Poor's or Aaa, Aa or A as issued by Moody's; and
2. Net working capital and tangible net worth each at least six times the sum of the current cost estimates for closure or post-closure, whichever is applicable; and
3. Tangible net worth of at least two million dollars; and
4. Assets located in the United States amounting to at least four times the current cost estimates for closure or post-closure care, whichever is applicable.

The City is in compliance with the above requirements.

**13. Litigation**

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

**14. Joint Venture**

The Jamestown/Stutsman Development Corporation is organized to improve business conditions of the **CITY OF JAMESTOWN** and Stutsman County, North Dakota, to attract new primary sector businesses and industry, and support existing business and industry. The Corporation is primarily supported by the **CITY OF JAMESTOWN** through sales tax revenues and Stutsman County by a dedicated mill levy.

The Corporation issued separate financial statements available at their offices located at 210 10<sup>th</sup> Street NE, Jamestown, North Dakota.

As of December 31, 2014, the City's share of equity investments entered into by the Corporation was \$3,744,978 and the City's share of loans made by the Corporation was \$1,386,277.

**15. Federal and State Grants**

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**16. City of Jamestown Sales Tax**

During the year ended December 31, 2014 the City of Jamestown collected 2% City sales tax. The 1% City sales tax for repayment of Jamestown School District bonds was discontinued effective December 31, 2014.

Reported by City	
City sales tax fund	\$ 1,218,748
City share specials reserve fund	<u>1,218,748</u>
 Total City Sales Tax	 <u>\$ 2,437,496</u>
 Passed through to Jamestown Public School	 <u>\$ 2,437,496</u>

**17. Deficit Fund Balances**

The deficit of \$2,780 in the Bulletproof Vest Grant Fund (special revenue fund) and \$12,465 in the Forestry Grant Fund (special revenue fund) at December 31, 2014 are due to timing differences for expenses that will be reimbursed by the grant or by matching funds.

**18. Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at December 31, 2014 include the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$ 27,111,603	\$ 49,270,878
Less: related long-term debt	<u>(16,406,938)</u>	<u>(27,850,559)</u>
Net Investment in Capital Assets	<u>10,704,665</u>	<u>21,420,319</u>
 Restricted		
Capital projects	354,320	2,928,479
Debt service	7,678,879	2,433,208
Special revenue	<u>1,997,415</u>	<u>1,797,144</u>
Total Restricted	<u>10,030,614</u>	<u>7,158,831</u>
 Unrestricted	 9,083,682	 1,209,444
Total Net Position	<u>\$ 29,818,961</u>	<u>\$ 29,788,594</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2014**

**19. Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

	General	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total
Restricted:							
Debt service	\$	\$	\$	\$2,258,906	\$	\$ 4,547,509	\$ 6,806,415
Committed:						63,915	63,915
Assigned:							
Equipment replacement		3,212,249					3,212,249
Economic development/ infrastructure Capital projects			5,098,924			294,584	5,098,924
City share specials						2,581,097	2,581,097
Vector control						311,810	311,810
Visitor's promotion						148,831	148,831
Visitor's promotion capital construction						75,897	75,897
City taxi						24,376	24,376
Highway Safety						1,294	1,294
Bulletproof vest						(2,780)	(2,780)
Homeland security						625	625
Forestry						(12,465)	(12,465)
DARE						1,951	1,951
Unassigned	<u>4,307,231</u>	<u>\$ 3,212,249</u>	<u>\$ 5,098,924</u>	<u>\$ 2,258,906</u>	<u>(5,982,617)</u>	<u>\$ 8,036,644</u>	<u>(1,675,386)</u>
	<u>\$ 4,307,231</u>	<u>\$ 3,212,249</u>	<u>\$ 5,098,924</u>	<u>\$ 2,258,906</u>	<u>\$ (5,982,617)</u>	<u>\$ 8,036,644</u>	<u>\$ 16,931,337</u>

**20. Subsequent Events**

On June 23, 2015, the City Council voted to approve the issuance of \$3,710,000 in taxable gross revenue bonds of 2015, Series Y to finance improvements. On August 3, 2015, the City Council voted to approve the issuance of \$1,975,000 Refunding Improvement Bonds of 2015, Series Z to finance improvements.

