## Financial Statements

CITY OF JAMESTOWN, NEW YORK

YEAR ENDED DECEMBER 31, 2013

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#### Independent Auditor's Report

To the City Council City of Jamestown, New York

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jamestown, New York as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I did not audit the financial statements of the Board of Public Utilities which represent 100% of the assets, liabilities, net position, revenues and expenses of the City's Business-type activities. Those statements were audited by other auditors whose reports thereon have been furnished to me, and my opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based solely on the reports of the other auditors. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

#### **Opinion**

In my opinion, based on my audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jamestown, New York as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# **Independent Auditor's Report** Page 2

#### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, budgetary comparison information on page 46, and the schedule of funding progress for OPEB obligations on page 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Jamestown, New York's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 31, 2014, on my consideration of the City of Jamestown, New York's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jamestown, New York's internal control over financial reporting and compliance.

JOHN S. TRUSSALO, CPA, P.C.

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Jamestown, New York

July 31, 2014

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

This discussion and analysis of the City of Jamestown, New York's financial performance provides an overview of the City's financial activities for the year ended December 31, 2013. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

#### **FINANCIAL HIGHLIGHTS**

- The net position of the City's governmental activities included in the Government-wide financial statements totaled \$15,186,728 at December 31, 2013 compared to \$17,256,187 at December 31, 2012, a decrease of \$2,069,459 (12%). Revenues from governmental activities totaled \$38,000,811 for 2013 compared to \$36,216,237 for 2012. Expenditures for governmental activities totaled \$40,070,270 for 2013 compared to \$37,754,815 for 2012.
- The fund balance of the City's General Fund included in the Fund financial statements decreased \$65,560 (2%) to \$2,754,752 as of December 31, 2013 compared to a fund balance of \$2,820,312 as of December 31, 2012.

#### THE FINANCIAL STATEMENTS

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

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

#### OVERVIEW OF THE FINANCIAL STATEMENTS

#### **Government-wide Financial Statements**

#### Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

# Management's Discussion and Analysis Page 2

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

#### Governmental activities

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

#### Business-type activities

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

#### **Fund Financial Statements**

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

#### Governmental Funds

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

#### Proprietary Funds

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

#### <u>Fiduciary Funds</u>

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

#### Notes to Financial Statements

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

#### Other Information

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

# Management's Discussion and Analysis Page 3

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position for the City of Jamestown, New York, as a whole, totaled \$140,873,171 as of December 31, 2013 and \$135,151,525 as of December 31, 2012, an increase of \$5,721,646. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses and total assets are presented in the Statement of Activities.

The City's combined Net Position for the years ended December 31, 2013 and 2012 were as follows:

	Government	al Activities	Business-typ	e Activities	To	tal
	2013	2012	2013_	2012	2013	2012
Assets:						
Current and other assets	\$19,184,870	\$13,751,242	\$ 44,068,862	\$ 38,846,639	\$ 63,253,732	\$ 52,597,881
Capital assets	40,621,365	39,584,794	118,407,989	117,285,255	159,029,354	156,870,049
Total assets	59,806,235	53,336,036	162,476,851	156,131,894	222,283,086	209,467,930
Deferred Outflows of Resources	250,303	668,758			250,303	668,758
Liabilities:						
Long-term debt	26,007,913	20,225,805	20,335,000	23,240,000	46,342,913	43,465,805
Net OPEB obligation	15,520,694	12,728,171	9,758,782	9,475,174	25,279,476	22,203,345
Other liabilities	<u>3,335,531</u>	3,788,078	6,696,626	5,521,382	10,032,157	9,309,460
Total liabilities	44,864,138	36,742,054	36,790,408	38,236,556	<u>81,654,546</u>	74,978,610
Deferred Inflows of Resources	5,672	6,553	-		5,672	6,553
Net Position:						
Investment in capital assets,						
net of related debt	23,130,268	21,617,902	97,900,503	93,464,293	121,030,771	115,082,195
Restricted	7,054,308	8,342,781	7,485,569	5,432,935	14,539,877	13,775,716
Unrestricted	(14,997,848)	(12,704,496)	20,300,371	18,998,110	5,302,523	6,293,614
Total net position	\$15,186,728	<u>\$17,256,187</u>	<u>\$125,686,443</u>	<u>\$117,895,338</u>	<u>\$140,873,171</u>	<u>\$135,151,525</u>

#### Net Position Analysis - Overall

Net position totaled \$140,873,171 as of December 31, 2013 of which \$121,030,771 (86%) represents the City's investment in capital assets net of related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Net Position Analysis - Governmental Activities

The City's net position from governmental activities decreased \$2,069,459 (12%) to \$15,186,728. Investment in capital assets, net of related debt increased \$1,512,366 (7%) to \$23,130,268. Restricted net position decreased \$1,288,473 (15%) to \$7,054,308. Unrestricted net position decreased \$2,293,352 (18%) to a deficit of \$14,997,848.

#### Net Position Analysis - Business-type Activities

The City's net position from business-type activities increased \$7,791,105 (6%) to \$125,686,443. Investment in capital assets, net of related debt increased \$4,436,210 (5%) to \$97,900,503. Restricted net position increased \$2,052,634 (38%) to \$7,485,569. Unrestricted net position increased \$1,302,261 (7%) to \$20,300,371.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

#### Analysis of Changes in Net Position

The change in the City's net position for governmental activities and business-type activities for the years ended December 31, 2013 and 2012 is summarized below:

	Government	al Activities	Business-typ	e Activities	To	otal
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,705,010	\$ 1,684,664	\$ 62,290,406	\$ 56,154,141	\$ 63,995,416	\$ 57,838,805
Operating grant/contributions	4,409,444	3,378,960	-	-	4,409,444	3,378,960
Capital grants/contributions	1,308,718	946,457	354,524	-	1,663,242	946,457
General revenues:						
Real property taxes	14,437,991	14,315,961	-	-	14,437,991	14,315,961
Sales tax	5,783,588	5,786,963	-	-	5,783,588	5,786,963
Board of Public Utilities:						
Payment in lieu of taxes	3,676,910	3,584,225	-	-	3,676,910	3,584,225
Contribution	420,000	-	-	-	420,000	-
Investment earnings	80,204	129,023	38,780	65,224	118,984	194,247
State Aid	4,730,816	4,974,714	-	-	4,730,816	4,974,714
Other	1,448,130	1,415,270		87,257	1,448,130	1,502,527
Total revenues	38,000,811	36,216,237	62,683,710	56,306,622	100,684,521	92,522,859
Expenses:						
General support	5,258,334	5,304,435	-	-	5,258,334	5,304,435
Public safety	10,526,789	10,753,713	-	-	10,526,789	10,753,713
Public improvements/projects	382,150	386,040	-	-	382,150	386,040
Streets	3,664,207	3,229,729	-	-	3,664,207	3,229,729
Culture and recreation	2,002,898	1,981,237	-	-	2,002,898	1,981,237
Home and community/development	4,757,786	3,770,112	-	-	4,757,786	3,770,112
Employee benefits	12,785,683	11,386,950	-	-	12,785,683	11,386,950
Contribution to City's General Fund	-	-	420,000	-	420,000	-
Debt service	692,423	942,599	1,502,983	1,120,351	2,195,406	2,062,950
Utility operations			52,969,622	<u>53,832,896</u>	<u>52,969,622</u>	53,832,896
Total expenses	40,070,270	37,754,815	<u>54,892,605</u>	54,953,247	94,962,875	92,708,062
Change in net position	(2,069,459)	(1,538,578)	7,791,105	1,353,375	5,721,646	(185,203)
Net position, beginning of year	17,256,187	18,794,765	117,895,338	116,541,963	135,151,525	135,336,728
Net position, end of year	<u>\$15,186,728</u>	<u>\$17,256,187</u>	<u>\$125,686,443</u>	<u>\$117,895,338</u>	<u>\$140,873,171</u>	<u>\$135,151,525</u>

#### Governmental Activities

Revenues from the City's governmental activities totaled \$38,000,811 for 2013 compared to \$36,216,237 for 2012. Revenues for 2013 were comprised of the following: Property tax revenue (38%), Operating and Capital Grants/Contributions (15%), Sales tax revenue (15%), State aid revenue (13%), Board of Public Utilities revenue (11%), Charges for services (4%), Other revenue (4%).

Expenditures of governmental activities totaled \$40,070,270 for 2013 compared to \$37,754,815 for 2012. The City's programs for governmental activities include General Government, Fire, Police, Public Works, Community Development, Parks and Recreation, and Debt Service for Interest.

#### Business-type Activities

The business-type activities include Electric, Water, Waste Water, Sanitation, and District Heat services. As shown in the Statement of Activities and Changes in Net Position, the amounts paid by users totaled \$62,290,406 for 2013 and \$56,154,141 for 2012. Investment earnings totaled \$38,870 for 2013 and \$65,224 for 2012. Other revenue totaled \$0 for 2013 and \$87,257 for 2012. The cost of all Proprietary (Business-type) activities totaled \$54,892,605 for 2013 and \$54,953,247 for 2012.

# Management's Discussion and Analysis Page 5

#### **LONG-TERM LIABILITIES**

#### **Governmental Activities**

Long-term liabilities included in the City's governmental-activities totaled \$26,007,913 as of December 31, 2013 and \$20,225,805 as of December 31, 2012; a net increase of \$5,782,108. As of December 31, 2013, long-term liabilities were comprised of the following: General Obligation Bonds \$14,660,000; Bond anticipation note \$1,000,000; Notes payable to Board of Public Utilities \$709,252; Note payable to New York Power Authority (via Board of Public Utilities) \$906,418; Equipment note payable \$195,427; Notes payable to NYS Police and Fire Retirement System \$172,844; Obligations under capital lease \$6,250,000; Compensated absences \$2,113,972.

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

#### Information Regarding Long Term Liabilities for Governmental Activities

- The liability for compensated absences increased \$145,397 to \$2,113,972 as of December 31, 2013.
- As of December 31, 2013, the City maintained a \$6,250,000 capital lease obligation for the Cherry Street and Second Street parking ramps.
- During 2013, the City's Governmental activities issued general obligation bonds totaling \$6,230,000. The proceeds of the \$6,230,000 will be utilized to retire the \$6,250,000 capital lease obligation for the Cherry Street and Second Street parking ramps. In addition, a \$1,000,000 bond anticipation note was issued for a public radio system upgrade and construction equipment.

#### Liability for OPEB Obligations

• The liability for OPEB obligations included in the government-wide statement of net position increased \$2,792,523 to \$15,520,694 as of December 31, 2013.

#### **Business-type Activities**

Long-term liabilities included in the City's business-type activities totaled \$20,335,000 as of December 31, 2013 and \$23,240,000 as of December 31, 2012; a decrease of \$2,905,000.

• During 2013, the Board of Public Utilities did not issue any general obligation bonds or notes payable.

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

#### **Constitutional Debt Limit**

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based upon 7% of the average of the total value of real property for the past five years. At December 31, 2013 the City's general obligation debt, including statutory exclusions, was at 34.65% of the legal limit compared to 20.86% of the legal limit at December 31, 2012.

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

# Management's Discussion and Analysis Page 6

#### **CAPITAL ASSETS**

#### **Governmental Activities**

As of December 31, 2013, the City's governmental-activities maintained \$40,621,365 in capital assets (Cost \$75,164,620 less accumulated depreciation of \$34,543,255) compared to \$39,584,794 as of December 31, 2012. Capital additions for 2013 totaled \$3,643,735 and were for the following: infrastructure (including roads, sidewalks, and storm sewers) \$1,395,245; buildings and structures \$917,177; equipment \$811,026; vehicles \$271,332; construction in progress \$248,955. Equipment and vehicle deletions totaled \$135,453.

Depreciation expense totaled \$2,510,021 for the year ended December 31, 2013 and \$2,368,417 for the year ended December 31, 2012.

