

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

**REPORT ON FINANCIAL STATEMENTS**  
*(with supplementary information)*  
*Year Ended December 31, 2013*

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**CONTENTS**  
**Year Ended December 31, 2013**

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Notes to Financial Statements	22 - 44
Required Supplementary Information	
Budgetary Comparison Schedules	
Budget and Actual (with Variances) – General Fund	45
Notes to Required Supplementary Information – General Fund	46 - 47
Budget and Actual (with Variances) – Major Special Revenue Funds	48
Analysis of Pension Plan Funding Progress (unaudited)	49

Other Supplementary Information

Combining Balance Sheet – Other Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	51
Combining Balance Sheet – Nonmajor Special Revenue Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	53
Combining Balance Sheet – Nonmajor Capital Projects Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	55
Combining Balance Sheet – Nonmajor Debt Service Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	57
List of City Officials	58
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59 - 60
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required By OMB Circular A-133	61 - 62
Schedule of Expenditures of Federal Awards	63 - 65
Schedule of Findings and Questioned Costs	66
Notes to Schedule of Expenditures of Federal Awards	67



**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, 2013, 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, 2013 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 45 through 48, 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 non-major 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 non-major 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 non-major 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 24, 2014, 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 24, 2014

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2013**

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, 2013. 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** increased by \$5,604,953 or 9.3% as a result of current year operations. Net position of the business type activities increased by \$10,174,331 and net position of the governmental activities decreased by \$4,569,378 or 13.2%.
- Total revenues from all sources were \$22,511,538. Revenue from governmental activities was \$13,307,568 and revenues from business type activities were \$9,203,970.
- Total cost of all programs was \$16,906,585. This was comprised of \$10,263,458 in governmental activities and \$6,643,127 in business type activities.
- Governmental net position totaled \$29,964,652 as of December 31, 2013.
- Governmental funds expenditures exceeded revenues by \$4,243,673.
- Unreserved fund balance for the general fund was \$4,527,833, 67.9% 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, 2013**

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, 2013**

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 44 – 47 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 – 44 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 50 – 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, 2013 and 2012.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2013**

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 \$65,832,374 at the close of the most recent fiscal year.

Table I  
**NET POSITION**  
December 31, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Current assets	\$ 15,566,828	\$ 19,238,522	\$ 8,721,361	\$ 9,563,521	\$ 24,288,189	\$ 28,802,043
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	26,412,275	26,607,573	45,033,640	33,528,429	71,445,915	60,136,002
Total Assets	<u>42,188,501</u>	<u>46,055,493</u>	<u>53,755,001</u>	<u>43,091,950</u>	<u>95,943,502</u>	<u>89,147,443</u>
<b>LIABILITIES</b>						
Current liabilities	2,841,727	2,325,400	3,618,562	2,147,928	6,460,289	4,473,328
Long-term liabilities	9,382,122	9,197,692	14,268,717	15,243,122	23,650,839	24,440,814
Total Liabilities	<u>12,223,849</u>	<u>11,523,092</u>	<u>17,887,279</u>	<u>17,391,050</u>	<u>30,111,128</u>	<u>28,914,142</u>
<b>NET POSITION</b>						
Net Investment in capital assets	15,097,415	15,443,692	29,006,284	16,580,173	44,103,699	32,023,865
Restricted	11,647,033	11,023,968	7,188,740	7,696,971	18,835,773	18,720,939
Unrestricted	3,220,204	8,064,741	(327,302)	1,423,756	2,892,902	9,488,497
Total Net Position	<u>\$ 29,964,652</u>	<u>\$ 34,532,401</u>	<u>\$35,867,722</u>	<u>\$ 25,700,900</u>	<u>\$ 65,832,374</u>	<u>\$ 60,233,301</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 (\$18,835,773) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net position (\$2,892,902) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2013, 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, as well as for its governmental activities but showed a negative unrestricted balance in the business-type activities.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2013**

Table II  
**CHANGES IN NET POSITION**  
Years Ending December 31, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 576,935	\$ 570,365	\$ 9,195,273	\$8,602,908	\$ 9,772,208	\$ 9,173,273
Operating grants	2,278,983	2,428,328			2,278,983	2,428,328
Capital grants	32,477	24,136			32,477	24,136
General revenues						
Property taxes, general	2,809,202	2,876,689			2,809,202	2,876,689
Property taxes, debt service	2,274,335	2,126,690			2,274,335	2,126,690
State aid distribution	1,119,243	1,048,088			1,119,243	1,048,088
Miscellaneous taxes	635,231	612,458			635,231	612,458
Sales taxes	2,469,605	2,349,387			2,469,605	2,349,387
Investment earnings	52,989	67,298	8,697	13,629	61,686	80,927
Repayment of economic development funds	120,108	168,165			120,108	168,165
Miscellaneous	708,687	699,466			708,687	699,466
Gain on sale of assets	229,773	129,398			229,773	129,398
<b>Total Revenues</b>	<b>13,307,568</b>	<b>13,100,468</b>	<b>9,203,970</b>	<b>8,616,537</b>	<b>22,511,538</b>	<b>21,717,005</b>
<b>EXPENSES</b>						
General government	945,465	817,908			945,465	817,908
Public safety	3,346,852	3,116,492			3,346,852	3,116,492
Public works	3,759,825	4,669,536			3,759,825	4,669,536
Flood control	99	659			99	659
Health	51,500	50,645			51,500	50,645
Civic center	727,639	726,536			727,639	726,536
Interest on long-term debt	254,076	242,061			254,076	242,061
Visitor's promotion	494,528	521,933			494,528	521,933
Business and industrial development	683,474	753,331			683,474	753,331
Water utility			2,302,369	2,387,897	2,302,369	2,387,897
Sewer utility			2,156,398	1,890,824	2,156,398	1,890,824
Sanitation			1,019,976	871,662	1,019,976	871,662
Solid waste			1,146,707	1,291,456	1,146,707	1,291,456
Water meter deposits			17,677	10,691	17,677	10,691
<b>Total Expenses</b>	<b>10,263,458</b>	<b>10,899,101</b>	<b>6,643,127</b>	<b>6,452,530</b>	<b>16,906,585</b>	<b>17,351,631</b>
Excess before transfers	3,044,110	2,201,367	2,560,843	2,164,007	5,604,953	4,365,374
Prior period adjustment	1,629	145,272			1,629	145,272
Transfers	(7,613,488)	128,312	7,613,488	(128,312)		
<b>Change in net position</b>	<b>(4,567,749)</b>	<b>2,474,951</b>	<b>10,174,331</b>	<b>2,035,695</b>	<b>5,606,582</b>	<b>4,510,646</b>
<b>BEGINNING NET POSITION</b>	<b>34,532,401</b>	<b>32,057,450</b>	<b>25,693,391</b>	<b>23,665,205</b>	<b>60,225,792</b>	<b>55,722,655</b>
<b>ENDING NET POSITION</b>	<b>\$29,964,652</b>	<b>\$34,532,401</b>	<b>\$35,867,722</b>	<b>\$25,700,900</b>	<b>\$65,832,374</b>	<b>\$ 60,233,301</b>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2013**

**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 \$13,134,823, a decrease of \$4,243,673. The *governmental funds unassigned fund balance* is (\$8,928,992). 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 \$4,527,833. 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 67.9% of total general fund expenditures. Total general fund cash at year end is \$3,745,007.

The **CITY OF JAMESTOWN'S** general fund balance increased by \$300,323 during the current fiscal year.

The debt service funds have a total fund balance of \$6,107,779, 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 2013. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$738,894 more than budgeted. This was mostly due an increase in the highway tax distribution and the state aid distribution. The total general government expenditures were \$352,023 less than budgeted mainly due to lower expenses than budgeted in the public works department.

**Capital Assets**

The **CITY OF JAMESTOWN'S** investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$71,445,915 (net of accumulated depreciation). This

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2013**

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 \$12,600,000 was spent on continuing construction projects
- Approximately \$930,000 was spent on acquiring equipment and vehicles

Capital Assets  
(Net of Accumulated Depreciation)  
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	414,878	17,725,690	18,140,568
Buildings	1,945,246	14,363,712	16,308,958
Infrastructure	21,460,142	11,462,004	32,922,146
Equipment	2,584,809	1,422,234	4,007,043
Total Capital Assets (Net of Depreciation)	<u>\$ 26,412,275</u>	<u>\$ 45,033,640</u>	<u>\$ 71,445,915</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 \$27,801,145, a decrease of \$671,669 over the prior year. Note 7 to the financial statements provides more detail on the City's long-term debt.

The city issued new debt for Special Assessment Refunding Improvement Bonds in the amount of \$2,210,000 and Water Treatment Revenue Bonds in the amount of \$479,542 and Clean Water Revenue Bonds in the amount of \$822,306.