On June 2, 2015, a special election was held which approved an increase in the City sales tax by 1% with the proceeds dedicated to the payments of the revenue bonds to be issued by the Jamestown Park District for constructing a recreational center, with the tax to expire when the bonds have been paid in full but no later than June 30, 2035.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**General Fund**  
**Year Ended December 31, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 2,878,965	\$ 2,878,965	\$ 2,844,293	\$ (34,672)
Sales and miscellaneous taxes	79,205	79,205	85,061	5,856
Fees and fines	174,000	174,000	208,178	34,178
Licenses and permits	311,925	311,925	411,946	100,021
Intergovernmental	2,727,200	2,727,200	2,433,850	(293,350)
Charges for services	146,900	146,900	155,647	8,747
Investment earnings	14,400	14,400	7,477	(6,923)
Miscellaneous	150,455	150,455	200,028	49,573
Total Revenues	<u>6,483,050</u>	<u>6,483,050</u>	<u>6,346,480</u>	<u>(136,570)</u>
<b>EXPENDITURES</b>				
Current:				
General government	774,715	774,715	787,071	(12,356)
Public safety	3,240,545	3,240,545	3,180,449	60,096
Public works	2,144,915	2,144,915	2,041,767	103,148
Health	53,045	53,045	53,045	
Civic center	469,505	469,505	579,267	(109,762)
Capital Outlay	191,200	191,200	77,467	113,733
Total Expenditures	<u>6,873,925</u>	<u>6,873,925</u>	<u>6,719,066</u>	<u>154,859</u>
Excess (deficiency) of revenues over expenditures	<u>(390,875)</u>	<u>(390,875)</u>	<u>(372,586)</u>	<u>18,289</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	445,050	445,050	461,561	16,511
Transfers out	(500,245)	(500,245)	(590,853)	(90,608)
Total Other Financing Sources and (Uses)	<u>(55,195)</u>	<u>(55,195)</u>	<u>(129,292)</u>	<u>(74,097)</u>
Net change in fund balances	(446,070)	(446,070)	(501,878)	(55,808)
Fund Balances - Beginning	4,740,502	4,740,502	4,740,502	
Fund Balances - Ending	<u>\$ 4,294,432</u>	<u>\$ 4,294,432</u>	<u>\$ 4,238,624</u>	<u>\$ (55,808)</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**Notes to RSI - General Fund**  
**Year Ended December 31, 2014**

**Note A - Explanation of Differences Between Budgetary Inflows  
and Outflows and GAAP Revenues and Expenditures**

**Sources/Inflows of Resources**

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 6,346,480
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	(179,251)
Grants accrued at prior year are included for budgetary purposes	(14,131)
Grants accrued are not considered revenues for budgetary purposes	1,601
The net proceeds from the civic center are included in the budget	<u>261,217</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 6,415,916</u></u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,719,066
Accounts payable at prior year end are included in the budget	(53,441)
Accounts payable at current year end are not included in the budget	
The expenses from promotion, revolving and concession funds are not included in the budget	<u>241,601</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 6,907,226</u></u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**Notes to RSI - General Fund**  
**Year Ended December 31, 2014**

**Note B - Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- 1 Prior to September 10, the City Administrator submits to the City Council a proposed operating budget for the year beginning January 1. The operating budget includes proposed expenditures and the means of financing them. Annual appropriations lapse at year end.
- 2 Public hearings are conducted to obtain taxpayer comment.
- 3 Prior to October 1st, the budget is legally enacted through the passage of an ordinance.
- 4 Formal budgetary integration is employed as a management control device for the year.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**Major Special Revenue Funds**  
**Year Ended December 31, 2014**

