

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

**REPORT ON FINANCIAL STATEMENTS**  
*(with supplementary information)*  
*Year Ended December 31, 2015*

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
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**Year Ended December 31, 2015**

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# Schauer & Associates, P.C.

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Certified Public Accountants

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

## 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, 2015, 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.

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## INDEPENDENT AUDITORS' REPORT - continued

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 **CITY OF JAMESTOWN, NORTH DAKOTA**, as of December 31, 2015 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.

### Emphasis of Matter

As discussed in Notes 1 and 9 to the financial statements, the **CITY OF JAMESTOWN** has adopted the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of January 1, 2015. Our opinions are not modified with respect to this matter.

### 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 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

## INDEPENDENT AUDITORS' REPORT - continued

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016, 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 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.  
Certified Public Accountants

Jamestown, North Dakota  
September 29, 2016

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2015**

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, 2015. 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 \$2,965,696 or 5.2% as a result of current year operations. Net position of the business type activities increased by \$1,506,415 and net position of the governmental activities increased by \$1,459,281 or 5.3%.
- Total revenues from all sources were \$25,803,815. Revenue from governmental activities was \$15,659,355 and revenues from business type activities were \$10,144,460.
- Total cost of all programs was \$22,838,119. This was comprised of \$15,065,260 in governmental activities and \$7,772,859 in business type activities.
- Governmental net position totaled \$29,235,888 as of December 31, 2015.
- Governmental funds revenues exceeded expenditures by \$6,081,669.
- Unreserved fund balance for the general fund was \$4,116,949, 54.4% of the total general fund expenditures.

**Using This Annual Report**

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

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

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

***Government-Wide Financial Statements***

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

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

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

## **CITY OF JAMESTOWN**

**Stutsman County, North Dakota**

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

**Year Ended December 31, 2015**

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 governmental 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 49 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 43 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, 2015**

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 50 – 53 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, water meter deposits and landfill 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 – 49 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 56 – 61.

**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, 2015 and 2014.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2015**

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 \$60,468,723 at the close of the most recent fiscal year.

Table I  
**NET POSITION**  
December 31, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Current assets	\$ 25,443,916	\$ 19,594,660	\$ 10,340,571	\$ 8,700,771	\$ 35,784,487	\$ 28,295,431
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	26,642,804	27,111,603	48,242,840	49,270,878	74,885,644	76,382,481
Deferred outflows of resources	961,334				961,334	
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 53,257,452</b>	<b>\$ 46,915,661</b>	<b>\$ 58,583,411</b>	<b>\$ 57,971,649</b>	<b>\$ 111,840,863</b>	<b>\$ 104,887,310</b>
<b>LIABILITIES</b>						
Current liabilities	\$ 2,573,979	\$ 2,731,975	\$ 2,521,287	\$ 2,651,878	\$ 5,095,266	\$ 5,383,853
Long-term liabilities	20,674,474	14,364,725	24,829,289	25,531,177	45,503,763	39,895,902
<b>Total Liabilities</b>	<b>23,248,453</b>	<b>17,096,700</b>	<b>27,350,576</b>	<b>28,183,055</b>	<b>50,599,029</b>	<b>45,279,755</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>773,111</b>				<b>773,111</b>	
<b>NET POSITION</b>						
Net Investment in capital assets	6,957,012	10,704,665	21,070,843	21,420,319	28,027,855	32,124,984
Restricted	8,652,470	10,030,614	8,979,473	7,158,831	17,631,943	17,189,445
Unrestricted	13,626,406	9,083,682	1,182,519	1,209,444	14,808,925	10,293,126
<b>Total Net Position</b>	<b>29,235,888</b>	<b>29,818,961</b>	<b>31,232,835</b>	<b>29,788,594</b>	<b>60,468,723</b>	<b>59,607,555</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 53,257,452</b>	<b>\$ 46,915,661</b>	<b>\$ 58,583,411</b>	<b>\$ 57,971,649</b>	<b>\$ 111,840,863</b>	<b>\$104,887,310</b>

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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2015**

A portion of the **CITY OF JAMESTOWN'S** net position (\$17,631,943) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net position (\$14,808,925) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2015, 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.

Table II  
**CHANGES IN NET POSITION**  
Years Ending December 31, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 794,292	\$ 623,029	\$ 10,133,072	\$ 9,349,785	\$ 10,927,364	\$ 9,972,814
Operating grants	1,492,416	1,318,912			1,492,416	1,318,912
Capital grants	2,100	2,100			2,100	2,100
General revenues						
Property taxes, general	3,082,154	3,091,702			3,082,154	3,091,702
Property taxes, debt service	2,156,403	2,103,193			2,156,403	2,103,193
State aid distribution	1,222,800	1,188,806			1,222,800	1,188,806
Miscellaneous taxes	904,444	666,978			904,444	666,978
Sales taxes	4,036,680	2,437,496			4,036,680	2,437,496
Investment earnings	68,578	44,933	11,388	5,625	79,966	50,558
Repayment of economic development funds	382,792	665,296			382,792	665,296
Miscellaneous	1,062,888	984,663			1,062,888	984,663
Gain on sale of assets	453,808	174,606			453,808	174,606
<b>Total Revenues</b>	<b>15,659,355</b>	<b>13,301,714</b>	<b>10,144,460</b>	<b>9,355,410</b>	<b>25,803,815</b>	<b>22,657,124</b>
<b>EXPENSES</b>						
General government	1,012,199	948,226			1,012,199	948,226
Public safety	4,493,379	3,459,784			4,493,379	3,459,784
Public works	5,728,863	9,118,896			5,728,863	9,118,896
Flood control	2,885				2,885	
Health	54,637	53,045			54,637	53,045
Civic center	974,556	767,284			974,556	767,284
Interest on long-term debt	450,430	351,222			450,430	351,222
Visitor's promotion	616,761	526,182			616,761	526,182
Business and industrial development	1,731,550	6,549,099			1,731,550	6,549,099
Water utility			2,796,439	2,589,862	2,796,439	2,589,862
Sewer utility			2,315,185	2,033,082	2,315,185	2,033,082
Sanitation			1,109,883	980,822	1,109,883	980,822
Solid waste			1,507,665	1,481,307	1,507,665	1,481,307
Water meter deposits			43,687	23,134	43,687	23,134
<b>Total Expenses</b>	<b>15,065,260</b>	<b>21,773,738</b>	<b>7,772,859</b>	<b>7,108,207</b>	<b>22,838,119</b>	<b>28,881,945</b>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2015**

	2015	2014	2015	2014	2015	2014
Excess before transfers	594,095	(8,472,024)	2,371,601	2,247,203	2,965,696	(6,224,821)
Transfers	865,186	8,300,462	(865,186)	(8,300,462)		
Change in net position	1,459,281	(171,562)	1,506,415	(6,053,259)	2,965,696	(6,224,821)
<b>BEGINNING NET POSITION</b>						
Prior period adjustment	29,818,961	29,964,652	29,726,420	35,779,679	59,545,381	65,744,331
	(2,042,354)	25,871			(2,042,354)	25,871
<b>ENDING NET POSITION</b>	<u>\$29,235,888</u>	<u>\$29,818,961</u>	<u>\$31,232,835</u>	<u>\$29,726,420</u>	<u>\$60,468,723</u>	<u>\$59,545,381</u>

**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 \$23,014,368, an increase of \$6,081,669. The *governmental funds unassigned fund balance* is \$1,949,398. 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 \$4,116,949. 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 54.4% of total general fund expenditures. Total general fund cash at year end is \$2,467,048.

The **CITY OF JAMESTOWN'S** general fund balance decreased by \$191,645 during the current fiscal year.

The debt service funds have a total fund balance of \$7,422,299, 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**.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2015**

**General Fund Budgetary Highlights**

There were no changes to the original budgets for 2015. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$40,321 less than budgeted. This was mostly due a new oil and gas production tax collected, higher collections by the civic center and decreases in the highway tax distribution. The total general government expenditures were \$5,347 more than budgeted.

**Capital Assets**

The **CITY OF JAMESTOWN’S** investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$74,885,644 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure and equipment. The total value of land owned by the City has not been determined and will be added when it can be determined.

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

- Approximately \$455,000 was spent on continuing construction projects
- Approximately \$1,138,000 was spent on acquiring equipment and vehicles

Capital Assets  
 (Net of Accumulated Depreciation)  
 December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	14,878	546,687	561,565
Buildings	3,358,302	13,512,387	16,870,689
Infrastructure	20,192,256	32,872,269	53,064,525
Equipment	3,070,168	1,251,497	4,321,665
Total Capital Assets (Net of Depreciation)	\$ 26,642,804	\$ 48,242,840	\$ 74,885,644

Additional information on the **CITY OF JAMESTOWN’S** capital assets can be found in note 5 on pages 32 – 34 of this report.

**Long-Term Debt**

At year end the City had total long-term debt of \$50,368,622, an increase of \$3,064,654 over the prior year, including \$2,590,448 of net pension obligation treated as a restatement.

The city issued new debt for Special Assessment Refunding Improvement Bonds in the amount of \$5,685,000, Drinking Water Revenue Bonds in the amount of \$794,159, Wastewater Treatment Revenue Bonds in the amount of \$355,754 and Water Tower and Water Mains Revenue Bonds in the amount of \$633,942.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - continued**  
**Year Ended December 31, 2015**

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

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

Table IV  
 Long-Term Liabilities  
 December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 25,514,712	\$ 25,514,712
Refunding improvement bonds	17,950,383		17,950,383
Lease/purchase	1,735,409		1,735,409
Landfill closure costs		1,657,285	1,657,285
Compensated absences	275,958	146,292	422,250
Net pension obligation	3,088,583		3,088,583
Total	<u>\$ 23,050,333</u>	<u>\$ 27,318,289</u>	<u>\$ 50,368,622</u>

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

2015 construction activities included the construction of a four (4) retail sales buildings with a total value of \$6,127,245. A swimming pool addition to a local motel valued at \$400,000, a honey processing facility and a shop in the amount of \$754,245, and a rental storage building complex valued at \$750,000 were also constructed. A 38 unit assisted living and 30 unit memory care facility valued at \$6,090,810 was also constructed.

Residential construction for 2015 consisted of 28 single family residential homes with a total value of \$6,095,631.