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

#### **Business-type Activities**

As of December 31, 2013, the City's business-type activities maintained \$118,407,989 in capital assets (Cost \$246,294,430 less accumulated depreciation of \$127,886,441) compared to \$117,285,255 as of December 31, 2012. Capital additions for 2013 totaled \$8,334,391 and were for the following: Electric Division \$5,563,092; Waste Water Division \$915,364; Water Division \$1,090,283; Solid Waste Division \$537,049; District Heat Division \$228,603. Deletions for 2013 totaled \$1,227,432 and were for the following: Electric Division \$1,054,282; Water Division \$86,536; Solid Waste Division \$86,614.

Depreciation expense totaled \$7,184,233 for the year ended December 31, 2013 and \$6,934,693 for the year ended December 31, 2012.

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

#### THE CITY'S GOVERNMENTAL FUNDS

The City's governmental funds reported a combined fund balance of \$15,107,449 as of December 31, 2013 and \$9,701,282 as of December 31, 2012; an increase of \$5,406,167. The schedule below indicates the fund balances as of December 31, 2013 and 2012, and the net increase (decrease) for the year.

	Fund Balance	Fund Balance	Increase
	2013	2012	(Decrease)
General fund	\$ 2,754,752	\$ 2,820,312	\$ (65,560)
Capital projects fund	1,388,189	1,872,559	(484,370)
Special revenue fund	4,930,599	5,008,411	(77,812)
Debt service fund	6,033,909		6,033,909
Total	\$15,107,449	\$ 9,701,282	\$ 5,406,167

#### THE CITY'S GOVERNMENTAL FUNDS (Cont'd)

#### **General Fund**

The change in the City's General fund balance for the year ended December 31, 2013 and 2012 follows:

	2013	2012	Increase (Decrease)
Revenues and Other Sources:	·		
Real property taxes	\$14,437,991	\$14,315,961	\$ 122,030
Real property tax items	276,432	265,539	10,893
Non-property tax items	6,292,638	6,316,703	(24,065)
Departmental income	778,585	722,823	55,762
Intergovernmental charges	184,594	185,009	(415)
State aid	6,136,476	6,071,241	65,235
Board of Public Utilities:			•
Payments in lieu of taxes	3,676,910	3,584,225	92,685
Contribution	420,000	-	420,000
Use of money and property	12,279	39,411	(27,132)
Other revenue	808,830	741,162	67,668
Interfund transfers in	7,000	4,000	3,000
Total revenues	33,031,735	32,246,074	785,661
Expenditures:			
General government support	3,779,992	3,906,189	(126,197)
Public safety	9,944,409	10,285,808	(341,399)
Streets	3,523,769	3,461,523	62,246
Culture and recreation	1,954,555	1,984,046	(29,491)
Home and community services	804,356	865,979	(61,623)
Capital outlays	967,400	744,017	223,383
Employee benefits	9,979,774	8,931,365	1,048,409
Debt service - principal	1,475,795	1,421,423	54,372
Debt service - interest	<u>667,245</u>	913,768	(246,523)
	33,097,295	32,514,118	583,177
Deficiency for the year	(65,560)	(268,044)	202,484
Fund balance, beginning of year	2,820,312	3,088,356	
Fund balance, end of year	\$ 2,754,752	<u>\$ 2,820,312</u>	

#### **General Fund - Budgetary Highlights**

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

For 2013, the City appropriated \$390,000 of its 2012 fund balance. During 2013, actual general fund revenues and other sources totaled \$33,031,735 compared to a final revenue and other sources budget of \$33,077,489, an unfavorable variance of \$45,754. During 2013, actual general fund expenditures totaled \$33,097,295 compared to a final expenditure budget of \$33,467,489, a favorable variance of \$370,194. As a result, the City's fund balance as of December 31, 2013 was \$324,440 higher than budgeted. The 2013 General Fund final expenditure budget totaled \$33,467,489 compared to a 2012 final expenditure budget of \$33,199,237. The 2013 final expenditure budget included a net supplementary increase of \$249,354 from the original approved budget. The net supplementary increase is detailed in Note 9 to the basic financial statements. Other appropriations required changes in functional categories due to spending patterns.

A detailed budgetary comparison to actual is provided in on page 46.

#### THE CITY'S GOVERNMENTAL FUNDS (Cont'd)

#### **Capital Projects Fund**

The change in the City's Capital Projects fund balance for the years ended December 31, 2013 and 2012 follows:

	2013	_2012_	Increase (Decrease)
Revenues and Other Sources:			
Proceeds from issuance of debt	\$ 1,000,000	\$ -	\$ 1,000,000
General fund appropriations	967,400	744,017	223,383
Sale of property	219,499	206,821	12,678
Use of money and property	2,799	6,066	(3,267)
Other revenue	16,720	19,104	(2,384)
Total revenues	2,206,418	<u>976,008</u>	_1,230,410
Expenditures and Other Uses:			
Capital outlay	2,683,788	2,332,749	351,039
Interfund transfer to General Fund	7,000	4,000	3,000
	2,690,788	2,336,749	354,039
Deficiency for the year	(484,370)	(1,360,741)	876,371
Fund balance, beginning of year	1,872,559	3,233,300	
Fund balance, end of year	<u>\$ 1,388,189</u>	<u>\$ 1,872,559</u>	

The Capital Projects Fund included capital outlay expenditures of \$2,683,788 for the year ended December 31,2013 and \$2,332,749 for the year ended December 31,2012. Capital outlay expenditures were comprised of the following:

	2013	2012
Street resurfacing, construction, curb, gutter, sidewalks	\$ 782,631	\$ 643,018
Equipment and vehicles	750,785	822,848
Storm Sewers and Sidewalks	100,000	100,000
Building improvements	917,177	673,731
Land improvements	-	8,637
Other expenditures not capitalized	<u>133,195</u>	84,515
	<u>\$ 2,683,788</u>	<u>\$ 2,332,749</u>

#### **Special Revenue Fund**

The Special Revenue Fund of the City is comprised of Department of Development operations, Risk Retention activity, and Federal and State Grant revenue and expenditures.

The change in the City's Special Revenue fund balance for the years ended December 31, 2013 and 2012 follows:

2013	2012	(Decrease)
Ф 207.000	n 400 (15	Φ (41.70.5)
	\$ 429,615	\$ (41,725)
64,850	83,157	(18,307)
368,000	363,500	4,500
1,512,212	1,995,695	(483,483)
2,148,626	663,548	1,485,078
<u> 746,476</u>	<u>497,283</u>	<u>249,193</u>
5,228,054	4,032,798	1,195,256
	\$ 387,890 64,850 368,000 1,512,212 2,148,626 746,476	\$ 387,890 \$ 429,615 64,850 \$ 83,157 368,000 363,500 1,512,212 1,995,695 2,148,626 663,548 746,476 497,283

### Management's Discussion and Analysis Page 9

#### Special Revenue Fund (Cont'd)

From an distance and Other Uses	2013	2012	Increase (Decrease)
Expenditures and Other Uses: General government support Public safety Home and community services and	\$ 953,007 326,355	\$ 903,914 244,781	\$ 49,093 81,574
economic development Capital outlays	3,554,901 471,603 5,305,866	2,623,160 414,689 4,186,544	931,741 56,914 1,119,322
Deficiency for the year	(77,812)	(153,746)	75,934
Fund balance, beginning of year	5,008,411	5,162,157	
Fund balance, end of year	<u>\$ 4,930,599</u>	\$ 5,008,411	

#### FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

#### Other Post Employment Benefits (OPEB)

The City provides post-employment benefit options for health care and dental insurance to eligible employees. The City of Jamestown, New York complies with the provisions of Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions. As of December 31, 2013, the net OPEB obligation which is unfunded totaled \$15,520,694 for governmental activities and \$9,758,782 for business-type activities.

#### Self-Insured Health and Dental Plan

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

#### Employee Retirement Systems

During recent years, all municipalities in the State of New York, including the City of Jamestown, New York, have experienced a significant increase in the cost of retirement benefits paid on behalf of employees participating in the NYS and Local Employees Retirement System and the NYS and Local Police and Fire Retirement System. For the year ended December 31, 2013 the City contributed 20.5% of eligible wages to the NYS and Local Employees Retirement System and 27.8% of eligible wages to the NYS and Local Police and Fire Retirement System. The New York State Comptroller has projected future contribution rates for 2014 as follows: NYS and Local Employees Retirement System 19.8% and NYS and Local Police and Fire Retirement System 26.5%.

#### Labor Negotiations

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

#### Constitutional Tax Limit

For 2013, the City was at 93.38% of its Constitutional Tax Limit, compared to 92.20% for 2012, and 91.93% for 2011. Over the next several years, the City is anticipating a modest increase in its taxable assessment base resulting from a number of economic development activities.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report, contact the Office of Comptroller at the City Hall, 200 East Third, Jamestown, New York, 14701, phone (716) 483-7538.

# CITY OF JAMESTOWN, NEW YORK STATEMENT OF NET POSITION DECEMBER 31, 2013

	PRIM	ARY GOVERN	MENT
	Governmental	Business-type	
	<b>Activities</b>	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,229,610	\$ 24,064,954	\$ 31,294,564
Bond custody account	6,787,129	-	6,787,129
Restricted cash	-	<u>8,231,524</u>	8,231,524
Total cash and cash equivalents	14,016,739	32,296,478	46,313,217
Receivables:			
State, federal, and local governments	1,738,918	-	1,738,918
School taxes	1,095,814	-	1,095,814
Accounts and other, net of allowance	398,591	6,720,697	7,119,288
Loans, net of allowance	993,602	709,252	1,702,854
Prepaid contribution - City of Jamestown's General Fund		475,000	475,000
Prepaid expenses and deposits	871,615	13,796	885,411
Property acquired for taxes and held for sale	22,670	-	22,670
Inventories	46,921	1,489,160	1,536,081
Other current and accrued assets	-	846,546	846,546
Charges for future benefits	-	1,001,796	1,001,796
Cash collateral - derivative	-	297,365	297,365
Non-utility property	<b>-</b>	218,772	218,772
Capital assets:			
Land and construction in progress	1,683,235	5,583,248	7,266,483
Other capital assets, net of depreciation	<u>38,938,130</u>	112,824,741	151,762,871
Total assets	<u>59,806,235</u>	<u>162,476,851</u>	222,283,086
DEFERRED OUTFLOWS OF RESOURCES			
Bond issuance costs, net	250,303		250,303
Total deferred outflows of resources	250,303	-	250,303
LIABILITIES			
Accounts payable and accrued liabilities	1,764,717	5,442,165	7,206,882
Due to other governments	1,095,814	-	1,095,814
Consumer deposits	-	754,847	754,847
Deferred revenue - BPU contribution	475,000	-	475,000
Non current liabilities:			
Due within one year	3,138,210	2,925,000	6,063,210
Due in more than one year	22,869,703	17,410,000	40,279,703
Other noncurrent liabilities:			
Net OPEB obligation	15,520,694	9,758,782	25,279,476
Economic development		<u>499,614</u>	499,614
Total liabilities	44,864,138	<u>36,790,408</u>	81,654,546
DEFERRED INFLOWS OF RESOURCES			
Bond premium, net	5,672	-	5,672
Total deferred inflows of resources	5,672	-	5,672
NEW BOCKETON			
NET POSITION	02 120 260	07.000.500	101 000 771
Net investment in capital assets	23,130,268	97,900,503	121,030,771
Restricted for:	5 500 500		
Economic development	5,570,570	-	5,570,570
Capital expenditures	1,388,189	-	1,388,189
Risk retention	95,549		95,549
Plant dismantling	-	7,575,390	7,575,390
Energy conservation	(14005040)	(89,821)	(89,821)
Unrestricted	(14,997,848)	20,300,371	5,302,523
Total net position	<u>\$ 15,186,728</u>	<u>\$125,686,443</u>	<u>\$140,873,171</u>

