

**AUDITED  
BASIC FINANCIAL STATEMENTS**

**DISTRICT HEATING DIVISION  
BOARD OF PUBLIC UTILITIES  
CITY OF JAMESTOWN, NEW YORK**

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**DECEMBER 31, 2015**

**DISTRICT HEATING DIVISION**  
**BOARD OF PUBLIC UTILITIES**  
**CITY OF JAMESTOWN, NEW YORK**

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**SECTION A**  
**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

District Heating Division of the  
Board of Public Utilities of the  
City of Jamestown  
Jamestown, New York

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the District Heating Division of the Board of Public Utilities of the City of Jamestown, New York (the Division), one of the five divisions comprising a blended component unit of the City of Jamestown, New York, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Division'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 Division's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Division, as of December 31, 2015 and 2014, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
April 13, 2016

**Management's Discussion and Analysis  
District Heating Division Board of Public Utilities  
City of Jamestown, New York  
Year ended December 31, 2015**

The following is a narrative overview and analysis of the Division's financial performance for the year ended December 31, 2015. This section is only an introduction and should be read in conjunction with the Division's financial statements, which immediately follow this section.

**Financial Highlights**

Following are the financial highlights of the Division for year end December 31, 2015.

- The change in net position for 2015 was \$131,430 as compared to last year's net change of \$172,268.
- Heat sales for 2015 decreased \$290,828 or -16% compared to 2014. Chiller sales for 2015 increased \$12,476 or 29% compared to 2014 and other revenues were consistent with 2014.
- Cost of energy decreased \$229,524 or -34% compared to last year.
- The year-end cash position was \$367,275 compared to \$551,569 at the beginning of the year. Investments in U.S. Treasury notes was \$2,399,960 at December 31, 2015.
- Capital improvements of \$56,114 were added to the Division during 2015. These improvements were paid for with cash from operations and bond proceeds, respectively.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Division's basic financial statements. The Division's basic financial statements are comprised of two components: 1) financial statements and 2) notes to the financial statements.

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

**Condensed Statements of Net Position**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Current assets	\$ 3,028,339	\$ 2,670,595
Capital assets	<u>3,834,648</u>	<u>4,263,531</u>
Total assets	<u>\$ 6,862,987</u>	<u>\$ 6,934,126</u>
Current liabilities	\$ 222,350	\$ 259,919
Non-current liabilities	<u>2,880,000</u>	<u>3,045,000</u>
Total liabilities	<u>3,102,350</u>	<u>3,304,919</u>
Net position		
Net investment in capital assets	789,648	1,063,531
Unrestricted	<u>2,970,989</u>	<u>2,565,676</u>
Total net position	<u>3,760,637</u>	<u>3,629,207</u>
Total liabilities and net position	<u>\$ 6,862,987</u>	<u>\$ 6,934,126</u>
Current Ratio	13.6	10.3

The statement of revenues, expenses and changes in net position shows the business-type activity of the Division and provides information regarding income and expenses that affect net position.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b><u>2015</u></b>	<b><u>2014</u></b>
Operating revenues	\$ 1,602,608	\$ 1,881,061
Operating expenses	<u>1,330,702</u>	<u>1,571,165</u>
Operating income	271,906	309,896
Non-operating expense, net	<u>(140,476)</u>	<u>(137,628)</u>
Change in net position	<u>\$ 131,430</u>	<u>\$ 172,268</u>

The summary of accounting policies and notes to the financial statements provide additional information that is essential for a full and complete understanding of the information provided in the financial statements.

### **Capital Assets and Debt Administration**

A portion of the Division's net position is the net investment in capital assets, net of related debt of \$789,648 or 11% of total assets. The investment in capital assets includes distribution mains and services and chiller equipment. During 2015 and 2014, the Division added \$56,994 and \$128,423, respectively in capital assets.

### **Economic Factors That Will Affect the Future**

The Division remains committed to developing and enlarging its customer base for both heating and cooling services. Its ability to successfully accomplish this is at least in part based upon the economic outlook for the City of Jamestown and the price of competing heating and cooling sources.

### **Contacting the District Heating Division Board of Public Utilities' Financial Management**

This financial report is designed to provide a general overview of the Division's finances and to show the Division's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance and Customer Accounts Manager, Kelly Hawkins, at PO Box 700, 92 Steele Street, Jamestown, NY 14702-0700.



**DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES**  
**CITY OF JAMESTOWN, NEW YORK**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31,**

	<b>2015</b>	<b>2014</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 367,275	\$ 551,569
Cash and cash equivalents - restricted	19,667	75,778
Investments	2,399,960	1,726,036
Accounts receivable		
Trade	71,367	123,214
Related parties	53,615	71,916
Due from City	52,971	58,632
Interest receivable	3,334	1,872
Inventories	60,150	61,578
Total current assets	3,028,339	2,670,595
<b>UTILITY PLANT:</b>		
Land	6,335	6,335
In service - at cost	11,554,079	11,497,085
Less: accumulated depreciation	7,725,766	7,239,889
Total utility plant	3,834,648	4,263,531
 Total assets	 6,862,987	 6,934,126
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	165,000	155,000
Accounts payable	36,437	86,419
Accrued interest payable	13,930	14,305
Due to other divisions	6,983	4,195
Total current liabilities	222,350	259,919
<b>NONCURRENT LIABILITIES:</b>		
Long-term debt, less current maturities	2,880,000	3,045,000
Total non-current liabilities	2,880,000	3,045,000
 Total liabilities	 3,102,350	 3,304,919
<b>NET POSITION:</b>		
Net investment in capital assets	789,648	1,063,531
Unrestricted	2,970,989	2,565,676
Total net position	\$ 3,760,637	\$ 3,629,207

See notes to basic financial statements.

**DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES**  
**CITY OF JAMESTOWN, NEW YORK**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES:</b>	\$ 1,602,608	\$ 1,881,061
<b>OPERATING EXPENSES:</b>		
Cost of energy	436,531	666,055
Station supplies	123,411	123,411
Depreciation	485,877	491,243
Administrative and general	148,676	140,487
Contributions in lieu of taxes	108,588	136,206
Repairs and maintenance	27,619	13,763
Total operating expenses	<u>1,330,702</u>	<u>1,571,165</u>
Operating income	<u>271,906</u>	<u>309,896</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest income	11,167	5,510
Interest on long-term debt	(134,788)	(140,827)
Change in fair value of investments	(16,855)	(2,311)
Total non-operating revenues (expenses)	<u>(140,476)</u>	<u>(137,628)</u>
Change in net position	131,430	172,268
Net position - beginning	<u>3,629,207</u>	<u>3,456,939</u>
Net position - ending	<u>\$ 3,760,637</u>	<u>\$ 3,629,207</u>

See notes to basic financial statements.

**DISTRICT HEATING DIVISION - BOARD OF PUBLIC UTILITIES**  
**CITY OF JAMESTOWN, NEW YORK**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31,**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,672,756	\$ 1,875,061
Cash payments for contractual expenses	(776,342)	(914,613)
Cash paid for taxes and payments in lieu of taxes	(108,588)	(136,206)
Net cash provided by operating activities	<u>787,826</u>	<u>824,242</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(56,994)	(128,423)
Principal payments on long-term debt	(155,000)	(150,000)
Interest paid on long-term debt	(135,163)	(141,556)
Net cash used by capital and related financing activities	<u>(347,157)</u>	<u>(419,979)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	9,705	3,638
Change in restricted cash	56,111	80,742
Purchases of investments	(1,616,389)	(1,728,347)
Proceeds of sale from investments	925,610	-
Net cash used by investing activities	<u>(624,963)</u>	<u>(1,643,967)</u>
Decrease in cash and cash equivalents	(184,294)	(1,239,704)
Cash and cash equivalents - beginning	<u>551,569</u>	<u>1,791,273</u>
Cash and cash equivalents - ending	<u>\$ 367,275</u>	<u>\$ 551,569</u>
<b>RECONCILIATION OF OPERATING INCOME TO</b>		
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 271,906	\$ 309,896
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	485,877	491,243
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	70,148	(6,000)
Due from City	5,661	6,122
Inventories	1,428	-
Increase (decrease) in:		
Accounts payable	(49,982)	22,427
Due to other divisions	2,788	554
Net cash provided by operating activities	<u>\$ 787,826</u>	<u>\$ 824,242</u>

See notes to basic financial statements.

