

CITY OF JAMESTOWN
Stutsman County, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2010

CITY OF JAMESTOWN
Stutsman County, North Dakota
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the contents. These financial statements are the responsibility of **CITY OF JAMESTOWN, NORTH DAKOTA'S** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of December 31, 2010 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011, on our consideration of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 43 through 47, 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

INDEPENDENT AUDITORS' REPORT – continued

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

September 15, 2011

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2010

As management of the **CITY OF JAMESTOWN**, we offer readers of the **CITY OF JAMESTOWN'S** financial statements this narrative overview and analysis of the financial activities of the **CITY OF JAMESTOWN** for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying basic financial statements, the fund financial statements and the notes to the financial statements.

Financial Highlights

- The net assets of the **CITY OF JAMESTOWN** increased by \$3,601,284 or 7.4% as a result of current year operations. Net assets of our business type activities increased by \$4,013,454 and net assets of our governmental activities decreased by \$412,170 or 1.4%.
- Total revenues from all sources were \$21,752,084. Revenue from governmental activities was \$13,812,055 and revenues from business type activities were \$7,940,029.
- Total cost of all programs was \$18,150,800. This was comprised of \$12,084,415 in governmental activities and \$6,066,385 in business type activities.
- Governmental net assets totaled \$30,454,443.
- Governmental funds expenditures exceeded revenues by \$412,170.
- Unreserved fund balance for the general fund was \$2,140,664, 27.6% of the total general fund expenditures.

Using This Annual Report

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

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

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

Government-Wide Financial Statements

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

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

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

CITY OF JAMESTOWN

Stutsman County, North Dakota

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Year Ended December 31, 2010

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

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

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

The government-wide financial statements begin on page 11.

Fund Financial Statements

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

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

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

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

The **CITY OF JAMESTOWN** maintains 42 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances for the general fund, and the following major funds; equipment replacement fund, city sales tax fund, special assessment deficiency fund, and the construction fund. Data from the 37 other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF JAMESTOWN

Stutsman County, North Dakota

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Year Ended December 31, 2010

The **CITY OF JAMESTOWN** adopts an annually appropriated budget for all governmental and proprietary funds. Budgetary comparison schedules for the general and major special revenue funds are required to be presented and are included in the required supplementary information section on pages 43 – 47 of this report.

The governmental fund financial statements begin on page 13.

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

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

The basic proprietary fund statements begin on page 17.

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

The basic fiduciary fund statement is found on page 20.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 42 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining fund statements and other schedules can be found on pages 49 – 56.

Financial Analysis of the City as a Whole

The following tables present condensed information on the City's Net Assets and Changes in Net Assets for the fiscal years ended December 31, 2010 and 2009.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2010

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the **CITY OF JAMESTOWN**, assets exceeded liabilities by \$52,196,588 at the close of the most recent fiscal year.

Table I
NET ASSETS
December 31, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current assets	\$ 17,633,169	\$ 18,302,891	\$ 11,492,870	\$ 8,463,964	\$ 29,126,039	\$ 26,766,855
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	24,171,425	23,052,830	27,761,737	24,969,632	51,933,162	48,022,462
Total Assets	<u>42,013,992</u>	<u>41,565,119</u>	<u>39,254,607</u>	<u>33,433,596</u>	<u>81,268,599</u>	<u>74,998,715</u>
LIABILITIES						
Current liabilities	2,328,204	2,063,782	1,853,000	1,440,000	4,181,204	3,503,782
Long-term liabilities	9,231,347	8,614,353	15,659,460	14,285,275	24,890,807	22,899,628
Total Liabilities	<u>11,559,551</u>	<u>10,678,135</u>	<u>17,512,460</u>	<u>15,725,275</u>	<u>29,072,011</u>	<u>26,403,410</u>
NET ASSETS						
Invested in capital assets, net of related debt	13,155,689	12,834,891	10,458,925	9,371,664	23,614,614	22,206,555
Restricted	4,886,232	8,029,552	7,130,208	6,319,951	12,016,440	14,349,503
Unrestricted	12,412,522	10,022,541	4,153,014	2,016,706	16,565,536	12,039,247
Total Net Assets	<u>\$ 30,454,443</u>	<u>\$ 30,886,984</u>	<u>\$ 21,742,147</u>	<u>\$ 17,708,321</u>	<u>\$ 52,196,590</u>	<u>\$ 48,595,305</u>

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

A portion of the **CITY OF JAMESTOWN'S** net assets (\$12,016,440) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$16,565,536) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2010, the **CITY OF JAMESTOWN** is able to report positive balances in all of the three categories of net assets, both for the government as a whole, as well as for its governmental activities and business-type activities.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2010

Table II
CHANGES IN NET ASSETS
Years Ending December 31, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program revenues						
Charges for services	\$ 568,265	\$ 455,208	\$ 7,891,718	\$ 6,656,412	\$8,459,983	\$7,111,620
Operating grants	3,207,283	4,626,587			3,207,283	4,626,587
Capital grants	40,484	17,182			40,484	17,182
General revenues						
Property taxes, general	3,153,594	2,616,818			3,153,594	2,616,818
Property taxes, debt service	2,304,905	2,431,426			2,304,905	2,431,426
State aid distribution	606,698	560,660			606,698	560,660
Miscellaneous taxes	540,162	812,793			540,162	812,793
Sales taxes	2,081,979	2,017,291			2,081,979	2,017,291
Investment earnings	159,885	257,629	48,311	107,554	208,196	365,183
Repayment of economic development funds	322,880	4,435,987			322,880	4,435,987
Miscellaneous	666,461	730,400			666,461	730,400
Gain on sale of assets	159,459	101,173			159,459	101,173
Total Revenues	13,812,055	19,063,154	7,940,029	6,763,966	21,752,084	25,827,120
EXPENSES						
General government	803,137	805,394			803,137	805,394
Public safety	2,982,605	2,771,442			2,982,605	2,771,442
Public works	4,221,751	5,374,988			4,221,751	5,374,988
Flood control	1,921,724	2,617,728			1,921,724	2,617,728
Health	47,785	45,075			47,785	45,075
Civic center	755,829	693,318			755,829	693,318
Interest on long-term debt	307,437	320,433			307,437	320,433
Visitor's promotion	389,300	395,553			389,300	395,553
Business and industrial development	654,847	884,725			654,847	884,725
Water utility			2,089,183	2,053,017	2,089,183	2,053,017
Sewer utility			2,091,647	1,941,019	2,091,647	1,941,019
Sanitation			775,160	677,678	775,160	677,678
Solid waste			1,097,065	910,326	1,097,065	910,326
Water meter deposits			13,330	11,701	13,330	11,701
Total Expenses	12,084,415	13,908,656	6,066,385	5,593,741	18,150,800	19,502,397
Excess before transfers	1,727,640	5,154,498	1,873,644	1,170,225	3,601,284	6,324,723
Transfers	(2,139,810)	(198,315)	2,139,810	198,315		
Change in net assets	(412,170)	4,956,183	4,013,454	1,368,540	3,601,284	6,324,723
BEGINNING NET ASSETS						
	30,866,613	25,910,430	17,728,693	16,360,153	48,595,306	42,270,583
ENDING NET ASSETS	\$ 30,454,443	\$30,866,613	\$ 21,742,147	\$ 17,728,693	\$ 52,196,590	\$48,595,306

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2010

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the **CITY OF JAMESTOWN'S** *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the **CITY OF JAMESTOWN'S** financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the **CITY OF JAMESTOWN'S** governmental funds reported combined ending fund balances of \$14,847,744, a decrease of \$915,738. The *governmental funds unreserved/undesignated fund balance* is (\$1,983,546). The remainder of fund balances is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the **CITY OF JAMESTOWN**. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,140,664. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 27.6% of total general fund expenditures. Total general fund cash at year end is \$67,604.

The **CITY OF JAMESTOWN'S** general fund balance decreased by \$201,023, during the current fiscal year.

The debt service funds have a total fund balance of \$5,324,716, all of which is reserved for the payment of debt service.

Proprietary Funds

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

General Fund Budgetary Highlights

There were no changes to the original budgets for 2010. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$2,340,182 more than budgeted. This was mostly due an increase in the highway tax distribution and FEMA reimbursements for flood damage. The total general government expenditures were \$2,331,213 more than budgeted mainly due to the flood control expenses which were not budgeted.