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

# CITY OF JAMESTOWN, NEW YORK STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2013

ent <u>Total</u>	\$ (4,293,473) (9,429,270) (382,150) (2,539,976) (2,002,898) (521,225) (12,785,683) (692,423) (32,647,098)	7,752,325	(24,894,773)	\$ 14,437,991 5,783,588 4,730,816 3,676,910 420,000 473,069 445,795 276,432 252,834 118,984 30,616,419 5,721,646 135,151,525
Revenue and  et Position Primary Government Business-type Activities		7,752,325	7,752,325	\$
Net (Expense) Revenue and Changes in Net Position Primary Gove Governmental Business-ty Activities Activities	\$ (4,293,473) (9,429,270) (382,150) (2,539,976) (2,002,898) (221,225) (12,785,683) (692,423) (32,647,098)	1 1	(32,647,098)	\$ 14,437,991 5,783,588 4,730,816 3,676,910 420,000 473,069 445,795 276,432 252,834 80,204 30,577,639 (2,069,459) 17,256,187
Capital Grants and Contributions	\$ 222,648 1,086,070 - - 1,308,718	354,524 354,524	\$ 1,663,242	
Program Revenues Operating Grants and Contributions	\$ 234,418 326,355 - 3,848,671 - 4,409,444	1 1	\$ 4,409,444	ic purpose s receipts es
Charges for Services	\$ 730,443 548,516 38,161 387,890 - 1,705,010	62,290,406 62,290,406	\$ 63,995,416	eneral Revenues: Property taxes for general purposes Sales taxes for general purposes State aid not restricted to specific purpose City's Board of Public Utilities: Payment in lieu of taxes Contribution Franchise fees and Utilities gross receipts Refund of prior year expenditures Other tax items Other tax items Total general revenues Investment earnings Total general revenues et position, beginning of year et position, end of year
Expenses	<del>∽</del>	54,892,605 54,892,605	\$ 94,962,875	General Revenues: Property taxes for general Sales taxes for general pur State aid not restricted to s City's Board of Public Util Payment in lieu of taxes Contribution Franchise fees and Utilities Refund of prior year exper Other tax items Other tax items Other unclassified revenue Investment earnings Total general revenues Change in net position Net position, beginning of y
Functions Primary Government:	General government support Public safety Public improvements and projects Streets Culture and recreation Home and community service/development Employee benefits Debt service Total Governmental activities Business-type activities:	Board of Public Utilities Total Business-type activities	Total Primary Government	

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

# CITY OF JAMESTOWN, NEW YORK GOVERNMENTAL FUNDS BALANCE SHEET <u>DECEMBER 31, 2013</u>

	DECEMBER	107,1010			Total
on the second	General	Capital <u>Projects</u>	Special <u>Revenue</u>	Debt <u>Service</u>	Governmental Funds
ASSE1S Cash and cash equivalents Bond custody account	\$ 1,843,064	\$ 1,308,410	\$ 4,078,136	\$ 6,787,129	\$ 7,229,610 6,787,129
Kecetvables: State, Federal, and Local Governments School taxes Other Loans, net of allowance of \$799,307 for Ioan loss Prepaid expenses Property acquired for taxes and held for sale, net Due from other funds Inventories Total assets	1,592,283 1,095,814 398,533 - 871,615 4,027 - 46,921 5,852,257	240,575 - - 1,548,985	146,635 - 58 993,602 - 18,643 504,070 	- - - - - - - - - - - - - - - - - - -	1,738,918 1,095,814 398,591 993,602 871,615 22,670 744,645 46,921
DEFERRED OUTFLOWS OF RESOURCES  Due from other funds  Total deferred outflows of resources	603,885	1 1		1 1	603,885
LIABILITIES Payables: Accounts School district Other Accrued liabilities Due to other funds	341,533 1,095,814 78,387 959,641 744,645	101,687 - 59,109 -	49,025 - 26,000	- 149,335 - 603,885	492,245 1,095,814 312,831 959,641 1,348,530
Deterred revenue: Contribution from City's Board of Public Utilities Restricted grants Property taxes Other Total liabilities	4,027 4,027 2,343 3,701,390		589,005 - 146,515 810,545	753,220	475,000 589,005 4,027 148,858 5,425,951
FUND BALANCES  Non spendable Restricted: Capital expenditures Economic development Risk retention Debt service Assigned Unassigned Total fund balances	1,526,448	1,388,189	4,835,050 95,549 - - - - - - - - - - - - - - - - - - -	6,033,909 - - - - - - <u>\$ 6.033,909</u>	1,526,448 1,388,189 4,835,050 95,549 6,033,909 305,000 923,304

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

#### CITY OF JAMESTOWN, NEW YORK

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

#### YEAR ENDED DECEMBER 31, 2013

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

Total fund balance - governmental funds	\$ 15,107,449
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these assets is \$75,164,620 and the accumulated depreciation is \$34,543,255.	40,621,365
Bond issuance costs are not financial resources and, therefore, are not reported in the funds. Bond issuance costs totaled \$320,541 and the accumulated amortization is \$70,238.	250,303
Long term liabilities, including general obligation bonds, bond anticipation note, equipment notes payable, capital lease obligations and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(26,007,913)
The Net OPEB Obligation is not due and payable in the current period and therefore is not reported in the funds.	(15,520,694)
Bond premium received were recognized by the funds when received. The government-wide financial statements recognize the bond premium as a liability and the revenue is recognized over the life of the bond. Bond premium received totaled \$24,163 and the accumulated accretion is \$18,491.	(5,672)
Grants and other receipts restricted for a specific purpose are deferred in the governmental funds until the restriction is met. The government-wide financial statements recognize restricted grants and other receipts restricted for a specific purpose when received.	737,863
Property tax revenue is recognized in the period for which levied rather than when available. The governmental funds defer that amount which is not currently available.	4,027
Total net position - governmental activities	<u>\$15,186,728</u>

# CITY OF JAMESTOWN, NEW YORK GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES $\frac{\overline{YEAR} \ ENDED \ DECEMBER \ 31, \ 2013}{\overline{YEAR} \ ENDED \ DECEMBER \ 31, \ 2013}$

XE	YEAR ENDED DECEMBER 31	EMBER 31, 2013	<b>~</b> CII		Ē
	General	Capital <u>Projects</u>	Special Revenue	Debt <u>Service</u>	rotal Governmental <u>Funds</u>
Revenues:  Real property taxes  Real property tax items  Non-property tax items  Departmental income Intergovernmental charges Use of money and property Licenses and permits Fines and forfeitures Sale of property/compensation for loss Other unclassified revenue	\$14,437,991 276,432 6,292,638 778,585 184,594 12,279 199,394 118,566 45,075	\$	\$ - 387,890 64,850 - 746,476	<u>.</u>	\$14,437,991 276,432 6,292,638 1,166,475 184,594 79,928 199,394 118,566 219,499 808,271
Board of Public Utilities: Payment in lieu of taxes Contribution Refund of prior year expenditures State aid Interfund revenues Federal aid Total revenues	3,676,910 420,000 445,795 6,136,476	967,400 1,206,418	2,148,626 368,000 1,512,212 5,228,054	1 1 1 1 1 1	3,676,910 420,000 445,795 8,285,102 1,335,400 1,512,212 39,459,207
Expenditures: General government support Public safety Streets Culture and recreation Home and community and economic development Capital outlays Employee benefits Debt service - principal Debt service - interest Total expenditures	3,779,992 9,944,409 3,523,769 1,954,555 804,356 967,400 9,979,774 1,475,795 667,245	2,683,788	953,007 326,355 - 3,554,901 471,603 - - 5,305,866	1 1 1 1 1 1 1 1 1 1	4,732,999 10,270,764 3,523,769 1,954,555 4,359,257 4,122,791 9,979,774 1,475,795 667,245
Excess (deficiency) revenues over expenditures	(72,560)	(1,477,370)	(77,812)	1	(1,627,742)
Other Sources (Uses): Proceeds from issuance of long-term debt Proceeds from issuance of bond anticipation note Bond issuance costs Interfund transfers Total other sources	7,000	1,000,000		6,230,000 (196,091) - - - - - - -	$\begin{array}{c} 6,230,000 \\ 1,000,000 \\ (196,091) \\ \hline 7,033,909 \end{array}$
Net change in fund balances	(65,560)	(484,370)	(77,812)	6,033,909	5,406,167
Fund balances, beginning of year	2,820,312	1,872,559	5,008,411	1	9,701,282
Fund balances, end of year The accompanying notes are an integral part to these financial statements	\$ 2,754,752 sial statements.	\$ 1,388,189	\$ 4,930,599	\$ 6,033,909	\$15,107,449

#### CITY OF JAMESTOWN, NEW YORK

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

# Governmental Funds <u>YEAR ENDED DECEMBER 31, 2013</u>

Net change in fund balances - total governmental funds		\$	5,406,167
Governmental funds report capital outlays as expenditures. However, in statement of activities, the cost of those assets is allocated over their esti useful lives as depreciation expense. This is the amount by which capita of \$3,549,026 exceeded depreciation expense of \$2,510,021 in the curre	mated l outlays		1,039,005
Governmental funds report bond issuance costs as expenditures. However, the statement of activities, bond issuance costs are allocated over the life issued bonds. This is the amount by which bond issuance costs of \$196, exceeded amortization expense of \$10,661 in the current year.	of the		185,430
Governmental funds report the premium on bonds issued as revenue. He in the statement of activities, the bond premium is accreted over the life issued bonds. Premium accretion totaled \$881 in the current year.			881
Governmental funds do not recognize the increase in the Net OPEB Obl they are not due and payable in the current period. The government-wid statements recognize the net increase in the Net OPEB Obligation as an	e financial		(2,792,523)
Governmental funds do not recognize the net increase in the liability for absences as an expenditure. The government-wide financial statements net increase in the liability for compensated absences as an expense.			(145,397)
Governmental funds report bond and other debt proceeds as other finance while repayment of principal is reported as an expenditure. The net effect differences in the treatment of bond and other debt proceeds as well as the of principal is as follows:	ct of these		
Proceeds from issuance of debt: 2013 Public Improvement Bond Bond anticipation note	(6,230,000) (1,000,000)		(7,230,000)
Principal payments: General obligation bonds Notes payable - Board of Public Utilities Note payable - NYPA Notes payable - equipment Notes payable - NYS Police and Fire Retirement System Obligations under capital leases	720,000 81,382 254,006 195,407 117,494 225,000		1,593,289
Governmental funds defer grants and other receipts designated for a spe until the restriction is met. The government-wide financial statements reand other receipts designated for specific purpose when received.	cific purpose		(123,877)
Governmental funds recognize the proceeds from the disposition of fixe revenue. The government-wide financial statements recognize the gain/the disposition of fixed assets based upon proceeds from the sale less ac	loss from		
depreciation.			(2,434)
Change in net position of governmental activities		<u>\$</u>	(2,069,459)