	Equipment Replacement				City Sales Tax			
				Variance				Variance
	Budgeted Amounts	Actual	Budget -	with Final	Budgeted Amounts	Actual	Budget -	with Final
	Original	Final	Positive	(Negative)	Original	Final	Positive	(Negative)
<b>REVENUES</b>								
Sales and miscellaneous taxes	\$ 4,000	\$ 4,000	\$ 3,842	\$ (158)	\$ 1,246,250	\$ 1,246,250	\$ 1,218,748	\$ (27,502)
Investment earnings					38,955	38,955	27,982	(10,973)
Miscellaneous					169,820	169,820	665,297	495,477
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>3,842</u>	<u>(158)</u>	<u>1,455,025</u>	<u>1,455,025</u>	<u>1,912,027</u>	<u>457,002</u>
<b>EXPENDITURES</b>								
Current:								
General government								
Public works			1,004	(1,004)				
Business and industrial development					3,332,000	3,332,000	6,549,099	(3,217,099)
Capital Outlay	<u>529,000</u>	<u>529,000</u>	<u>376,341</u>	<u>152,659</u>				
Total Expenditures	<u>529,000</u>	<u>529,000</u>	<u>377,345</u>	<u>151,655</u>	<u>3,332,000</u>	<u>3,332,000</u>	<u>6,549,099</u>	<u>(3,217,099)</u>
Excess (deficiency) of revenues over expenditures	<u>(525,000)</u>	<u>(525,000)</u>	<u>(373,503)</u>	<u>151,497</u>	<u>(1,876,975)</u>	<u>(1,876,975)</u>	<u>(4,637,072)</u>	<u>(2,760,097)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	<u>743,510</u>	<u>743,510</u>	<u>746,760</u>	<u>(3,250)</u>				
Transfers out			<u>(193,867)</u>	<u>(193,867)</u>				
Total other financing sources and (uses)	<u>743,510</u>	<u>743,510</u>	<u>552,893</u>	<u>(197,117)</u>				
<b>SPECIAL ITEM</b>								
Proceeds from sale of capital assets			<u>127,182</u>	<u>127,182</u>			<u>148,573</u>	<u>148,573</u>
Net change in fund balances	<u>218,510</u>	<u>218,510</u>	<u>306,572</u>	<u>88,062</u>	<u>(1,876,975)</u>	<u>(1,876,975)</u>	<u>(4,488,499)</u>	<u>(2,611,524)</u>
Fund balances - beginning	<u>2,905,677</u>	<u>2,905,677</u>	<u>2,905,677</u>		<u>9,587,423</u>	<u>9,587,423</u>	<u>9,587,423</u>	
Fund balances - ending	<u>\$ 3,124,187</u>	<u>\$ 3,124,187</u>	<u>\$ 3,212,249</u>	<u>\$ 88,062</u>	<u>\$ 7,710,448</u>	<u>\$ 7,710,448</u>	<u>\$ 5,098,924</u>	<u>\$ (2,611,524)</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**Note to RSI - Major Special Revenue**  
**Year Ended December 31, 2014**

**Note A - Excess of Expenditures Over Appropriations**

Expenditures in the City Sales Tax Fund exceeded appropriations by \$3,217,099. All expenditures were approved by the City Council. These expenditures were all funded by available fund balances.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2014**

ANALYSIS OF PENSION PLAN FUNDING PROGRESS (UNAUDITED)

Year	Net Assets Available for Benefits	Accumulated Pension Benefit Obligation	Percentage Funded	Assets in Excess of Pension Benefit Obligation	Annual Covered Payroll
2005	\$ 4,932,797	\$ 4,413,979	112%	\$ 518,818	\$ 3,857,879
2006	5,581,862	4,885,109	114%	696,753	4,145,745
2007	5,825,462	5,242,002	111%	583,460	1,599,525 *
2008	5,428,991	6,018,201	90%	(589,210)	1,511,299
2009	5,203,886	6,148,003	85%	(944,117)	1,580,432
2010	5,674,474	6,548,722	87%	(874,248)	1,422,001
2011	5,716,727	6,773,236	84%	(1,056,509)	1,148,046
2012	6,239,168	7,080,369	88%	(841,201)	1,063,773
2013	7,593,591	7,268,583	104%	325,008	1,068,364
2014	8,176,763	7,635,616	107%	541,147	N/A

\*effective January 1, 2008 partial switch to North Dakota Public Employees Retirement System