Indications for 2016 are for considerable commercial construction activity during the year. Some of the projects indicate that a number of retail stores are planned for construction as well as a sports arena on the University of Jamestown campus. The Jamestown Regional Medical Center has indicated construction of a new office and clinic facility to be constructed. There is discussion of construction of a distribution center along with a possible storage unit facility, as well as a major remodel and addition to a large truck stop facility. Indications also seem to conclude that the new home construction market will continue to be strong as well and that a number of multiple family apartment buildings will also be constructed.

Taxable valuations in the City for 2015 were \$38,207,759, an increase of 15.0%. The mill levy for the City of Jamestown in 2015 decreased to 102.43 mills or minus 7.0%.

**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, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
<b>ASSETS</b>				
Cash and equivalents	\$ 22,265,841	\$ 8,029,134	\$ 30,294,975	\$ 95,886
Certificates of deposit				
Accounts receivable	9,625	1,070,379	1,080,004	6,169
Internal balances	(1,246,639)	1,241,058	(5,581)	
Due from other governmental agencies	4,415,089		4,415,089	175,529
Prepaid expenses				61,877
Loan fees				4,751
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	14,878	546,687	561,565	40,710
Buildings	6,040,161	23,886,056	29,926,217	4,970,814
Infrastructure	35,883,779	37,263,255	73,147,034	11,514,725
Equipment	6,756,434	4,221,518	10,977,952	1,553,241
Less: Accumulated Depreciation	(22,059,648)	(17,734,676)	(39,794,324)	(8,048,505)
Net Capital Assets	<u>26,642,804</u>	<u>48,242,840</u>	<u>74,885,644</u>	<u>10,474,690</u>
Total Assets	<u>52,296,118</u>	<u>58,583,411</u>	<u>110,879,529</u>	<u>10,818,902</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	961,334		961,334	14,811
Total Deferred Outflows of Resources	<u>961,334</u>		<u>961,334</u>	<u>14,811</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 53,257,452</u>	<u>\$ 58,583,411</u>	<u>\$ 111,840,863</u>	<u>\$ 10,833,713</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 198,120	\$ 32,287	\$ 230,407	\$ 10,187
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,375,859	2,489,000	4,864,859	35,372
Due in more than one year				
Bonds, capital leases and contracts	17,309,933	24,682,997	41,992,930	921,382
Compensated absences	275,958	146,292	422,250	
Net pension obligation	3,088,583		3,088,583	129,572
Total Liabilities	<u>23,248,453</u>	<u>27,350,576</u>	<u>50,599,029</u>	<u>1,096,513</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	773,111		773,111	43,254
Total Deferred Inflows of Resources	<u>773,111</u>		<u>773,111</u>	<u>43,254</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,957,012	21,070,843	28,027,855	9,517,936
Restricted for:				
Capital projects	254,891	4,002,686	4,257,577	
Debt service	8,308,160	3,078,759	11,386,919	
Other projects	89,419	1,898,028	1,987,447	
Unrestricted net position	<u>13,626,406</u>	<u>1,182,519</u>	<u>14,808,925</u>	<u>176,010</u>
Total Net Position	<u>29,235,888</u>	<u>31,232,835</u>	<u>60,468,723</u>	<u>9,693,946</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 53,257,452</u>	<u>\$ 58,583,411</u>	<u>\$ 111,840,863</u>	<u>\$ 10,833,713</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, 2015

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenue		Primary Government		Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General government	\$ 1,012,199	\$	\$	\$ (1,012,199)	\$
Public safety	4,493,379	44,380	166,436	(4,280,463)	(4,280,463)
Public works	5,728,863	89,983	1,131,104	(4,507,776)	(4,507,776)
Flood control	2,885		94,876	91,991	91,991
Health	54,637			(54,637)	(54,637)
Civic center	974,556	659,929	100,000	(214,627)	(214,627)
Interest on long-term debt	450,430			(450,430)	(450,430)
Visitor's promotion	616,761			(616,761)	(616,761)
Business and industrial development	1,731,550			(1,731,550)	(1,731,550)
Total Governmental Activities	15,065,260	794,292	1,492,416	(12,776,452)	(12,776,452)
Business-Type Activities					
Water utility	2,796,439	4,315,374		1,518,935	1,518,935
Sewer utility	2,315,185	2,988,228		673,043	673,043
Sanitation	1,109,883	1,848,914		739,031	739,031
Solid waste	1,507,665	933,812		(573,853)	(573,853)
Other enterprise funds	43,687	46,744		3,057	3,057
Total Business-Type Activities	7,772,859	10,133,072		2,360,213	2,360,213
Total Primary Government	22,838,119	10,927,364	1,492,416	(12,776,452)	(10,416,239)
Component Units					
Jamestown Municipal Airport Authority	1,771,307	210,834			
Total Component Units	1,771,307	210,834			
					(189,662)
					(189,662)
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes				3,082,154	3,082,154
Property taxes, levied for debt service				2,156,403	2,156,403
State aid distribution				1,222,800	1,222,800
Miscellaneous taxes				904,444	904,444
Sales taxes				4,036,680	4,036,680
Unrestricted investment earnings				68,578	79,966
Miscellaneous - repayment of economic development funds				382,792	382,792
Miscellaneous				1,062,888	1,062,888
Special item - gain on sale of assets				453,808	453,808
Transfers				865,186	(865,186)
Total General Revenues, Special Items, and Transfers				14,235,733	13,381,935
Change in Net Position				1,459,281	2,965,696
Net Position:					
Beginning of year				29,818,961	59,545,381
Restatement due to implementation of GASB 68 and prior period corrections				(2,042,354)	(2,042,354)
Beginning of year, as restated				27,776,607	57,503,027
Net Position - Ending				\$ 31,232,835	\$ 60,468,723
					\$ 9,693,946

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**

	General Fund	Equipment Replacement	City Sales Tax	City Share Specials - Reserve	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
Cash and cash equivalents	\$ 2,467,048	\$ 3,707,677	\$ 6,225,820	\$ 2,900,334	\$ 2,214,614	\$	\$ 4,300,348	\$ 21,815,841
Taxes receivable, net	2,091,401						1,882,636	3,974,037
Due from other funds	456,727		504,875		48,641		946,314	1,956,557
Receivable from other governments						430,215	9,304	441,053
Other receivables	1,534						9,624	9,624
Total Assets and Deferred Outflows of Resources	\$ 5,016,710	\$ 3,707,677	\$ 6,730,695	\$ 2,900,334	\$ 2,263,255	\$ 430,215	\$ 7,148,226	\$ 28,197,113
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 14,305	\$ 136,745		\$ 396,093		\$ 121,038	\$ 3,250	\$ 138,593
Due to other funds						2,476,728	205,663	3,215,229
Total Liabilities	14,305	136,745		396,093		2,597,766	208,913	3,353,822
Deferred inflows of resources	885,456						943,466	1,828,922
Long - term receivables								
Fund Balances:								
Restricted for								
Debt service			1,444,532		2,263,255		5,159,044	7,422,299
Committed		3,570,932	5,286,163	2,504,241			89,419	1,533,951
Assigned						(2,167,551)	806,240	12,167,576
Unassigned	4,116,949	3,570,932	6,730,695	2,504,241	2,263,255	(2,167,551)	(58,856)	1,890,542
Total Fund Balances	4,116,949	3,570,932	6,730,695	2,504,241	2,263,255	(2,167,551)	5,995,848	23,014,368
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,016,710	\$ 3,707,677	\$ 6,730,695	\$ 2,900,334	\$ 2,263,255	\$ 430,215	\$ 7,148,227	\$ 28,197,113

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, 2015**

Total Fund Balance, Governmental Funds \$ 23,014,368

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. 26,852,202

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. 1,828,922

A deferred inflow of resources related to pension is not considered a liability for the governmental funds statement (773,111)

A deferred outflow of resources related to pension is not considered an asset for the governmental fund statements 961,334

A net pension obligation should be reported as a liability in the government-wide statement of net position. Conversely, a net pension obligation is not considered to represent a financial liability; therefore, it is not properly reported in the governmental fund statement (3,088,583)

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. 402,506

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. (19,961,750)

Net Assets of Governmental Activities in the Statement of Net Position \$ 29,235,888

**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, 2015**

	General Fund	Equipment Replacement	City Sales Tax	City Share Specials - Reserve	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Property taxes	\$ 3,020,532				\$	\$	\$ 2,327,994	\$ 5,348,526
Sales and miscellaneous taxes	265,110		2,568,982	1,467,698			639,334	4,941,124
Fees and fines	205,615							205,615
Licenses and permits	368,053						93,537	368,053
Intergovernmental	2,533,515						89,983	2,627,052
Charges for services	704,309			6,297	1,248		10,870	794,292
Investment earnings	9,010	6,401	33,647					67,473
Miscellaneous	130,319		382,792			162,042	110,907	786,060
Total Revenues	7,236,463	6,401	2,985,421	1,473,995	1,248	162,042	3,272,625	15,138,195
<b>EXPENDITURES</b>								
Current:								
General government	747,595				6,381			753,976
Public safety	3,453,889						103,723	3,557,612
Public works	2,317,267	6,633				2,432,075	94,871	4,850,846
Health	54,637							54,637
Flood control	2,885							2,885
Civic center	793,781						617,237	793,781
Visitor's promotion								617,237
Business and industrial development			1,731,550					1,731,550
Debt Service:								
Principal	100,618							100,618
Interest and other charges	56,824							56,824
Capital outlay	38,657	461,379						500,036
Total Expenditures	7,566,153	468,012	1,731,550		6,381	2,432,075	3,863,226	16,067,397
Excess (deficiency) of revenues over expenditures	(329,690)	(461,611)	1,253,871	1,473,995	(5,133)	(2,270,033)	(590,601)	(929,202)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from issue of bonds						5,187,807	431,060	5,618,867
Transfers in	968,736	685,050				1,872,947	766,647	4,293,380
Transfers out	(834,881)			(1,550,851)		(975,655)	(66,806)	(3,428,193)
Total other financing sources and (uses)	133,855	685,050		(1,550,851)		6,085,099	1,130,901	6,484,055
<b>SPECIAL ITEM</b>								
Proceeds from sale of equipment	4,190	135,244	377,900		9,482			526,816
Net change in fund balances	(191,645)	358,683	1,631,771	(76,856)	4,349	3,815,066	540,301	6,081,669
Fund Balances - Beginning	4,307,231	3,212,249	5,098,924	2,581,097	2,258,906	(5,982,617)	5,455,546	16,931,336
Fund Balances - Ending	\$ 4,116,949	\$ 3,570,932	\$ 6,730,695	\$ 2,504,241	\$ 2,263,255	\$ (2,167,551)	\$ 5,995,847	\$ 23,014,368