**DISTRICT HEATING DIVISION**  
**BOARD OF PUBLIC UTILITIES**  
**CITY OF JAMESTOWN, NEW YORK**  
**NOTES TO FINANCIAL STATEMENTS**

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

**A. BUSINESS**

The District Heating Division (Division) of the Board of Public Utilities of the City of Jamestown (BPU) distributes heating and cooling to consumers in and around the City of Jamestown (City). The Division grants credit for sales made.

The District Heating Division is one of five divisions that comprise the Board of Public Utilities which is a blended component unit of the City of Jamestown.

**B. BASIS OF PRESENTATION**

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Division is engaged only in business-type activities as defined in GASB Statement No. 34. The Division applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash is received or paid. Nonexchange transactions in which the Division gives or receives value without directly receiving or giving equal value in exchange include grants and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Division distinguishes operating revenues and expenses from nonoperating items in its financial statements. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Division's principal on-going operations. The principal operating revenue of the Division is charges to customers for sales and services. Operating expenses include the costs 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.

**C. CAPITAL ASSETS**

Fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Capitalization thresholds (the estimated useful life above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Service lines	1 year	straight-line	20 years
Installment of meters and accessory equipment	1 year	straight-line	20 years
Chiller	1 year	straight-line	25 years
Equipment	1 year	straight-line	5-20 years

**DISTRICT HEATING DIVISION**  
**BOARD OF PUBLIC UTILITIES**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**D. REVENUE RECOGNITION**

Customers are billed based on usage. Revenue is recognized based upon billings.

**E. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Division considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

**F. INVESTMENTS**

Investments are reported at fair value; fair value is generally based on market prices.

**G. RESTRICTED ASSETS**

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond sales can only be used for the stated purpose of the borrowings, therefore, unexpended bond proceeds in the Division are restricted.

**H. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at their net realizable value. The Division's policy is to accrue a penalty on past due customer receivables. Management determined that no provision for uncollectible accounts was necessary as of December 31, 2015 and 2014.

**I. INVENTORY**

Inventory is valued at cost utilizing the average cost method for the Division.

**J. 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.

**K. NET POSITION**

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

Net investment in capital assets - This represents the Division's total investment 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 the net investment in capital assets.

Unrestricted - Unrestricted net positions represent resources derived from services and other operating revenue.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)**

**L. NEW ACCOUNTING PRONOUCEMENTS**

During the fiscal year ended December 31, 2015, the Division adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The primary objective of Statement No. 68 and No. 71 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The implementation of these Statements had no financial impact on the Division.

The GASB has issued the following new statements:

- Statement No. 72, *Fair Value Measurement and Application*, which will be effective for the year ending December 31, 2017; and

**M. SUBSEQUENT EVENTS**

These financial statements have not been updated for subsequent events occurring after April 13, 2016 which is the date these financial statements were available to be issued.

**NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. CASH AND INVESTMENTS**

The Division's investment policies are governed by State statutes because they are a component unit of the City of Jamestown. In addition, BPU has its own written investment policy. Monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The BPU Business Manager is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include demand accounts and certificates of deposit, 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 deposit 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 the State and municipalities and school districts.

**DISTRICT HEATING DIVISION**  
**BOARD OF PUBLIC UTILITIES**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Deposits of the Division were fully insured or collateralized by securities held in the name of the City of Jamestown.

Investments:

The following table presents the investments and maturities of the Division's securities with interest rate risk as of December 31, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>Less Than 6 Months</u>	<u>6 Months to 1 year</u>	<u>1-5 Years</u>	<u>More than 5 years</u>
U.S. Treasuries	\$2,399,960	\$576,292	-	\$1,823,668	-

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Division limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed with a budgetary or economic cycle. The investment policy does not strictly limit the maximum maturity lengths of investments.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Division limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury notes. U.S. Treasury notes are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Division will not be able to recover the value of its investments that are in possession of an outside party. U.S. Treasury notes are not subject to custodial risk.

Concentration of credit risk is the risk that the Division has a high percentage of its investments invested in one type of investment. The Division's investment policy requires diversification of investments to avoid unreasonable risk. U.S. Treasury notes are in accordance with the Divisions Investment Policy.

The Division, in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, reports investments at fair value in the statement of net position.