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

#### CITY OF JAMESTOWN, NEW YORK PROPRIETARY FUND STATEMENT OF NET POSITION

#### **DECEMBER 31, 2013**

	Business-type Activities Enterprise Fund Board of Public Utilities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 24,064,954
Restricted cash	8,231,524
Receivables:	
Accounts, net of allowance of \$146,883	6,331,790
Affiliates	388,907
Prepaid contribution - City of Jamestown, New York's General Fund	475,000
Inventories, at average cost Other current and accrued assets	1,489,160
Total current assets	<u>846,546</u> 41,827,881
I otal cultett assets	41,827,881
Other assets and investments:	
Notes receivable from City of Jamestown, New York's General Fund	709,252
Cash collateral - derivative	297,365
Non-utility property	218,772
Deposits and prepayments	13,796
Total other assets and investments	1,239,185
Property and equipment, less accumulated depreciation	118,407,989
Charges for future benefits	1,001,796
Total Assets	162,476,851
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	5,442,165
Consumer deposits	754,847
Current maturities of long-term debt	2,925,000
Total current liabilities	$\frac{-1,5-3,5-5}{-9,122,012}$
Non-current liabilities:	-
Long term debt, less current maturities	17,410,000
Accumulated post employment benefit obligation	9,758,782
Economic development	<u>499,614</u>
Total noncurrent liabilities	27,668,396
m - 17 / 1992	26.700.400
Total Liabilities	<u>36,790,408</u>
NET POSITION	
Net investment in capital assets	97,900,503
Restricted for:	, -,
Plant dismantling	7,575,390
Energy conservation	(89,821)
Unrestricted	20,300,371
Total net position	\$125,686,443

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

# CITY OF JAMESTOWN, NEW YORK PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

#### YEAR ENDED DECEMBER 31, 2013

<b>Business-type Activities</b>
Enterprise Fund
<b>Board of Public Utilities</b>

	Board of Public Utilities
Operating Revenues	<u>\$ 62,290,406</u>
Operating Expenses:	
Operations	30,029,513
Administrative and general	8,206,785
Depreciation and amortization	6,997,347
Payments in lieu of taxes to primary government	3,676,910
Taxes	2,381,029
Consumer accounts	1,135,534
Repairs and maintenance	<u>542,504</u>
Total Operating Expenses	<u>52,969,622</u>
Operating Income	9,320,784
Non-operating Expense (Revenue):	
Interest expense	1,502,983
Contribution to City of Jamestown, NY's General Fund	420,000
Interest income	(38,780)
Grant revenue - Waste Water	(354,524)
Total Non-operating Expense, net	1,529,679
Change in net position	7,791,105
Net position, beginning of year	117,895,338
Net position, end of year	\$125,686,443

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

#### YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities:         \$ 61,420,600           Cash paid to suppliers and employees         (37,967,592)           Cash paid for taxes and payments in lieu of taxes         (6,110,856)           Net cash provided by operating activities:         17,342,152           Cash Flows from Noncapital Financing Activities:         (475,000)           Loan principal payments received from City of Jamestown, NY         81,382           Net cash used in noncapital financing activities:         (393,618)           Cash Flows from Capital and Related Financing Activities:         (8,120,081)           Grant revenue         354,524           Acquisition and construction of capital assets         (8,120,081)           Interest paid on long-term debt         (2,995,000)           Principal payments on long-term debt         (2,995,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:         (45,571)           Interest income         38,780           Change in eash collateral - derivative         (45,571)           Change in restricted cash         (1,895,125)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Cash and cash equivalents, end of		Business-type Activities Enterprise Fund Board of Public Utilities
Cash received from customers         \$ 61,420,600           Cash paid to suppliers and employees         (37,967,592)           Cash paid for taxes and payments in lieu of taxes         (61,110,856)           Net cash provided by operating activities         17,342,152           Cash Flows from Noncapital Financing Activities:         (475,000)           Contribution to City of Jamestown, New York         (475,000)           Loan principal payments received from City of Jamestown, NY         81,382           Net cash used in noncapital financing activities         (393,618)           Cash Flows from Capital and Related Financing Activities:           Grant revenue         354,524           Acquisition and construction of capital assets         (8,120,081)           Interest paid on long-term debt         (899,239)           Principal payments on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:           Interest income         38,780           Change in restricted cash         (1,895,125)           Net cash used in investing activities         (1,895,125)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, end of year         \$2,588,132     <	Cash Flows from Operating Activities:	Board of Fublic Clinties
Cash paid to suppliers and employees         (37,967,592)           Cash paid for taxes and payments in lieu of taxes         (6,110,856)           Net cash provided by operating activities         17,342,152           Cash Flows from Noncapital Financing Activities:         Contribution to City of Jamestown, New York         (475,000)           Loan principal payments received from City of Jamestown, NY         81,382           Net cash used in noncapital financing activities:         (393,618)           Cash Flows from Capital and Related Financing Activities:         (8,120,081)           Grant revenue         354,524           Acquisition and construction of capital assets         (8,120,081)           Interest paid on long-term debt         (2,905,000)           Principal payments on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:         38,780           Change in cash collateral - derivative         (45,571)           Change in restricted cash         (1,895,125)           Net cash used in investing activities         (1,901,916)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Cash and cash equivalents, end of year         <		\$ 61,420,600
Cash paid for taxes and payments in lieu of taxes         (6,110,856)           Net cash provided by operating activities         17,342,152           Cash Flows from Noncapital Financing Activities:         (475,000)           Loan principal payments received from City of Jamestown, NY         81,382           Net cash used in noncapital financing activities         (393,618)           Cash Flows from Capital and Related Financing Activities:         354,524           Grant revenue         354,524           Acquisition and construction of capital assets         (8,120,081)           Interest paid on long-term debt         (2,905,000)           Principal payments on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:         38,780           Change in cash collateral - derivative         (45,571)           Change in restricted cash         (1,895,125)           Net cash used in investing activities         (1,895,125)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Cash and cash equivalents, end of year         \$24,064,954           Reconciliation of change in net position to net cash provided by operating activities:         9,320,784		
Net cash provided by operating activities	Cash paid for taxes and payments in lieu of taxes	
Cash Flows from Noncapital Financing Activities:         (475,000)           Loan principal payments received from City of Jamestown, NY         81,382           Net cash used in noncapital financing activities         (393,618)           Cash Flows from Capital and Related Financing Activities:         354,524           Grant revenue         354,524           Acquisition and construction of capital assets         (8,120,081)           Interest paid on long-term debt         (899,239)           Principal payments on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:         Interest income           Change in cash collateral - derivative         (45,571)           Change in cash collateral - derivative         (1,895,125)           Net cash used in investing activities         (1,895,125)           Net cash used in investing activities         (1,901,916)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Cash and cash equivalents, end of year         \$ 24,064,954           Reconciliation of change in net position to net cash provided by operating activities:         6,997,347           Operating income         6,997,347 <t< td=""><td></td><td></td></t<>		
Contribution to City of Jamestown, New York		
Loan principal payments received from City of Jamestown, NY Net cash used in noncapital financing activities  Cash Flows from Capital and Related Financing Activities:  Grant revenue Acquisition and construction of capital assets Interest paid on long-term debt (899,239) Principal payments on long-term debt Net cash used in capital and related financing activities  Cash Flows from Investing Activities: Interest income Change in cash collateral - derivative Change in restricted cash Net cash used in investing activities Interest income Change in restricted cash Net cash used in investing activities Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities: Operating income  Adjustments to reconcile operating income to net cash provided by operating activities: Depreciation and amortization Perovision for losses on accounts receivable Change in operating assets and liabilities: Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities: Accounts payable and accrued liabilities  Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounted payable and accrued liabilities Accounted payable and accrued liabilities Accounts development  Adjustments to reconcile payable and accrued liabilities Accounts development  Adjustments to reconcile payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts		(475,000)
Net cash used in noncapital financing activities         (393,618)           Cash Flows from Capital and Related Financing Activities:         354,524           Grant revenue         354,524           Acquisition and construction of capital assets         (8,190,081)           Interest paid on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:           Interest income         38,780           Change in cash collateral - derivative         (45,571)           Change in restricted cash         (1,895,125)           Net cash used in investing activities         (1,991,916)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Cash and cash equivalents, end of year         \$24,064,954           Reconciliation of change in net position to net cash provided by operating activities:           Operating income         \$9,320,784           Adjustments to reconcile operating income to net cash provided by operating activities:         \$9,320,784           Operating income         \$9,97,347           Provision for losses on accounts receivable         (26,112)           Change in operating		81.382
Grant revenue         354,524           Acquisition and construction of capital assets         (8,120,081)           Interest paid on long-term debt         (899,239)           Principal payments on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:         38,780           Interest income         38,780           Change in cash collateral - derivative         (45,571)           Change in restricted cash         (1,895,125)           Net cash used in investing activities         (1,901,916)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Cash and cash equivalents, end of year         \$ 24,064,954           Reconciliation of change in net position to net cash provided by operating activities:         \$ 9,320,784           Operating income         \$ 9,320,784           Adjustments to reconcile operating income to net cash provided by operating activities:         \$ 9,320,784           Depreciation and amortization         6,997,347           Provision for losses on accounts receivable         (26,112)           Change in operating assets and liabilities:         (26,112)           Accounts receivable <t< td=""><td></td><td></td></t<>		
Acquisition and construction of capital assets   (8,120,081)     Interest paid on long-term debt   (899,239)     Principal payments on long-term debt   (2,905,000)     Net cash used in capital and related financing activities   (11,569,796)     Cash Flows from Investing Activities:     Interest income   38,780     Change in cash collateral - derivative   (45,571)     Change in restricted cash   (1,895,125)     Net cash used in investing activities   (1,901,916)     Net increase in cash and cash equivalents   3,476,822     Cash and cash equivalents, beginning of year   20,588,132     Cash and cash equivalents, end of year   \$24,064,954     Reconciliation of change in net position to net cash provided by operating activities:     Operating income   \$9,320,784     Adjustments to reconcile operating income to net cash provided by operating activities:     Depreciation and amortization   6,997,347     Provision for losses on accounts receivable   (26,112)     Change in operating assets and liabilities:     Accounts receivable   (861,658)     Inventories   162,732     Charges for future benefits   1,137,477     Accumulated post employment benefit obligation   283,608     Consumer deposits   56,802     Economic development   6,885		
Interest paid on long-term debt Principal payments on long-term debt Net cash used in capital and related financing activities  Cash Flows from Investing Activities: Interest income Change in cash collateral - derivative Change in restricted cash Net cash used in investing activities  Net cash used in investing activities  Cash and cash equivalents, beginning of year  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities: Operating income Adjustments to reconcile operating income to net cash provided by operating activities: Depreciation and amortization Provision for losses on accounts receivable Change in operating assets and liabilities: Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounting development  Consumer deposits  56,802 Economic development		
Principal payments on long-term debt         (2,905,000)           Net cash used in capital and related financing activities         (11,569,796)           Cash Flows from Investing Activities:         38,780           Interest income         38,780           Change in cash collateral - derivative         (45,571)           Change in restricted cash         (1,895,125)           Net cash used in investing activities         (1,901,916)           Net increase in cash and cash equivalents         3,476,822           Cash and cash equivalents, beginning of year         20,588,132           Reconciliation of change in net position to net cash provided by operating activities:         \$ 24,064,954           Operating income         \$ 9,320,784           Adjustments to reconcile operating income to net cash provided by operating activities:         \$ 9,320,784           Depreciation and amortization         6,997,347           Provision for losses on accounts receivable         (26,112)           Change in operating assets and liabilities:         (26,112)           Accounts receivable         (861,658)           Inventories         162,732           Charges for future benefits         47,465           Other current and accrued assets         216,822           Accounts payable and accrued liabilities         1,137,477		
Net cash used in capital and related financing activities    Cash Flows from Investing Activities:		
Cash Flows from Investing Activities:  Interest income Change in cash collateral - derivative (A5,571) Change in restricted cash Net cash used in investing activities (I,895,125) Net cash used in investing activities (I,901,916)  Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities: Operating income Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization Provision for losses on accounts receivable Change in operating assets and liabilities:  Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities  Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  56,802 Economic development  6,885		
Interest income Change in cash collateral - derivative Change in restricted cash Net cash used in investing activities  Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities:  Operating income Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization Provided by operating activities:  Depreciation and amortization Provision for losses on accounts receivable Change in operating assets and liabilities:  Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities Signal Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Signal Sign	Net cash used in capital and related financing activities	<u>(11,569,796</u> )
Interest income Change in cash collateral - derivative Change in restricted cash Net cash used in investing activities  Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities:  Operating income Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization Provided by operating activities:  Depreciation and amortization Provision for losses on accounts receivable Change in operating assets and liabilities:  Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities Signal Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Signal Sign	Cash Flows from Investing Activities:	
Change in restricted cash Net cash used in investing activities  Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities:  Operating income  Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization Provision for losses on accounts receivable  Change in operating assets and liabilities:  Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities  Accounts development  Accumulated post employment benefit obligation Consumer deposits  56,802 Economic development		38,780
Change in restricted cash Net cash used in investing activities  Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities:  Operating income  Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization Provision for losses on accounts receivable  Change in operating assets and liabilities:  Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities  Accounts development  Accumulated post employment benefit obligation Consumer deposits  56,802 Economic development	Change in cash collateral - derivative	
Net increase in cash and cash equivalents  Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities:  Operating income  Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization  Provision for losses on accounts receivable  Change in operating assets and liabilities:  Accounts receivable  Inventories  Charges for future benefits  Other current and accrued assets  Accounts payable and accrued liabilities  Consumer deposits  Consumer deposits  Economic development		
Cash and cash equivalents, beginning of year  Cash and cash equivalents, end of year  Reconciliation of change in net position to net cash provided by operating activities:  Operating income  Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization  Provision for losses on accounts receivable  Change in operating assets and liabilities:  Accounts receivable  Inventories  Charges for future benefits  Other current and accrued assets  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts deposits  Consumer deposits  Consumer deposits  Economic development	Net cash used in investing activities	
Cash and cash equivalents, end of year\$ 24,064,954Reconciliation of change in net position to net cash provided by operating activities:\$ 9,320,784Operating income\$ 9,320,784Adjustments to reconcile operating income to net cash provided by operating activities:\$ 9,320,784Depreciation and amortization6,997,347Provision for losses on accounts receivable(26,112)Change in operating assets and liabilities:(861,658)Accounts receivable(861,658)Inventories162,732Charges for future benefits47,465Other current and accrued assets216,822Accounts payable and accrued liabilities1,137,477Accumulated post employment benefit obligation283,608Consumer deposits56,802Economic development6,885	Net increase in cash and cash equivalents	3,476,822
Reconciliation of change in net position to net cash provided by operating activities:  Operating income \$9,320,784  Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization 6,997,347  Provision for losses on accounts receivable (26,112)  Change in operating assets and liabilities:  Accounts receivable (861,658)  Inventories (861,658)  Charges for future benefits 47,465  Other current and accrued assets 216,822  Accounts payable and accrued liabilities 1,137,477  Accumulated post employment benefit obligation 283,608  Consumer deposits 56,802  Economic development 6,885	Cash and cash equivalents, beginning of year	20,588,132
by operating activities: Operating income \$9,320,784  Adjustments to reconcile operating income to net cash provided by operating activities: Depreciation and amortization 6,997,347 Provision for losses on accounts receivable (26,112)  Change in operating assets and liabilities: Accounts receivable (861,658) Inventories (861,658) Inventories 162,732 Charges for future benefits 47,465 Other current and accrued assets 216,822 Accounts payable and accrued liabilities 1,137,477 Accumulated post employment benefit obligation 283,608 Consumer deposits 56,802 Economic development 6,885	Cash and cash equivalents, end of year	<u>\$ 24,064,954</u>
Operating income  Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization  Provision for losses on accounts receivable  Change in operating assets and liabilities:  Accounts receivable  Inventories  Charges for future benefits  Other current and accrued assets  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Accounts payable and accrued liabilities  Consumer deposits  Consumer deposits  Economic development  \$ 9,320,784  \$ 9,320,784  \$ 6,997,347  (26,112)  (861,658)  I (861,658)  I (162,732)  I (162		
Adjustments to reconcile operating income to net cash provided by operating activities:  Depreciation and amortization 6,997,347 Provision for losses on accounts receivable (26,112)  Change in operating assets and liabilities:  Accounts receivable (861,658)  Inventories (861,658)  Charges for future benefits 47,465  Other current and accrued assets 216,822  Accounts payable and accrued liabilities 1,137,477  Accumulated post employment benefit obligation 283,608  Consumer deposits 56,802  Economic development 6,885		¢ 0.220.784
provided by operating activities:  Depreciation and amortization 6,997,347  Provision for losses on accounts receivable (26,112)  Change in operating assets and liabilities:  Accounts receivable (861,658)  Inventories 162,732  Charges for future benefits 47,465  Other current and accrued assets 216,822  Accounts payable and accrued liabilities 1,137,477  Accumulated post employment benefit obligation 283,608  Consumer deposits 56,802  Economic development 6,885		\$ 9,320,764
Depreciation and amortization Provision for losses on accounts receivable Change in operating assets and liabilities: Accounts receivable Inventories Charges for future benefits Other current and accrued assets Accounts payable and accrued liabilities Accounts payable and accrued liabilities Accounts payable and accrued liabilities Consumer deposits Consumer deposits Economic development  6,997,347 (26,112) (861,658) 162,732 164,855		
Provision for losses on accounts receivable  Change in operating assets and liabilities:  Accounts receivable  Inventories  Charges for future benefits  Other current and accrued assets  Accounts payable and accrued liabilities  1,137,477  Accumulated post employment benefit obligation  Consumer deposits  Economic development  (26,112)  (861,658)  (861,658)  162,732  47,465  216,822  1,137,477  283,608  Consumer deposits  56,802  Economic development		6 007 347
Change in operating assets and liabilities:Accounts receivable(861,658)Inventories162,732Charges for future benefits47,465Other current and accrued assets216,822Accounts payable and accrued liabilities1,137,477Accumulated post employment benefit obligation283,608Consumer deposits56,802Economic development6,885	Provision for losses on accounts receivable	
Accounts receivable       (861,658)         Inventories       162,732         Charges for future benefits       47,465         Other current and accrued assets       216,822         Accounts payable and accrued liabilities       1,137,477         Accumulated post employment benefit obligation       283,608         Consumer deposits       56,802         Economic development       6,885		(20,112)
Inventories 162,732 Charges for future benefits 47,465 Other current and accrued assets 216,822 Accounts payable and accrued liabilities 1,137,477 Accumulated post employment benefit obligation 283,608 Consumer deposits 56,802 Economic development 6,885		(861.658)
Charges for future benefits47,465Other current and accrued assets216,822Accounts payable and accrued liabilities1,137,477Accumulated post employment benefit obligation283,608Consumer deposits56,802Economic development6,885		
Other current and accrued assets 216,822 Accounts payable and accrued liabilities 1,137,477 Accumulated post employment benefit obligation 283,608 Consumer deposits 56,802 Economic development 6,885		
Accounts payable and accrued liabilities1,137,477Accumulated post employment benefit obligation283,608Consumer deposits56,802Economic development6,885		
Accumulated post employment benefit obligation 283,608  Consumer deposits 56,802  Economic development 6,885		
Consumer deposits 56,802 Economic development 6,885		
Economic development6,885		
The table provided by operating activities \$\pi 17,5\frac{152}{2.152}\$	Net cash provided by operating activities	\$ 17,342,152