Capital Assets

The **CITY OF JAMESTOWN'S** investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$51,933,162 (net of accumulated depreciation). This

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2010

investment in capital assets includes land, buildings, infrastructure and equipment. The total value of land owned by the City has not been determined and will be added when it can be determined.

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

- Approximately \$5,000,000 was spent on the start of construction projects
- Approximately \$737,000 was spent on acquiring equipment and vehicles

Capital Assets
(Net of Accumulated Depreciation)
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	1,657,296	3,327,973	4,985,269
Buildings	1,689,620	12,945,581	14,635,201
Infrastructure	18,283,651	10,420,125	28,703,776
Equipment	2,533,658	1,008,058	3,541,716
Total Capital Assets (Net of Depreciation)	<u>\$ 24,171,425</u>	<u>\$ 27,761,737</u>	<u>\$ 51,933,162</u>

Additional information on the **CITY OF JAMESTOWN'S** capital assets can be found in note 5 on pages 30 – 32 of this report.

Long-Term Debt

At year end the City had total long-term debt of \$28,664,807, an increase of \$2,488,179 over the prior year. Note 6 to the financial statements provides more detail on the City's long-term debt.

The city issued new debt for Special Assessment Refunding Improvement Bonds in the amount of \$2,675,000, Water Treatment Revenue Bonds in the amount of \$2,063,053 and Wastewater Treatment Revenue Bonds in the amount of \$1,067,344.

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

Table IV
Long-Term Liabilities
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 15,736,397	\$ 15,736,397
Refunding improvement bonds	11,015,736		11,015,736
Landfill closure costs		1,566,415	1,566,415
Compensated absences	222,611	123,648	346,259
Total	<u>\$ 11,238,347</u>	<u>\$ 17,426,460</u>	<u>\$ 28,664,807</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2010

Economic Factors and Next Year's Budgets and Rates

2010 Construction activities included Allied Agronomy constructing a new office building and warehouse valued at \$1,000,000, Farmers Union State Office renovation valued at \$1,400,000, completion of a new building for retailer Mac's Hardware, a new facility for Buffalo City Diesel Repair at an estimated cost of \$500,000, completion of the new Buffalo Mall Bison Theatres in excess of \$1,200,000 and a new Airport Terminal addition was started.

2011 construction activities anticipate the completion of the new Jamestown Regional Medical Center facility, an expansion project for Hugo's grocery store and Infinity Building Services and renovation projects for the Jamestown Fine Arts Center, MedCenter One, and Buffalo City Grill.

Taxable valuations in the City for 2010 were \$27,688,186, an increase of 0.9%. The mill levy for the City of Jamestown in 2010 decreased by 3.79 mills to 131.17

Contacting the City's Financial Management

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Net Assets
December 31, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Cash and equivalents	\$ 8,241,334	\$ 7,069,191	\$ 15,310,525	\$ 105,503
Certificates of deposit over three months	4,800,000	2,000,000	6,800,000	126,225
Accounts receivable	8,903	627,291	636,194	7,959
Due from other governmental agencies	4,582,934	1,796,388	6,379,322	142,823
Property held for resale	209,398		209,398	
Capital assets				
Land and improvements not being depreciated	7,200	60,000	67,200	443,705
Construction in progress	1,657,296	3,327,973	4,985,269	552,986
Buildings	3,820,064	21,280,041	25,100,105	1,906,825
Infrastructure	31,005,021	13,154,360	44,159,381	10,873,218
Equipment	4,978,578	3,279,383	8,257,961	843,995
Other capital assets				
Less: Accumulated Depreciation	<u>(17,296,734)</u>	<u>(13,340,020)</u>	<u>(30,636,754)</u>	<u>(5,623,208)</u>
Net Capital Assets	<u>24,171,425</u>	<u>27,761,737</u>	<u>51,933,162</u>	<u>8,997,521</u>
Total Assets	<u>42,013,994</u>	<u>39,254,607</u>	<u>81,268,601</u>	<u>9,380,031</u>
LIABILITIES				
Accounts payable and accrued expenses	321,204	86,000	407,204	140,997
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,007,000	1,767,000	3,774,000	25,361
Due in more than one year				
Bonds, capital leases and contracts	9,008,736	15,535,812	24,544,548	26,063
Compensated absences	222,611	123,648	346,259	
Total Liabilities	<u>11,559,551</u>	<u>17,512,460</u>	<u>29,072,011</u>	<u>192,421</u>
NET ASSETS				
Invested in capital assets, net of related debt	13,155,689	10,458,925	23,614,614	8,946,097
Restricted for:				
Capital projects	605,811	3,758,522	4,364,333	
Debt service	4,280,421	1,951,747	6,232,168	
Other projects		1,419,939	1,419,939	
Unrestricted	<u>12,412,522</u>	<u>4,153,014</u>	<u>16,565,536</u>	<u>241,513</u>
Total Net Assets	<u>\$ 30,454,443</u>	<u>\$ 21,742,147</u>	<u>\$ 52,196,590</u>	<u>\$ 9,187,610</u>

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Activities
Year Ended December 31, 2010

Functions/Programs Primary Government	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities		Total
Governmental Activities								
General government	\$ 803,137	\$ 33,395	\$ 148,258	\$ 40,484	\$ (803,137)	\$ (803,137)	\$	
Public safety	2,982,605	87,776	1,401,701		(2,760,468)	(2,760,468)		
Public works	4,221,751		1,657,324		(2,732,274)	(2,732,274)		
Flood control	1,921,724				(264,400)	(264,400)		
Health	47,785				(47,785)	(47,785)		
Civic center	755,829	447,094			(308,735)	(308,735)		
Interest on long-term debt	307,437				(307,437)	(307,437)		
Visitor's promotion	389,300				(389,300)	(389,300)		
Business and industrial development	654,847				(654,847)	(654,847)		
Total Governmental Activities	12,084,415	568,265	3,207,283	40,484	(8,268,383)	(8,268,383)		
Business-Type Activities								
Water utility	2,089,183	3,291,400			1,202,217	1,202,217		
Sewer utility	2,091,647	2,622,777			531,130	531,130		
Sanitation	775,160	1,364,279			589,119	589,119		
Solid waste	1,097,965	598,862			(498,203)	(498,203)		
Water Meter deposits	13,330	14,400			1,070	1,070		
Total Business-Type Activities	6,066,385	7,891,718			1,825,333	1,825,333		
Total Primary Government	18,150,800	8,459,983	3,207,283	40,484	(8,268,383)	(6,443,050)		
Component Units								
Jamestown Municipal Airport Authority	981,859	145,696		521,436			(314,727)	
Total Component Units	981,859	145,696		521,436			(314,727)	
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					3,153,594	3,153,594	195,893	
Property taxes, levied for debt service					2,304,905	2,304,905		
State aid distribution					606,698	606,698		
Miscellaneous taxes					540,162	540,162		
Sales taxes					2,081,979	2,081,979		
Unrestricted investment earnings					159,885	208,196	1,247	
Miscellaneous - repayment of economic development funds					322,880	322,880		
Miscellaneous					666,461	666,461	50,422	
Special item - gain on sale of assets					159,459	159,459	30	
Transfers					(2,139,810)	2,139,810		
Total General Revenues, Special Items, and Transfers					7,856,213	10,044,334	247,592	
Change in Net Assets					(412,170)	3,601,284	(67,135)	
Net Assets - Beginning					30,866,613	48,595,306	9,254,745	
Net Assets - Ending					\$ 30,454,443	\$ 52,196,590	\$ 9,187,610	

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 67,604	\$ 1,103,832	\$ 2,341,396	\$ 1,129,735	\$	\$ 3,327,685	\$ 7,970,252
Certificate of deposit over three months		1,700,000	2,500,000			600,000	4,800,000
Taxes receivable, net	2,365,591					1,983,058	4,348,649
Due from other funds	630,606	190,401	2,997,169	1,065,225		456,412	5,339,813
Receivable from other governments	162,170			51,424		20,691	234,285
Other receivables						8,903	8,903
Total Assets	\$ 3,225,971	\$ 2,994,233	\$ 7,838,565	\$ 2,246,384	\$	\$ 6,396,749	\$ 22,701,902