**B. RECEIVABLES**

Major receivables accrued by the Division at December 31:

	<u>2015</u>	<u>2014</u>
General consumer trade receivable	\$ <u>71,367</u>	\$ <u>123,214</u>
Receivables from municipality miscellaneous receivables	\$ <u>53,615</u>	\$ <u>71,916</u>

**DISTRICT HEATING DIVISION  
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NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

C. CAPITAL ASSETS

Capital asset activity for the Division for the year ended December 31, 2015 was as follows:

	Balance <u>1/1/15</u>	Additions	Deletions	Balance <u>12/31/15</u>
Land	\$ 6,335	\$ -	\$ -	\$ 6,335
Mains	6,066,346	4,658	-	6,071,004
Service lines	999,747	-	-	999,747
Installation of meters and accessory equipment	150,790	38,703	-	189,493
Chiller	1,341,337	9,058	-	1,350,395
Equipment	100,757	-	-	100,757
Power plant equipment	<u>2,838,108</u>	<u>4,575</u>	<u>-</u>	<u>2,842,683</u>
Total	11,503,420	56,994	-	11,560,414
Less: accumulated depreciation	<u>7,239,889</u>	<u>485,877</u>	<u>-</u>	<u>7,725,766</u>
Total utility plant	<u>\$ 4,263,531</u>	<u>\$ (428,883)</u>	<u>\$ -</u>	<u>\$ 3,834,648</u>

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

	Balance <u>12/31/13</u>	Additions	Deletions	Balance <u>12/31/14</u>
Land	\$ 6,335	\$ -	\$ -	\$ 6,335
Mains	6,066,346	-	-	6,066,346
Service lines	999,747	-	-	999,747
Installation of meters and accessory equipment	103,110	47,680	-	150,790
Chiller	1,341,337	-	-	1,341,337
Equipment	100,757	-	-	100,757
Power plant equipment	<u>2,757,365</u>	<u>80,743</u>	<u>-</u>	<u>2,838,108</u>
Total	11,374,997	128,423	-	11,503,420
Less: accumulated depreciation	<u>6,748,646</u>	<u>491,243</u>	<u>-</u>	<u>7,239,889</u>
Total utility plant	<u>\$ 4,626,351</u>	<u>\$ (362,820)</u>	<u>\$ -</u>	<u>\$ 4,263,531</u>

Depreciation expense totaled \$485,877 and \$491,243 for the years ended 2015 and 2014, respectively.



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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

D. LONG TERM LIABILITIES

Long-term obligations consist of:

	<b><u>2015</u></b>	<b><u>2014</u></b>
2.58% Public Improvement Serial Bond, maturing February 2026	\$ 530,000	\$ 565,000
4.00% Public Improvement Serial Bond, maturing June 2030	<u>2,515,000</u>	<u>2,635,000</u>
	<b>3,045,000</b>	3,200,000
Less: current maturities	<u>165,000</u>	<u>155,000</u>
	<b><u>\$ 2,880,000</u></b>	<b><u>\$ 3,045,000</u></b>

The serial bonds are backed by the full faith and credit of the City of Jamestown.

At December 31, 2015, debt service requirements are as follows:

	Serial Bonds		
	Principal	Interest	Total
2016	165,000	128,456	293,456
2017	170,000	121,438	291,438
2018	175,000	114,206	289,206
2019	185,000	106,663	291,663
2020	190,000	98,750	288,750
2021-2025	1,085,000	358,131	1,443,131
2026-2030	<u>1,075,000</u>	<u>116,200</u>	<u>1,191,200</u>
Total	<b><u>\$ 3,045,000</u></b>	<b><u>\$ 1,043,844</u></b>	<b><u>\$ 4,088,844</u></b>

E. RELATED PARTY TRANSACTIONS

The District Heating Division provides heating to the Electric Division facility.

The Electric and Water Divisions of the Board of Public Utilities perform various services for the District Heating Division. They also provide electric and water for daily operational needs.

The Division made payments in lieu of taxes to the City of Jamestown in the amount of \$108,588 and \$136,206 for fiscal years ending December 31, 2015 and 2014, respectively. This payment is calculated based on 9% of sales of the Division.

F. COMMITMENTS

The District Heating Division is committed to purchase its heat from the Electric Division. These purchases totaled \$436,531 and \$666,055 for the years ended December 31, 2015 and 2014, respectively. The District Heating Division is also committed to pay a monthly usage fee to the Electric Division. This fee totaled \$123,411 for the years ended December 31, 2015 and 2014, respectively.