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

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

#### **DECEMBER 31, 2013**

<b>A</b>	Agency <u>Funds</u>	Recreation Department <u>Trust Funds</u>	<u>Total</u>
Assets	Ф 1 440 04 <b>7</b>	Φ 06.60π	Ф 1 <i>455 (54</i>
Cash and cash equivalents	\$ 1,449,047	\$ 26,627	\$ 1,475,674
Amount held in escrow by agent	<u>15,000</u>		15,000
Total assets	<u>1,464,047</u>	26,627	<u>1,490,674</u>
Liabilities			
Other liabilities	670	-	670
Amounts held in custody for others	1,463,377	-	1,463,377
Total liabilities	1,464,047		1,464,047
Net Position			
Net position held in trust	-	26,627	26,627
Total net position	\$ -	\$ 26,627	\$ 26,627

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

#### YEAR ENDED DECEMBER 31, 2013

	Recreation Department <u>Trust Funds</u>
Additions Special event revenue and entry fees Interest income Total additions	\$ 24,344 47 24,391
Deductions Culture and recreation Total deductions	\$ 33,941 33,941
Change in net position	(9,550)
Net position: Beginning of Year	36,177
End of Year	\$ 26,627

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

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

#### **Board of Public Utilities**

The Board of Public Utilities was established under Section 122 of the Jamestown City Code to supply the Jamestown area, as well as other municipalities, with electricity, water, sewer, sanitation and district heating services. Under Section 127 of the Jamestown City Code, it is the City Council's responsibility to provide for any deficiency in sinking fund requirements for all bonds outstanding. Under Section 129 of the Jamestown City Code, the City Council is responsible for financial matters. Thus, the Board of Public Utilities is included in the reporting entity as a business-type activity.

#### **Department of Development**

The Department of Development was established under Section 163(a) of the Jamestown City Code to coordinate and carry out the directives and policies of planning, urban renewal, housing, improvement of the central business district and industrial development within the geographic boundaries of the City. The majority of the Board is comprised of City Council members, the Mayor and the Director of Finance. Financial activity for the Department of Development is included in the Special Revenue Fund in the accompanying basic financial statements.

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

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement and post-employment health care benefits, are recorded only when payment is due.

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

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

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

The City reports the following major governmental funds:

- The *general fund* is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in other funds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and improvements to facilities, and procurement of equipment.
- The *special revenue fund* accounts for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditure for specified purposes.
- The *debt service fund* accounts for the proceeds of the 2013 Public Improvement Bonds issued, capital lease payments for parking ramps, debt issuance costs, and original issue discount.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund type:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Board of Public Utilities are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

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

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

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

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

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

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

#### D. Assets, Liabilities and Net Position

#### Cash and Investments

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

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

#### Due to and Due from Other Funds

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

#### **Real Property Taxes**

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

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

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

#### **Inventories and Prepaid Items**

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

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

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

#### **Capital Assets**

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

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

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

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

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

#### **Compensated Absences**

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

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

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

#### Compensated Absences (Cont'd)

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

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

#### **Long-term Obligations**

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

#### E. Other Items

#### **Post-employment Benefits**

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

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

#### Statement of Cash Flows (Business-type Activities)

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

#### Insurance

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

In addition, the City acts as a self-insurer for health and dental insurance. The City maintained stop/loss insurance for claims which exceed the individual specific deductible of \$150,000. It is the City's policy to estimate the cost of claims outstanding at year end and record this amount as a liability.

#### Date of Management's Review

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 31, 2014, which is the date the financial statements were available to be issued.

#### F. Budgets and Budgetary Accounting

#### **Budget Policies**

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

#### **Budgetary Control**

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

#### **Budget Basis of Accounting**

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

#### NOTE 2 - CASH AND CASH EQUIVALENTS

#### **Deposits and Investments**

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

Carrying amounts of deposits (including restricted cash)	\$ 47,803,891
Less Fiduciary Funds cash and equivalents	(1,490,674)
Total cash and equivalents - Government-wide Statement of Net Position	\$ 46,313,217
Governmental activities	\$ 14,016,739
Business-type activities	32,296,478
	<u>\$ 46,313,217</u>

The City's financial institution (bank) balances at December 31, 2013 were fully FDIC insured and/or collateralized.