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, 2015**

Net Change in Fund Balances - Total Governmental Funds: \$ 6,081,669

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 \$888,885 exceeded depreciation \$1,338,033 in the current period. (449,148)

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. (73,008)

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. (109,971)

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. (3,276,248)

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 (2,606)

Some expenses reported in the statement of activities do not require the use of current financial resources, such as deferred pension expense (739,760)

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. 23,092

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. 5,261

Change in Net Assets of Governmental Activities \$ 1,459,281

**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, 2015**

	Enterprise Funds						Total	Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Other Enterprise Funds			
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 3,757,003	\$ 2,394,916	\$ 125,000	\$ 1,607,215	\$ 145,000	\$ 8,029,134	\$ 450,000	
Accounts receivable, net	504,707	366,737	198,935			1,070,379		
Due from other funds	303,080	524,765	6,150	356,598	31,523	1,222,116	30,972	
Total Current Assets	4,564,790	3,286,418	330,085	1,963,813	176,523	10,321,629	480,972	
Non-current assets:								
Capital assets:								
Land				60,000		60,000		
Construction in progress		269,898	8,750	268,040		546,688		
Infrastructure	16,760,325	18,983,147	1,519,783			37,263,255		
Buildings	3,042,329	5,991,260	2,618,701	12,233,766		23,886,056		
Equipment and furniture	372,387	1,100,429	2,315,767	432,934		4,221,517		
Less accumulated depreciation	(4,873,931)	(5,798,614)	(2,781,901)	(4,280,230)		(17,734,676)		
Total non-current assets	15,301,110	20,546,120	3,681,100	8,714,510		48,242,840		
Total Assets	19,865,900	23,832,538	4,011,185	10,678,323	176,523	58,564,469	480,972	
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable								
Due to other funds	4,016	11,127	10,249	6,895		32,287		
Accrued health insurance benefits								
Bonds, notes and loans payable							59,527	
Total Current Liabilities	680,000	1,669,000	10,249	140,000		2,489,000	59,527	
Non-current liabilities:								
Compensated absences	54,176	37,419	33,492	21,205		146,292		
Closure and postclosure costs				1,657,285		1,657,285		
Bonds, notes and loans payable	10,276,762	12,608,950		140,000		23,025,712		
Total non-current liabilities	10,330,938	12,646,369	33,492	1,818,490		24,829,289		
Total Liabilities	11,014,954	14,326,496	43,741	1,965,385		27,350,576	59,527	
<b>NET POSITION</b>								
Net investment in capital assets	4,344,348	6,268,170	3,681,100	6,777,225		21,070,843		
Restricted for debt service	1,017,294	1,905,858		155,607		3,078,759		
Restricted for capital projects	2,298,747	1,703,939				4,002,686		
Restricted for other purposes				1,898,028		1,898,028		
Unrestricted	1,190,557	(371,925)	286,344	(117,922)	176,523	1,163,577	421,445	
Total Net Position	\$ 8,850,946	\$ 9,506,042	\$ 3,967,444	\$ 8,712,938	\$ 176,523	\$ 31,213,893	\$ 421,445	

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, 2015**

	Enterprise Funds				Other	
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 4,307,085	\$ 2,985,588	\$ 1,848,479	\$ 917,466	\$ 24,744	\$ 1,062,727
Miscellaneous	8,290	2,640	435	16,347	22,000	
Total Operating Revenues	<u>4,315,375</u>	<u>2,988,228</u>	<u>1,848,914</u>	<u>933,813</u>	<u>46,744</u>	<u>1,062,727</u>
<b>OPERATING EXPENSES</b>						
Personal services	1,092,476	715,683	604,582	593,411		3,006,152
Contractual services	65,947	60,430	1,919	192,721		321,017
Utilities	258,914	448,117		61,494		768,525
Repairs and maintenance	278,589	134,915	178,813	283,348		875,665
Other supplies and expenses	545,127	110,571	85,378	85,711		826,787
Insurance claims and expenses	12,776		3,802	6,269		22,847
Sundry expenses	52,177	70,714	8	11,242	43,687	1,039,630
Depreciation	309,418	474,025	239,709	265,284		177,828
Total Operating Expenses	<u>2,615,424</u>	<u>2,014,455</u>	<u>1,114,211</u>	<u>1,499,480</u>	<u>43,687</u>	<u>1,039,630</u>
Operating Income (Loss)	<u>1,699,951</u>	<u>973,773</u>	<u>734,703</u>	<u>(565,667)</u>	<u>3,057</u>	<u>23,097</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest and investment revenue	4,856	4,991		1,541		11,388
Interest expense	(187,427)	(304,744)		(12,375)		(504,546)
Net non-operating revenues (expenses)	<u>(182,571)</u>	<u>(299,753)</u>		<u>(10,834)</u>		<u>1,104</u>
Income (loss) before contributions and transfers	1,517,380	674,020	734,703	(576,501)	3,057	24,201
Transfers in	485,218	1,124,546		1,012,550		2,622,314
Transfers out	(1,913,441)	(510,234)	(899,410)	(164,415)		(3,487,500)
Change in net position	89,157	1,288,332	(164,707)	271,634	3,057	1,487,473
Total fund net position - beginning	8,761,789	8,217,710	4,132,151	8,441,304	173,466	29,726,420
Total fund net position - ending	<u>\$ 8,850,946</u>	<u>\$ 9,506,042</u>	<u>\$ 3,967,444</u>	<u>\$ 8,712,938</u>	<u>\$ 176,523</u>	<u>\$ 31,213,893</u>
Change in net position, per above					1,487,473	
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.						18,942
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements						<u>\$ 1,506,415</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, 2015**

	<b>Enterprise Funds</b>					<b>Total</b>	<b>Internal Service Funds</b>
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Sanitation</b>	<b>Solid Waste</b>	<b>Other Enterprise Funds</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 4,171,424	\$ 2,860,292	\$ 1,825,747	\$ 917,466	\$ 46,744	\$ 9,821,673	\$ 1,062,727
Payments to suppliers	(1,196,738)	(970,000)	(255,869)	(648,119)	(43,687)	(3,114,413)	
Payments to employees	(1,108,872)	(712,302)	(602,699)	(591,606)		(3,015,479)	
Payments on claims	(12,776)		(3,802)	(6,269)		(22,847)	(1,041,797)
Internal activity - payment from (to) other funds	(706,495)	259,456	60,598	45,853	141,943	(198,645)	427,966
Other receipts	8,290	2,640	435	16,347		27,712	
Net Cash Provided by (Used in) Operating Activities	<u>1,154,833</u>	<u>1,440,086</u>	<u>1,024,410</u>	<u>(266,328)</u>	<u>145,000</u>	<u>3,498,001</u>	<u>448,896</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfer in	485,218	1,124,546		1,012,550		2,622,314	
Transfers out	(1,913,441)	(510,234)	(899,410)	(164,415)		(3,487,500)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,428,223)</u>	<u>614,312</u>	<u>(899,410)</u>	<u>848,135</u>		<u>(865,186)</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition & construction of capital assets		(190,297)		(54,518)		(244,815)	
Proceeds from issue of capital debt	1,428,101	355,754				1,783,855	
Principal paid on capital debt	(645,000)	(1,618,000)		(215,000)		(2,478,000)	
Interest paid on capital debt	(187,427)	(304,744)		(12,375)		(504,546)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>595,674</u>	<u>(1,757,287)</u>		<u>(281,893)</u>		<u>(1,443,506)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest and dividends	4,856	4,991		1,541		11,388	1,104
Net Cash Provided by Investing Activities	<u>4,856</u>	<u>4,991</u>		<u>1,541</u>		<u>11,388</u>	<u>1,104</u>
Net increase (decrease) in cash and cash equivalents	327,140	302,102	125,000	301,455	145,000	1,200,698	450,000
Cash and cash equivalents, January 1	<u>3,429,863</u>	<u>2,092,814</u>		<u>1,305,760</u>		<u>6,828,437</u>	
Cash and cash equivalents, December 31	<u>\$ 3,757,003</u>	<u>\$ 2,394,916</u>	<u>\$ 125,000</u>	<u>\$ 1,607,215</u>	<u>\$ 145,000</u>	<u>\$ 8,029,134</u>	<u>\$ 450,000</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ 1,699,951	\$ 973,773	\$ 734,703	\$ (565,667)	\$ 3,057	\$ 2,845,817	\$ 23,097
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	309,418	474,025	239,709	265,284		1,288,436	
Change in Assets and Liabilities							
Receivables, net	(135,662)	(125,296)	(22,732)			(283,690)	
Due to (from) other funds	(706,495)	259,456	60,598	45,853	141,943	(198,645)	427,966
Accounts payable	4,016	(145,254)	10,249	(13,603)		(144,592)	(2,167)
Compensated absences	(16,395)	3,382	1,883	1,805		(9,325)	
Net Cash Provided by ( Used in ) Operating Activities	<u>\$ 1,154,833</u>	<u>\$ 1,440,086</u>	<u>\$ 1,024,410</u>	<u>\$ (266,328)</u>	<u>\$ 145,000</u>	<u>\$ 3,498,001</u>	<u>\$ 448,896</u>

The accompanying notes are an integral part of these financial statements

**CITY OF JAMESTOWN**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2015**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 134,800
Receivables:	
Due from other funds	5,581
Total Assets	<u>140,381</u>
 <b>LIABILITIES</b>	
Due to other governments	140,381
Total Liabilities	<u>\$ 140,381</u>
 <b>NET POSITION</b>	
Held in trust for benefits and other purposes	

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS**  
**Year Ended December 31, 2015**

**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 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, 2015**

**B. Reporting Entity – continued**

**Condensed Component Unit Financial Statements**

	Jamestown Regional Airport Authority
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>	
Current assets	\$ 344,212
Capital assets	10,474,690
Deferred outflows of resources	14,811
Total Assets & Deferred Outflows	<u>10,833,713</u>
<b>LIABILITIES &amp; DEFERRED INFLOWS</b>	
Current liabilities	45,559
Long-term liabilities	1,050,954
Deferred inflows of resources	43,254
Total Liabilities & Deferred Inflows	<u>1,139,767</u>
<b>NET POSITION</b>	
Invested in capital assets	9,517,936
Unrestricted	176,010
Total Net Position	<u>\$ 9,693,946</u>
<b>REVENUES</b>	
Program Revenues	
Charges for services	\$ 210,834
Capital grants	1,370,811
General revenues	
Property taxes	296,920
Other revenues	87,194
Total Revenues	<u>1,965,759</u>
<b>EXPENDITURES</b>	
Operating	1,048,698
Projects	722,609
Total Expenditures	<u>1,771,307</u>
Change in Net Position	194,452
Net Position beginning of year	9,635,813
Prior period adjustment	(136,319)
Net Position end of year	<u>\$ 9,693,946</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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**C. Basis of Presentation – continued**

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.