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$	\$	\$	\$	\$ 239,780	\$ 23,826	\$ 263,606
Due to other funds					5,195,065	144,795	5,339,860
Deferred revenue	1,085,307					1,165,383	2,250,690
Total Liabilities	1,085,307				5,434,845	1,334,004	7,854,156
Fund Balances:							
Reserved for:							
Debt service				2,246,384		3,078,334	5,324,718
Capital projects						673,776	673,776
Economic development			7,838,565				7,838,565
Equipment replacement		2,994,233					2,994,233
Special projects							
Unreserved	2,140,664				(5,434,845)		(3,294,181)
Unreserved, reported in non-major:							
Special revenue funds						1,310,635	1,310,635
Total Fund Balances	2,140,664	2,994,233	7,838,565	2,246,384	(5,434,845)	5,062,745	14,847,746
Total Liabilities and Fund Balances	\$ 3,225,971	\$ 2,994,233	\$ 7,838,565	\$ 2,246,384	\$	\$ 6,396,749	\$ 22,701,902

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2010

Total Fund Balance, Governmental Funds	\$	14,847,746
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		24,380,823
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Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.		2,250,692
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The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.		213,529
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Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.		(11,238,347)
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Net Assets of Governmental Activities in the Statement of Net Assets	\$	<u>30,454,443</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 2,904,487	\$	\$	\$	\$	\$ 2,361,065	\$ 5,265,552
Sales and miscellaneous taxes	89,606		1,280,108			1,252,427	2,622,141
Fees and fines	143,212						143,212
Licenses and permits	375,031					158,565	375,031
Intergovernmental	3,255,375				440,526	87,776	3,854,466
Charges for services	480,489					29,460	568,265
Investment earnings	22,404	17,415	63,173	25,556		4,364	158,008
Miscellaneous	72,472		255,718	2,438			334,992
Total Revenues	7,343,076	17,415	1,598,999	27,994	440,526	3,893,657	13,321,667
EXPENDITURES							
Current:							
General government	560,953			1,520			562,473
Public safety	2,708,010					63,226	2,771,236
Public works	1,830,925	473			1,566,187	119,168	3,516,753
Health	47,785						47,785
Flood control	1,921,724						1,921,724
Civic center	695,211					389,008	695,211
Visitor's promotion							389,008
Business and industrial development			654,847				654,847
Debt Service:							
Principal							
Interest and other charges							
Capital outlay	5,576	543,114				1,837,000	1,837,000
Total Expenditures	7,770,184	543,587	654,847	1,520	1,506,697	330,018	330,018
Excess (deficiency) of revenues over expenditures	(427,108)	(526,172)	944,152	26,474	(2,632,358)	2,860,944	2,177,911
						1,032,713	(1,582,299)
OTHER FINANCING SOURCES (USES)							
Proceeds from issue of bonds							
Transfers in	736,246	471,395				106,297	2,604,056
Transfers out	(511,360)	(97,435)	(69,999)	(25,391)	(3,795,970)	(570,326)	2,930,672
Total other financing sources and uses	224,886	373,960	(69,999)	(25,391)	424,820	(464,029)	464,247
SPECIAL ITEM							
Proceeds from sale of equipment	1,199	126,265	67,162	7,690			202,316
Net change in fund balances	(201,023)	(25,947)	941,315	8,773	(2,207,538)	568,684	(915,736)
Fund Balances - Beginning	2,341,687	3,020,180	6,897,250	2,237,611	(3,227,307)	4,494,061	15,763,481
Fund Balances - Ending	\$ 2,140,664	\$ 2,994,233	\$ 7,838,565	\$ 2,246,384	\$ (5,434,845)	\$ 5,062,745	\$ 14,847,746

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2010

Net Change in Fund Balances - Total Governmental Funds: \$ (915,736)

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

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

This is the amount by which depreciation \$1,016,461 exceeded capital outlays \$2,177,911 in the current period. 1,161,450

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (42,857)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. 192,943

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which net proceeds exceeded repayments. (767,056)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, it also includes the amortization of bond issue costs (30,741)

Some expenses reported in the statement of activities do not require the use of current financial resources, such as compensated absences, and these are not reported as expenditures in governmental funds. 10,803

Internal service funds are used by management to charge the costs of certain activities, such as health care, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (20,976)

Change in Net Assets of Governmental Activities \$ (412,170)

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Enterprise Funds					Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 2,701,128	\$ 1,476,427	\$ 24,922	\$ 2,743,172	\$ 123,542	\$ 7,069,191
Certificates of deposit over three months		2,000,000				2,000,000
Accounts receivable, net	272,806	214,789	139,696			627,291
Due from other governments	729,044	1,067,344				1,796,388
Due from other funds		254,527				254,527
Total Current Assets	3,702,978	5,013,987	164,618	2,743,172	123,542	11,747,397
Non-current assets:						
Capital assets:						
Land				60,000		60,000
Construction in progress	2,251,879	1,067,344	8,750			3,327,973
Infrastructure	6,251,826	5,924,729	977,805			13,154,360
Buildings	3,042,329	5,991,260	2,618,701	9,627,751		21,280,041
Equipment and furniture	339,817	1,121,284	492,732	1,325,550		3,279,383
Less accumulated depreciation	(3,965,538)	(4,268,905)	(1,288,346)	(3,817,211)		(13,340,020)
Total non-current assets	7,920,293	9,835,712	2,809,642	7,196,090		27,761,737
Total Assets	11,623,271	14,848,799	2,974,260	9,939,262	123,542	39,509,134
LIABILITIES						
Current Liabilities:						
Accounts payable	86,000					86,000
Due to other funds	254,478					254,478
Accrued health insurance benefits						
Bonds, notes and loans payable	535,000	1,042,000		190,000		1,767,000
Total Current Liabilities	875,478	1,042,000		190,000		2,107,478
Non-current liabilities:						
Compensated absences	60,325	21,124	22,092	20,107		123,648
Closure and postclosure costs				1,566,415		1,566,415
Bonds, notes and loans payable	5,683,053	7,181,344		1,105,000		13,969,397
Total non-current liabilities	5,743,378	7,202,468	22,092	2,691,522		15,659,460
Total Liabilities	6,618,856	8,244,468	22,092	2,881,522		17,766,938
NET ASSETS						
Invested in capital assets, net of related debt	1,702,240	1,612,368	2,809,642	4,334,675		10,458,925
Restricted for debt service	483,903	1,232,964		234,880		1,951,747
Restricted for capital projects	1,318,088	1,821,766		618,668		3,758,522
Restricted for other purposes				1,419,939		1,419,939
Unrestricted	1,500,184	1,937,233	142,526	449,578	123,542	4,153,063
Total Net Assets	5,004,415	6,604,331	2,952,168	7,037,740	123,542	21,742,196

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Enterprise Funds					Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	
OPERATING REVENUES						
Charges for services	\$ 3,288,151	\$ 2,500,637	\$ 1,361,196	\$ 580,833	\$	\$ 7,730,817
Miscellaneous	3,249	122,139	3,082	18,029	14,400	160,899
Total Operating Revenues	<u>3,291,400</u>	<u>2,622,776</u>	<u>1,364,278</u>	<u>598,862</u>	<u>14,400</u>	<u>7,891,716</u>
OPERATING EXPENSES						
Personal services	905,889	540,158	461,168	469,059		2,376,274
Contractual services	53,081	105,765	2,334	43,631		204,811
Utilities	178,755	340,347		39,020		558,122
Repairs and maintenance	250,484	437,317	78,003	154,499		920,303
Other supplies and expenses	401,614	151,011	114,029	79,999		746,653
Insurance claims and expenses	10,925		4,732	5,610		21,267
Sundry expenses	23,605	43,170	368	27,295	13,329	107,767
Depreciation	153,813	270,845	114,514	240,816		779,988
Total Operating Expenses	<u>1,978,166</u>	<u>1,888,613</u>	<u>775,148</u>	<u>1,059,929</u>	<u>13,329</u>	<u>5,715,185</u>
Operating Income (Loss)	<u>1,313,234</u>	<u>734,163</u>	<u>589,130</u>	<u>(461,067)</u>	<u>1,071</u>	<u>2,176,531</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	11,613	21,564	2,031	11,435	1,668	48,311
Interest expense	(111,000)	(203,025)		(37,125)		(351,150)
Net non-operating revenues (expenses)	<u>(99,387)</u>	<u>(181,461)</u>	<u>2,031</u>	<u>(25,690)</u>	<u>1,668</u>	<u>(302,839)</u>
Income (loss) before contributions and transfers	1,213,847	552,702	591,161	(486,757)	2,739	1,873,692
Transfers in	2,365,264	1,400,776	8,750	822,379		4,597,169
Transfers out	(1,564,622)	(111,475)	(714,831)	(66,430)		(2,457,358)
Change in net assets	2,014,489	1,842,003	(114,920)	269,192	2,739	4,013,503
Total net assets - beginning	2,989,926	4,762,328	3,067,088	6,788,548	120,803	17,728,693
Total net assets - ending	<u>\$ 5,004,415</u>	<u>\$ 6,604,331</u>	<u>\$ 2,952,168</u>	<u>\$ 7,057,740</u>	<u>\$ 123,542</u>	<u>\$ 21,742,196</u>
Change in net assets, per above						4,013,503
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.						(49)
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements						<u>\$ 4,013,454</u>