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

Table IV  
Long-Term Liabilities  
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 14,419,874	\$ 14,419,874
Refunding improvement bonds	11,314,860		11,314,860
Landfill closure costs		1,607,482	1,607,482
Compensated absences	294,262	107,667	401,929
Total	<u>\$ 11,609,122</u>	<u>\$ 16,135,023</u>	<u>\$ 27,744,145</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2013**

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

2013 construction activities included the completion of a new Science and Nursing building remodel on the University of Jamestown campus for \$1,233,570, an addition to a local nursing home facility for \$1,777,000, construction of a Veteran's Administration Clinic adjacent to the Regional Medical Facility in the amount of \$600,000, an addition to a food processing plant at a value of \$802,000, construction of a 12 plex apartment complex valued at \$695,000 as well as construction of additional single family homes several of which exceeded \$300,000 in value.

Early indications for 2014 seem to indicate considerable commercial construction activity for the year. Some of the major projects include the construction of a Menards Home Improvement Center, several motel projects, major renovations of a number of buildings on the University of Jamestown campus, a 185 unit apartment complex with underground parking, and a possible new hanger building at the airport. Indications also seem to conclude that the number of new home construction projects are also likely to increase.

Taxable valuations in the City for 2013 were \$30,528,629, an increase of 6.5%. The mill levy for the City of Jamestown in 2013 decreased to 113.7 mills or minus 7.8%. The 2014 General Fund budget is basically unchanged from the total budgeted for 2013.

**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, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>ASSETS</b>				
Cash and equivalents	\$ 17,459,411	\$ 2,351,084	\$ 19,810,495	\$ 84,782
Certificates of deposit				127,524
Accounts receivable	8,907	689,469	698,376	11,176
Internal balances	(5,748,658)	5,680,808	(67,850)	
Due from other governmental agencies	3,847,168		3,847,168	119,608
Prepaid expenses				35,224
Loan fees				6,001
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	414,878	17,725,690	18,140,568	26,060
Buildings	4,326,558	23,886,056	28,212,614	4,371,796
Infrastructure	35,883,779	14,930,428	50,814,207	11,009,593
Equipment	5,873,804	3,955,347	9,829,151	1,139,537
Less: Accumulated Depreciation	(20,093,944)	(15,523,881)	(35,617,825)	(7,142,428)
Net Capital Assets	<u>26,412,275</u>	<u>45,033,640</u>	<u>71,445,915</u>	<u>9,848,263</u>
Total Assets	<u>42,188,501</u>	<u>53,755,001</u>	<u>95,943,502</u>	<u>10,232,578</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	614,727	1,695,256	2,309,983	20,371
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,227,000	1,923,306	4,150,306	18,263
Due in more than one year				
Bonds, capital leases and contracts	9,087,860	14,104,050	23,191,910	316,872
Compensated absences	294,262	164,667	458,929	
Total Liabilities	<u>12,223,849</u>	<u>17,887,279</u>	<u>30,111,128</u>	<u>355,506</u>
<b>NET POSITION</b>				
Net investment in capital assets	15,097,415	29,006,284	44,103,699	9,513,128
Restricted for:				
Capital projects	850,448	3,115,096	3,965,544	
Debt service	6,915,655	2,369,287	9,284,942	
Other projects	3,880,930	1,704,357	5,585,287	
Unrestricted net position	3,220,204	(327,302)	2,892,902	363,944
Total Net Position	<u>\$ 29,964,652</u>	<u>\$ 35,867,722</u>	<u>\$ 65,832,374</u>	<u>\$ 9,877,072</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, 2013**

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets					Component Units
	Program Revenue		Primary Government		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities						
General government	\$ 945,465	\$ 40,358	\$ 117,988	\$ 32,477	\$ (945,465)	\$
Public safety	3,346,852	89,280	2,017,489		(3,156,029)	
Public works	3,759,825		143,506		(1,653,056)	
Flood control	99				143,407	
Health	51,500				(51,500)	
Civic center	727,639	447,297			(280,342)	
Interest on long-term debt	254,076				(254,076)	
Visitor's promotion	494,528				(494,528)	
Business and industrial development	683,474				(683,474)	
Total Governmental Activities	10,263,458	576,935	2,278,983	32,477	(7,375,063)	
Business-Type Activities						
Water utility	2,302,369	4,123,870			1,821,501	
Sewer utility	2,156,398	2,775,209			618,811	
Sanitation	1,019,976	1,626,786			606,810	
Solid waste	1,146,707	650,633			(496,074)	
Water Meter deposits	17,677	18,775			1,098	
Total Business-Type Activities	6,643,127	9,195,273			2,552,146	
Total Primary Government	16,906,585	9,772,208	2,278,983	32,477	(7,375,063)	
Component Units						
Jamestown Municipal Airport Authority	1,152,321	189,927		145,117		(817,277)
Total Component Units	1,152,321	189,927		145,117		(817,277)
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purposes					2,809,202	218,497
Property taxes, levied for debt service					2,274,335	
State aid distribution					1,119,243	
Miscellaneous taxes					635,231	
Sales taxes					2,469,605	
Unrestricted investment earnings					52,989	255
Miscellaneous - repayment of economic development funds					120,108	
Miscellaneous					708,687	66,923
Special item - gain on sale of assets					229,773	
Transfers					(7,613,488)	
Total General Revenues, Special Items, and Transfers					7,622,185	285,675
Change in Net Position					10,174,331	(531,602)
Net Position - Beginning					34,532,401	10,408,674
Prior period adjustment					1,629	
Net Position - Ending					\$ 29,964,652	\$ 9,877,072

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

CITY OF JAMESTOWN  
Stutsman County, North Dakota  
Balance Sheet  
Governmental Funds  
December 31, 2013

	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	\$ 3,745,007	\$ 1,755,024	\$ 6,918,295	\$ 1,512,658	\$	\$ 3,278,429	\$ 17,209,413
Taxes receivable, net	1,898,679					1,909,014	3,807,693
Due from other funds	68,405	1,150,653	2,669,128	740,098		3,012,730	7,641,014
Receivable from other governments	14,131					25,346	39,477
Other receivables						8,907	8,907
Total Assets and Deferred Outflows of Resources	<u>\$ 5,726,222</u>	<u>\$ 2,905,677</u>	<u>\$ 9,587,423</u>	<u>\$ 2,252,756</u>	<u>\$</u>	<u>\$ 8,234,426</u>	<u>\$ 28,706,504</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 455,020	\$	\$	\$	\$ 109,214	\$	\$ 564,234
Due to other funds					13,347,611	62,962	13,410,572
Total Liabilities	<u>455,020</u>				<u>13,456,825</u>	<u>62,962</u>	<u>13,974,806</u>
Deferred inflows of resources							
Long - term receivables	743,369					853,505	1,596,875
Fund Balances:							
Restricted for							
Debt service				2,252,756		3,855,023	6,107,779
Committed						71,130	71,130
Assigned		2,905,677	9,587,423			3,391,806	15,884,906
Unassigned	4,527,833				(13,456,825)		(8,928,992)
Total Fund Balances	<u>4,527,833</u>	<u>2,905,677</u>	<u>9,587,423</u>	<u>2,252,756</u>	<u>(13,456,825)</u>	<u>7,317,959</u>	<u>13,134,823</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,726,222</u>	<u>\$ 2,905,677</u>	<u>\$ 9,587,423</u>	<u>\$ 2,252,756</u>	<u>\$</u>	<u>\$ 8,234,426</u>	<u>\$ 28,706,504</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, 2013**

Total Fund Balance, Governmental Funds	\$	13,134,823
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.		26,621,673
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.		1,596,875
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.		220,403
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.		(11,609,122)
		29,964,652
Net Assets of Governmental Activities in the Statement of Net Position	\$	29,964,652