**OTHER SUPPLEMENTARY INFORMATION**



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2014**

	<u>Nonmajor Special Revenue</u>	<u>Public Building Site</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash and cash equivalents	\$ 2,626,129	\$ 411,995	\$ 2,378,171	\$ 5,416,295
Taxes receivable, net		117,504	1,716,000	1,833,504
Due from other funds	566,417	150,734	1,385,521	2,102,672
Receivable from other governments	18,519			18,519
Other receivables	8,950			8,950
Total Assets and Deferred Outflows of Resources	<u>\$ 3,220,015</u>	<u>\$ 680,233</u>	<u>\$ 5,479,692</u>	<u>\$ 9,379,940</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,750	\$ 325,913	\$	\$ 327,663
Due to other funds	23,714		59,720	83,434
Total Liabilities	<u>25,464</u>	<u>325,913</u>	<u>59,720</u>	<u>411,097</u>
Deferred inflows of resources				
Long - term receivables		<u>59,736</u>	<u>872,463</u>	<u>932,199</u>
Fund Balances:				
Restricted for:				
Debt service			4,547,509	4,547,509
Committed	63,915			63,915
Assigned	3,130,636	294,584		3,425,220
Total Fund Balances	<u>3,194,551</u>	<u>294,584</u>	<u>4,547,509</u>	<u>8,036,644</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,220,015</u>	<u>\$ 680,233</u>	<u>\$ 5,479,692</u>	<u>\$ 9,379,940</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**Year Ended December 31, 2014**

	<b>Nonmajor Special Revenues</b>	<b>Public Building Site</b>	<b>Nonmajor Debt Service</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$	\$ 149,064	\$ 2,038,764	\$ 2,187,828
Sales and miscellaneous taxes	1,800,666			1,800,666
Intergovernmental	90,964			90,964
Charges for services	88,741			88,741
Investment earnings	3,265	715	575	4,555
Miscellaneous	754	1,506,873		1,507,627
Total Revenues	<u>1,984,390</u>	<u>1,656,652</u>	<u>2,039,339</u>	<u>5,680,381</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	56,784			56,784
Public works	85,410	680,625		766,035
Visitor's promotion	526,262			526,262
Principal			2,227,000	2,227,000
Interest and other charges			281,376	281,376
Capital outlay	54,254	1,486,421		1,540,675
Total Expenditures	<u>722,710</u>	<u>2,167,046</u>	<u>2,508,376</u>	<u>5,398,132</u>
Excess (deficiency) of revenues over expenditures	<u>1,261,680</u>	<u>(510,394)</u>	<u>(469,037)</u>	<u>282,249</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issue of bonds			59,605	59,605
Transfers in			1,133,479	1,133,479
Transfers out	(725,087)		(31,561)	(756,648)
Total other financing sources and (uses)	<u>(725,087)</u>		<u>1,161,523</u>	<u>436,436</u>
Net change in fund balances	<u>536,593</u>	<u>(510,394)</u>	<u>692,486</u>	<u>718,685</u>
Fund balances - beginning	<u>2,657,958</u>	<u>804,978</u>	<u>3,855,023</u>	<u>7,317,959</u>
Fund balances - ending	<u>\$ 3,194,551</u>	<u>\$ 294,584</u>	<u>\$ 4,547,509</u>	<u>\$ 8,036,644</u>

CITY OF JAMESTOWN  
Stutsman County, North Dakota  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2014

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Tax	ND Highway Safety	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	City Share Specials - Reserve	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>												
Cash and cash equivalents	\$200,548	\$ 100,581	\$ 125,000	\$	\$	\$	\$	\$	\$	\$2,200,000	\$	\$2,626,129
Due from other funds	102,312	48,250	14,812		17,531	464				381,097	1,951	566,417
Receivable from other governments				1,750	6,845	830	393	8,701				18,519
Other receivables	8,950											8,950
Total Assets and Deferred Outflows of Resources	\$311,810	\$ 148,831	\$ 139,812	\$ 1,750	\$24,376	\$ 1,294	\$ 393	\$ 8,701	\$	\$2,581,097	\$ 1,951	\$3,220,015
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>												
Liabilities:	\$	\$	\$	\$ 1,750	\$	\$	\$	\$	\$	\$	\$	\$ 1,750
Accounts payable												23,714
Due to other funds				1,750			3,173	8,076	12,465			
Total Liabilities							3,173	8,076	12,465			25,464
Deferred inflows of resources												
Long - term receivables												
Fund balances:												
Committed			63,915									63,915
Assigned	311,810	148,831	75,897		24,376	1,294	(2,780)	625	(12,465)	2,581,097	1,951	3,130,636
Total Fund Balances	311,810	148,831	139,812		24,376	1,294	(2,780)	625	(12,465)	2,581,097	1,951	3,194,551
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$311,810	\$ 148,831	\$ 139,812	\$ 1,750	\$24,376	\$ 1,294	\$ 393	\$ 8,701	\$	\$2,581,097	\$ 1,951	\$3,220,015