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Enterprise Funds					Total	Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 3,288,353	\$ 2,610,255	\$ 1,350,163	\$ 580,832	\$ 14,400	\$ 7,844,003	\$ 716,946
Payments to suppliers	(821,538)	(1,077,611)	(194,734)	(329,997)	(13,329)	(2,437,209)	
Payments to employees	(905,445)	(546,487)	(460,173)	(467,828)		(2,379,933)	
Payments on claims	(10,924)		(4,732)	(5,610)		(21,266)	(704,636)
Internal activity - payment from (to) other funds	254,478	(254,527)	(455,884)			(455,933)	(18,109)
Other receipts	3,249	122,139	3,082	18,029		146,499	
Net Cash Provided by (Used in) Operating Activities	<u>1,808,173</u>	<u>853,769</u>	<u>237,722</u>	<u>(204,574)</u>	<u>1,071</u>	<u>2,696,161</u>	<u>(5,799)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer in	2,365,264	1,400,776	8,750	822,379		4,597,169	
Transfers out	(1,564,622)	(111,475)	(714,831)	(66,430)		(2,457,358)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>800,642</u>	<u>1,289,301</u>	<u>(706,081)</u>	<u>755,949</u>		<u>2,139,811</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition & construction of capital assets	(2,384,215)	(1,135,127)	(8,750)	(44,000)		(3,572,092)	
Proceeds from issue of capital debt	1,334,009					1,334,009	
Principal paid on capital debt	(285,000)	(965,000)		(190,000)		(1,440,000)	
Interest paid on capital debt	(111,000)	(203,025)		(37,125)		(351,150)	
Net Cash Used in Capital and Related Financing Activities	<u>(1,446,206)</u>	<u>(2,303,152)</u>	<u>(8,750)</u>	<u>(271,125)</u>		<u>(4,029,233)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of certificates of deposit over three months		(2,000,000)				(2,000,000)	
Interest and dividends	11,613	21,564	2,031	11,435	1,668	48,311	1,878
Net Cash Provided by (Used in) Investing Activities	<u>11,613</u>	<u>(1,978,436)</u>	<u>2,031</u>	<u>11,435</u>	<u>1,668</u>	<u>(1,951,689)</u>	<u>1,878</u>
Net increase (decrease) in cash and cash equivalents	1,174,222	(2,138,518)	(475,078)	291,685	2,739	(1,144,949)	(3,921)
Cash and cash equivalents, January 1	1,526,906	3,614,945	500,000	2,451,487	120,803	8,214,141	275,000
Cash and cash equivalents, December 31	<u>\$ 2,701,128</u>	<u>\$ 1,476,427</u>	<u>\$ 24,922</u>	<u>\$ 2,743,172</u>	<u>\$ 123,542</u>	<u>\$ 7,069,191</u>	<u>\$ 271,079</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 1,313,234	\$ 734,163	\$ 589,130	\$ (461,067)	\$ 1,071	\$ 2,176,531	\$ (22,909)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	153,813	270,845	114,514	240,816		779,988	
Change in Assets and Liabilities							
Receivables, net	203	109,617	(11,033)			98,787	
Due to (from) other funds	254,478	(254,527)	(455,884)			(455,933)	(18,109)
Accounts payable	86,000			14,447		100,447	35,219
Compensated absences	445	(6,329)	995	1,230		(3,659)	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,808,173</u>	<u>\$ 853,769</u>	<u>\$ 237,722</u>	<u>\$ (204,574)</u>	<u>\$ 1,071</u>	<u>\$ 2,696,161</u>	<u>\$ (5,799)</u>

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 143,754
Receivables:	
Due from other governments	449,167
Total Assets	<u>592,921</u>
LIABILITIES	
Due to other governments	592,921
Total Liabilities	<u>\$ 592,921</u>
NET ASSETS	
Held in trust for benefits and other purposes	

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2010

1. Summary of Significant Accounting Policies

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

A. Description of the Reporting Entity

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

B. Reporting Entity

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

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

The component unit condensed financial information reflects these discretely presented units. Complete financial statements for each of the individual component units may be obtained from their respective administrative offices as follows:

Jamestown Regional Airport Authority
Jamestown Airport
Jamestown, ND 58401

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

B. Reporting Entity – continued

Condensed Component Unit Financial Statements

	Jamestown Regional Airport Authority
ASSETS	
Current assets	\$ 381,164
Capital assets	8,997,521
Total Assets	<u>9,378,685</u>
LIABILITIES	
Current liabilities	166,358
Long-term liabilities	26,063
Total Liabilities	<u>192,421</u>
NET ASSETS	
Invested in capital assets	8,946,097
Restricted	
Unrestricted	240,167
Total Net Assets	<u>\$ 9,186,264</u>
REVENUES	
Program Revenues	
Charges for services	\$ 145,696
Capital grants	520,090
General revenues	
Property taxes	195,893
Other revenues	51,699
Total Revenues	<u>913,378</u>
EXPENDITURES	
Operating	913,899
Projects and materials	67,960
Total Expenditures	<u>981,859</u>
Change in Net Assets	(68,481)
Net Assets beginning of year	<u>9,254,745</u>
Net Assets end of year	<u>\$ 9,186,264</u>

C. Basis of Presentation

Government-Wide Financial Statements

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

C. Basis of Presentation – continued

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

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

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

Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

C. Basis of Presentation – continued

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

In addition, the City reports the following fund types:

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

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

D. Basis of Accounting

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

D. Basis of Accounting – continued

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

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

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

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

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

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

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

E. Measurement Focus

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

E. Measurement Focus – continued

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

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

F. Estimates

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

G. Deposits and Investments

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

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

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

G. Deposits and Investments - continued

4. Obligations of the state.

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2010, the City's deposits were not fully insured or collateralized with securities held by the financial institutions in the City's name. (See note 2)

H. Cash Flow Information

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

I. Capital Assets

Government-Wide Statements

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

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

Buildings	25 to 50 years
Infrastructure	50 to 60 years
Equipment	5 to 20 years
Other capital assets	10 years

Fund Financial Statements

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

J. Long-Term Obligations

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

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

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

K. Compensated Absences

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

L. Equity Classifications

Government-Wide Statements

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

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balances represent amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative management plans that are subject to change. Undesignated fund balance amounts represent amounts available for use in future periods.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

2. Cash and Cash Equivalents

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and cash equivalents." The following summary presents the amount of the City's deposits which are fully insured or collateralized with securities held by the City or its agent in the City's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the City's name (category 2), and those deposits which are not collateralized (category 3) at December 31, 2010. The City's cash on hand of \$1,130 has been excluded from the amounts shown below.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government					
Cash deposits	\$ 429,827	\$ 10,212,451	\$ 97,835	\$ 9,689,074	\$ 9,309,395
Certificates of deposit	250,000	13,520,000	285,000	12,800,000	12,800,000
Fiduciary funds	143,754			143,754	143,754
Component funds	<u>249,352</u>	<u> </u>	<u> </u>	<u>249,352</u>	<u>231,728</u>
Total Deposits	<u>\$1,072,933</u>	<u>\$ 23,732,451</u>	<u>\$ 382,835</u>	<u>\$22,882,180</u>	<u>\$22,484,877</u>

3. Interfund Receivables, Payables and Transfers

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

Balances due to/from other funds at December 31, 2010, consist of the following:

Due to the General fund from the Construction Fund	\$ 628,293
Due to the Equipment Replacement Fund from the Construction Fund	190,401
Due to the City Sales Tax Fund from the Construction Fund	2,997,169
Due to the other governmental funds from the Construction Fund	313,929
Due to the Special Assessment Deficiency Fund from the Construction Fund	1,065,225
Due from Business Type Activities to the Construction Fund	48
	<u>\$ 5,195,065</u>

Transfers to/from other funds at December 31, 2010, consist of the following:

From the Construction Fund to the General Fund to reimburse engineering fees	\$ 248,314
From the General Fund to the Equipment Replacement Fund to finance equipment purchases	301,255
From General Fund to Construction Fund to finance sidewalk repairs	20,223
From other governmental funds to the General Fund to close out certain funds	105,347

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

3. Interfund Receivables, Payables and Transfers - continued

From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	162,760
From Business-Type Activities to Construction Fund to repair sidewalk	17,209
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	7,380
From other governmental funds to Business-Type Activities to fund wastewater treatment	209,997
Between Business-Type Activities to fund Solid Waste	778,379
From City Sales Tax Fund to Business-Type Activities to fund wastewater treatment	69,999
From Equipment Replacement Fund to Business-Type Activities for equipment purchases	97,435
From Construction Fund to Business-Type Activities for construction projects	3,441,358
From other governmental funds to the Construction Fund to finance projects	245,292
From Construction Fund to other governmental funds for bonds	106,298
From Civic Center to General Fund to record revenues generated	192,195
From Business-Type Activities to Construction Fund to fund water plant improvements	1,334,009
From Business-Type Activities to General Fund as budgeted	165,000
From Special Assessment Deficiency Fund to General Fund to transfer interest	25,391
	<u>\$ 7,527,841</u>

4. Property Held for Resale

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

5. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

Primary Government

<i>Governmental Activities</i>	<u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/10</u>
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	<u>451,855</u>	<u>1,575,574</u>	<u>370,133</u>	<u>1,657,296</u>
Total capital assets not being depreciated	<u>459,055</u>	<u>1,575,574</u>	<u>370,133</u>	<u>1,664,496</u>
Capital assets being depreciated:				
Buildings	3,820,064			3,820,064
Infrastructure	30,634,887	370,134		31,005,021
Equipment	4,586,271	602,337	210,030	4,978,578
Total capital assets being depreciated	<u>39,041,222</u>	<u>972,471</u>	<u>210,030</u>	<u>39,803,663</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

5. Capital Assets - continued

	<u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/10</u>
Less accumulated depreciation for:				
Buildings	2,053,901	76,544		2,130,445
Infrastructure	12,189,465	531,904		12,721,369
Equipment	<u>2,204,081</u>	<u>408,013</u>	<u>167,174</u>	<u>2,444,920</u>
Total accumulated depreciation	<u>16,447,447</u>	<u>1,016,461</u>	<u>167,174</u>	<u>17,296,734</u>
Net capital assets being depreciated	<u>22,593,775</u>	<u>(43,990)</u>	<u>42,856</u>	<u>22,506,929</u>
Governmental Activities capital assets, net	<u>\$23,052,830</u>	<u>\$ 1,531,584</u>	<u>\$ 412,989</u>	<u>\$24,171,425</u>
<i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	<u>120,149</u>	<u>3,441,358</u>	<u>233,534</u>	<u>3,327,973</u>
Total capital assets not being depreciated	<u>180,149</u>	<u>3,441,358</u>	<u>233,534</u>	<u>3,387,973</u>
Capital assets being depreciated				
Buildings	21,280,041			21,280,041
Infrastructure	12,920,826	233,534		13,154,360
Equipment	<u>3,216,048</u>	<u>135,159</u>	<u>71,824</u>	<u>3,279,383</u>
Total capital assets being depreciated	<u>37,416,915</u>	<u>368,693</u>	<u>71,824</u>	<u>37,713,784</u>
Less accumulated depreciation				
Buildings	7,957,758	376,702		8,334,460
Infrastructure	2,513,683	220,553		2,734,236
Equipment	<u>2,155,991</u>	<u>182,733</u>	<u>67,400</u>	<u>2,271,324</u>
Total accumulated depreciation	<u>12,627,432</u>	<u>779,988</u>	<u>67,400</u>	<u>13,340,020</u>
Net capital assets being depreciated	<u>24,789,483</u>	<u>(411,295)</u>	<u>4,424</u>	<u>24,373,764</u>
Business-Type Activities capital assets, net	<u>\$24,969,632</u>	<u>\$ 3,030,063</u>	<u>\$ 237,958</u>	<u>\$ 27,761,737</u>

Discretely Presented Component Units

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2010 follows:

	<u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/10</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress	<u>1,026,901</u>	<u>337,243</u>	<u>811,158</u>	<u>552,986</u>
Total capital assets not being depreciated	<u>1,470,606</u>	<u>337,243</u>	<u>811,158</u>	<u>996,691</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

5. Capital Assets - continued

	<u>12/31/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/10</u>
Capital assets being depreciated				
Buildings	1,906,825			1,906,825
Infrastructure	10,062,060	811,158		10,873,218
Equipment	843,995			843,995
Total capital assets being depreciated	<u>12,812,880</u>	<u>811,158</u>		<u>13,624,038</u>
Less accumulated depreciation for:				
Buildings	242,207	36,469		278,676
Infrastructure	4,517,617	395,190		4,912,807
Equipment	397,896	33,829		431,725
Total accumulated depreciation	<u>5,157,720</u>	<u>465,488</u>		<u>5,623,208</u>
Net capital assets being depreciated,	<u>7,655,160</u>	<u>345,670</u>		<u>8,000,830</u>
Capital Assets, Net	<u>\$9,125,766</u>	<u>\$ 682,913</u>	<u>\$ 811,158</u>	<u>\$ 8,997,521</u>

Depreciation expense by function:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 28,982	Water utility	\$ 153,813
Public safety	216,639	Sewer utility	270,845
Public works	710,590	Sanitation	114,514
Civic center	60,250	Solid waste	240,816
	<u>\$ 1,016,461</u>		
Total		Total	<u>\$ 779,988</u>

6. Long-Term Obligations

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

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

Refunding Improvement Bonds

\$1,865,000 2001 Series H bonds due in annual installments of \$20,000 to \$240,000 through May 1, 2016, interest at 4.0% to 5.0%	\$ 140,000
\$750,000 2002 Series J bonds due in annual installments of \$50,000 to \$55,000 through May 1, 2017, interest at 2.0% to 4.30%	350,000
\$1,310,000 2003 Series K bonds due in annual installments of \$20,000 to \$355,000 through May 1, 2011, interest at 1.15% to 3.4%	20,000

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

6. Long-Term Obligations - continued

\$737,990 Series 1999A water treatment assessment due in annual installments of \$50,000 to \$60,000 through September 1, 2014, interest at 2.5%	240,000
\$454,641 Series 1999B clean water assessment due in annual installments of \$30,000 to \$35,000 through September 1, 2014, interest at 2.5%	140,000
\$1,135,000 2004 Series M bonds due in annual installments of \$155,000 to \$160,000 through May 1, 2011, interest at 1.45% to 3.40%	160,000
\$1,145,000 2005 Series N bonds due in annual installments of \$30,000 to \$175,000 through May 1, 2020, interest at 3.125% to 4.000%	605,000
\$1,309,568 Wastewater Treatment Assessment Warrant of 2004 due in annual installments of \$55,000 to \$85,000 through September 1, 2024, interest at 2.5%	1,020,000
\$1,820,000 2006 Series O bonds due in annual installments of \$10,000 to \$250,000 through May 1, 2021, interest at 4.0% to 4.4%	845,000
\$1,520,000 2007 Series P bonds due in annual installments of \$200,000 to \$220,000 through May 1, 2014, interest at 3.75%	880,000
\$1,467,998 2007B improvements bonds replace sanitary sewer mains due in annual installments of \$74,998 to \$79,000 through September 1, 2026, interest at 2.5%	1,239,000
\$1,875,000 2008 Series Q bonds due in annual installments of \$235,000 to \$375,000 through May 1, 2015, interest at 2.20% to 3.25%	1,365,000
\$1,780,000 2009 Series R bonds due in annual installments of \$235,000 to \$255,000 through May 1, 2016, interest at 1.25% to 3.00%	1,545,000
\$2,675,000 2010 Series S bonds due in annual installments of \$20,000 to \$370,000 through May 1, 2025, interest at 1.00% to 3.20%	2,675,000
	<u>\$ 11,224,000</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