**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, 2013**

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 2,550,287	\$	\$	\$	\$	\$ 2,465,912	\$ 5,016,199
Sales and miscellaneous taxes	82,207		1,234,803			1,780,595	3,097,605
Fees and fines	175,517						175,517
Licenses and permits	296,036					103,242	296,036
Intergovernmental	3,141,293					89,280	3,244,535
Charges for services	487,655			3,116		6,962	576,935
Investment earnings	8,919	4,061	29,700			1,999	52,758
Miscellaneous	78,049		120,108		193,401		393,557
Total Revenues	6,819,963	4,061	1,384,611	3,116	193,401	4,447,990	12,853,142
<b>EXPENDITURES</b>							
Current:							
General government	707,756			1,925			709,681
Public safety	2,983,878					74,815	3,058,693
Public works	1,773,382	890			877,749	247,322	2,899,343
Health	51,500						51,500
Flood control	99						99
Civic center	656,087					493,282	656,087
Visitor's promotion							493,282
Business and industrial development			683,474				683,474
Debt Service:							
Principal							
Interest and other charges							
Capital outlay	495,009	444,964			34,096	2,187,000	2,187,000
Total Expenditures	6,667,711	445,854	683,474	1,925	911,845	96,596	271,649
Excess (deficiency) of revenues over expenditures	152,252	(441,793)	701,137	1,191	(718,444)	3,370,664	1,070,665
						1,077,326	12,081,473
							771,669
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from issue of bonds					2,314,640		2,314,640
Transfers in	869,749	626,535			2,852,311	924,387	5,272,982
Transfers out	(721,678)	(284,538)			(10,738,946)	(1,141,306)	(12,886,468)
Total other financing sources and (uses)	148,071	341,997			(5,571,995)	(216,919)	(5,298,846)
<b>SPECIAL ITEM</b>							
Proceeds from sale of equipment		135,866	146,138	1,500			283,504
Net change in fund balances	300,323	36,070	847,275	2,691	(6,290,439)	860,407	(4,243,673)
Fund Balances - Beginning	4,227,510	2,869,607	8,740,148	2,250,065	(7,166,386)	6,457,552	17,378,496
Fund Balances - Ending	\$ 4,527,833	\$ 2,905,677	\$ 9,587,423	\$ 2,252,756	\$ (13,456,825)	\$ 7,317,959	\$ 13,134,823

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, 2013**

Net Change in Fund Balances - Total Governmental Funds: \$ (4,243,673)

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 \$1,070,665 exceeded depreciation \$1,212,351 in the current period. (141,686)

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. (53,731)

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. 67,339

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. (127,640)

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 (17,339)

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. (73,451)

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. 20,803

Change in Net Assets of Governmental Activities \$ (4,569,378)

**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, 2013**

	Enterprise Funds						
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	Total	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 654,231	\$ 1,391,469	\$ 164,246	\$ 305,384	\$	\$ 2,351,084	\$ 250,000
Accounts receivable, net	293,694	231,529				689,469	
Due from other funds	2,813,749	1,458,887		1,258,693	131,086	5,662,415	46,767
Total Current Assets	<u>3,761,674</u>	<u>3,081,885</u>	<u>164,246</u>	<u>1,564,077</u>	<u>131,086</u>	<u>8,702,968</u>	<u>296,767</u>
Non-current assets:							
Capital assets:							
Land				60,000		60,000	
Construction in progress	8,308,187	344,516	8,750	9,064,237		17,725,690	
Infrastructure	6,349,392	7,061,253	1,519,783			14,930,428	
Buildings	3,042,329	5,991,260	2,618,701	12,233,766		23,886,056	
Equipment and furniture	344,462	1,079,991	2,172,900	357,994		3,955,347	
Less accumulated depreciation	(4,386,292)	(5,077,321)	(2,311,219)	(3,749,049)		(15,523,881)	
Total non-current assets	<u>13,658,078</u>	<u>9,399,699</u>	<u>4,008,915</u>	<u>17,966,948</u>		<u>45,033,640</u>	
Total Assets	<u>17,419,752</u>	<u>12,481,584</u>	<u>4,173,161</u>	<u>19,531,025</u>	<u>131,086</u>	<u>53,736,608</u>	<u>296,767</u>
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts payable	6,769	37,522	2,540	1,648,425		1,695,256	
Due to other funds			7,476			7,476	50,492
Accrued health insurance benefits							
Bonds, notes and loans payable	597,306	1,121,000		205,000		1,923,306	
Total Current Liabilities	<u>604,075</u>	<u>1,158,522</u>	<u>10,016</u>	<u>1,853,425</u>		<u>3,626,038</u>	<u>50,492</u>
Non-current liabilities:							
Compensated absences	84,939	27,430	29,016	23,282		164,667	
Closure and postclosure costs				1,607,482		1,607,482	
Bonds, notes and loans payable	8,006,568	3,995,000		495,000		12,496,568	
Total non-current liabilities	<u>8,091,507</u>	<u>4,022,430</u>	<u>29,016</u>	<u>2,125,764</u>		<u>14,268,717</u>	
Total Liabilities	<u>8,695,582</u>	<u>5,180,952</u>	<u>39,032</u>	<u>3,979,189</u>		<u>17,894,755</u>	<u>50,492</u>
<b>NET POSITION</b>							
Net investment in capital assets	5,054,204	4,283,699	4,008,915	15,659,466		29,006,284	
Restricted for debt service	824,407	1,311,987		232,892		2,369,286	
Restricted for capital projects	1,879,779	1,235,317				3,115,096	
Restricted for other purposes				1,704,357		1,704,357	
Unrestricted	965,780	469,629	125,214	(2,044,879)	131,086	(353,170)	246,275
Total Net Position	<u>\$ 8,724,170</u>	<u>\$ 7,300,632</u>	<u>\$ 4,134,129</u>	<u>\$ 15,551,836</u>	<u>\$ 131,086</u>	<u>\$ 35,841,853</u>	<u>\$ 246,275</u>

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, 2013**

	Enterprise Funds						Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	Total	
<b>OPERATING REVENUES</b>							
Charges for services	\$ 3,737,757	\$ 2,765,637	\$ 1,626,089	\$ 632,062	\$	\$ 8,761,545	\$ 916,099
Miscellaneous	386,113	9,572	697	18,571	18,775	433,728	
Total Operating Revenues	<u>4,123,870</u>	<u>2,775,209</u>	<u>1,626,786</u>	<u>650,633</u>	<u>18,775</u>	<u>9,195,273</u>	<u>916,099</u>
<b>OPERATING EXPENSES</b>							
Personal services	1,075,473	606,730	560,709	556,344		2,799,256	
Contractual services	84,161	43,394	2,334	65,450		195,339	
Utilities	201,708	443,205		57,753		702,666	
Repairs and maintenance	101,122	492,164	109,238	76,202		778,726	
Other supplies and expenses	493,990	103,657	112,091	91,695		801,433	
Insurance claims and expenses	14,741		4,734	6,745		26,220	869,656
Sundry expenses	44,592	29,826	2,771	10,712	17,677	105,578	
Depreciation	143,934	287,613	234,421	264,944		930,912	
Total Operating Expenses	<u>2,159,721</u>	<u>2,006,589</u>	<u>1,026,298</u>	<u>1,129,845</u>	<u>17,677</u>	<u>6,340,130</u>	<u>869,656</u>
Operating Income (Loss)	<u>1,964,149</u>	<u>768,620</u>	<u>600,488</u>	<u>(479,212)</u>	<u>1,098</u>	<u>2,855,143</u>	<u>46,443</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest and investment revenue	3,252	3,880	117	1,326	122	8,697	231
Interest expense	(151,341)	(154,900)		(22,625)		(328,866)	
Net non-operating revenues (expenses)	<u>(148,089)</u>	<u>(151,020)</u>	<u>117</u>	<u>(21,299)</u>	<u>122</u>	<u>(320,169)</u>	<u>231</u>
Income (loss) before contributions and transfers							
Transfers in	1,816,060	617,600	600,605	(500,511)	1,220	2,534,974	46,674
Transfers out	2,819,797	624,512	284,538	8,045,112		11,773,959	
Change in net position	<u>(1,966,491)</u>	<u>(1,104,287)</u>	<u>(822,537)</u>	<u>(267,156)</u>		<u>(4,160,471)</u>	
Total fund net position - beginning	2,669,366	137,825	62,606	7,277,445	1,220	10,148,462	46,674
Total fund net position - ending	<u>6,054,804</u>	<u>7,162,807</u>	<u>4,071,523</u>	<u>8,274,391</u>	<u>129,866</u>	<u>25,693,391</u>	<u>199,601</u>
	<u>\$ 8,724,170</u>	<u>\$ 7,300,632</u>	<u>\$ 4,134,129</u>	<u>\$ 15,551,836</u>	<u>\$ 131,086</u>	<u>\$ 35,841,853</u>	<u>\$ 246,275</u>
Change in net position, per above						10,148,462	
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.						25,869	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements						<u>\$ 10,174,331</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, 2013**