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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**C. Basis of Presentation – continued**

*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 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.

*City Share Specials – Reserve* – This fund is used to fund the City’s share of costs in special assessment 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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**D. Basis of Accounting – continued**

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 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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**E. Measurement Focus – continued**

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.

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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**G. Deposits and Investments - continued**

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.
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, 2015, the City's deposits were 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.

**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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**I. Capital Assets - continued**

*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.

**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.”

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**L. Equity Classifications - continued**

*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 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.

**M. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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, 2015.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**2. Cash and Cash Equivalents - continued**

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government					
Cash deposits	\$ 549,900	\$ 21,126,684	\$	\$ 21,676,584	\$ 21,154,975
Certificates of deposit	190,000	8,950,000		9,140,000	9,140,000
Fiduciary funds					
Cash deposits	74,799			74,799	74,799
Certificates of deposit	60,000			60,000	60,000
Component funds					
Cash deposits	<u>197,748</u>	<u>                    </u>	<u>                    </u>	<u>197,748</u>	<u>95,886</u>
Total Deposits	<u>\$ 1,072,447</u>	<u>\$30,076,684</u>	<u>\$</u>	<u>\$31,149,131</u>	<u>\$30,525,660</u>

**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, 2015, consist of the following:

Due to the General fund from the Construction Fund	\$ 456,727
Due to the Equipment Replacement Fund from the Construction Fund	(136,745)
Due to the City Sales Tax Fund from the Construction Fund	504,875
Due to the other governmental funds from the Construction Fund	344,561
Due to the Special Assessment Deficiency Fund from the Construction Fund	48,641
Due to the Business Type Activities from the Construction Fund	1,222,116
Due to the Internal Service Fund from the Construction Fund	30,972
Due to the Trust & Agency type funds	5,581
	<u>\$ 2,476,728</u>

Transfers to/from other funds at December 31, 2015, consist of the following:

From the General Fund to the Equipment Replacement Fund to finance equipment purchases	\$ 419,455
From General Fund to Construction fund to reimburse costs	61,786
From other governmental funds to Construction for closeouts	27,306
From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	261,095
From Construction to other governmental funds to closeout projects	141,540
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	4,500

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

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

Between other governmental funds to finance debt service	607,105
Between Business-Type Activities to fund Solid Waste	1,012,550
From other governmental funds to Business-Type Activities to fund wastewater treatment	943,746
From Construction Fund to General Fund to reimburse engineering fees	203,096
From Construction Fund to Business-Type Activities for construction projects	631,018
From other governmental funds to Business-Type Activities to fund debt service	35,000
From Civic Center to General Fund to record revenues generated	335,640
From General Fund to other governmental funds to record sale of asset	18,000
From Business-Type Activities to Construction Fund to fund projects	1,783,855
From Business-Type Activities to General Fund as budgeted	430,000
	<u>\$ 6,915,692</u>

**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, 2015 was as follows:

**Primary Government**

<i>Governmental Activities</i>	<u>12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/15</u>
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	<u>238,145</u>	<u>212,680</u>	<u>435,947</u>	<u>14,878</u>
Total capital assets not being depreciated	<u>245,345</u>	<u>212,680</u>	<u>435,947</u>	<u>22,078</u>
Capital assets being depreciated:				
Buildings	5,995,673	44,488		6,040,161
Infrastructure	35,883,779			35,883,779
Equipment	<u>6,151,784</u>	<u>1,120,980</u>	<u>516,330</u>	<u>6,756,434</u>
Total capital assets being depreciated	<u>48,031,236</u>	<u>1,165,468</u>	<u>516,330</u>	<u>48,680,374</u>
Less accumulated depreciation for:				
Buildings	2,488,823	193,036		2,681,859
Infrastructure	15,057,580	633,943		15,691,523
Equipment	<u>3,618,575</u>	<u>511,054</u>	<u>443,363</u>	<u>3,686,266</u>
Total accumulated depreciation	<u>21,164,978</u>	<u>1,338,033</u>	<u>443,363</u>	<u>22,059,648</u>
Net capital assets being depreciated	<u>26,866,258</u>	<u>(172,565)</u>	<u>72,967</u>	<u>26,620,726</u>
Governmental Activities capital assets, net	<u>\$27,111,603</u>	<u>\$ 40,115</u>	<u>\$ 508,914</u>	<u>\$26,642,804</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**5. Capital Assets - continued**

<i>Business-Type Activities</i>	12/31/14	Additions	Deletions	12/31/15
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	303,903	242,784		546,687
Total capital assets not being depreciated	<u>363,903</u>	<u>242,784</u>		<u>606,687</u>
Capital assets being depreciated				
Buildings	23,886,056			23,886,056
Infrastructure	37,263,255			37,263,255
Equipment	4,203,905	17,613		4,221,518
Total capital assets being depreciated	<u>65,353,216</u>	<u>17,613</u>		<u>65,370,829</u>
Less accumulated depreciation				
Buildings	9,948,224	425,446		10,373,670
Infrastructure	3,764,540	626,446		4,390,986
Equipment	2,733,477	236,543		2,970,020
Total accumulated depreciation	<u>16,446,241</u>	<u>1,288,435</u>		<u>17,734,676</u>
Net capital assets being depreciated	48,906,975	(1,270,822)		47,636,153
Business-Type Activities capital assets, net	<u>\$ 49,270,878</u>	<u>\$ (1,028,038)</u>	\$	<u>\$ 48,242,840</u>

**Discretely Presented Component Units**

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2015 follows:

	12/31/14	Additions	Deletions	12/31/15
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress	928,947	862,906	1,751,143	40,710
Total capital assets not being depreciated	<u>1,372,652</u>	<u>862,906</u>	<u>1,751,143</u>	<u>484,415</u>
Capital assets being depreciated				
Buildings	4,371,796	599,018		4,970,814
Infrastructure	11,009,593	505,132		11,514,725
Equipment	1,112,102	646,992	205,853	1,553,241
Total capital assets being depreciated	<u>16,493,491</u>	<u>1,751,142</u>	<u>205,853</u>	<u>18,038,780</u>
Less accumulated depreciation for:				
Buildings	551,224	88,533		639,757
Infrastructure	6,535,147	376,463		6,911,610
Equipment	533,136	43,484	79,482	497,138
Total accumulated depreciation	<u>7,619,507</u>	<u>508,480</u>	<u>79,482</u>	<u>8,048,505</u>
Net capital assets being depreciated,	8,873,984	1,242,662	126,371	9,990,275
Component Units capital assets, net	<u>\$10,246,636</u>	<u>\$2,105,568</u>	<u>\$1,877,514</u>	<u>\$10,474,690</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**5. Capital Assets - continued**

Depreciation expense by function - primary government:

Governmental Activities		Business-Type Activities	
General government	\$ 37,863	Water utility	\$ 309,418
Public safety	221,097	Sewer utility	474,025
Public works	892,033	Sanitation	239,709
Civic center	187,040	Solid waste	265,283
Total	\$ 1,338,033	Total	\$ 1,288,435

**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. Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

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. The city has deferred inflows of resources related to pensions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Long-Term Obligations**

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

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

**Refunding Improvement Bonds**

\$1,309,568 Wastewater Treatment Assessment Warrant of 2004 due in annual installments of \$55,000 to \$85,000 through September 1, 2024, interest at 2.5%	\$ 695,000
\$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%	85,000
\$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%	854,000

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

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

\$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%	255,000
\$2,675,000 2010 Series S bonds due in annual installments of \$20,000 to \$370,000 through May 1, 2025, interest at 1.00% to 3.20%	880,000
\$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%	1,270,000
\$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%	1,545,000
\$2,210,000 2013 Series V bonds due in annual installments of \$15,000 to \$310,000 through September 1, 2026, interest at 2.5%	1,600,000
\$4,520,000 2014 Series W bonds due in annual installments of \$290,000 to \$315,000 through May 1, 2029, interest at 1% to 3%	4,220,000
\$870,000 2014 Series X bonds due in annual installments of \$50,000 to \$65,000 through May 1, 2029, interest at 2% to 4%	810,000
\$3,710,000 2015 Series Y bonds due in annual installments of \$75,000 to \$455,000 through May 1, 2036, interest at 1.5% to 5.25%	3,710,000
\$1,975,000 2015 Series Z bonds due in annual installments of \$270,000 to \$295,000 through May 1, 2022, interest at 2%	1,975,000
	<u>17,899,000</u>
	<u>\$ 17,899,000</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**

\$9,375,000 wastewater treatment bonds of 1996 (A) exempt, due in annual installments of \$450,000 to \$585,000 through September 1, 2016, interest at 2.5%	\$ 585,000
\$6,925,000 wastewater treatment bonds of 1996 (B) taxable, due in annual installments of \$330,000 to \$435,000 through September 1, 2016, interest at 2.5%	435,000
\$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%	280,000
\$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%	30,000