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended December 31, 2014**

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Tax	ND Highway Safety	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	City Share Specials - Reserve	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>												
Sales and miscellaneous taxes	\$	\$ 502,048	\$ 79,870	\$	\$	\$	\$	\$	\$	\$ 1,218,748	\$	\$ 1,800,666
Intergovernmental Charges for services	88,741			7,600	29,999	2,469	2,766	42,349	3,681		2,100	90,964
Investment earnings	199	97	64							2,905		88,741
Miscellaneous	633	121										3,265
Total Revenues	89,573	502,266	79,934	7,600	29,999	2,469	2,766	42,349	3,681	1,221,653	2,100	1,984,390
<b>EXPENDITURES</b>												
Current:												
Public safety												
Public works	51,457			7,600	17,807	2,355	2,766	42,349	16,146		1,714	56,784
Visitor's promotion		462,347	63,915									85,410
Capital outlay		54,254										526,262
Total Expenditures	51,457	516,601	63,915	7,600	17,807	2,355	2,766	42,349	16,146		1,714	54,254
Excess (deficiency) of revenues over expenditures	38,116	(14,335)	16,019		12,192	114			(12,465)	1,221,653	386	1,261,680
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in												
Transfers out	(9,695)						(2,780)			(712,612)		(725,087)
Total other financing sources and (uses)	(9,695)						(2,780)			(712,612)		(725,087)
Net change in fund balances	28,421	(14,335)	16,019		12,192	114	(2,780)		(12,465)	509,041	386	536,593
Fund balances - beginning	283,389	163,166	123,793		12,184	1,180		625		2,072,056	1,565	2,657,958
Fund balances - ending	\$ 311,810	\$ 148,831	\$ 139,812	\$	\$ 24,376	\$ 1,294	\$ (2,780)	\$ 625	\$ (12,465)	\$ 2,581,097	\$ 1,951	\$ 3,194,551

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2014**

	Curb and Gutter	Series T Refunding Improvement	Series U Refunding Improvement	Series V Refunding Improvement	Series W Refunding Improvement	Series X Refunding Improvement	1999 BND (98-71)	1999 BND (99-71)	Series H Refunding Improvement	Series J Refunding Improvement	Series K Refunding Improvement
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>											
Cash and cash equivalents	\$ 300,000	\$ 300,000	\$ 50,000	\$ 100,000	\$ 91,458	\$	\$ 38,017	\$ 150,827	\$ 100,551	\$ 100,551	\$ 3,131
Taxes receivable, net	45,822	157,205	154,272	211,348	735,822		152,189	16,773	14,143	30,677	
Due from other funds	61,246	51,859	25,290	7,411		4,546			50,747	19,265	
Total Assets and											
Deferred Outflows of											
Resources	\$ 407,068	\$ 509,064	\$ 229,562	\$ 318,759	\$ 827,280	\$ 4,546	\$ 190,206	\$ 167,600	\$ 165,441	\$ 150,493	\$ 3,131
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>											
Liabilities:											
Due to other funds	\$	\$	\$	\$	\$	\$	\$	\$ 59,720	\$	\$	\$
Total Liabilities								59,720			
Deferred inflows of resources											
Long - term receivables	38,425	73,010	53,003	76,691	20,532		29,839	7,810	7,460	13,567	3,131
Fund balances:											
Restricted											
Debt service	368,643	436,054	176,559	242,068	806,748	4,546	160,367	100,071	157,981	136,926	
Total Fund Balances	368,643	436,054	176,559	242,068	806,748	4,546	160,367	100,071	157,981	136,926	
Total Liabilities, Deferred											
Inflows of Resources and Fund											
Balances	\$ 407,068	\$ 509,064	\$ 229,562	\$ 318,759	\$ 827,280	\$ 4,546	\$ 190,206	\$ 167,600	\$ 165,441	\$ 150,493	\$ 3,131



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**Year Ended December 31, 2014**