6. Long-Term Obligations - continued

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

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

Revenue Bonds

\$1,581,406 water treatment bonds of 1993 due in annual installments of \$75,000 to \$95,000 through October 1, 2014, interest at 2.5%	\$ 370,000
\$1,214,702 solid waste treatment bonds of 1993 due in annual installments of \$60,000 to \$80,000 through October 14, 2015, interest at 2.5%	375,000
\$9,375,000 waste water treatment bonds of 1996 (series A) exempt, due in annual installments of \$450,000 to \$585,000 through September 1, 2016, interest at 2.5%	3,315,000
\$6,925,000 waste water treatment bonds of 1996 (series B) taxable, due in annual installments of \$330,000 to \$435,000 through September 1, 2016, interest at 2.5%	2,450,000
\$2,277,487 solid waste treatment bonds of 1997 due in annual installments of \$105,000 to \$140,000 through September 1, 2017, interest at 2.5%	920,000
\$370,000 water and sewer revenue bonds of 2002 due in annual installments of \$20,000 to \$30,000 through September 1, 2016, interest at 2.5%	165,000
\$2,534,604 water treatment revenue bonds of 2005 due in annual installments of \$104,604 to \$155,000 through September 1, 2025, interest at 2.5%	1,990,000
\$1,475,346 master lift station revenue bonds of 2005 due in annual installments of \$57,346 to \$93,000 through September 1, 2026, interest at 2.5%	1,226,000
\$2,388,000 water treatment revenue bonds of 2007 due in annual installments of \$90,000 to \$135,000 through September 1, 2026 interest at 2.5%	1,795,000
\$2,996,823 (not fully issued) water treatment revenue bonds of 2010 due in annual installments of \$135,000 to \$165,000 through September 1, 2030, interest at .5%	1,334,009
\$2,653,177 (not fully issued) water treatment revenue bonds of 2010B due in annual installments of \$100,000 to \$170,000 through September 1, 2030, interest at 2.5%	729,044

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

6. Long-Term Obligations - continued

\$1,380,000 (not fully issued) wastewater treatment revenue bonds of 2011 due in annual installments of \$50,000 to \$90,000 through September 1, 2030, interest at 2.5%

1,067,344
\$ 15,736,397

Conduit Debt. From time to time, the City has issued Municipal Industrial Development Act Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2010, the aggregate principal amount payable for the six outstanding series issued is \$7,290,200.

The following is a summary of long-term obligation transactions for the year ended December 31, 2010:

	<u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/10</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement bonds	\$10,386,000	\$ 2,675,000	\$ 1,837,000	\$ 11,224,000	\$2,007,000
Issue costs	(168,061)	(70,944)	(30,741)	(208,264)	
Total Long-Term Debt	<u>10,217,939</u>	<u>2,604,056</u>	<u>1,806,259</u>	<u>11,015,736</u>	<u>2,007,000</u>
Compensated absences	<u>233,414</u>		<u>10,803</u>	<u>222,611</u>	
Governmental Activities Long Term Liabilities	<u>\$ 10,451,353</u>	<u>\$2,604,056</u>	<u>\$1,817,062</u>	<u>\$ 11,238,347</u>	<u>\$ 2,007,000</u>
	<u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/10</u>	<u>Due Within One Year</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$ 14,046,000	\$ 3,130,397	\$1,440,000	\$15,736,397	\$1,767,000
Landfill closure costs	1,551,968	14,447		1,566,415	
Compensated absences	<u>127,307</u>		<u>3,659</u>	<u>123,648</u>	
Business-Type Activities Long Term Liabilities	<u>\$ 15,725,275</u>	<u>\$ 3,144,844</u>	<u>\$1,443,659</u>	<u>\$17,426,460</u>	<u>\$1,767,000</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

6. Long-Term Obligations - continued

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

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Special Assessment Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,007,000	\$ 294,358	\$ 1,767,000	\$ 505,175
2012	1,837,000	241,992	1,803,000	605,927
2013	1,707,000	192,904	1,845,000	405,232
2014	1,472,000	148,402	1,891,000	353,391
2015	1,142,000	110,718	1,848,000	300,406
2016 – 2020	2,145,000	264,438	4,075,053	810,030
2021 – 2025	835,000	78,500	2,172,000	277,103
2026 - 2030	79,000	2,173	335,344	25,607
Total	<u>\$ 11,224,000</u>	<u>\$ 1,333,485</u>	<u>\$ 15,736,397</u>	<u>\$ 3,282,871</u>

7. Pension Plan

A. Plan Description

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

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

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

7. Pension Plan - continued

B. Funding Status and Progress

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

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 2011. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7% a year compounded annually, (b) projected salary increases of 4% a year compounded annually, attributable to inflation, and (c) no post retirement benefit increases.

Accumulated pension benefit obligation in excess of assets was \$874,248 at December 31, 2010, as follows:

	<u>January 1, 2010</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 2,528,333
Current employees	
100% vested	4,016,824
Non vested	<u>3,565</u>
Total pension benefit obligation	6,548,722
Net assets available for benefits at market (cost unavailable)	<u>5,674,474</u>
Accumulated pension benefit obligation in excess of assets	<u>\$ 874,248</u>

Effective January 1, 2009, the actuarial cost method changed from the entry age normal with 10 year level dollar amortization cost method to entry age normal with closed 30 year level dollar amortization method and the mortality tables changed from 1983 Group Annuity Mortality table to RP2000 combined healthy mortality table. Effective January 1, 2010, the actuarial cost method changed to entry age normal with closed 10 year level dollar amortization. Effective January 1, 2008, The City began participation in the North Dakota Public Employees Retirement System. Employees were allowed to transfer to the ND PERS at that time.

C. Actuarially Determined Contribution Requirements and Contributions Made

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

7. Pension Plan - continued

The contributions to the Plan of \$152,728 for 2011 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2011. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was 3.96% of current covered payroll for 2010.

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on page 48 of the City's financial statements. For the three years ended 2010, 2009 and 2008, available assets were sufficient to fund 87, 85, and 90 percent, respectively, of the pension benefit obligation. The Plan went from an underfunded plan of \$589,210 in 2008 to an underfunded plan of \$944,117 in 2009 and underfunded plan of \$874,248 in 2010. The City's contributions for the years ended 2010, 2009 and 2008 were 3.96, 3.05, and 4.30 percent, respectively, of annual covered payroll, all made in accordance with actuarially determined requirements.

8. North Dakota Public Employees Retirement System

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

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

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

8. North Dakota Public Employees Retirement System - continued

Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code. This state statute requires that 4% of the participant's salary be contributed to the plan by either the employee or by the employer under a "salary reduction" agreement. The City has not elected to implement a salary reduction agreement. The City is required to contribute 4.12% of each participant's salary as the employer's share. In addition to the 4.12% employer contribution the employer is required to contribute 1.14% of each participating employee's gross wage to a prefunded retiree health insurance program. The required contributions are determined using an entry age normal actuarial funding method and are included in state statute. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDPERS. The City's required and actual contributions to NDPERS for the years ended December 31, 2010, 2009 and 2008 were \$180,858, \$164,204 and \$142,095, respectively.

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

9. Cobra Benefits

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

10. Risk Management

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

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

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

A reconciliation of claims payable for the years ended December 31, 2010 and 2009, is as follows:

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

10. Risk Management - continued

	<u>2010</u>	<u>2009</u>
Claims payable, January 1	\$ 22,379	\$ 55,100
Add: Claims incurred	496,318	488,456
Less: Claims paid	<u>(461,099)</u>	<u>(521,177)</u>
Claims payable, December 31	<u>\$ 57,598</u>	<u>\$ 22,379</u>

Claims payable are based on claims paid in January, February and March of 2011 for claims incurred in 2010.

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

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

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

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

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

11. Closure and Post-closure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has calculated a liability as of the financial statement date. The estimated landfill closure and post-closure care liability at December 31, 2010, is \$546,879 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,019,536 is the remaining balance of the estimated cost of closure and post-closure care for the remaining capacity. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. The City expects to close the landfill in the year 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

11. Closure and Post-closure Care Costs - continued

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

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

The City is in compliance with the above requirements.

12. Litigation

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

13. Joint Venture

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

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

As of December 31, 2010, the City's share of equity investments entered into by the Corporation was \$60,000 and the City's share of loans made by the Corporation was \$1,548,140.