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

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

\$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%	1,405,000
\$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%	902,000
\$2,076,816 water treatment revenue bonds of 2007 due in annual installments of \$90,000 to \$135,000 through September 1, 2026 interest at 2.5%	1,310,000
\$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%	2,305,000
\$1,140,023 wastewater treatment revenue bonds of 2011 due in annual installments of \$50,000 to \$90,000 through September 1, 2030, interest at 2.5%	910,000
\$2,653,177 water treatment revenue bonds of 2010B, due in annual installments of \$105,000 to \$170,000 through September 1, 2030, interest at 2.5%. In 2013, the City received \$381,617 in ARRA debt forgiveness.	1,760,000
\$822,306 clean water revenue bonds of 2013, due in annual installments of \$32,306 to \$50,000 through September 1, 2033, interest at 2%	755,000
\$1,000,000, wastewater treatment assessment warrant of 2013, due in annual installments of \$35,000 to \$70,000 through September 1, 2034, interest at 2%	965,000
\$10,350,000 wastewater treatment revenue bonds of 2013, due in annual installments of \$405,000 to \$655,000 through September 1, 2034, interest at 2%	9,695,950
\$3,812,000 water tower revenue bonds of 2013, due in annual installments of \$152,000 to \$235,000 through September 1, 2033, interest at 2%	3,417,603
\$910,000 (not fully issued) drinking water revenue bonds of 2014, due in annual installments of \$35,000 to \$50,000, through September 1, 2034, interest at 2%	759,159
	<u>\$ 25,514,712</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, 2015, the aggregate principal amount payable for the three outstanding series issued is \$5,891,283.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

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

The following is a summary of long-term obligation transactions for the year ended December 31, 2015:

	<u>12/31/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/15</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement					
bonds	\$14,456,000	\$5,685,000	\$2,242,000	\$17,899,000	\$ 2,272,000
Issue costs	114,911	(66,134)	(2,606)	51,383	
Lease/purchase	1,836,027		100,618	1,735,409	103,859
Total Long-Term Debt	<u>16,406,938</u>	<u>5,618,866</u>	<u>2,340,012</u>	<u>19,685,792</u>	<u>2,375,859</u>
Compensated absences	300,405		24,447	275,958	
Net pension obligation PERS	3,131,595	274,494		3,406,089	
Net pension asset	(541,147)	223,641		(317,506)	
Governmental Activities Long Term Liabilities	<u>\$ 19,297,791</u>	<u>\$6,117,001</u>	<u>\$ 2,364,459</u>	<u>\$ 23,050,333</u>	<u>\$2,375,859</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$ 26,208,857	\$ 1,783,855	\$2,478,000	\$25,514,712	\$ 2,489,000
Landfill closure costs	1,641,702	15,583		1,657,285	
Total Long-Term Debt	<u>27,850,559</u>	<u>1,799,438</u>	<u>2,478,000</u>	<u>27,171,997</u>	
Compensated absences	155,618		9,326	146,292	
Business-Type Activities Long Term Liabilities	<u>\$ 28,006,177</u>	<u>\$1,799,438</u>	<u>\$2,487,326</u>	<u>\$27,318,289</u>	<u>\$ 2,489,000</u>
<i>Discretely presented component unit</i>					
Long-term debt					
Unison Bank	\$ 275,108	\$	\$ 19,480	\$ 255,628	\$ 20,545
Bank Forward	98,000		98,000		
Bank Forward	535,000		535,000		
Bank Forward		633,000	16,524	616,476	14,827
Jamestown/Stutsman Development Corporation	41,650			41,650	
Jamestown/Stutsman Development Corporation		43,000		43,000	
Net pension obligation	149,862		20,290	129,572	
Discretely presented component Unit Long Term Liabilities	<u>\$ 1,099,620</u>	<u>\$ 676,000</u>	<u>\$ 689,294</u>	<u>\$ 1,086,326</u>	<u>\$ 35,372</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

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

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

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Special Assessment Bonds</u>		<u>Revenue Bonds</u>	
	Principal	Interest	Principal	Interest
2016	\$ 2,272,000	\$ 480,984	\$ 2,489,000	\$ 666,026
2017	2,067,000	436,058	1,469,000	600,255
2018	1,752,000	397,169	1,361,000	562,905
2019	1,702,000	359,313	1,398,000	528,533
2020	1,457,000	324,282	1,430,000	493,150
2021 – 2025	4,550,000	1,197,003	7,702,000	1,903,528
2026 – 2030	2,529,000	623,433	6,298,000	943,088
2031 – 2035	1,115,000	258,431	3,367,712	221,157
2036	455,000	11,941		
Total	<u>\$ 17,899,000</u>	<u>\$ 4,088,614</u>	<u>\$ 25,514,712</u>	<u>\$ 5,918,642</u>

The City leases equipment with a historical cost of \$1,524,826 and accumulated amortization of \$118,598 under capital lease arrangements. Future minimum lease payments at December 31, 2015, are as follows:

2016	\$ 157,443
2017	157,443
2018	157,443
2019	157,443
2020	157,443
2021 - 2025	787,215
2026 - 2029	564,169
Total minimum lease payments	<u>2,138,599</u>
Less deferred interest	403,190
Present value minimum lease payments	<u>\$ 1,735,409</u>

**8. Pension Plan**

**A. Plan Description**

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

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

A member may retire with an age and service benefit after completing 25 years of credited service and attaining the normal retirement age of 65. The retirement benefit for employees terminating after January 1, 1998, payable monthly for life equals 1.2% of a member's average monthly earnings multiplied by

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**8. Pension Plan - continued**

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, 2016. 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 \$317,506 at December 31, 2015, as follows:

	<u>January 1, 2016</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 4,350,322
Current employees	
100% vested	3,267,463
Non vested	<u>392</u>
Total pension benefit obligation	<u>7,618,177</u>
Net assets available for benefits at market (cost unavailable)	<u>7,935,683</u>
Assets in excess of accumulated pension benefit obligation	<u>\$ (317,506)</u>

For the year ended December 31, 2015, the employer recognized pension expense of \$257,424 and deferred outflows of resources of \$24,772.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**8. Pension Plan - continued**

Effective January 1, 2009, the actuarial cost method changed from the entry age normal with closed 30 year level dollar amortization method to entry age normal with closed 25 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, 2014, the actuarial cost method changed to entry age normal with closed 25 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 \$30,637 for 2015 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2016. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was 1.06% of current covered payroll for 2015.

**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 54 of the City's financial statements. For the three years ended 2015, 2014 and 2013, available assets were sufficient to fund 104%, 107%, and 104%, respectively, of the pension benefit obligation. The Plan went from an overfunded plan of \$325,008 in 2013 to an overfunded plan of \$541,147 in 2014 and an overfunded plan of \$317,506 in 2015. The City's contributions for the years ended 2015, 2014 and 2013 were 1.06%, .70%, and 1.59%, respectively, of annual covered payroll, all made in accordance with actuarially determined requirements.

**9. North Dakota Public Employees Retirement System (Main System)**

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NEPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board composed of seven members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**9. North Dakota Public Employees Retirement System (Main System) -continued**

members elected by the active membership of the NDPERS system; and one member elected by the retired public employees. Effective July 1, 2015, the board was expanded to include two members of the legislative assembly appointed by the chairman of the legislative management.

**Pension Benefits**

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main system are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contribution plus interest.

**Death and Disability Benefits**

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to the member's 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 member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

**Refunds of Member Account Balance**

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**9. North Dakota Public Employees Retirement System (Main System) - continued**

withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

**Member and Employer Contributions**

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25
- 25 to 36 months of service – Greater of three percent of monthly salary or \$25
- Longer than 36 months of service – Greater of four percent of monthly salary or \$25

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2015, the City reported a liability of \$3,406,089 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net pension liability was based on the Employer's share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At July 1, 2015, the Employer's proportion was .500908%.

For the year ended December 31, 2015, the Employer recognized pension expense of \$333,139. At December 31, 2015, the Employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 98,815	\$
Change of assumptions		303,467
Difference between projected and actual earnings on pension plan investments	393,567	465,469
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,262	4,175
Employer contributions subsequent to the measurement date	397,918	
	<u>\$ 936,562</u>	<u>\$ 773,111</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**9. North Dakota Public Employees Retirement System (Main System) - continued**

\$397,918 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2016	\$	(83,770)
2017		(83,770)
2018		(83,770)
2019		64,807
2020		(47,978)

**Actuarial assumptions.** The total pension liability in the July 1, 2015 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	3.50%
Salary increases	4.50% per annum
Investment rate of return	8.00%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table set back one year for males (no setback for females) multiplied by 125%.

The actuarial assumptions used were based on the results of an actuarial experience study completed in 2015. They are the same as the assumptions used in the July 1, 2015, funding actuarial valuation for NDPERS.

As a result of the 2015 actuarial experience study, the NDPERS Board adopted several changes to the actuarial assumptions effective July 1, 2015. This includes changes to the mortality tables, disability incidence rates, retirement rates, administrative expenses, salary scale, and percent married assumption.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**9. North Dakota Public Employees Retirement System (Main System) - continued**

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	31%	6.90%
International Equity	21%	7.55%
Private Equity	5%	11.30%
Domestic Fixed Income	17%	1.52%
International Fixed Income	5%	0.45%
Global Real Assets	20%	5.38%
Cash Equivalents	1%	0.00%

**Discount rate.** The discount rate used to measure the total pension liability was 8 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015, Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.** The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Employer's proportionate share of the net pension liability	\$ 5,223,067	\$ 3,406,089	\$ 1,919,472

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

**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.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**11. Risk Management**

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

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

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

A reconciliation of claims payable for the years ended December 31, 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Claims payable, January 1	\$ 61,694	\$ 50,492
Add: Claims incurred	596,369	474,017
Less: Claims paid	<u>(599,380)</u>	<u>(462,815)</u>
Claims payable, December 31	<u>\$ 58,683</u>	<u>\$ 61,694</u>

Claims payable are based on claims paid in January, February and March of 2016 for claims incurred in 2015.

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**11. Risk Management - continued**

entities against loss to public buildings and permanent contents from damage caused by fire, tornadoes and other types of risks.

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

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

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has calculated a liability as of the financial statement date. The estimated landfill closure and post-closure care liability at December 31, 2015, is \$567,624 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,089,661 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 2015. 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.