	Curb and Gutter	Series T Refunding Improvement	Series U Refunding Improvement	Series V Refunding Improvement	Series W Refunding Improvement	Series X Refunding Improvement	1999 BND (98-71)	1999 BND (99-71)	Series H Refunding Improvement	Series J Refunding Improvement	Series K Refunding Improvement
<b>REVENUES</b>											
Property taxes	\$ 58,736	\$ 207,605	\$ 254,860	\$ 240,197	\$ 71,969	\$	\$ 25,244	\$ 19,813	\$ 18,458	\$ 45,888	\$ 6,111
Investment earnings								150	100	100	
Total Revenues	<u>58,736</u>	<u>207,605</u>	<u>254,860</u>	<u>240,197</u>	<u>71,969</u>		<u>25,244</u>	<u>19,963</u>	<u>18,558</u>	<u>45,988</u>	<u>6,111</u>
<b>EXPENDITURES</b>											
Principal		120,000	325,000	310,000			60,000	35,000	20,000	50,000	
Interest and other charges		31,590	23,672	63,188	16,464	4,679	1,650	962	1,000	3,300	
Total Expenditures		<u>151,590</u>	<u>348,672</u>	<u>373,188</u>	<u>16,464</u>	<u>4,679</u>	<u>61,650</u>	<u>35,962</u>	<u>21,000</u>	<u>53,300</u>	
Excess (deficiency) of revenues over expenditures	<u>58,736</u>	<u>56,015</u>	<u>(93,812)</u>	<u>(132,991)</u>	<u>55,505</u>	<u>(4,679)</u>	<u>(36,406)</u>	<u>(15,999)</u>	<u>(2,442)</u>	<u>(7,312)</u>	<u>6,111</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Proceeds from issue of bonds					50,380	9,225	5,910	4,258	3,979	12,251	3,482
Transfers in	21,793	22,738	91,412	77,507	700,863						(31,561)
Transfers out											
Total other financing sources and (uses)	<u>21,793</u>	<u>22,738</u>	<u>91,412</u>	<u>77,507</u>	<u>751,243</u>	<u>9,225</u>	<u>5,910</u>	<u>4,258</u>	<u>3,979</u>	<u>12,251</u>	<u>(28,079)</u>
Net change in fund balances	80,529	78,753	(2,400)	(55,484)	806,748	4,546	(30,496)	(11,741)	1,537	4,939	(21,968)
Fund balances - beginning	288,114	357,301	178,959	297,552			190,863	111,812	156,444	131,987	21,968
Fund balances - ending	<u>\$ 368,643</u>	<u>\$ 436,054</u>	<u>\$ 176,559</u>	<u>\$ 242,068</u>	<u>\$ 806,748</u>	<u>\$ 4,546</u>	<u>\$ 160,367</u>	<u>\$ 100,071</u>	<u>\$ 157,981</u>	<u>\$ 136,926</u>	<u>\$</u>

Series L Refunding Improvement	Series M Refunding Improvement	Series N Refunding Improvement	Series WWT A Refunding Improvement	Series O Refunding Improvement	Series P Refunding Improvement	Series 2007B SW Sewer	Series Q Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt Service Funds
\$	\$ 1,154	\$ 42,446	\$ 94,453	\$ 25,495 125	\$ 96,975	\$ 68,851	\$ 197,695 50	\$ 232,107 50	\$ 330,707	\$ 2,038,764 575
	<u>1,154</u>	<u>42,446</u>	<u>94,453</u>	<u>25,620</u>	<u>96,975</u>	<u>68,851</u>	<u>197,745</u>	<u>232,157</u>	<u>330,707</u>	<u>2,039,339</u>
		30,000	65,000	15,000	225,000	77,000	270,000	255,000	370,000	2,227,000
		<u>4,905</u>	<u>24,737</u>	<u>5,905</u>	<u>2,250</u>	<u>30,047</u>	<u>14,036</u>	<u>37,524</u>	<u>15,467</u>	<u>281,376</u>
		<u>34,905</u>	<u>89,737</u>	<u>20,905</u>	<u>227,250</u>	<u>107,047</u>	<u>284,036</u>	<u>292,524</u>	<u>385,467</u>	<u>2,508,376</u>
	<u>1,154</u>	<u>7,541</u>	<u>4,716</u>	<u>4,715</u>	<u>(130,275)</u>	<u>(38,196)</u>	<u>(86,291)</u>	<u>(60,367)</u>	<u>(54,760)</u>	<u>(469,037)</u>
		4,338	569	4,576	32,494	18,084	50,116	40,028	39,081	59,605 1,133,479 (31,561)
		<u>4,338</u>	<u>569</u>	<u>4,576</u>	<u>32,494</u>	<u>18,084</u>	<u>50,116</u>	<u>40,028</u>	<u>39,081</u>	<u>1,161,523</u>
	1,154	11,879	5,285	9,291	(97,781)	(20,112)	(36,175)	(20,339)	(15,679)	692,486
1	<u>870</u>	<u>148,756</u>	<u>261,079</u>	<u>139,781</u>	<u>240,314</u>	<u>521,801</u>	<u>200,522</u>	<u>253,602</u>	<u>353,297</u>	<u>3,855,023</u>
\$	\$ 2,024	\$ 160,635	\$ 266,364	\$ 149,072	\$ 142,533	\$ 501,689	\$ 164,347	\$ 233,263	\$ 337,618	\$ 4,547,509