	<u>Enterprise Funds</u>						<u>Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Sanitation</u>	<u>Solid Waste</u>	<u>Water Meter Deposits</u>	<u>Total</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 3,733,687	\$ 2,757,623	\$ 1,609,185	\$ 632,062	\$ 18,775	\$ 8,751,332	\$ 916,099
Payments to suppliers	(925,572)	(1,081,493)	(226,434)	(504,394)	(17,677)	(2,755,570)	
Payments to employees	(1,061,275)	(602,535)	(558,082)	(552,563)		(2,774,455)	
Payments on claims	(14,741)		(4,734)	(6,745)		(26,220)	(884,956)
Internal activity - payment from (to) other funds	(2,122,591)	(406,116)	32,388	(843,331)	(1,220)	(3,340,870)	(81,374)
Other receipts	4,496	9,572	697	18,571		33,336	
Net Cash Provided by (Used in) Operating Activities	<u>(385,996)</u>	<u>677,051</u>	<u>853,020</u>	<u>(1,256,400)</u>	<u>(122)</u>	<u>(112,447)</u>	<u>(50,231)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfer in	2,819,797	624,512	284,538	8,045,112		11,773,959	
Transfers out	(1,966,491)	(1,104,287)	(822,537)	(267,156)		(4,160,471)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>853,306</u>	<u>(479,775)</u>	<u>(537,999)</u>	<u>7,777,956</u>		<u>7,613,488</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition & construction of capital assets	(2,920,144)	(344,515)	(315,138)	(7,298,300)		(10,878,097)	
Proceeds from issue of capital debt	1,301,848					1,301,848	
Principal paid on capital debt	(550,000)	(1,080,000)		(205,000)		(1,835,000)	
Interest paid on capital debt	(151,341)	(154,900)		(22,625)		(328,866)	
Net Cash Used in Capital and Related Financing Activities	<u>(2,319,637)</u>	<u>(1,579,415)</u>	<u>(315,138)</u>	<u>(7,525,925)</u>		<u>(11,740,115)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest and dividends	3,252	3,880	117	1,326	122	8,697	231
Net Cash Provided by Investing Activities	<u>3,252</u>	<u>3,880</u>	<u>117</u>	<u>1,326</u>	<u>122</u>	<u>8,697</u>	<u>231</u>
Net increase (decrease) in cash and cash equivalents	(1,849,075)	(1,378,259)		(1,003,043)		(4,230,376)	(50,000)
Cash and cash equivalents, January 1	2,503,306	2,769,728		1,308,427		6,581,461	300,000
Cash and cash equivalents, December 31	<u>\$ 654,231</u>	<u>\$ 1,391,469</u>	<u>\$</u>	<u>\$ 305,384</u>	<u>\$</u>	<u>\$ 2,351,084</u>	<u>\$ 250,000</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ 1,964,149	\$ 768,620	\$ 600,488	\$ (479,212)	\$ 1,098	\$ 2,855,143	\$ 46,443
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	143,934	287,613	234,421	264,944		930,912	
Debt forgiveness	(381,617)					(381,617)	
Change in Assets and Liabilities							
Receivables, net	(4,069)	(8,014)	(16,904)			(28,987)	
Due to (from) other funds	(2,122,591)	(406,116)	32,388	(843,331)	(1,220)	(3,340,870)	(81,374)
Accounts payable		30,753		(202,582)		(171,829)	(15,300)
Compensated absences	14,198	4,195	2,627	3,781		24,801	
Net Cash Provided by ( Used in ) Operating Activities	<u>\$ (385,996)</u>	<u>\$ 677,051</u>	<u>\$ 853,020</u>	<u>\$ (1,256,400)</u>	<u>\$ (122)</u>	<u>\$ (112,447)</u>	<u>\$ (50,231)</u>

The accompanying notes are an integral part of these financial statements

**CITY OF JAMESTOWN**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2013**

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$
Receivables:	
Due from other funds	67,850
Total Assets	67,850
<b>LIABILITIES</b>	
Due to other governments	67,850
Total Liabilities	\$ 67,850
<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, 2013**

**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, 2013**

**B. Reporting Entity – continued**

**Condensed Component Unit Financial Statements**

	Jamestown Regional Airport Authority
<b>ASSETS</b>	
Current assets	\$ 384,315
Capital assets	9,848,263
Total Assets	<u>10,232,578</u>
<b>LIABILITIES</b>	
Current liabilities	38,634
Long-term liabilities	316,872
Total Liabilities	<u>355,506</u>
<b>NET POSITION</b>	
Invested in capital assets	9,513,128
Unrestricted	363,944
Total Net Position	<u>\$ 9,877,072</u>
<b>REVENUES</b>	
Program Revenues	
Charges for services	\$ 189,927
Capital grants	145,117
General revenues	
Property taxes	218,497
Other revenues	67,178
Total Revenues	<u>620,719</u>
<b>EXPENDITURES</b>	
Operating	1,079,996
Projects and materials	72,325
Total Expenditures	<u>1,152,321</u>
Change in Net Position	(531,602)
Net Position beginning of year	10,408,674
Net Position end of year	<u>\$ 9,877,072</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, 2013**

**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, 2013**

**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, 2013**

**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, 2013**

**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, 2013**

**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, 2013, the City's deposits are 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, 2013**

**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, 2013**

**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, 2013. The City’s cash on hand of \$1,130 has been excluded from the amounts shown below.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government					
Cash deposits	\$ 618,026	\$ 14,836,718	\$	\$ 15,454,744	\$ 14,810,495
Certificates of deposit	250,000	4,750,000		5,000,000	5,000,000
Fiduciary funds					
Cash deposits					
Certificates of deposit					
Component funds					
Cash deposits	85,680			85,680	84,782
Certificates of deposit	127,530			127,530	127,530
Total Deposits	<u>\$1,081,236</u>	<u>\$ 19,586,718</u>	<u>\$</u>	<u>\$20,667,954</u>	<u>\$20,022,807</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**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, 2013, consist of the following:

Due to the General fund from the Construction Fund	\$ 68,405
Due to the Equipment Replacement Fund from the Construction Fund	1,150,653
Due to the City Sales Tax Fund from the Construction Fund	2,669,128
Due to the other governmental funds from the Construction Fund	2,949,771
Due to the Special Assessment Deficiency Fund from the Construction Fund	740,099
Due to the Business Type Activities from the Construction Fund	5,654,938
Due from the Internal Service Fund to the Construction Fund	46,767
Due to the Trust & Agency type funds	67,850
	<u>\$ 13,347,611</u>

Transfers to/from other funds at December 31, 2013, consist of the following:

From the Construction Fund to the General Fund to reimburse engineering fees	\$ 224,186
From the General Fund to the Equipment Replacement Fund to finance equipment purchases	408,820
From General Fund to Construction fund to finance various projects	97,294
From other governmental funds to Construction fund to closeout project	25,812
From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	206,320
From other governmental funds to Construction Fund to finance curb & gutter	53,744
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	11,395
Between other governmental funds to finance debt service	391,139
From Construction Fund to other governmental funds to close out seal coat project	172,099
Between Business-Type Activities to fund Solid Waste	892,575
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	284,538
From Construction Fund to Business-Type Activities for construction projects	10,316,850
Between other governmental funds to finance civic center and city hall projects	335,337
From Business-Type Activities to Construction Fund to closeout projects	2,521,527
From Civic Center to General Fund to record revenues generated	215,563
From Business-Type Activities to Construction Fund to fund consulting engineering	110,051
From Business-Type Activities to General Fund as budgeted	430,000
From other governmental funds to Construction Fund to finance local share	69,695
	<u>\$ 17,046,941</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**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, 2013 was as follows:

**Primary Government**

<i>Governmental Activities</i>	<u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/13</u>
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	3,269,010	434,096	3,288,228	414,878
Total capital assets not being depreciated	<u>3,276,210</u>	<u>434,096</u>	<u>3,288,228</u>	<u>422,078</u>
Capital assets being depreciated:				
Buildings	4,229,962	96,596		4,326,558
Infrastructure	32,595,551	3,288,228		35,883,779
Equipment	5,554,381	569,933	250,510	5,873,804
Total capital assets being depreciated	<u>42,379,894</u>	<u>3,954,757</u>	<u>250,510</u>	<u>46,084,141</u>
Less accumulated depreciation for:				
Buildings	2,294,038	87,274		2,381,312
Infrastructure	13,822,576	601,061		14,423,637
Equipment	2,931,917	524,016	166,938	3,288,995
Total accumulated depreciation	<u>19,048,531</u>	<u>1,212,351</u>	<u>166,938</u>	<u>20,093,944</u>
Net capital assets being depreciated	<u>23,331,363</u>	<u>2,742,406</u>	<u>83,572</u>	<u>25,990,197</u>
Governmental Activities capital assets, net	<u>\$26,607,573</u>	<u>\$ 3,176,502</u>	<u>\$ 3,371,800</u>	<u>\$26,412,275</u>
 <i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	5,752,841	11,972,849		17,725,690
Total capital assets not being depreciated	<u>5,812,841</u>	<u>11,972,849</u>		<u>17,785,690</u>
Capital assets being depreciated				
Buildings	23,784,037	102,019		23,886,056
Infrastructure	14,930,428			14,930,428
Equipment	3,594,092	361,255		3,955,347
Total capital assets being depreciated	<u>42,308,557</u>	<u>463,274</u>		<u>42,771,831</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**5. Capital Assets - continued**