#### NOTE 3 - CONSTITUTIONAL TAX MARGIN AND LIMIT

#### **Constitutional Tax Margin**

The City's constitutional tax margin for the year ended December 31, 2013 was computed as follows:

Five-year Average Full Valuation of Taxable Real Estate (2008-2012)	<u>\$671,856,921</u>
Constitutional Tax limit 2% of Five-year Average Full Valuation of Taxable Real Estate	<u>\$ 13,437,126</u>
2013 Tax Levy less Statutory Exclusions  Total tax levy for 2013  Statutory Exclusions from Constitutional Tax Limit:  Debt service for General Obligation Bonds  Budgetary appropriations for capital expenditures  Revenue designated for debt service  Total statutory exclusions	\$ 14,437,827 (1,079,041) (818,500) 7,000 (1,890,541)
Tax levy subject to constitutional tax limit	<u>\$ 12,547,286</u>
Constitutional tax margin	\$ 889,840

#### Constitutional Tax Limit

For 2013, the City's tax levy (subject to the constitutional tax limit) totaled \$12,547,286 which was 93.38% of its constitutional tax limit of \$13,437,126.

#### NOTE 3 - CONSTITUTIONAL TAX MARGIN AND LIMIT (Cont'd)

#### **Property Tax Cap**

On June 24, 2011, the property tax cap was signed into law (see Chapter 97of the NYS Laws of 2011). The tax cap law establishes a limit on the annual growth of property taxes levied by local governments to two percent or the rate of inflation, whichever is less. There are limited, narrow exclusions to the tax cap, including significant judgements arising out of tort actions and unusually large year-to-year increases in pension contribution rates. The tax cap applied to fiscal years beginning in 2012. The City's property tax cap for 2013 was \$14,920,325.

#### **NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 follows:

#### **Governmental Activities**

GOVERNMENTAL ACCUSATES	Beginning of Year	<u>Increases</u>	Decreases	End <u>of Year</u>
Capital assets not being depreciated:				
Land	\$ 1,207,755	\$ -	\$ -	\$ 1,207,755
Construction in progress	<u>226,525</u>	<u>248,955</u>		<u>475,480</u>
Total capital assets not being depreciated	1,434,280	248,955		1,683,235
Capital assets being depreciated:				
Infrastructure	28,178,261	1,395,245	-	29,573,506
Buildings and structures	25,045,437	917,177	-	25,962,614
Equipment	14,681,807	811,026	(115,439)	15,377,394
Vehicles	2,316,553	271,332	(20,014)	<u>2,567,871</u>
Total capital assets being depreciated	70,222,058	3,394,780	(135,453)	73,481,385
Less accumulated depreciation:				
Infrastructure	9,911,167	954,705	-	10,865,872
Buildings and structures	11,129,381	586,322	-	11,715,703
Equipment	9,141,397	797,109	(28,303)	9,910,203
Vehicles	1,889,599	<u>171,885</u>	(10,007)	2,051,477
Total accumulated depreciation	32,071,544	2,510,021	(38,310)	34,543,255
Total capital assets being depreciated, net	38,150,514	884,759	(97,143)	38,938,130
Governmental activities capital assets, net	<u>\$39,584,794</u>	<u>\$ 1,133,714</u>	<u>\$ (97,143)</u>	<u>\$40,621,365</u>

#### **Depreciation Expense**

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

Depreciation expense for the year ended December 31, 2013 is summarized a follows:

#### Governmental activities:

General support	\$ 525,335
Public safety	261,861
Streets	650,618
Culture and recreation	56,723
Home and Community	1,015,484
Total depreciation expense	<u>\$ 2,510,021</u>

#### NOTE 4 - CAPITAL ASSETS (Cont'd)

#### **Business-type activities**

Dasmess type activities	Beginning	T	D	End
	of Year	<u>Increases</u>	<u>Decreases</u>	of Year
Capital assets not being depreciated:	<b>A.</b> 1.000.007			
Land	\$ 1,839,296	\$ 11,535	\$ -	\$ 1,850,831
Construction in progress	<u>587,924</u>	<u>3,314,443</u>	(169,950)	3,732,417
Total capital assets not being depreciated	<u>2,427,220</u>	3,325,978	(169,950)	5,583,248
Capital assets being depreciated:				
Electric Division	147,443,557	2,248,649	(884,332)	148,807,874
Waste Water Division	40,580,063	915,364	-	41,495,427
Water Division	35,594,511	1,078,748	(86,536)	36,586,723
Solid Waste Division	2,002,061	537,049	(86,614)	2,452,496
District Heat Division	11,140,059	228,603		11,368,662
Total capital assets being depreciated	236,760,251	5,008,413	(1,057,482)	240,711,182
Less accumulated depreciation:				
Electric Division	72,698,662	5,276,489	(1,027,134)	76,948,017
Waste Water Division	26,763,112	704,624	-	27,467,736
Water Division	15,124,425	582,278	(86,536)	15,620,167
Solid Waste Division	1,056,707	131,506	(86,338)	1,101,875
District Heat Division	6,259,310	489,336	-	6,748,646
Total accumulated depreciation	121,902,216	7,184,233	(1,200,008)	127,886,441
Total capital assets being depreciated, net	114,858,035	(2,175,820)	142,526	112,824,741
Business-type activities capital assets, net	<u>\$117,285,255</u>	<u>\$ 1,150,158</u>	<u>\$ (27,424)</u>	<u>\$118,407,989</u>

#### **Depreciation and Amortization Expense**

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

Depreciation and amortization expense for the year ended December 31, 2013 was comprised of the following:

	Depreciation	Proceeds From Sale		all	epreciation exper located to variou	S
	<u>Expense</u>	<u>01</u>	<u>Property</u>	<u>ex</u>	pense accounts	<u>Total</u>
Business-type activities:						
Electric Division	\$ 4,999,195	\$	90,408	\$	186,886	\$ 5,276,489
Waste Water Division	704,624		_		-	704,624
Water Division	582,278		-		-	582,278
Solid Waste Division	131,506		-		-	131,506
District Heat Division	489,336					489,336
Total depreciation expense	<u>\$ 6,906,939</u>	\$	90,408	\$	186,886	\$ 7,184,233

#### NOTE 5 - LONG-TERM DEBT

#### Constitutional Debt Limit

As of December 31, 2013, the City's constitutional debt limit is computed as follows:

Five-year Average Full Valuation of Taxable Real Estate (2009-2013)	<u>\$670,384,680</u>
Constitutional debt limit - 7% of Five-year Average Full Valuation of Taxable Real Estate	\$ 46,926,928
Indebtedness subject to constitutional debt limit: Governmental activities Business-type activities	15,660,000 600,000 16,260,000
Net Debt Contracting Margin	\$ 30,666,928
Percentage of Debt Contracting Power Exhausted	<u>34.65</u> %

#### Summary of Changes in Long-Term Liabilities

A summary of changes in long- term liabilities for the year ended December 31, 2013 follows:

	Beginning of Year	<u>Additions</u>	Retired	End <u>of Year</u>	Due Within One Year
Governmental Activities:					
General obligation bonds	<u>\$ 9,150,000</u>	<u>\$ 6,230,000</u>	<u>\$ (720,000)</u>	<u>\$14,660,000</u>	<u>\$ 1,105,000</u>
Bond anticipation note		1,000,000		1,000,000	1,000,000
Notes and capital lease obligations:					
Board of Public Utilities:					
Note payable-Electric Division	715,716	-	(73,320)	642,396	70,444
Note payable-District Heat Division	69,620	-	(5,439)	64,181	5,065
Note payable-Electric Division	5,298	-	(2,623)	2,675	2,675
Note payable - NYPA (Via BPU)	1,160,424	-	(254,006)	906,418	256,200
Equipment note payable	319,763	-	(124,336)	195,427	129,065
Equipment note payable	71,071	_	(71,071)	-	-
NYS Police/Fire Retirement System	148,854	-	(72,614)	76,240	76,240
NYS Police/Fire Retirement System	141,484	-	(44,880)	96,604	47,124
Capital lease obligation-Parking ramps	6,475,000	-	(225,000)	6,250,000	235,000
	9,107,230	-	(873,289)	8,233,941	821,813
			,		
Compensated absences	1,968,575	145,397	_	2,113,972	211,397
•					
Total Governmental activities	<u>\$20,225,805</u>	<u>\$ 7,375,397</u>	<u>\$ (1,593,289)</u>	<u>\$26,007,913</u>	<u>\$ 3,138,210</u>
Business-type Activities:					
General obligation bonds and notes	\$23,240,000	\$ -	\$ (2,905,000)	\$20,335,000	\$ 2,925,000
Total Business-type activities	\$23,240,000	<u>\$</u>	<u>\$ (2,905,000)</u>	\$20,335,000	<u>\$ 2,925,000</u>

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

#### **Governmental Activities - Additional Debt Disclosures:**

#### **General Obligation Bonds**

	Final	Interest	Beginning			End
<u>Description</u>	<b>Maturity</b>	Rate	of Year	<b>Additions</b>	Retired	of Year
1991 Public Improvement	2015	7.0%	\$ 45,000	\$ -	\$ (15,000)	\$ 30,000
2006A Bond Refunding	2019	3.5%-4.50%	515,000	-	(135,000)	380,000
2006C Bond Refunding	2020	3.5%-4.00%	430,000	-	(105,000)	325,000
2010A Public Improvement	2025	4.0%-4.25%	4,285,000	-	(255,000)	4,030,000
2011A Public Improvement	2026	3.5%-4.25%	3,875,000	-	(210,000)	3,665,000
2013 Public Improvement	2030	2.0%-4.00%	***	6,230,000	-	6,230,000
•			\$ 9,150,000	\$ 6,230,000	\$ (720,000)	\$14,660,000

#### **Bond Anticipation Note**

The City issued a \$1,000,000 bond anticipation note on January 24, 2013. The interest rate on the bond anticipation note is .89%. The bond anticipation note is payable January 24, 2014.

#### Notes Payable and Capital Lease Obligation

As of December 31, 2013, notes payable and obligations under capital lease obligation were comprised of the following:

Description  Note and the City of Lawrence NV Board of Bubble 14:14:15 Blockin Birding	<u>A</u>	mount
Note payable to City of Jamestown, NY Board of Public Utilities-Electric Division, payable \$7,902 per month including interest at 4.0% through December 2021.	\$	642,396
Note payable to City of Jamestown, NY Board of Public Utilities-District Heat Division, payable \$630 per month including interest at 4.0% through June 2024.		64,181
Note payable to City of Jamestown, NY Board of Public Utilities-Electric Division, payable \$230 per month including interest at 4.0% through December 2014.		2,675
Note payable to New York Power Authority (NYPA), issued via the Board of Public Utilities, payable \$21,926 per month including interest through June 2017, at a variable rate. At December 21, 2013 the variable rate was .86%.		906,418
Equipment note payable, payable \$33,648 per quarter including interest at 3.75% through May 2015.		195,427
Note payable to New York State Police and Fire Retirement System, payable \$80,056 per year including interest at 5.0% through December 2013.		76,240
Note payable to New York State Police and Fire Retirement System, payable \$51,954 per year including interest at 5.0% through December 2014.		96,604
Capital lease obligation for parking ramps, payable through February 2015. Secured by parking ramps. During the year ended December 31, 2013, the City issued Public Improvement Bonds totaling \$6,230,000. The proceeds from the Public Improvement		
Bonds will be utilized to payoff the capital lease obligation through February 2015.		5,250,000
	\$ 8	<u>3,233,941</u>

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

#### Compensated absences

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

#### Governmental-activities Debt Service Requirements

The annual debt service requirements to maturity for general obligation bonds, bond anticipation note, notes payable, and capital lease obligations as of December 31, 2013 are as follows:

	General Obligation Bonds		BAN/Notes/Ca	BAN/Notes/Capital Lease		al
<u>Year</u>	<b>Principal</b>	<u>Interest</u>	<b>Principal</b>	<u>Interest</u>	<b>Principal</b>	<u>Interest</u>
2014	\$ 1,105,000	\$ 452,687	\$ 1,821,813	\$ 418,649	\$ 2,926,813	\$ 871,336
2015	990,000	470,390	6,467,838	207,904	7,457,838	678,294
2016	925,000	438,937	342,430	22,155	1,267,430	461,092
2017	955,000	408,412	216,282	17,637	1,171,282	426,049
2018	980,000	376,912	88,587	13,977	1,068,587	390,889
2019-2023	5,120,000	1,358,514	296,991	20,621	5,416,991	1,379,135
2024-2028	3,935,000	430,076	-	-	3,935,000	430,076
2029-2030	650,000	20,200	_	-	650,000	20,200
Totals	\$14,660,000	\$ 3,956,128	\$ 9,233,941	\$ 700,943	<u>\$23,893,941</u>	\$ 4,657,071

#### Bond Issuance Costs and Accumulated Amortization

#### **Governmental Activities**

Bond issuance costs are being amortized over the life of the bonds and are summarized as follows:

2006 Refunding Serial Bonds	\$ 124,450
2013 Public Improvement Bonds	 196,091
Total bond issuance costs	320,541
Accumulated amortization	 (70,238)
Bond issuance costs, net	\$ 250,303

Amortization expense for the year ended December 31, 2013 totaled \$10,661 and is included in debt service costs.