**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**18. Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	<u>General</u>	<u>Equipment Replacement</u>	<u>City Sales Tax</u>	<u>Special Assessment Deficiency</u>	<u>Construction</u>	<u>City Share Specials - Reserve</u>	<u>Other Governmenta Funds</u>	<u>Total</u>
Restricted:								
Debt service	\$	\$	\$	\$2,263,255	\$	\$	\$ 5,159,044	\$ 7,422,299
Committed:			1,444,532				89,419	1,533,951
Assigned:								
Equipment replacement		3,570,932						3,570,932
Economic development/ infrastructure			5,286,163					5,286,163
Capital projects							197,283	197,283
City share specials						2,504,241		2,504,241
Vector control							351,704	351,704
Visitor's promotion							174,713	174,713
Visitor's promotion capital construction							47,120	47,120
City taxi							31,536	31,536
Highway Safety							2,509	2,509
Bulletproof vest							(1,526)	(1,526)
Homeland security							(54,602)	(54,602)
Forestry							(2,728)	(2,728)
DARE							1,375	1,375
Unassigned	4,116,949				(2,167,551)			1,949,398
	<u>\$ 4,116,949</u>	<u>\$3,570,932</u>	<u>\$ 6,730,695</u>	<u>\$ 2,263,255</u>	<u>\$ (2,167,551)</u>	<u>\$ 2,504,241</u>	<u>\$ 5,995,847</u>	<u>\$ 23,014,368</u>

**19. Restatement**

The December 31, 2014 ending net position was restated by \$2,042,354. **CITY OF JAMESTOWN** posted prior period adjustments in 2015 in order to comply with Governmental Accounting Standards Board (GASB) Statements 68 and 71 related to certain defined benefit pension plan participation. The adjustments recognize the initial balance of net pension liability and deferred outflows of resources associated with **CITY OF JAMESTOWN's** participation in the ND Public Employees Retirement System (NDPERS) Main Plan.

Net position – December 31, 2014, as previously report	\$ 29,818,961
Restatement due to implementation of GASB 68, effect on net position - PERS	(2,760,302)
Restatement due to implementation of GASB 68, effect on net position	599,702
Prior period correction on lease purchase	118,246
Net position – December 31, 2014, as restated	<u>\$ 27,776,607</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO FINANCIAL STATEMENTS - continued**  
**Year Ended December 31, 2015**

**20. Subsequent Events**

On May 2, 2016, the City Council voted to approve the issuance of \$525,000 in Solid Waste Treatment revenue bonds, Series 2016. On August 1, 2016, the City Council voted to approve the issuance of \$1,333,000 in Water Treatment Assessment warrant, Series 2016B for improvements on the Southwest Water Main Replacement District. On September 6, 2016, the City Council approved the issuance of \$663,000 Water Treatment Revenue Bonds, Series 2016C for the elevated water tower rehabilitation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**General Fund**  
**Year Ended December 31, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property taxes	\$ 2,936,700	\$ 2,936,700	\$ 2,790,647	\$ (146,053)
Sales and miscellaneous taxes	84,200	84,200	265,110	180,910
Fees and fines	190,000	190,000	205,615	15,615
Licenses and permits	321,775	321,775	368,053	46,278
Intergovernmental	2,900,030	2,900,030	2,533,583	(366,447)
Charges for services	311,400	311,400	446,849	135,449
Investment earnings	7,000	7,000	8,934	1,934
Miscellaneous	155,590	155,590	247,583	91,993
Total Revenues	<u>6,906,695</u>	<u>6,906,695</u>	<u>6,866,374</u>	<u>(40,321)</u>
<b>EXPENDITURES</b>				
Current:				
General government	755,830	755,830	747,595	8,235
Public safety	3,538,955	3,538,955	3,401,822	137,133
Public works	2,121,370	2,121,370	2,300,187	(178,817)
Flood control			2,885	(2,885)
Health	54,637	54,637	54,637	
Civic center	450,805	450,805	472,933	(22,128)
Debt Service				
Principal	100,618	100,618	100,618	
Interest	56,827	56,827	56,824	3
Capital Outlay	148,725	148,725	95,613	53,112
Total Expenditures	<u>7,227,767</u>	<u>7,227,767</u>	<u>7,233,114</u>	<u>(5,347)</u>
Excess (deficiency) of revenues over expenditures	<u>(321,072)</u>	<u>(321,072)</u>	<u>(366,740)</u>	<u>(45,668)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	430,000	430,000	431,001	1,001
Transfers out	(419,455)	(419,455)	(510,063)	(90,608)
Total Other Financing Sources and (Uses)	<u>10,545</u>	<u>10,545</u>	<u>(79,062)</u>	<u>(89,607)</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale of capital assets			4,190	4,190
Net change in fund balances	(310,527)	(310,527)	(441,612)	(131,085)
Fund Balances - Beginning	4,740,502	4,740,502	4,740,502	
Fund Balances - Ending	<u>\$ 4,429,975</u>	<u>\$ 4,429,975</u>	<u>\$ 4,298,890</u>	<u>\$ (131,085)</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, 2015**

**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	\$ 6,866,374
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	229,885
Grants accrued at prior year are included for budgetary purposes	(1,601)
Grants accrued are not considered revenues for budgetary purposes	1,533
Engineering fees are treated as transfers for fund purposes	(203,096)
The net proceeds from the civic center are included in the budget	<u>343,367</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 7,236,463</u></u>

**Uses/Outflows of Resources**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,233,114
Accounts payable at prior year end are included in the budget	
Accounts payable at current year end are not included in the budget	14,305
The expenses from promotion, revolving and concession funds are not included in the budget	<u>318,734</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 7,566,153</u></u>

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

Expenditures in the General Fund exceeded appropriations by \$5,347. All expenditures were approved by the City Council. These expenditures were all funded by available fund balances.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Budget and Actual (with Variances)**  
**Notes to RSI - General Fund**  
**Year Ended December 31, 2015**

**Note C - Budgets and Budgetary Accounting**

Budgets should be adopted for the general fund, each special revenue fund and each debt service fund. The final budget and tax levy must be approved by October 7th. The final budget must be submitted to the county auditor no later than October 10th.

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, 2015**

	Equipment Replacement			City Sales Tax			City Share Specials - Reserve		
	Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)	Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)	Actual Amounts, Budgetary Basis		Variance with Final Budget - Positive (Negative)
	Budgeted Original	Final		Budgeted Original	Final		Budgeted Original	Final	
<b>REVENUES</b>									
Sales and miscellaneous taxes	\$ 31,500	\$ 31,500	\$ (25,099)	\$ 3,850,900	\$ 3,850,900	\$ (1,281,918)	\$ 1,283,600	\$ 1,283,600	\$ 184,098
Investment earnings				17,940	17,940	15,707	3,000	3,000	3,297
Miscellaneous				167,785	167,785	215,007			
Total revenues	<u>31,500</u>	<u>31,500</u>	<u>(25,099)</u>	<u>4,036,625</u>	<u>4,036,625</u>	<u>(1,051,204)</u>	<u>1,286,600</u>	<u>1,286,600</u>	<u>187,395</u>
<b>EXPENDITURES</b>									
Current:									
General government									
Public works									
Business and industrial development		6,633	(6,633)						
Capital Outlay	848,000	461,379	386,621	3,350,000	3,350,000	1,618,450			
Total Expenditures	<u>848,000</u>	<u>468,012</u>	<u>379,988</u>	<u>3,350,000</u>	<u>3,350,000</u>	<u>1,618,450</u>			
Excess (deficiency) of revenues over expenditures	(816,500)	(816,500)	354,889	686,625	686,625	567,246	1,286,600	1,286,600	187,395
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	685,350	685,350	(300)						
Transfers out									
Total other financing sources and (uses)	<u>685,350</u>	<u>685,350</u>	<u>(300)</u>				(943,750)	(943,750)	(607,101)
<b>SPECIAL ITEM</b>									
Proceeds from sale of capital assets		135,244	135,244						
Net change in fund balances	(131,150)	(131,150)	489,833	686,625	686,625	945,146	342,850	342,850	(419,706)
Fund balances - beginning	3,212,249	3,212,249	\$489,833	5,098,924	5,098,924	\$ 945,146	2,581,097	2,581,097	\$ (419,706)
Fund balances - ending	<u>\$3,081,099</u>	<u>\$3,570,932</u>	<u>\$489,833</u>	<u>\$5,785,549</u>	<u>\$5,785,549</u>	<u>\$ 945,146</u>	<u>\$2,923,947</u>	<u>\$2,923,947</u>	<u>\$ (419,706)</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2015**

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
2006	\$ 5,581,862	\$ 4,885,109	114%	\$ 696,753	\$ 4,145,745
2007	5,825,462	5,242,002	111%	583,460	1,599,525 *
2008	5,428,991	6,018,201	90%	(589,210)	1,511,299
2009	5,203,886	6,148,003	85%	(944,117)	1,580,432
2010	5,674,474	6,548,722	87%	(874,248)	1,422,001
2011	5,716,727	6,773,236	84%	(1,056,509)	1,148,046
2012	6,239,168	7,080,369	88%	(841,201)	1,063,773
2013	7,593,591	7,268,583	104%	325,008	1,068,364
2014	8,176,763	7,635,616	107%	541,147	N/A
2015	7,935,683	7,618,177	104%	317,506	N/A

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Schedule of City's Share of Net Pension Liability**  
**ND Public Employees Retirement System**  
**Last 10 Years\***

	2015
Employer's proportion of the net pension liability (asset)	0.500908%
Employer's proportionate share of the net pension liability (asset)	\$3,406,089
Employer's covered payroll	\$4,462,486
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	76.33%
Plan fiduciary net position as a percentage of the total pension liability	77.15%

\* Complete data for this schedule is not available prior to 2015

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Required Supplementary Information**  
**Schedule of City's Contributions**  
**ND Public Employees Retirement System**  
**Last 10 Years\***

	2015
Statutorily required contribution	\$ 338,961
Contributions in relation to the statutorily required contribution	\$ 333,948
Contribution deficiency (excess)	\$ 5,013
Employer's covered - employee payroll	\$4,462,486
Contributions as a percentage of covered-employee payroll	7.60%