	<u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/13</u>
Less accumulated depreciation				
Buildings	9,097,995	424,349		9,522,344
Infrastructure	3,214,193	254,231		3,468,424
Equipment	2,280,781	252,332		2,533,113
Total accumulated depreciation	<u>14,592,969</u>	<u>930,912</u>		<u>15,523,881</u>
Net capital assets being depreciated	<u>27,715,588</u>	<u>(467,638)</u>		<u>27,247,950</u>
Business-Type Activities capital assets, net	<u>\$33,528,429</u>	<u>\$ 11,505,211</u>	<u>\$</u>	<u>\$45,033,640</u>

**Discretely Presented Component Units**

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2013 follows:

	<u>12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/13</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress		26,060		26,060
Total capital assets not being depreciated	<u>443,705</u>	<u>26,060</u>		<u>469,765</u>
Capital assets being depreciated				
Buildings	4,371,796			4,371,796
Infrastructure	10,873,217	136,376		11,009,593
Equipment	1,139,537			1,139,537
Total capital assets being depreciated	<u>16,384,550</u>	<u>136,376</u>		<u>16,520,926</u>
Less accumulated depreciation for:				
Buildings	5,743,745	416,743		6,160,488
Infrastructure	396,120	77,552		473,672
Equipment	457,660	50,608		508,268
Total accumulated depreciation	<u>6,597,525</u>	<u>544,903</u>		<u>7,142,428</u>
Net capital assets being depreciated,	<u>9,787,025</u>	<u>(408,527)</u>		<u>9,378,498</u>
Component Units capital assets, net	<u>\$10,230,730</u>	<u>\$ (382,467)</u>	<u>\$</u>	<u>\$ 9,848,263</u>

Depreciation expense by function:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 31,233	Water utility	\$ 143,934
Public safety	255,011	Sewer utility	287,613
Public works	857,768	Sanitation	234,421
Civic center	68,339	Solid waste	264,944
	<u>                    </u>		<u>                    </u>
Total	<u>\$ 1,212,351</u>	Total	<u>\$ 930,912</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**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**

\$747,990 Series 1999A water treatment assessment due in annual installments of \$50,000 to \$60,000 through September 1, 2014, interest at 2.5%	\$ 60,000
\$454,641 Series 1999B clean water assessment due in annual installments of \$30,000 to \$35,000 through September 1, 2014, interest at 2.5%	35,000
\$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%	830,000
\$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%	115,000
\$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%	1,008,000
\$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%	540,000
\$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%	765,000

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

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

\$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%	1,600,000
\$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%	1,935,000
\$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%	2,195,000
\$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%	<u>2,210,000</u>
	<u>\$ 11,293,000</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**

\$1,581,406 water treatment bonds of 1993 due in annual installments of \$75,000 to \$95,000 through October 1, 2014, interest at 2.5%	\$ 95,000
\$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%	155,000
\$9,375,000 waste water treatment bonds of 1996 (series A) exempt, due in annual installments of \$450,000 to \$585,000 through September 1, 2016, interest at 2.5%	1,720,000
\$6,925,000 waste water treatment bonds of 1996 (series B) taxable, due in annual installments of \$330,000 to \$435,000 through September 1, 2016, interest at 2.5%	1,270,000
\$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%	545,000
\$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%	90,000
\$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%	1,650,000
\$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%	1,036,000

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

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

\$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%	1,510,000
\$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%	2,585,000
\$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%	1,000,000
\$2,048,643 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.	1,941,568
\$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%	<u>822,306</u>
	<u>\$ 14,419,874</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, 2013, the aggregate principal amount payable for the four outstanding series issued is \$5,362,150.

The following is a summary of long-term obligation transactions for the year ended December 31, 2013:

	<u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/13</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement bonds	\$11,270,000	\$ 2,210,000	\$ 2,187,000	\$ 11,293,000	\$ 2,227,000
Issue costs	(106,119)	110,641	(17,338)	21,860	
Total Long-Term Debt	<u>11,163,881</u>	<u>2,320,641</u>	<u>2,169,662</u>	<u>11,314,860</u>	<u>2,227,000</u>
Compensated absences	<u>220,811</u>	<u>73,451</u>		<u>294,262</u>	
Governmental Activities Long Term Liabilities	<u>\$ 11,384,692</u>	<u>\$2,394,092</u>	<u>\$2,169,662</u>	<u>\$ 11,609,122</u>	<u>\$ 2,227,000</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

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

	<u>12/31/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/13</u>	<u>Due Within One Year</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$ 15,334,643	\$ 1,301,848	\$2,216,617	\$14,419,874	\$1,923,306
Landfill closure costs	1,613,613		6,131	1,607,482	
Total Long-Term Debt	<u>16,948,256</u>	<u>1,301,848</u>	<u>2,222,748</u>	<u>16,027,356</u>	<u>1,923,306</u>
Compensated absences	139,866	24,801		164,667	
Business-Type Activities Long Term Liabilities	<u>\$ 17,088,122</u>	<u>\$1,326,649</u>	<u>\$2,222,748</u>	<u>\$16,192,023</u>	<u>\$1,923,306</u>
<i>Discretely presented component unit</i>					
Long-term debt					
Unison Bank	\$ 310,500	\$	\$ 17,015	\$ 293,485	\$ 18,263
Jamestown/Stutsman Development Corporation	<u>41,650</u>			<u>41,650</u>	
Discretely presented component Unit Long Term Liabilities	<u>\$ 352,150</u>	<u>\$</u>	<u>\$ 17,015</u>	<u>\$ 335,135</u>	<u>\$ 18,263</u>

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

<u>Year Ending</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Special Assessment Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,227,000	\$ 254,052	\$ 1,923,306	\$ 393,258
2015	1,882,000	205,743	1,883,000	337,156
2016	1,607,000	164,941	1,844,000	283,776
2017	1,317,000	131,221	701,000	234,130
2018	952,000	105,676	681,000	213,280
2019 – 2023	2,633,000	256,911	3,665,000	796,175
2024 – 2028	675,000	35,934	3,108,000	319,788
2029 – 2033			614,568	25,985
Total	<u>\$ 11,293,000</u>	<u>\$ 1,154,478</u>	<u>\$ 14,419,874</u>	<u>\$ 2,603,548</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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**8. Pension Plan - continued**

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.

**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, 2014. 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 \$325,008 at December 31, 2013, as follows:

	<u>January 1, 2014</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 3,496,073
Current employees	
100% vested	3,771,504
Non vested	<u>1,006</u>
Total pension benefit obligation	7,268,583
Net assets available for benefits at market (cost unavailable)	<u>7,593,591</u>
Assets in excess of accumulated pension benefit obligation	<u>\$ (325,008)</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**8. Pension Plan - continued**

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.

The contributions to the Plan of \$44,010 for 2013 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2014. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was 1.59% of current covered payroll for 2013.

**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 49 of the City's financial statements. For the three years ended 2013, 2012 and 2011, available assets were sufficient to fund 104, 88, and 84 percent, respectively, of the pension benefit obligation. The Plan went from an underfunded plan of \$1,056,509 in 2011 to an underfunded plan of \$841,201 in 2012 and an overfunded plan of \$325,008 in 2013. The City's contributions for the years ended 2013, 2012 and 2011 were 1.59, 5.42, and 4.44 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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

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

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.

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 6% 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 6.12% of each participant's salary as the employer's share. In addition to the 6.12% 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, 2013, 2012, and 2011 were \$303,833, \$242,706 and \$195,549, 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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**11. Risk Management - continued**

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.

A reconciliation of claims payable for the years ended December 31, 2013 and 2012, is as follows:

	2013	2012
Claims payable, January 1	\$ 65,792	\$ 26,975
Add: Claims incurred	551,604	553,554
Less: Claims paid	<u>(566,904)</u>	<u>(514,737)</u>
Claims payable, December 31	<u>\$ 50,492</u>	<u>\$ 65,792</u>

Claims payable are based on claims paid in January, February and March of 2014 for claims incurred in 2013.

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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**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, 2013, is \$554,005 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,053,477 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 2013. 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.

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, 2013, the City's share of equity investments entered into by the Corporation was \$60,000 and the City's share of loans made by the Corporation was \$1,272,153.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**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.

**16. City of Jamestown Sales Tax**

During the year ended December 31, 2013 the City of Jamestown collected 2% City sales tax.