### <u>Business-type Activities - Additional Debt Disclosures:</u> *Bonds Payable*

Bonus Fuyuvie		<b>-</b>	20			
	Final	Interest	Beginning			End
<u>Description</u>	<u>Maturity</u>	Rate	of Year	<b>Additions</b>	<u>Retired</u>	<u>of Year</u>
Electric:						•
Improvement Bond	2016	7.00%	\$ 1,880,000	\$ -	\$ (635,000)	\$ 1,245,000
2006 Bond Refunding	2019	4.00-5.00%	14,590,000	-	(1,850,000)	12,740,000
Improvement Bond	2025	4.13-5.00%	3,250,000	-	(250,000)	3,000,000
District Heating:						
2010A General Obligation Box	nd 2030	4.00-4.50%	2,860,000	-	(110,000)	2,750,000
Improvement Bond	2026	4.00-5.00%	635,000	-	(35,000)	600,000
Waste Water:						
Improvement Bond	2013	7.00%	25,000	<del>_</del>	(25,000)	
			\$23,240,000	<u>\$</u>	<u>\$ (2,905,000)</u>	\$20,335,000

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

#### **Business-type Activities Debt Service Requirements**

The annual debt service requirements to maturity for business-type activities general obligation bonds and notes as of December 31, 2013 are as follows:

<u>Year</u>	<b>Principal</b>	Interest	Total
2014	\$ 2,925,000	\$ 868,335	\$ 3,793,335
2015	2,820,000	729,246	3,549,246
2016	2,715,000	612,620	3,327,620
2017	2,575,000	502,488	3,077,488
2018	2,675,000	388,432	3,063,432
2019-2023	4,585,000	834,442	5,419,442
2024-2028	1,610,000	248,519	1,858,519
2029-2030	430,000	19,444	449,444
Totals	<u>\$20,335,000</u>	<u>\$ 4,203,526</u>	<u>\$24,538,526</u>

#### NOTE 6 - PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

#### 1. PENSION PLANS

#### **General Information**

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

#### **Plan Descriptions**

#### Employees Retirement System (ERS)

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

#### Local Police and Fire Retirement System (PFRS)

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

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

#### 1. PENSION PLANS (Cont'd)

#### **Funding Policies**

The Systems are non-contributory except for the following:

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

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

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

	Governmental Activities		<b>Business-type Activities</b>
	<b>NYS</b> and Local	NYS and Local	NYS and Local
<u>Year</u>	<b>Employees</b>	Police and Fire	<b>Employees</b>
2013	\$1,268,662	\$2,366,903	\$1,684,749
2012	\$1,001,308	\$1,951,100	\$1,549,820
2011	\$ 960,979	\$1,822,960	\$1,219,062

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

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

#### 2. OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

#### Plan Description

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

#### **Funding Policy**

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

#### **Accounting Policy**

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

#### **Annual OPEB Cost and Net OPEB Obligation**

The annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers providing plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and the City's net OPEB obligation at December 31, 2013.

#### **Annual OPEB Cost and Net OPEB Obligation**

	Governmental	Business type	
	<b>Activities</b>	<b>Activities</b>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 5,841,624	\$ 566,544	\$ 6,408,168
Interest on net OPEB Obligation	509,127	426,382	935,509
Adjustment to annual required contribution	(527,245)	(386,469)	(913,714)
Annual OPEB Cost	5,823,506	606,457	6,429,963
Less expected Contributions	(3,030,983)	(322,849)	(3,353,832)
Increase in Net OPEB Obligation	2,792,523	283,608	3,076,131
Net OPEB obligation, January 1, 2013	12,728,171	9,475,174	22,203,345
Net OPEB obligation, December 31, 2013	<u>\$ 15,520,694</u>	<u>\$ 9,758,782</u>	<u>\$ 25,279,476</u>

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

#### 2. OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Cont'd)

#### **Funded Status and Funding Progress**

	As of 12/31/13 Governmental	As of 12/31/12 Business type	
	<b>Activities</b>	Activities	Total
Actuarial Accrued Liability (AAL)	\$ 98,217,420	\$ 8,973,435	\$107,190,855
Actuarial Value of Plan Assets	0	0	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 98,217,420	\$ 8,973,435	\$107,190,855
Covered Payroll	\$ 14,939,343	\$ 7,834,877	\$ 22,774,220
Ratio of the unfunded actuarial accrued			
liability to covered payroll	<u>657.44</u> %	<u>114.53</u> %	<u>470.67</u> %

Ac of 12/21/12

Ac of 12/21/12

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

The actuarial valuation method utilized is called the Entry Age Normal Method, over a level percent of pay. The actuarial assumptions include a 4.0% investment rate of return (net of administrative expenses), which is the expected short-term investment rate of the City's own assets since currently, the plan has no assets at the valuation date to establish an investment rate, and an annual healthcare cost trend of 9% initially, reduced by decrements to an ultimate rate of 5% after ten years. Both rates include a 2.5% inflation assumption. Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payrolls on an open basis.

#### 3. DEFERRED COMPENSATION PLAN

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

#### NOTE 7 - INTERFUND ACTIVITY OF GOVERNMENTAL FUNDS

The governmental funds include interfund balances and activity as of and for the year ended December 31, 2013 as follows:

	<u>Due From</u>	Due To	Transfer-In	<b>Transfer-Out</b>
General Fund	\$ -	\$ 744,645	\$ 7,000	\$ -
Capital Projects Fund	240,575	-	-	7,000
Special Revenue Fund	504,070		_	<u> </u>
•	\$ 744,645	\$ 744,645	\$ 7,000	\$ 7,000

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

#### NOTE 8 - FEDERAL AND STATE GRANTS

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

#### NOTE 9 - GENERAL FUND BUDGET AMENDMENTS

Original budget	\$33,218,135
Amendments:	
General government support	176,128
Public safety	2,955
Streets	209,629
Culture and recreation	25,716
Capital outlays	217,400
Employee benefits	(264,650)
Debt service - interest	(117,824)
Total amendments	249,354
Revised budget	\$33,467,489

#### **NOTE 10 - LITIGATION**

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

#### NOTE 11 - BUSINESS-TYPE ACTIVITIES OTHER DISCLOSURES (Board of Public Utilities)

#### 1. Summary of Accounting Policies

#### **Business**

The Board of Public Utilities was established under Section 122 of the Jamestown City Code. The Board of Public Utilities operates five divisions which include Electric, Water, Solid Waste, Waste Water, and District Heating.

#### **Basis of Presentation**

In its accounting and financial reporting, the Divisions follow the pronouncements of the Governmental Accounting Standards Board (GASB), as well as applying the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

#### **Capital Assets and Depreciation**

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

#### Cash and Cash Equivalents

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

#### **Post Employment Benefits**

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

#### Fair Value of Financial Instruments

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

#### **Health Insurance**

The Divisions fund its health costs through self-insured health premiums. The Divisions employ an administrator to manage the self-insurance plan. Monthly premiums, based on prior experience, are deposited in a separate bank account from which the administrator pays out funds for health claims, prescriptions, administration fees, and stop loss insurance premiums. Stop loss coverage is \$110,000 per occurrence.

#### NOTE 11 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

#### 1. Summary of Accounting Policies (Cont'd)

#### **Accounts Receivable**

Accounts receivable are carried at their net realizable value. The Divisions policy is to accrue a penalty on past due customer receivables. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. The allowance for uncollectible accounts totaled \$146,883 as of December 31, 2013.

#### **Utilization of Estimates**

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

#### **Net Position**

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

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

<u>Unrestricted</u> - Unrestricted net position represent resources derived from services and other operating revenue.

#### Classification of Revenues

The Divisions have classified its revenues as either operating or non-operating in accordance with the following:

<u>Operating revenues</u> - Operating revenues include activities that have the characteristics of exchange transactions for providing services to customers.

Non-operating revenues - Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts and other revenues as defined by GASB No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, such as income from investments..

#### **Date of Management's Review**

Management of the Board of Public Utilities has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 9, 2014, which is the date the financial statements of the Board of Public Utilities were available to be issued.

#### NOTE 11 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

#### 2. Restricted Cash and Cash Equivalents

As of December 31, 2013 restricted cash and cash equivalents was comprised of the following:

Electric Division:

Plant dismantling \$7,575,390 Economic development 499,614

District Heat Division:

Installation of natural gas boiler plant  $\frac{156,520}{\$8,231,524}$ 

#### 3. Charges for Future Benefits

As of December 31, 2013, charges for future benefits were comprised of the following:

Compensated absences

\$1,001,796

#### 4. Municipal Electric System Disclosures

#### **Major Customer**

The Municipal Electric System sells excess energy into the New York State Independent System Operator, commonly referred to as off system sales. Revenues to the Electric System from this regional transmission organization amounted to approximately 28.8% and 20.5% of Electric System revenue for the years ended December 31, 2013 and 2012, respectively.

#### **Contingencies**

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

#### Other non-current liability - Economic Development

At December 31, 2013, non-current liabilities include \$499,614 for economic development. The economic development liability was originally established with \$600,000. The purpose of this fund is to provide funding to improve infrastructure and build line extensions for new loads. Because the funds collected were a result of over billings to customers in prior years, the Municipal Electric Division is accruing interest on the amounts not refunded at 3.25% per annum.

Included in the rate structure placed in service as of November 1, 2005, was an allowance to fund post-retirement benefits earned. Subsequent to enactment of the rate, the regulator determined that this allowance was excessive. As a result, the amount collected for these benefits in excess of the amounts actually expended for the benefits has been deferred until such time as the regulator determines their disposition. Interest has been added to these funds at the average investment return earned by the Board of Public Utilities during the year.

#### NOTE 11 - BUSINESS-TYPE ACTIVITIES DISCLOSURES (Board of Public Utilities) (Cont'd)

#### 5. Municipal Electric System Disclosures (Cont'd)

#### Net Position Restricted for Plant Dismantling

As of December 31, 2013 net position restricted for plant dismantling totaled \$7,575,390. Net position restricted for plant dismantling was established pursuant to the Board of Public Utilities 2004 rate plan to set aside up to \$12,500,000 to fund the anticipated future costs associated with dismantling the existing coal plant. Pursuant to that rate plan, off-system sales profits of \$1,225,000 were reflected in the Electric Divisions's rates. Any amounts exceeding that level are to be restricted for plant dismantling costs. The restricted net position must be placed in a separate bank account. The Board of Public Utilities may withdraw such funds for legitimate plant dismantling expenditures. Actual contributions to the plant dismantling fund are per the PSC approved profit matrix if profits are less than \$1,225,000.

#### **Net Position Restricted for Energy Conservation**

As of December 31, 2013 net position restricted for energy conservation totaled (\$89,821). The program provides the Board of Public Utilities community with information needed to understand why they should change their energy usage habits and educate them on becoming more energy responsible.