14. Federal and State Grants

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2010

15. Construction Commitments

As of December 31, 2010, the City had outstanding construction contracts for projects totaling approximately \$8,663,000 with costs incurred to December 31, 2010 of \$5,406,574 leaving about \$3,256,426 remaining on the contracts. Shortly after December 31, 2010, the City signed two additional contracts totaling \$5,693,914.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
General Fund
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Property taxes	\$ 2,749,595	\$ 2,749,595	\$ 2,723,280	\$ (26,315)
Sales and miscellaneous taxes	91,415	91,415	89,606	(1,809)
Fees and fines	134,000	134,000	143,212	9,212
Licenses and permits	257,480	257,480	375,031	117,551
Intergovernmental	1,395,900	1,395,900	3,660,127	2,264,227
Charges for services	122,500	122,500	129,881	7,381
Investment earnings	78,000	78,000	23,901	(54,099)
Miscellaneous	144,145	144,145	168,179	24,034
Total Revenues	<u>4,973,035</u>	<u>4,973,035</u>	<u>7,313,217</u>	<u>2,340,182</u>
EXPENDITURES				
Current:				
General government	570,665	570,665	581,073	(10,408)
Public safety	2,657,900	2,657,900	2,716,731	(58,831)
Public works	1,660,040	1,660,040	1,852,516	(192,476)
Flood control			2,056,173	(2,056,173)
Health	47,785	47,785	47,785	
Civic center	442,280	442,280	453,659	(11,379)
Capital Outlay	13,100	13,100	15,046	(1,946)
Total Expenditures	<u>5,391,770</u>	<u>5,391,770</u>	<u>7,722,983</u>	<u>(2,331,213)</u>
Excess (deficiency) of revenues over expenditures	<u>(418,735)</u>	<u>(418,735)</u>	<u>(409,766)</u>	<u>8,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	499,000	499,000	544,052	45,052
Transfers out	(301,255)	(301,255)	(301,029)	226
Total Other Financing Sources and Uses	<u>197,745</u>	<u>197,745</u>	<u>243,023</u>	<u>45,278</u>
SPECIAL ITEM				
Proceeds from sale of capital assets			1,199	1,199
Net change in fund balances	(220,990)	(220,990)	(165,544)	55,446
Fund Balances - Beginning	1,721,311	1,721,311	1,721,311	
Fund Balances - Ending	<u>\$ 1,500,321</u>	<u>\$ 1,500,321</u>	<u>\$ 1,555,767</u>	<u>\$ 55,446</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Notes to RSI - General Fund
Year Ended December 31, 2010

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

Sources/Inflows of Resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 7,313,217
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	179,712
Grants accrued at prior year are not included for budgetary purposes	(566,922)
Grants accrued are not considered revenues for budgetary purposes	162,170
The net proceeds from the civic center are included in the budget	<u>254,899</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 7,343,076</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,722,983
Accounts payable at prior year end are not included in the budget	(173,285)
City recorded as project expense reclassified as a transfer	(20,223)
The expenses from promotion, revolving and concession funds are not included in the budget	<u>240,709</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 7,770,184</u>

Note B - Excess of Expenditures Over Appropriations

Expenditures in the General Fund exceeded appropriations by \$2,331,213. All expenditures were approved by the City Council. These expenditures were all funded by available fund balances.

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Notes to RSI - General Fund
Year Ended December 31, 2010

Note C - Budgets and Budgetary Accounting

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

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

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Required Supplementary Information
 Budget and Actual (with Variances)
 Major Special Revenue Funds
 Year Ended December 31, 2010

	Equipment Replacement		City Sales Tax		Variance with Final Budget - Positive (Negative)
	Budgeted Amounts	Actual Amounts, Budgetary Basis	Budgeted Amounts	Actual Amounts, Budgetary Basis	
	Original	Final	Original	Final	
REVENUES					
Sales and miscellaneous taxes	\$ 42,000	\$ 42,000	\$ 2,087,000	\$ 2,087,000	\$ (806,892)
Investment earnings			164,385	164,385	(101,212)
Miscellaneous			208,505	208,505	47,213
Total revenues	42,000	42,000	2,459,890	2,459,890	(860,891)
EXPENDITURES					
Current:					
General government					
Public works				473	(473)
Business and industrial development			1,802,000	1,802,000	1,147,153
Capital Outlay	458,350	458,350			
Total Expenditures	458,350	458,350	1,802,000	1,802,000	1,147,153
Excess (deficiency) of revenues over expenditures	(416,350)	(416,350)	657,890	657,890	286,262
OTHER FINANCING SOURCES (USES)					
Transfers in	471,395	471,395			210,001
Transfers out			(280,000)	(280,000)	
Total other financing sources and uses	471,395	471,395	(280,000)	(280,000)	210,001
SPECIAL ITEM					
Proceeds from sale of capital assets					67,162
Net change in fund balances	55,045	55,045	377,890	377,890	563,425
Fund balances - beginning	3,020,180	3,020,180	6,897,250	6,897,250	
Fund balances - ending	\$ 3,075,225	\$ 3,075,225	\$ 7,275,140	\$ 7,275,140	\$ 563,425

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
Note to RSI - Major Special Revenue
Year Ended December 31, 2010

Note A - Excess of Expenditures Over Appropriations

Expenditures in the Equipment Replacement Fund exceeded appropriations by \$85,237. All expenditures were approved by the City Council. These expenditures were all funded by available fund balances.

CITY OF JAMESTOWN
Stutsman County, North Dakota
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2010

ANALYSIS OF PENSION PLAN FUNDING PROGRESS (UNAUDITED)

Year	Net Assets Available for Benefits	Accumulated Pension Benefit Obligation	Percentage Funded	Assets in Excess of Pension Benefit Obligation	Annual Covered Payroll
2001	\$ 3,506,176	\$ 2,982,374	118%	\$ 523,802	\$ 3,379,725
2002	3,495,572	3,254,865	107%	240,707	3,686,297
2003	4,111,171	3,615,029	114%	496,142	3,729,400
2004	4,559,930	4,016,239	114%	543,691	3,746,309
2005	4,932,797	4,413,979	112%	518,818	3,857,879
2006	5,581,862	4,885,109	114%	696,753	4,145,745
2007	5,825,462	5,242,002	111%	583,460	1,599,525 *
2008	5,428,991	6,018,201	90%	(589,210)	1,511,299
2009	5,203,886	6,148,003	85%	(944,117)	1,580,432
2010	5,674,474	6,548,722	87%	(874,248)	1,422,001

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Other Governmental Funds
December 31, 2010

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 750,167	\$ 635,000	\$ 1,942,518	\$ 3,327,685
Certificates of deposit over three months	100,000		500,000	600,000
Taxes receivable, net	6,333	112,125	1,864,600	1,983,058
Due from other funds	446,787	9,625		456,412
Receivable from other governments	20,691			20,691
Other receivables	8,903			8,903
Total Assets	<u>\$ 1,332,881</u>	<u>\$ 756,750</u>	<u>\$ 4,307,118</u>	<u>\$ 6,396,749</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,821	\$ 22,005	\$	\$ 23,826
Due to other funds	14,092	13,292	117,411	144,795
Deferred revenue	6,333	47,677	1,111,373	1,165,383
Total Liabilities	<u>22,246</u>	<u>82,974</u>	<u>1,228,784</u>	<u>1,334,004</u>
Fund Balances:				
Reserved for:				
Debt service			3,078,334	3,078,334
Capital projects		673,776		673,776
Unreserved	1,310,635			1,310,635
Total Fund Balances	<u>1,310,635</u>	<u>673,776</u>	<u>3,078,334</u>	<u>5,062,745</u>
Total Liabilities and Fund Balances	<u>\$ 1,332,881</u>	<u>\$ 756,750</u>	<u>\$ 4,307,118</u>	<u>\$ 6,396,749</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2010