Reported by City	
City sales tax fund	\$ 1,234,802
City share specials reserve fund	<u>1,234,802</u>
 Total City Sales Tax	 <u>\$ 2,469,604</u>
 Passed through to Jamestown Public School	 <u>\$ 2,469,604</u>

**17. Construction Commitments**

As of December 31, 2013, the City had outstanding construction contracts for projects totaling approximately \$4,700,000.

**18. Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at December 31, 2013 include the following:

	Governmental Activities	Business-type Activities
Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$ 26,412,275	\$ 45,033,640
Less: related long-term debt	(11,314,860)	(16,027,356)
Net Investment in Capital Assets	<u>15,097,415</u>	<u>29,006,284</u>
Restricted		
Capital projects	850,448	3,115,096
Debt service	6,915,655	2,369,287
Special revenue	3,880,930	1,704,357
Total Restricted	<u>11,647,033</u>	<u>7,188,740</u>
Unrestricted	3,220,204	(327,302)
Total Net Position	<u>\$ 29,964,652</u>	<u>\$ 35,867,722</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2013**

**19. Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at December 31, 2013, include the following:

	General	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total
Restricted:							
Debt service	\$	\$	\$	\$2,252,756	\$	\$ 3,855,023	\$ 6,107,779
Committed:						71,130	71,130
Assigned:							
Equipment replacement		2,905,677					2,905,677
City sales tax			9,587,423				9,587,423
Capital projects						804,978	804,978
City share specials						2,072,056	2,072,056
Vector control						283,389	283,389
Visitor's promotion						163,166	163,166
Visitor's promotion capital construction						52,663	52,663
City taxi						12,184	12,184
Highway Safety						1,180	1,180
Homeland security						625	625
DARE						1,565	1,565
Unassigned	<u>4,527,833</u>				<u>(13,456,825)</u>		<u>(8,928,992)</u>
	<u>\$ 4,527,833</u>	<u>\$ 2,905,677</u>	<u>\$ 9,587,423</u>	<u>\$ 2,252,756</u>	<u>\$ (13,456,825)</u>	<u>\$ 7,317,959</u>	<u>\$13,134,823</u>

**20. Subsequent Events**

The City of Jamestown incurred expenses related to the waste water, lift stations and forcemain project in 2013 that totaled \$7,615,704. This project is part of the Clean Water State Revolving Funds and since the reimbursement of these funds was not received until April 7, 2014, the receivable was not accrued.

On July 7, 2014, the City Council voted to approve the issuance of \$910,000 in Water Treatment Revenue Bonds, Series 2014 to finance improvements to the Water Treatment Facility. On August 19, 2014, the City Council voted to approve the issuance of \$4,520,000 Refunding Improvement Bonds of 2014, Series W. It is a new money issue to finance infrastructure projects. On August 19, 2014, the City Council also voted to approve the issuance of \$870,000 Tax Refunding Improvement Bonds of 2014, Series X to finance improvements.

The City of Jamestown has entered into a guaranteed energy/utility savings contract with Energy Services Group for the Civic Center. The cost of the project is estimated to be \$2,021,984 for equipment and related services. In connection with this contract, the City has entered into an equipment lease/purchase agreement with Banc of America Public Capital Corporation to fulfill the scope of the energy services agreement.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**General Fund**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Property taxes	\$ 2,858,300	\$ 2,858,300	\$ 2,860,967	\$ 2,667
Sales and miscellaneous taxes	80,000	80,000	82,207	2,207
Fees and fines	165,000	165,000	175,518	10,518
Licenses and permits	302,870	302,870	296,036	(6,834)
Intergovernmental	2,448,585	2,448,585	3,138,932	690,347
Charges for services	139,500	139,500	159,331	19,831
Investment earnings	14,400	14,400	8,835	(5,565)
Miscellaneous	148,955	148,955	174,678	25,723
Total Revenues	<u>6,157,610</u>	<u>6,157,610</u>	<u>6,896,504</u>	<u>738,894</u>
<b>EXPENDITURES</b>				
Current:				
General government	640,385	640,385	705,735	(65,350)
Public safety	3,061,095	3,061,095	2,968,105	92,990
Public works	2,040,990	2,040,990	1,772,572	268,418
Flood control			10,007	(10,007)
Health	51,500	51,500	51,500	
Civic center	468,420	468,420	433,164	35,256
Capital Outlay	98,400	98,400	67,684	30,716
Total Expenditures	<u>6,360,790</u>	<u>6,360,790</u>	<u>6,008,767</u>	<u>352,023</u>
Excess (deficiency) of revenues over expenditures	<u>(203,180)</u>	<u>(203,180)</u>	<u>887,737</u>	<u>1,090,917</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	610,000	610,000	654,186	44,186
Transfers out	(408,820)	(408,820)	(408,820)	
Total Other Financing Sources and (Uses)	<u>201,180</u>	<u>201,180</u>	<u>245,366</u>	<u>44,186</u>
Net change in fund balances	(2,000)	(2,000)	1,133,103	1,135,103
Fund Balances - Beginning	3,607,399	3,607,399	3,607,399	
Fund Balances - Ending	<u>\$ 3,605,399</u>	<u>\$ 3,605,399</u>	<u>\$ 4,740,502</u>	<u>\$ 1,135,103</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, 2013**

**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	\$ 6,896,504
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	(310,679)
Grants accrued at prior year are included for budgetary purposes	(11,771)
Grants accrued are not considered revenues for budgetary purposes	14,131
The net proceeds from the civic center are included in the budget	<u>231,778</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 6,819,963</u></u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,008,767
Accounts payable at prior year end are included in the budget	(9,908)
Accounts payable at current year end are not included in the budget	455,020
The expenses from promotion, revolving and concession funds are not included in the budget	<u>213,832</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 6,667,711</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, 2013**

**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, 2013

	Equipment Replacement			City Sales Tax			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	
<b>REVENUES</b>							
Sales and miscellaneous taxes	\$ 8,500	\$ 8,500	\$ 4,061	\$ 1,185,000	\$ 1,185,000	\$ 1,234,803	\$ 49,803
Investment earnings				18,940	18,940	29,700	10,760
Miscellaneous				135,320	135,320	120,108	(15,212)
Total revenues	8,500	8,500	4,061	1,339,260	1,339,260	1,384,611	45,351
<b>EXPENDITURES</b>							
Current:							
General government							
Public works			890				
Business and industrial development							
Capital Outlay	749,620	749,620	444,964	1,320,000	1,320,000	683,474	636,526
Total Expenditures	749,620	749,620	445,854	1,320,000	1,320,000	683,474	636,526
Excess (deficiency) of revenues over expenditures	(741,120)	(741,120)	(441,793)	19,260	19,260	701,137	681,877
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	626,535	626,535	626,535				
Transfers out			(284,538)				
Total other financing sources and (uses)	626,535	626,535	341,997				
<b>SPECIAL ITEM</b>							
Proceeds from sale of capital assets			135,866			146,138	146,138
Net change in fund balances	(114,585)	(114,585)	36,070	19,260	19,260	847,275	828,015
Fund balances - beginning	2,869,607	2,869,607	2,869,607	8,740,148	8,740,148	8,740,148	
Fund balances - ending	\$ 2,755,022	\$ 2,755,022	\$ 2,905,677	\$ 8,759,408	\$ 8,759,408	\$ 9,587,423	\$ 828,015

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2013**

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
2004	\$ 4,559,930	\$ 4,016,239	114%	\$ 543,691	\$ 3,746,309
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

\*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, 2013**

	<b>Nonmajor Special Revenue</b>	<b>Nonmajor Capital Projects</b>	<b>Nonmajor Debt Service</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash and cash equivalents	\$ 2,300,833	\$ 400,000	\$ 577,596	\$ 3,278,429
Taxes receivable, net		108,076	1,800,938	1,909,014
Due from other funds	335,318	342,372	2,335,040	3,012,730
Receivable from other governments	25,346			25,346
Other receivables	8,907			8,907
Total Assets and Deferred Outflows of Resources	\$ 2,670,404	\$ 850,448	\$ 4,713,574	\$ 8,234,426
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 12,446	\$	\$ 50,516	\$ 62,962
Due to other funds	12,446		50,516	62,962
Total Liabilities	12,446		50,516	62,962
 Deferred inflows of resources				
Long - term receivables		45,470	808,035	853,505
 Fund Balances:				
Restricted for:				
Debt service			3,855,023	3,855,023
Committed	71,130			71,130
Assigned	2,586,828	804,978		3,391,806
Total Fund Balances	2,657,958	804,978	3,855,023	7,317,959
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,670,404	\$ 850,448	\$ 4,713,574	\$ 8,234,426

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**Year Ended December 31, 2013**