\* Complete data for this schedule is not available prior to 2015

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**December 31, 2015**

	<u>Nonmajor Special Revenue</u>	<u>Public Building Site</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash and cash equivalents	\$ 526,437	\$ 150,000	\$ 3,623,911	\$ 4,300,348
Taxes receivable, net		135,893	1,746,743	1,882,636
Due from other funds	157,089		789,225	946,314
Receivable from other governments	9,304			9,304
Other receivables	9,624			9,624
Total Assets and Deferred Outflows of Resources	<u>\$ 702,454</u>	<u>\$ 285,893</u>	<u>\$ 6,159,879</u>	<u>\$ 7,148,226</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,250	\$	\$	\$ 3,250
Due to other funds	59,684	31,003	114,976	205,663
Total Liabilities	<u>62,934</u>	<u>31,003</u>	<u>114,976</u>	<u>208,913</u>
Deferred inflows of resources				
Long - term receivables		<u>57,607</u>	<u>885,859</u>	<u>943,466</u>
Fund Balances:				
Restricted for:				
Debt service			5,159,044	5,159,044
Committed	89,419			89,419
Assigned	608,957	197,283		806,240
Unassigned	(58,856)			(58,856)
Total Fund Balances	<u>639,520</u>	<u>197,283</u>	<u>5,159,044</u>	<u>5,995,848</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 702,454</u>	<u>\$ 285,893</u>	<u>\$ 6,159,879</u>	<u>\$ 7,148,227</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**Year Ended December 31, 2015**

	<b>Nonmajor Special Revenues</b>	<b>Public Building Site</b>	<b>Nonmajor Debt Service</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$	\$ 184,992	\$ 2,143,002	\$ 2,327,994
Sales and miscellaneous taxes	639,334			639,334
Intergovernmental	93,537			93,537
Charges for services	89,983			89,983
Investment earnings	728	464	9,678	10,870
Miscellaneous	907	110,000		110,907
Total Revenues	<u>824,489</u>	<u>295,456</u>	<u>2,152,680</u>	<u>3,272,625</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	103,723			103,723
Public works	72,963	21,908		94,871
Visitor's promotion	617,237			617,237
Principal			2,242,000	2,242,000
Interest and other charges			416,546	416,546
Capital outlay		388,849		388,849
Total Expenditures	<u>793,923</u>	<u>410,757</u>	<u>2,658,546</u>	<u>3,863,226</u>
Excess (deficiency) of revenues over expenditures	<u>30,566</u>	<u>(115,301)</u>	<u>(505,866)</u>	<u>(590,601)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issue of bonds			431,060	431,060
Transfers in		18,000	748,647	766,647
Transfers out	(4,500)		(62,306)	(66,806)
Total other financing sources and (uses)	<u>(4,500)</u>	<u>18,000</u>	<u>1,117,401</u>	<u>1,130,901</u>
Net change in fund balances	26,066	(97,301)	611,535	540,300
Fund balances - beginning	613,454	294,584	4,547,509	5,455,548
Fund balances - ending	<u>\$ 639,520</u>	<u>\$ 197,283</u>	<u>\$ 5,159,044</u>	<u>\$ 5,995,848</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2015**

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Tax	ND Highway Safety	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>											
Cash and cash equivalents	\$ 300,750	\$ 100,687	\$ 125,000	\$	\$	\$ 2,509	\$	\$	\$	\$ 1,375	\$ 526,437
Due from other funds	41,330	74,026	11,539		26,310						157,089
Receivable from other governments				3,250	5,226		828				9,304
Other receivables	9,624										9,624
Total Assets and Deferred Outflows of Resources	\$ 351,704	\$ 174,713	\$ 136,539	\$ 3,250	\$ 31,536	\$ 2,509	\$ 828	\$	\$	\$ 1,375	\$ 702,454

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

Liabilities:											
Accounts payable	\$	\$	\$	\$ 3,250	\$	\$	2,354	\$	\$	\$	\$ 3,250
Due to other funds							2,354	54,602	2,728		59,684
Total Liabilities				3,250			2,354	54,602	2,728		62,934
Deferred inflows of resources											
Long - term receivables											
Fund balances:											
Committed			89,419								89,419
Assigned	351,704	174,713	47,120		31,536	2,509				1,375	608,957
Unassigned											(58,856)
Total Fund Balances	351,704	174,713	136,539		31,536	2,509	(1,526)	(54,602)	(2,728)	1,375	639,520
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 351,704	\$ 174,713	\$ 136,539	\$ 3,250	\$ 31,536	\$ 2,509	\$ 828	\$	\$	\$ 1,375	\$ 702,454

**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, 2015**

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Taxi	ND Highway Safety	Bulletproof Vest Grant	DES Homeland Security	Forestry Grant	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>											
Sales and miscellaneous taxes	\$	\$ 553,461	\$ 85,873	\$ 8,000	\$ 25,254	\$ 1,451	\$ 3,241	\$ 35,597	\$ 17,894	\$ 2,100	\$ 639,334
Intergovernmental Charges for services	89,983		273								93,537
Investment earnings	350	105									89,983
Miscellaneous	773	134									728
Total Revenues	91,106	553,700	86,146	8,000	25,254	1,451	3,241	35,597	17,894	2,100	824,489
<b>EXPENDITURES</b>											
Current:											
Public safety											
Public works	46,712	527,818	89,419	8,000	18,094	236	1,987	90,824	8,157	2,676	103,723
Visitor's promotion											72,963
Total Expenditures	46,712	527,818	89,419	8,000	18,094	236	1,987	90,824	8,157	2,676	617,237
Excess (deficiency) of revenues over expenditures	44,394	25,882	(3,273)		7,160	1,215	1,254	(55,227)	9,737	(576)	30,566
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	(4,500)										(4,500)
Transfers out											
Total other financing sources and (uses)	(4,500)										(4,500)
Net change in fund balances	39,894	25,882	(3,273)		7,160	1,215	1,254	(55,227)	9,737	(576)	26,066
Fund balances - beginning	311,810	148,831	139,812		24,376	1,294	(2,780)	625	(12,465)	1,951	613,454
Fund balances - ending	\$ 351,704	\$ 174,713	\$ 136,539	\$	\$ 31,536	\$ 2,509	\$ (1,526)	\$ (54,602)	\$ (2,728)	\$ 1,375	\$ 639,520

**CITY OF JAMESTOWN**  
 Stutsman County, North Dakota  
 Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 December 31, 2015

	Curb and Gutter	Series T		Series U		Series V		Series E		Series W		Series X		Series 2013 SRF		Series Y		Series Z		Series BND		Series H			
		Refunding Improvement																							
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>																									
Cash and cash equivalents	\$ 400,000	\$ 400,000	\$	\$ 125,000	\$	\$ 600,100	\$	\$ 30,000	\$	\$ 350,059	\$ 25,000	\$ 150,979	\$ 1,107	\$ 198,070	\$ 1,107	\$ 199,177	\$ 151,542	\$ 151,542	\$ 140,653	\$ 14,435	\$ 10,328				
Taxes receivable, net	46,960	150,646	152,855	205,631	85,597	85,597	54,932	70,017	172,202	70,017	172,202	563	198,070	198,070	198,070	198,070	563	563	14,435	14,435	10,328				
Due from other funds	2,636	39,795	93,992	26,072	61	111,153	2,754	4,992	52,208	4,992	52,208														
Total Assets and Deferred Outflows of Resources	\$ 449,596	\$ 590,441	\$ 246,847	\$ 356,703	\$ 61	\$ 796,850	\$ 87,686	\$ 425,068	\$ 249,410	\$ 199,177	\$ 151,542	\$ 151,542	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>																									
Liabilities:																									
Due to other funds																									
Total Liabilities																									
Deferred inflows of resources																									
Long - term receivables	29,776	70,203	41,389	52,731	61	52,198	16,933	70,017	58,563	1,107	1,107	262	11,182	11,182	11,182	11,182	11,182	11,182	11,182	11,182	11,182	11,182	11,182	11,182	11,182
Fund balances:																									
Restricted																									
Debt service	419,820	520,238	205,458	303,972	61	744,652	70,753	355,051	190,847	198,070	198,070	117,213	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234
Total Fund Balances	419,820	520,238	205,458	303,972	61	744,652	70,753	355,051	190,847	198,070	198,070	117,213	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234	154,234
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 449,596	\$ 590,441	\$ 246,847	\$ 356,703	\$ 61	\$ 796,850	\$ 87,686	\$ 425,068	\$ 249,410	\$ 199,177	\$ 151,542	\$ 151,542	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416	\$ 165,416

Series J Refunding Improvement	Series K Refunding Improvement	Series L Refunding Improvement	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 O Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt-Service Funds
\$ 100,653	\$	\$	\$	\$ 100,000	\$ 200,000	\$ 125,816	\$ 125,000	\$ 450,000	\$ 50,326	\$ 50,326	\$ 200,000	\$ 3,623,911
32,203	539			25,287	82,790	9,525	1,300	62,264	115,846	178,409	283,635	1,746,743
22,704	3,254	105	2,511	38,719	35,890	17,347	19,977	23,806	2,740	69,912	10,199	789,225
<u>\$ 155,560</u>	<u>\$ 3,793</u>	<u>\$ 105</u>	<u>\$ 2,511</u>	<u>\$ 164,006</u>	<u>\$ 318,680</u>	<u>\$ 152,688</u>	<u>\$ 146,277</u>	<u>\$ 536,070</u>	<u>\$ 168,912</u>	<u>\$ 298,647</u>	<u>\$ 493,834</u>	<u>\$ 6,159,879</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
17,195	539			9,465	51,112	5,757	1,197	40,851	115,473	73,800	166,109	885,859
138,365	3,254	105	2,511	154,541	267,568	146,931	145,080	495,219	53,439	224,847	327,725	5,159,044
138,365	3,254	105	2,511	154,541	267,568	146,931	145,080	495,219	53,439	224,847	327,725	5,159,044
<u>\$ 155,560</u>	<u>\$ 3,793</u>	<u>\$ 105</u>	<u>\$ 2,511</u>	<u>\$ 164,006</u>	<u>\$ 318,680</u>	<u>\$ 152,688</u>	<u>\$ 146,277</u>	<u>\$ 536,070</u>	<u>\$ 168,912</u>	<u>\$ 298,647</u>	<u>\$ 493,834</u>	<u>\$ 6,159,879</u>