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

#### YEAR ENDED DECEMBER 31, 2013

IEAR	TEAR ENDED DECEMBER 31, 2013			
	Dudgatad	A		Variance Favorable
	Budgeted A		Actual	(Unfavorable)
<b>D</b>	<u>Original</u>	<u>Final</u>	Actual	(Uniavorable)
Revenues:	Φ1 <i>4 427 927</i>	\$14,437,827	\$14,437,991	\$ 164
Real property taxes	\$14,437,827	266,000	276,432	10,432
Real property tax items	266,000	•	•	(10,362)
Non-property tax items	6,303,000	6,303,000	6,292,638	
Departmental income	827,000	827,000	778,585	(48,415)
Intergovernmental charges	185,000	185,000	184,594	(406)
Use of money and property	25,000	25,000	12,279	(12,721)
Licenses and permits	212,200	212,200	199,394	(12,806)
Fines and forfeitures	125,000	125,000	118,566	(6,434)
Other unclassified revenue	25,000	53,311	45,075	(8,236)
Board of Public Utilities (PILOT)	3,600,000	3,600,000	3,676,910	76,910
Contribution-Board of Public Utilities	•	420,000	420,000	-
Refund of prior year expenditures	490,000	490,000	445,795	(44,205)
State aid	5,905,108	6,126,151	<u>6,136,476</u>	10,325
Total revenues	32,821,135	33,070,489	33,024,735	(45,754)
Expenditures:				
General government support	\$ 3,721,414	\$ 3,897,542	\$ 3,779,992	\$ 117,550
Public safety	10,066,525	10,069,480	9,944,409	125,071
Streets	3,430,196	3,639,825	3,523,769	116,056
Culture and recreation	1,964,516	1,990,232	1,954,555	35,677
Home and community services	816,500	816,500	804,356	12,144
Capital outlays	750,000	967,400	967,400	-
Employee benefits	10,208,000	9,943,350	9,979,774	(36,424)
Debt service-principal	1,475,795	1,475,795	1,475,795	-
Debt service-interest	785,189	667,365	667,245	120
Total expenditures	33,218,135	33,467,489	33,097,295	370,194
1 otal onpolition				
Excess (deficiency) of revenues				
over expenditures	(397,000)	(397,000)	(72,560)	324,440
over expenditures	(52,1305)	( ) ( ) ( ) ( ) ( )		
Other Sources:				•
Transfers in from other funds	7,000	7,000	7,000	-
Total other sources	7,000	7,000	7,000	
Total other sources	7,000	7,000	7,000	
Excess (deficiency) of revenues and				
other sources over expenditures	(390,000)	(390,000)	(65,560)	324,440
other sources over expenditures	(370,000)	(370,000)	(03,300)	<i>52</i> 1, 1 10
Eund halange haginning of year	2 820 312	2,820,312	2,820,312	_
Fund balance, beginning of year	2,820,312			
End balance and of week	¢ 2/20212	¢ 2/20212	¢ 2751752	\$ 324,440
Fund balance, end of year	<u>\$ 2,430,312</u>	<u>\$ 2,430,312</u>	<u>\$ 2,754,752</u>	<u>Ψ 324,440</u>

See Independent Auditor's Report.

#### CITY OF JAMESTOWN, NEW YORK

### SCHEDULE OF FUNDING PROGRESS FOR OPEB OBLIGATIONS FOR THE YEAR ENDED DECEMBER 31, 2013

#### **Schedule of Funding Progress**

The schedule of funding progress for OPEB obligations as of the actuarial valuation date follows:

<ol> <li>Actuarial Accrued Liability (AAL)</li> <li>Actuarial Value of Plan Assets</li> <li>Unfunded Actuarial Accrued Liability (UAAL)</li> </ol>	As of 12/31/13 Governmental Activities \$98,217,4200 \$98,217,420	As of 12/31/12 Business-type Activities \$ 8,973,435 0 \$ 8,973,435	Total \$107,190,855 0 \$107,190,855
4. Funded Ratio (3. Divided by 2.)	0%	0%	0%
5. Annual Covered Payroll	\$14,939,343	\$ 7,834,877	\$ 22,774,220
6. Ratio of the unfunded actuarial accrued liability to covered payroll	<u>657.44</u> %	<u>114.53</u> %	<u>470.67</u> %
Schedule of Employer Contributions			
December 31, 2013	\$ 3,030,983	\$ 322,849	
December 31, 2012	\$ 2,979,573	\$ 338,217	
December 31, 2011	\$ 2,635,527	\$ 295,339	
December 31, 2010	\$ 2,467,068	\$ 325,894	

#### **Schedule of Funding Progress**

#### **Governmental Activities**

		Actuarial				UAAL
	Actuarial	Accrued	Unfunded			as a % of
Fiscal Year	Value of	Liability	AAL	Funded	Covered	Covered
<b>Beginning</b>	<u>Assets</u>	(AAL)	(UAAL)	<u>Ratio</u>	<b>Payroll</b>	<b>Payroll</b>
01/01/10	\$0	\$83,283,836	\$83,283,836	0.00%	\$15,414,662	540.29%
01/01/11	\$0	\$83,976,376	\$83,976,376	0.00%	\$16,031,248	523.83%
01/01/12	\$0	\$96,294,473	\$96,294,473	0.00%	\$15,434,480	623.89%
01/01/13	\$0	\$98,217,420	\$98,217,240	0.00%	\$14,939,343	657.44%

#### **Business-type Activities**

Fiscal Year	Actuarial Value of	Actuarial Accrued Liability	Unfunded AAL	Funded	Covered	UAAL as a % of Covered
<b>Beginning</b>	<u>Assets</u>	(AAL)	(UAAL)	<u>Ratio</u>	<u>Payroll</u>	Payroll
01/01/10	\$0	\$ 5,465,137	\$ 5,465,137	0.00%	\$ 7,448,136	73.38%
01/01/11	\$0	Not calculated	Not calculated	0.00%	Not calculated	Not calculated
01/01/12	\$0	\$ 8,973,435	\$ 8,973,435	0.00%	\$ 7,834,877	114.53%
01/01/13	\$0	Not calculated	Not calculated	0.00%	Not calculated	Not calculated

For Business-type activities, the Actuarial Accrued Liability is calculated every other year pursuant to the provisions of GASB Statement No. 45.

See Independent Auditor's Report.

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

#### **DECEMBER 31, 2013**

	Spe	ecial	Department Of	Ris	sk	
	Re	<u>venue</u>	<b>Development</b>	Re	<u>tention</u>	<b>Totals</b>
Assets						
Cash and cash equivalents	\$	12,299	\$ 3,970,288	\$	95,549	\$ 4,078,136
Account receivable:						
Governments		35,800	110,835		-	146,635
Other		-	58		-	58
Loans receivable, net of allowance						
of \$799,307 for loan loss		-	993,602		-	993,602
Due from other funds		504,070	-		-	504,070
Real property held for sale		-	<u> 18,643</u>			18,643
Total assets		552,169	5,093,426		95,549	5,741,144
Liabilities						
Account payable and accrued expenses			49,025		-	49,025
Amounts held in project escrow		-	26,000		-	26,000
Deferred revenue:						
Restricted grants		552,169	36,836		-	589,005
Other		-	146,515		-	146,515
Total liabilities		552,169	<u>258,376</u>			810,545
Fund Balance						
Reserved for:						
Economic development		-	4,835,050		-	4,835,050
Risk retention					95,549	<u>95,549</u>
Total fund balance	<u>\$</u>		<u>\$ 4,835,050</u>	\$	95,549	<u>\$ 4,930,599</u>

# CITY OF JAMESTOWN, NEW YORK SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

#### YEAR ENDED DECEMBER 31, 2013

Revenues:	Special <u>Revenue</u>	Department Of <u>Development</u>	Risk <u>Retention</u>	<u>Totals</u>
Departmental income	\$ -	\$ 387,890	\$ -	\$ 387,890
Use of money and property	φ -	64,706	ъ - 144	
Local sources and other revenue	209,936		144	64,850
	209,930	1,242	-	211,178
Grants and contributions	-	535,298	-	535,298
Interfund revenues	1 207 000	368,000	-	368,000
State aid	1,387,802	760,824	-	2,148,626
Federal aid	172,252	1,339,960		1,512,212
Total revenues	1,769,990	3,457,920	144	5,228,054
Expenditures:				
General government support	-	953,007	-	953,007
Public safety	326,355	- -	-	326,355
Home and community	20,987	1,339,960	-	1,360,947
Capital outlays	222,648	248,955	-	471,603
Economic development	1,200,000	993,954	_	2,193,954
Total expenditures	1,769,990	3,535,876		5,305,866
Excess (deficiency) of revenues				
over expenditures	-	(77,956)	144	(77,812)
Fund balance, beginning of year		4,913,006	95,405	5,008,411
Fund balance, end of year	\$ -	\$ 4,835,050	<u>\$ 95,549</u>	\$ 4,930,599

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

#### YEAR ENDED DECEMBER 31, 2013

	Federal CFDA	Federal Disbursements/
Federal Grantor/Program Title	<u>Number</u>	<b>Expenditures</b>
U.S. Department of Housing and Urban Development Direct Programs: Community Development Block Grant Home Investment Partnership Program (HOME) Total U.S. Department of Housing and Urban Development	14.218 14.239	\$ 1,155,167
U.S. Department of Justice Direct Programs: Edward Byrne Justice Assistance Grant Total U.S. Department of Justice	16.738	\$ 16,681 \$ 16,681
Department of Homeland Security Direct Programs: Assistance to Firefighters Grant Total Department of Homeland Security	97.044	\$ 155,571 \$ 155,771
Total Federal Expenditures		<u>\$ 1,512,212</u>

See accompanying notes to schedule of expenditures of federal awards.

#### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jamestown, New York under the programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the City of Jamestown, New York, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jamestown, New York.

#### Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

#### YEAR ENDED DECEMBER 31, 2013

#### SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness identified?	Yes	<u>X</u> No
Significant deficiency identified not considered to be a material weakness?	Yes	_X_None Reported
Noncompliance material to financial statements noted?	Yes	<u>X</u> No
Federal Awards Internal Control over major programs:		
Material weakness identified?	Yes	<u>X</u> No
Significant deficiency identified not considered to be a material weakness?	Yes	X_None Reported
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes	_X_No
Identification of major program:		
<u>CFDA Number</u> 14.218	Name of Federal F. Community Develo	Program opment Block Grant
Dollar threshold used to distinguish between Type A and Type B programs?	<u>\$300,000</u>	
Auditee qualified as low-risk auditee?	_X_Yes	No
SECTION II - FINANCIAL STATEMENT FINDI	NGS	
None noted.		
SECTION III - FEDERAL AWARD FINDINGS A	ND QUESTIONED	COSTS
None noted		

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

#### YEAR ENDED DECEMBER 31, 2013

There were no audit findings noted for the year ended December 31, 2012.

# Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the City Council City of Jamestown, New York

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jamestown, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Jamestown, New York's basic financial statements and have issued my report thereon dated July 31, 2014.

#### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

JOHN S. TRUSSALO, CPA, P.C.

And Trusalo CPA P.C.

Jamestown, New York

July 31, 2014

### Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the City Council City of Jamestown, New York

#### Report on Compliance for Each Major Federal Program

I have audited the City of Jamestown, New York's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of City of Jamestown, New York's major federal programs for the year ended December 31, 2013. City of Jamestown, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

#### Opinion on each Major Federal Program

In my opinion, the City of Jamestown, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

#### Report on Internal Control Over Compliance

Management of City of Jamestown, New York, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City of Jamestown, New York's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Jamestown, New York'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 than is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 Page 2

#### Report on Internal Control Over Compliance (Cont'd)

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

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

JOHN S. TRUSSALO, CPA, P.C. Jamestown, New York

July 31, 2014