	<u>Nonmajor Special Revenues</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 28	\$ 132,942	\$ 2,332,942	\$ 2,465,912
Sales and miscellaneous taxes	1,780,595			1,780,595
Intergovernmental	103,242			103,242
Charges for services	89,280			89,280
Investment earnings	3,114	866	2,982	6,962
Miscellaneous	1,999			1,999
Total Revenues	<u>1,978,258</u>	<u>133,808</u>	<u>2,335,924</u>	<u>4,447,990</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	74,815			74,815
Public works	59,707	187,615		247,322
Visitor's promotion	493,282			493,282
Principal			2,187,000	2,187,000
Interest and other charges			271,649	271,649
Capital outlay		96,596		96,596
Total Expenditures	<u>627,804</u>	<u>284,211</u>	<u>2,458,649</u>	<u>3,370,664</u>
Excess (deficiency) of revenues over expenditures	<u>1,350,454</u>	<u>(150,403)</u>	<u>(122,725)</u>	<u>1,077,326</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,812	335,337	563,238	924,387
Transfers out	(1,052,225)	(35,337)	(53,744)	(1,141,306)
Total other financing sources and (uses)	<u>(1,026,413)</u>	<u>300,000</u>	<u>509,494</u>	<u>(216,919)</u>
Net change in fund balances	324,041	149,597	386,769	860,407
Fund balances - beginning	2,333,917	655,381	3,468,254	6,457,552
Fund balances - ending	<u>\$ 2,657,958</u>	<u>\$ 804,978</u>	<u>\$ 3,855,023</u>	<u>\$ 7,317,959</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2013**

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Taxi	ND Health Department Grant	ND Highway Safety	Justice Assistance Grant	Bulletproof Vest Grant	DES Homeland Security	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	\$ 200,349	\$ 100,484	\$ 100,000	\$	\$	\$	\$	\$	\$	\$	\$ 1,900,000	\$	\$ 2,300,833
Due from other funds	74,133	62,682	23,793				464			625	172,056	1,565	335,318
Receivable from other governments				18,816		2,349	716		3,465				25,346
Other receivables	8,907												8,907
Total Assets and Deferred Outflows of Resources	<u>\$ 283,389</u>	<u>\$ 163,166</u>	<u>\$ 123,793</u>	<u>\$ 18,816</u>	<u>\$ 1,180</u>	<u>\$ 2,349</u>	<u>\$ 1,180</u>	<u>\$</u>	<u>\$ 3,465</u>	<u>\$ 625</u>	<u>\$ 2,072,056</u>	<u>\$ 1,565</u>	<u>\$ 2,670,404</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

Liabilities:													
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds					6,632	2,349							12,446
Total Liabilities					<u>6,632</u>	<u>2,349</u>			<u>3,465</u>				<u>12,446</u>
Deferred inflows of resources													
Long - term receivables													
Fund balances:													
Committed			71,130										71,130
Assigned	283,389	163,166	52,663	12,184			1,180			625	2,072,056	1,565	2,586,828
Total Fund Balances	<u>283,389</u>	<u>163,166</u>	<u>123,793</u>	<u>12,184</u>	<u>1,180</u>	<u></u>	<u>1,180</u>	<u></u>	<u></u>	<u>625</u>	<u>2,072,056</u>	<u>1,565</u>	<u>2,657,958</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 283,389</u>	<u>\$ 163,166</u>	<u>\$ 123,793</u>	<u>\$ 18,816</u>	<u>\$ 1,180</u>	<u>\$ 2,349</u>	<u>\$ 1,180</u>	<u>\$</u>	<u>\$ 3,465</u>	<u>\$ 625</u>	<u>\$ 2,072,056</u>	<u>\$ 1,565</u>	<u>\$ 2,670,404</u>

**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, 2013**

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Tax	ND Health Department Grant	ND Highway Safety	Justice Assistance Grant	Bulletproof Vest Grant	DES Homeland Security	City Share Specials - Reserve	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>													
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales and miscellaneous taxes		470,434	75,358	2,600	28,310	2,349	2,525	29,732	3,465	31,516	1,234,803	2,745	1,780,595
Intergovernmental Charges for services	89,280		104										103,242
Investment earnings	215	443									2,352		89,280
Miscellaneous	1,874	125									0		3,114
Total Revenues	91,369	471,002	75,462	2,600	28,310	2,349	2,525	29,732	3,465	31,516	1,237,183	2,745	1,978,258
<b>EXPENDITURES</b>													
Current:													
Public safety	28,307	422,152	71,130	2,600	31,400	2,349	2,566	29,732	3,465	31,516		2,587	74,815
Visitor's promotion													59,707
Capital outlay	28,307	422,152	71,130	2,600	31,400	2,349	2,566	29,732	3,465	31,516		2,587	493,282
Total Expenditures	56,614	844,304	142,260	5,200	62,800	4,698	5,132	59,464	6,930	63,032		5,174	627,804
Excess (deficiency) of revenues over expenditures	34,755	(373,302)	(66,798)	(2,600)	(34,490)	(2,349)	(2,607)	(29,732)	(3,465)	(31,516)	1,237,183	(2,839)	1,350,454
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in													
Transfers out	(11,395)	(300,000)									25,812		25,812
Total other financing sources and (uses)	(11,395)	(300,000)									(740,830)		(1,052,225)
Net change in fund balances	23,360	(670,302)	(66,798)	(2,600)	(34,490)	(2,349)	(2,607)	(29,732)	(6,930)	(64,548)	(715,018)		(1,026,413)
Fund balances - beginning	231,722	414,316	119,461		15,274		1,221			625	522,165	158	324,041
Fund balances - ending	\$283,389	\$163,166	\$123,793	\$	\$12,184	\$	\$1,180	\$	\$	\$625	\$2,072,056	\$1,407	\$2,333,917
													\$2,657,958

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**December 31, 2013**

	<b>Public Building Site</b>	<b>Building Fund City Hall</b>	<b>Total Nonmajor Capital Projects Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Cash and cash equivalents	\$ 400,000	\$	\$ 400,000
Taxes receivable, net	108,076		108,076
Due from other funds	<u>342,372</u>	<u>          </u>	<u>342,372</u>
Total Assets and Deferred			
Outflows of Resources	<u>\$ 850,448</u>	<u>\$</u>	<u>\$ 850,448</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Liabilities	<u>          </u>	<u>          </u>	<u>          </u>
 Deferred inflows of resources			
Long - term receivables	<u>45,470</u>	<u>          </u>	<u>45,470</u>
 Fund balances:			
Assigned	<u>804,978</u>	<u>          </u>	<u>804,978</u>
Total Fund Balances	<u>804,978</u>	<u>          </u>	<u>804,978</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 850,448</u>	<u>\$</u>	<u>\$ 850,448</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**Year Ended December 31, 2013**

	<b>Public Building Site</b>	<b>Building Fund City Hall</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 132,942	\$	\$ 132,942
Investment earnings	838	28	866
Total Revenues	<u>133,780</u>	<u>28</u>	<u>133,808</u>
<b>EXPENDITURES</b>			
Current:			
Public works	187,615		187,615
Capital outlay	96,596		96,596
Total Expenditures	<u>284,211</u>		<u>284,211</u>
Excess of revenues over expenditures	<u>(150,431)</u>	<u>28</u>	<u>(150,403)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	335,337		335,337
Transfers out		(35,337)	(35,337)
Total other financing sources and (uses)	<u>335,337</u>	<u>(35,337)</u>	<u>300,000</u>
Net change in fund balances	184,906	(35,309)	149,597
Fund balances - beginning	620,072	35,309	655,381
Fund balances - ending	<u>\$ 804,978</u>	<u>\$</u>	<u>\$ 804,978</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**December 31, 2013**

	Series T	Series U	Series V	1999 BND (98-71)	1999 BND (99-71)	Series H	Series J	Series K	Series L
	Refunding Improvement	Refunding Improvement	Refunding Improvement			Refunding Improvement	Refunding Improvement	Refunding Improvement	Refunding Improvement
<b>ASSETS AND DEFERRED</b>									
<b>OUTTOWS OF</b>									
<b>RESOURCES</b>									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxes receivable, net	54,534	171,845	157,842	40,874	18,230	15,054	38,602	12,039	
Due from other funds	280,966	255,905	157,477	164,834		51,430	14,496	15,653	1
Total Assets and Deferred									
Outflows of Resources	\$ 335,500	\$ 427,750	\$ 210,564	\$ 205,708	\$ 168,907	\$ 166,936	\$ 153,549	\$ 27,692	\$ 1
<b>LIABILITIES, DEFERRED</b>									
<b>INFLOWS OF</b>									
<b>RESOURCES AND FUND</b>									
<b>BALANCES</b>									
Liabilities:									
Due to other funds	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Liabilities									
Deferred inflows of resources									
Long - term receivables	47,386	70,449	31,605	14,845	6,579	10,492	21,562	5,724	
Fund balances:									
Restricted									
Debt service	288,114	357,301	178,959	190,863	111,812	156,444	131,987	21,968	1
Total Fund Balances	288,114	357,301	178,959	190,863	111,812	156,444	131,987	21,968	1
Total Liabilities, Deferred									
Inflows of Resources and									
Fund Balances	\$ 335,500	\$ 427,750	\$ 210,564	\$ 205,708	\$ 168,907	\$ 166,936	\$ 153,549	\$ 27,692	\$ 1