**CITY OF JAMESTOWN**  
**Statismen County, North Dakota**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**Year Ended December 31, 2015**

	Series T	Series U	Series V	Series E	Series W	Series X	Series 2015 SRF	Series Y	Series Z	1999 BND (98-71)	1999 BND (99-71)	Series H Refunding Improvement
<b>REVENUES</b>												
Property taxes	\$ 61,997	\$ 283,673	\$ 298,355	\$ 61	\$ 78,548	\$	\$ 114,028	\$	\$ 119,236	\$ 31,866	\$ 12,983	\$ 12,869
Investment earnings	1,108	335	464	61	446			304		276	152	205
Total Revenues	<u>63,105</u>	<u>284,008</u>	<u>298,819</u>	<u>61</u>	<u>78,994</u>		<u>114,028</u>	<u>304</u>	<u>119,236</u>	<u>32,142</u>	<u>13,135</u>	<u>13,074</u>
<b>EXPENDITURES</b>												
Principal	115,000	325,000	300,000		300,000	60,000						20,000
Interest and other charges	29,196	20,379	53,959		95,190	25,455	25,000	49,757	9,662			600
Total Expenditures	<u>144,196</u>	<u>345,379</u>	<u>353,959</u>		<u>395,190</u>	<u>85,455</u>	<u>25,000</u>	<u>49,757</u>	<u>9,662</u>			<u>20,600</u>
Excess (deficiency) of revenues over expenditures	63,105	(61,371)	(55,140)	61	(316,196)	(85,455)	89,028	(49,453)	109,574	32,142	13,135	(7,526)
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds from issue of bonds												
Transfers in	12,271	90,270	117,044		257,207		16,725	401,060	30,000	5,561	4,007	3,779
Transfers out	(24,199)				(3,107)		(35,000)	3,444	51,273			
Total other financing sources and (uses)	<u>(11,928)</u>	<u>90,270</u>	<u>117,044</u>		<u>254,100</u>		<u>(18,275)</u>	<u>404,504</u>	<u>81,273</u>	<u>5,561</u>	<u>4,007</u>	<u>3,779</u>
Net change in fund balances	51,177	28,899	61,904	61	(62,096)	(85,455)	70,753	355,051	190,847	37,703	17,142	(3,747)
Fund balances - beginning	368,643	176,559	242,068		806,748	4,546				160,367	100,071	157,981
Fund balances - ending	<u>\$ 419,820</u>	<u>\$ 205,458</u>	<u>\$ 303,972</u>	<u>\$ 61</u>	<u>\$ 744,652</u>	<u>\$ (80,909)</u>	<u>\$ 70,753</u>	<u>\$ 355,051</u>	<u>\$ 190,847</u>	<u>\$ 198,070</u>	<u>\$ 117,213</u>	<u>\$ 154,234</u>

Series J Refunding Improvement	Series K Refunding Improvement	Series L Refunding Improvement	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
\$ 41,849	\$ 3,254	\$ 104	\$ 487	\$ 28,447	\$ 92,420	\$ 13,607	\$ 2,263	\$ 78,999	\$ 116,125	\$ 220,037	\$ 328,871	\$ 2,143,002
171	3,254	104	487	542	884	127	284	1,764	154	257	813	9,678
42,020	3,254	104	487	28,989	93,304	13,734	2,547	80,763	116,279	220,294	329,684	2,152,680
50,000				35,000	70,000	15,000		77,000	270,000	255,000	350,000	2,242,000
2,300				4,255	22,775	5,276		27,738	5,180	12,267	27,557	416,546
52,300				39,255	92,775	20,276		104,738	275,180	267,267	377,557	2,658,546
(10,280)	3,254	104	487	(10,266)	529	(6,542)	2,547	(23,975)	(158,901)	(46,973)	(47,873)	(505,866)
11,719				4,172	675	4,401		17,505	47,993	38,557	37,980	431,060
												748,647
11,719				4,172	675	4,401		17,505	47,993	38,557	37,980	(62,306)
1,439	3,254	104	487	(6,094)	1,204	(2,141)	2,547	(6,470)	(110,908)	(8,416)	(9,893)	611,535
136,926	2,024	1	2,024	160,635	266,364	149,072	142,533	501,689	164,347	233,263	337,618	4,547,509
\$ 138,365	\$ 3,254	\$ 105	\$ 2,511	\$ 154,541	\$ 267,568	\$ 146,931	\$ 145,080	\$ 495,219	\$ 53,439	\$ 224,847	\$ 327,725	\$ 5,159,044

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION - continued**  
**Year Ended December 31, 2015**

LIST OF CITY OFFICIALS

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

# Schauer & Associates, P.C.

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Certified Public Accountants

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2015, 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 29, 2016.

## **Internal Control Over Financial Reporting**

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

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

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

**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**

deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2015-001)

**Compliance and Other Matters**

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

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

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

**Purpose of this Report**

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



SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 29, 2016

# Schauer & Associates, P.C.

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Certified Public Accountants

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

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 *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, 2015. **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.

**CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements include the operations of the Jamestown Regional Airport Authority, which received \$1,056,706 in federal awards that are not included in the schedule of expenditures of federal awards during the year ended December 31, 2015. Our audit, described below, did not include the operations of the Jamestown Regional Airport Authority because the component unit has separately issued financial statements prepared and presented in accordance with the Uniform Guidance.

### **Management's Responsibility**

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

### **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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE – continued 2**

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, 2015.

**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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE – continued 3**

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

*Schauer & Associates, PC*

SCHAUER & ASSOCIATES, P.C.  
Certified Public Accountants

Jamestown, North Dakota  
September 29, 2016

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION**  
**Year Ended December 31, 2015**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Department of Agriculture – US Forest Service			
Passed through the North Dakota Forest Service			
Cooperative Forestry Assistance	10.664	FAR0017075/0018938- ATB-PD-Fall 2013	\$ 8,157
	10.664	004-ATBPD-2014	9,737
Total Department of Agriculture			<u>17,894</u>
Department of Justice			
Direct Programs			
Bulletproof Vest Partnership	16.607	BUBX-1407-3897	3,241
Total Direct Department of Justice			<u>3,241</u>
Passed Through State Attorney General's Office			
Edward Byrne Memorial Justice Assistance	16.738	13310	1,500
	16.738	14206	6,500
Total Indirect Department of Justice			<u>8,000</u>
Total Department of Justice			<u>11,241</u>
Department of Transportation			
Passed Through State Department of Transportation			
Alcohol Impaired Driving Countermeasures	20.601	PHSPID1510-05-02	8,000
	20.601	PHSPID1610-12-07	1,452
National Priority Safety Programs	20.616	PHSPOP1505-05-09	4,277
	20.616	PHSPID1510-02-08	5,652
	20.616	PHSPDD1511-02-06	452
	20.616	PHSPOP1605-05-09	904
	20.616	PHSPID1610-02-11	2,023
<b>Highway Program Cluster</b>			<u>22,760</u>
Total Department of Transportation			<u>22,760</u>
Environmental Protection Agency			
Passed Through State Department of Health			
Capitalization Grants for Clean Water			
State Revolving Funds (1) (2)	66.458	380808-06	355,754
Capitalization Grants for Drinking			
Water State Revolving Funds (1) (2)	66.468	4700498-04	633,942
Capitalization Grants for Drinking			
Water State Revolving Funds (1) (2)	66.468	4700498-05	794,159
Total Environmental Protection Agency			<u>1,783,855</u>

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – Continued**  
**Year Ended December 31, 2015**

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

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Federal Emergency Management Agency			
Passed Through State Department of Emergency Services			
Disaster Assistance - Public Assistance - Presidentially Declared Disasters	97.036	1829-ND-093-40580-00	<u>87,810</u>
Total Federal Emergency Management Agency			<u>87,810</u>
 Department of Homeland Security			
Passed Through State Department of Emergency Services			
State homeland security grant	97.067	A0401-001-2014-RQ	<u>35,477</u>
Total Department of Homeland Security			<u>35,477</u>
 Total Federal Awards			<u>\$ 1,959,037</u>

(1) - Major Programs

(2) - State Revolving Loan including commingled funds

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SUPPLEMENTARY INFORMATION – Continued**  
**Year Ended December 31, 2015**

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

State Revolving Loan balances at year end

1996 Water and Wastewater Treatment Revenue Bonds (Series A)	\$ 585,000
1996 Wastewater Treatment Assessment Warrant (Series B)	435,000
1997 Solid Waste Treatment Revenue Bonds	280,000
2001 Water and Sewer Revenue Bonds	30,000
2004 Wastewater Treatment Assessment Warrant	695,000
2005 Water Treatment Revenue Bonds	1,405,000
2005 B Master Lift Station Revenue Bonds	902,000
2007 B Improvement Bonds Replace Sanitary Sewer Mains	854,000
2007 Water Treatment Revenue Bonds	1,310,000
2010 Waste Treatment Revenue Bonds	2,305,000
2010 B Waste Treatment Revenue Bonds	1,760,000
2011 Wastewater Treatment Revenue Bonds	910,000
2013 Clean Water (Wastewater Inlet Piping) Revenue Bonds	755,000
2013 Wastewater Treatment Assessment Warrant	965,000
2013 D Wastewater Treatment Revenue Bonds	9,695,950
2014 Water Tower Revenue Bonds	3,417,603
2014 Drinking Water Revenue Bonds	759,159

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**NOTES TO SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**Year Ended December 31, 2015**

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **CITY OF JAMESTOWN, NORTH DAKOTA** under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the **CITY OF JAMESTOWN**, it is not intended to and does not present the financial position, changes in net position, or cash flows of the **CITY OF JAMESTOWN**.

**B. Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. **CITY OF JAMESTOWN** has elected not to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended December 31, 2015**

**A. Summary of Audit Results**

Financial Statements

Type of auditors' report issued – unmodified

Internal control over financial reporting

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

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

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

Federal Awards

Internal control over major federal programs

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

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

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

Identification of major programs

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

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

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

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

2015-001 Significant Deficiency - Financial Statement Preparation

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

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

**CITY OF JAMESTOWN**  
**Stutsman County, North Dakota**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**  
**Year Ended December 31, 2015**

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

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

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

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

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

1. None