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION - continued**  
**Year Ended December 31, 2014**

**LIST OF CITY OFFICIALS**

Mayor	Katie Andersen
Council	Charlie Kourajian
	Ramone Gumke
	Steve Brubakken
	Dan Buchanan
City Administrator	Jeffrey Fuchs



# Schauer & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ronald R. Fuchs, CPA  
Duane R. Dunn, CPA  
Robert A. Platz, CPA

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council  
**CITY OF JAMESTOWN**  
Jamestown, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements and have issued our report thereon dated September 23, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control. Accordingly, we do not express an opinion on the effectiveness of the **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2014-001)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether **CITY OF JAMESTOWN, NORTH DAKOTA'S** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – continued**

could have a direct and material effect on the determination of financial statement amounts, However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**CITY OF JAMESTOWN's Response to Findings**

**CITY OF JAMESTOWN's** response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **CITY OF JAMESTOWN's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Schauer & Associates, P.C.*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 23, 2015



# Schauer & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ronald R. Fuchs, CPA  
Duane R. Dunn, CPA  
Robert A. Platz, CPA

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and City Council  
**CITY OF JAMESTOWN**  
Jamestown, North Dakota

### Report on Compliance for Each Major Federal Program

We have audited **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs for the year ended December 31, 2014. **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, **CITY OF JAMESTOWN, NORTH DAKOTA**, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB A-133 –  
continued 2**

**Report on Internal Control Over Compliance**

Management of **CITY OF JAMESTOWN, NORTH DAKOTA**, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **CITY OF JAMESTOWN, NORTH DAKOTA'S**, internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Schauer & Associates, P.C.*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 23, 2015

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – continued**  
**Year Ended December 31, 2014**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

<u>Federal Grantor/Pass-Through Grantor Program Grant Title</u>	<u>Federal CFDA #</u>	<u>Pass-Through Grantor's #</u>	<u>Expenditures</u>
<b>City of Jamestown</b>			
Department of Justice			
Direct Programs			
Bulletproof Vest Partnership	16.607	BUBX-1206-3451	\$ 2,766
Total Direct Department of Justice			<u>□</u>
Passed Through State Attorney General's Office			
Edward Byrne Memorial Justice Assistance	16.738	12215	2,600
	16.738	13310	5,000
Total Indirect Department of Justice			<u>7,600</u>
Total Department of Justice			<u>10,366</u>
Department of Transportation			
Passed Through State Highway Department			
Formula Grants for Other than Urbanized Areas	20.509	38-131-994	4,747
State and Community Highway Safety	20.600	PHSPSC1407-02-05	1,500
	20.600	PHPSOP1405-05-10	3,525
Alcohol Impaired Driving Countermeasures	20.601	PHPSID1410-03-67	2,469
	20.601	PHPSID1410-03-11	8,055
	20.601	PHSP ID 1510-02-08	1,601
National Priority Safety Programs	20.616	PHSPOP1405-05-10	3,122
	20.616	OP1505-0509	1,064
<b>Highway Program Cluster</b>			<u>21,336</u>
Total Department of Transportation			<u>26,083</u>
Environmental Protection Agency			
Passed Through State Department of Health			
Capitalization Grants for Clean Water			
State Revolving Funds (1) (2)	66.458	380808-06	3,129,492
Capitalization Grants for Drinking			
Water State Revolving Funds (1) (2)	66.468	4700498-04	2,938,661
Total Environmental Protection Agency			<u>6,068,153</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – Continued**  
**Year Ended December 31, 2014**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued**