Series M Refunding Improvement	Series N Refunding Improvement	Series WWTA 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
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
870	28,122 131,879	91,112 218,037	125,564 24,890 5,713	138,348 154,408	66,753 496,696	50,226 287,742 28,712	50,226 197,635 104,986	295,532 200,255	577,596 1,800,938 2,335,040
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
870	160,001	309,149	156,167	292,756	563,449	366,680	352,847	495,787	4,713,574
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	11,245	48,070	16,386	52,442	41,648	166,158	99,245	142,490	808,035
870	148,756	261,079	139,781	240,314	521,801	200,522	253,602	353,297	3,855,023
870	148,756	261,079	139,781	240,314	521,801	200,522	253,602	353,297	3,855,023
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
870	160,001	309,149	156,167	292,756	563,449	366,680	352,847	495,787	4,713,574

**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, 2013**

	Series T	Series U	Series V	1999 BND	1999 BND	Series H	Series J	Series K
	Curb and	Refunding	Refunding	(98-71)	(99-71)	Refunding	Refunding	Refunding
	Gutter	Improvement	Improvement			Improvement	Improvement	Improvement
<b>REVENUES</b>								
Property taxes	\$ 55,590	\$ 239,858	\$ 151,133	\$ 60,587	\$ 24,198	\$ 16,032	\$ 45,927	\$ 12,976
Investment earnings	353	272	62	138	146	150	119	11
Total Revenues	<u>55,943</u>	<u>240,130</u>	<u>151,133</u>	<u>60,725</u>	<u>24,344</u>	<u>16,182</u>	<u>46,046</u>	<u>12,987</u>
<b>EXPENDITURES</b>								
Principal		120,000		60,000	35,000	20,000	60,000	
Interest and other charges		33,954	25,680	3,450	2,012	1,399	4,400	
Total Expenditures		<u>153,954</u>	<u>25,680</u>	<u>63,450</u>	<u>37,012</u>	<u>21,399</u>	<u>64,400</u>	
Excess (deficiency) of revenues over expenditures	<u>55,943</u>	<u>86,176</u>	<u>125,453</u>	<u>(2,725)</u>	<u>(12,668)</u>	<u>(5,217)</u>	<u>(18,354)</u>	<u>12,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	22,005	25,688	172,099	6,259	4,510	4,178	12,782	3,673
Transfers out	(53,744)							
Total other financing sources and (uses)	<u>(31,739)</u>	<u>84,436</u>	<u>172,099</u>	<u>6,259</u>	<u>4,510</u>	<u>4,178</u>	<u>12,782</u>	<u>3,673</u>
Net change in fund balances	24,204	111,864	297,552	3,534	(8,158)	(1,039)	(5,572)	16,660
Fund balances - beginning	263,910	245,437	173,545	187,329	119,970	157,484	137,559	5,308
Fund balances - ending	<u>\$ 288,114</u>	<u>\$ 357,301</u>	<u>\$ 297,552</u>	<u>\$ 190,863</u>	<u>\$ 111,812</u>	<u>\$ 156,444</u>	<u>\$ 131,987</u>	<u>\$ 21,968</u>



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION - continued**  
**Year Ended December 31, 2013**

LIST OF CITY OFFICIALS

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



**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, 2013, 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 24, 2014.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **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 could have a direct and material effect on the determination of financial statement amounts. However,

**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**

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Schauer & Associates, P.C.*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 24, 2014



**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, 2013. **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, 2013.

**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.

*Schau & Associates, P.C.*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 24, 2014

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – continued**  
**Year Ended December 31, 2013**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
<b>City of Jamestown</b>			
Department of Housing and Urban Development Passed Through State Department of Commerce Community Development Block Grants	14.228	2295-SL08-ED	\$ 1,000
Total Department of Housing and Urban Development			<u>1,000</u>
Department of Justice Direct Programs			
Bulletproof Vest Partnership ARRA - Edward Byrne Memorial Justice Assistance	16.607		3,465
	16.804	2009-SB-B9-2419	29,732
Total Direct Department of Justice			<u>33,197</u>
Passed Through State Department of Health Stop Violence	16.588	G11-883	2,349
Passed Through State Attorney General's Office Edward Byrne Memorial Justice Assistance	16.738	12215	2,600
Total Indirect Department of Justice			<u>4,949</u>
Total Department of Justice			<u>38,146</u>
Department of Transportation			
Passed Through State Highway Department Formula Grants for Other than Urbanized Areas	20.509	38-121-440	1,614
	20.509	38-131-994	8,925
State and Community Highway Safety	20.600	PHSP4021307-02-05	3,000
	20.600	PHSP4021305-04-11	3,806
	20.600	PHSOP1405-05-10	1,083
Alcohol Impaired Driving Countermeasures	20.601	PHSP4101303-01-69	1,810
	20.601	PHPSID1410-03-67	716
	20.601	PHSP4101303-01-11	8,214
	20.601	PHPSID1410-03-11	1,941
<b>Highway Program Cluster</b>			<u>20,570</u>
Total Department of Transportation			<u>31,109</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – Continued**  
**Year Ended December 31, 2013**

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

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Environmental Protection Agency			
Passed Through State Department of Health			
Capitalization Grants for Clean Water			
State Revolving Funds (1) (2)	66.458	380752-02	822,306
Capitalization Grants for Clean Water			
State Revolving Funds (1) (2)	66.458	380808.06	7,615,704
ARRA - Capitalization Grants for Drinking			
Water State Revolving Funds (1) (2)	66.468	4700498-03	479,542
Total Environmental Protection Agency			<u>8,917,552</u>
Federal Emergency Management Agency			
Passed Through State Department of			
Emergency Services			
Disaster Assistance - Public Assistance -			
Presidentially Declared Disasters	97.036	FEMA-DR-1829-ND	32,954
Total Federal Emergency Management Agency			<u>32,954</u>
Department of Homeland Security			
Passed Through State Department of			
Emergency Services			
State homeland security grant	97.067	A0418-001-2011-RQ	55
State homeland security grant	97.067	A0418-001-2012-RQ	18,240
State homeland security grant	97.067	A0401-001-2012-RQ	13,221
Total Department of Homeland Security			<u>31,516</u>
Total City of Jamestown			<u>\$ 9,052,277</u>
<b>Jamestown Regional Airport Authority</b>			
Department of Transportation			
Direct			
Airport Improvement Program			
Project #3-38-0028-36	20.106		43,700
Total Jamestown Regional Airport Authority			<u>43,700</u>
Total Federal Awards			<u>\$ 9,095,977</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – Continued**  
**Year Ended December 31, 2013**

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

(1) - Major Programs

(2) - State Revolving Loan including commingled funds

State Revolving Loan balances at year end

1993 Water Treatment Revenue Bonds	\$ 95,000
1993 Solid Waste Treatment Revenue Bonds	155,000
1996 Waste Water Treatment Revenue Bonds (Series A)	1,720,000
1996 Waste Water Treatment Revenue Bonds (Series B)	1,270,000
1997 Solid Waste Treatment Revenue Bonds	545,000
1999 Water Treatment Assessment Warrants	60,000
1999 Clean Water Assessment Warrants	35,000
2002 Water and Sewer Revenue Bonds	90,000
2004 Waste Water Treatment Assessment Warrant	830,000
2005 Water Treatment Revenue Bonds	1,650,000
2005 Master Lift Station Revenue Bonds	1,036,000
2007 Water Treatment Revenue Bonds	1,510,000
2007 B Clean Water	1,008,000
2010 Water Treatment Revenue Bonds	2,585,000
2010B Water Treatment Revenue Bonds	1,941,568
2011 Waste Water Treatment Revenue Bonds	1,000,000
2013 Clean Water Revenue Bonds	822,306

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2013**

**A. Summary of Audit Results**

Financial Statements

Type of auditors' report issued – unqualified

Internal control over financial reporting

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

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

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

Federal Awards

Internal control over major 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 - unqualified

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? \_\_\_\_\_ yes        X   no

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

- 1. None

**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, 2013**

**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.