<u>Federal Grantor/Pass-Through Grantor Program Grant Title</u>	<u>Federal CFDA #</u>	<u>Pass-Through Grantor's #</u>	<u>Expenditures</u>
Federal Emergency Management Agency			
Passed Through State Department of Emergency Services			
Disaster Assistance - Public Assistance - Presidentially Declared Disasters	97.036	1981-093-40580-00	23,778
	97.036	1829-ND-093-40580-00	7,069
Total Federal Emergency Management Agency			<u>30,847</u>
Department of Homeland Security			
Passed Through State Department of Emergency Services			
State homeland security grant	97.067	A0401-001-2013-RT	6,235
State homeland security grant	97.067	A0418-001-2013-RQ	27,672
State homeland security grant	97.067	A0401-001-2014-RQ	8,442
Total Department of Homeland Security			<u>42,349</u>
Total City of Jamestown			<u>\$ 6,177,798</u>
<b>Jamestown Regional Airport Authority</b>			
Department of Transportation			
Direct			
Airport Improvement Program			
Project #3-38-0028-36	20.106		\$ 65,020
Project #3-38-0028-37	20.106		6,480
Project #3-38-0028-38	20.106		149,741
Total Jamestown Regional Airport Authority			<u>\$ 221,241</u>
Total Federal Awards			<u>\$ 6,399,039</u>

(1) - Major Programs

(2) - State Revolving Loan including commingled funds

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – Continued**  
**Year Ended December 31, 2014**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued**

State Revolving Loan balances at year end

1993 Solid Waste Treatment Revenue Bonds	\$ 80,000
1996 Water and Wastewater Treatment Revenue Bonds (Series A)	1,160,000
1996 Wastewater Treatment Assessment Warrant (Series B)	860,000
1997 Solid Waste Treatment Revenue Bonds	415,000
2001 Water and Sewer Revenue Bonds	60,000
2004 Wastewater Treatment Assessment Warrant	765,000
2005 Water Treatment Revenue Bonds	1,530,000
2005 B Master Lift Station Revenue Bonds	970,000
2007 B Improvement Bonds Replace Sanitary Sewer Mains	931,000
2007 Water Treatment Revenue Bonds	1,410,000
2010 Waste Treatment Revenue Bonds	2,445,000
2010 B Waste Treatment Revenue Bonds	1,850,000
2011 Wastewater Treatment Revenue Bonds	955,000
2013 Clean Water (Wastewater Inlet Piping) Revenue Bonds	790,000
2013 Wastewater Treatment Assessment Warrant	1,000,000
2013 D Wastewater Treatment Revenue Bonds	9,745,196
2014 Water Tower Revenue Bonds	2,938,661



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2014**

**A. Summary of Audit Results**

Financial Statements

Type of auditors' report issued – unmodified

Internal control over financial reporting

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

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

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

Federal Awards

Internal control over major federal programs

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

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

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

Identification of major programs

66.458 Capitalization Grants for Clean Water - State Revolving Funds
66.468 Capitalization Grants for Drinking Water - State Revolving Funds

Dollar threshold used to distinguish between type A and Type B programs

\$300,000

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

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

2014-001 Significant Deficiency - Financial Statement Preparation

Condition - Schauer & Associates, P.C. assists the City's management in preparing financial statements that are presented, including note disclosure in accordance with generally accepted accounting principles.

Criteria - As a matter of internal control, management should be responsible and capable of preparing financial statements in conformity with generally accepted accounting principles.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**  
**Year Ended December 31, 2014**

Cause - The City Council feels it is more cost effective to ask an independent accountant to prepare the complete financial statements and disclosures, rather than to invest in ongoing specialized training that would be necessary.

Effect - Without the assistance of the auditors, the financial statements could be misstated or omit material financial statement disclosures.

Recommendation - We recommend that management be aware of this condition and be prepared and able to provide all necessary information and schedules to complete the financial statements and disclosures. We further recommend that a responsible official review a current appropriate disclosure checklist or other guidance to ensure the financial statements contain all necessary disclosures.

View of Responsible Officials - The City Council is aware of this condition. The Council will continue to request that Schauer & Associates, P.C. assist with preparation of financial statements; however the Board will continue to instruct the City administration to provide all requested schedules.

**C. Findings and Questioned Costs for Federal Awards Which Must Include Audit Findings as Defined in Section 510(a) of Circular A-133**

1. None

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**Year Ended December 31, 2014**

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **CITY OF JAMESTOWN, NORTH DAKOTA** and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.