	<u>Nonmajor Special Revenues</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Property taxes	\$	\$ 144,876	\$ 2,216,189	\$ 2,361,065
Sales and miscellaneous taxes	1,252,427			1,252,427
Intergovernmental	158,565			158,565
Charges for services	87,776			87,776
Investment earnings	4,759	4,251	20,450	29,460
Miscellaneous	905	3,459		4,364
Total Revenues	<u>1,504,432</u>	<u>152,586</u>	<u>2,236,639</u>	<u>3,893,657</u>
EXPENDITURES				
Current:				
Public safety	63,226			63,226
Public works	106,214	12,954		119,168
Visitor's promotion	389,008			389,008
Principal			1,837,000	1,837,000
Interest and other charges			330,018	330,018
Capital outlay	53,647	68,877		122,524
Total Expenditures	<u>612,095</u>	<u>81,831</u>	<u>2,167,018</u>	<u>2,860,944</u>
Excess of revenues over expenditures	<u>892,337</u>	<u>70,755</u>	<u>69,621</u>	<u>1,032,713</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			106,297	106,297
Transfers out	(221,313)		(349,013)	(570,326)
Total other financing sources and uses	<u>(221,313)</u>		<u>(242,716)</u>	<u>(464,029)</u>
Net change in fund balances	671,024	70,755	(173,095)	568,684
Fund balances - beginning	639,611	603,021	3,251,429	4,494,061
Fund balances - ending	<u>\$ 1,310,635</u>	<u>\$ 673,776</u>	<u>\$ 3,078,334</u>	<u>\$ 5,062,745</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Vector Control	Special Projects	Visitor's Promotion	Visitor's Promotion Capital Construction	Traffic Safety Task Force	Safe Shelter Grant	City Taxi	FEMA Firefighter Assistance Grant
ASSETS								
Cash and cash equivalents	\$ 150,000	\$	\$ 100,167	\$	\$	\$	\$	\$
Certificate of deposit over three months								
Taxes receivable								
Due from other funds	35,401	43,865	252,622	101,541			13,358	
Receivable from other governments						1,821	12,335	
Other receivables	8,903							
Total Assets	<u>\$ 194,304</u>	<u>\$ 43,865</u>	<u>\$ 352,789</u>	<u>\$ 101,541</u>	<u>\$</u>	<u>\$ 1,821</u>	<u>\$ 25,693</u>	<u>\$</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$ 1,821	\$	\$
Due to other funds								766
Deferred revenue								
Total Liabilities						<u>1,821</u>		<u>766</u>
Fund balances:								
Reserved for:								
Other purposes								
Unreserved	194,304	43,865	352,789	101,541			25,693	(766)
Total Fund Balances	<u>194,304</u>	<u>43,865</u>	<u>352,789</u>	<u>101,541</u>			<u>25,693</u>	<u>(766)</u>
Total Liabilities and Fund Balances	<u>\$ 194,304</u>	<u>\$ 43,865</u>	<u>\$ 352,789</u>	<u>\$ 101,541</u>	<u>\$</u>	<u>\$ 1,821</u>	<u>\$ 25,693</u>	<u>\$</u>

<u>ND Highway Safety</u>	<u>Justice Assistance Grant</u>	<u>2007 Justice Assistance Grant</u>	<u>DES Homeland Security</u>	<u>City Share Specials - Reserve</u>	<u>Community Forest Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$	\$	\$	\$	\$ 500,000	\$	\$ 750,167
				100,000		100,000
				6,333		6,333
						446,787
835	5,700					20,691
						8,903
<u>\$ 835</u>	<u>\$ 5,700</u>	<u>\$</u>	<u>\$</u>	<u>\$ 606,333</u>	<u>\$</u>	<u>\$ 1,332,881</u>
\$	\$	\$	\$	\$	\$	\$ 1,821
223	5,700			7,403		14,092
				6,333		6,333
<u>223</u>	<u>5,700</u>			<u>13,736</u>		<u>22,246</u>
612				592,597		1,310,635
<u>612</u>				<u>592,597</u>		<u>1,310,635</u>
<u>\$ 835</u>	<u>\$ 5,700</u>	<u>\$</u>	<u>\$</u>	<u>\$ 606,333</u>	<u>\$</u>	<u>\$ 1,332,881</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended December 31, 2010

	<u>Vector Control</u>	<u>Special Projects</u>	<u>Visitor's Promotion</u>	<u>Visitor's Promotion Capital Construction</u>	<u>Traffic Safety Task Force</u>	<u>Safe Shelter Grant</u>	<u>City Tax</u>	<u>FEMA Firefighter Assistance Grant</u>
REVENUES								
Sales and miscellaneous taxes	\$	\$	\$ 386,867	\$ 63,689	\$	\$	\$	\$
Intergovernmental						6,765	37,805	
Charges for services	87,776							
Investment earnings	1,033	553	1,963	487				
Miscellaneous	685		220					
Total Revenues	<u>89,494</u>	<u>553</u>	<u>389,050</u>	<u>64,176</u>		<u>6,765</u>	<u>37,805</u>	
EXPENDITURES								
Current:								
Public safety						6,765		
Public works	65,458						39,045	
Visitor's promotion			357,366	31,642				
Capital outlay								
Total Expenditures	<u>65,458</u>		<u>357,366</u>	<u>31,642</u>		<u>6,765</u>	<u>39,045</u>	
Excess of revenues over expenditures	<u>24,036</u>	<u>553</u>	<u>31,684</u>	<u>32,534</u>			<u>(1,240)</u>	
OTHER FINANCING SOURCES (USES)								
Transfers in								
Transfers out	(7,380)				(1,624)			
Total other financing sources and uses	<u>(7,380)</u>				<u>(1,624)</u>			
Net change in fund balances	16,656	553	31,684	32,534	(1,624)		(1,240)	
Fund balances - beginning	177,648	43,312	321,105	69,007	1,624		26,933	(766)
Fund balances - ending	<u>\$ 194,304</u>	<u>\$ 43,865</u>	<u>\$ 352,789</u>	<u>\$ 101,541</u>	<u>\$</u>	<u>\$</u>	<u>\$ 25,693</u>	<u>\$ (766)</u>

<u>ND Highway Safety</u>	<u>Justice Assistance Grant</u>	<u>2007 Justice Assistance Grant</u>	<u>DES Homeland Security</u>	<u>City Share Specials - Reserve</u>	<u>Community Forest Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 3,169	\$ 39,349	\$ 1,136	\$ 68,630	\$ 801,871	\$ 1,711	\$ 1,252,427
				723		158,565
						87,776
						4,759
						905
<u>3,169</u>	<u>39,349</u>	<u>1,136</u>	<u>68,630</u>	<u>802,594</u>	<u>1,711</u>	<u>1,504,432</u>
993	39,349	1,136	14,983		1,711	63,226
						106,214
						389,008
			53,647			53,647
<u>993</u>	<u>39,349</u>	<u>1,136</u>	<u>68,630</u>		<u>1,711</u>	<u>612,095</u>
2,176				802,594		892,337
(2,312)				(209,997)		(221,313)
(2,312)				(209,997)		(221,313)
(136)				592,597		671,024
748						639,611
<u>\$ 612</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 592,597</u>	<u>\$</u>	<u>\$ 1,310,635</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	<u>Civic Center Construction</u>	<u>Public Building Site</u>	<u>Building Fund City Hall</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS				
Cash and cash equivalents	\$	\$ 600,000	\$ 35,000	\$ 635,000
Taxes receivable, net		112,125		112,125
Due from other funds	9,358		267	9,625
Total Assets	<u>\$ 9,358</u>	<u>\$ 712,125</u>	<u>\$ 35,267</u>	<u>\$ 756,750</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$	\$ 22,005	\$	\$ 22,005
Due to other funds		13,292		13,292
Deferred revenue		47,677		47,677
Total Liabilities		<u>82,974</u>		<u>82,974</u>
Fund balances:				
Reserved	9,358	629,151	35,267	673,776
Total Fund Balances	<u>9,358</u>	<u>629,151</u>	<u>35,267</u>	<u>673,776</u>
Total Liabilities and Fund Balances	<u>\$ 9,358</u>	<u>\$ 712,125</u>	<u>\$ 35,267</u>	<u>\$ 756,750</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
Year Ended December 31, 2010

	<u>Civic Center Construction</u>	<u>Public Building Site</u>	<u>Building Fund City Hall</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Property taxes	\$	\$ 144,876	\$	\$ 144,876
Investment earnings	129	3,812	310	4,251
Miscellaneous income		3,459		3,459
Total Revenues	<u>129</u>	<u>152,147</u>	<u>310</u>	<u>152,586</u>
EXPENDITURES				
Current:				
Public works		12,954		12,954
Capital outlay		68,877		68,877
Total Expenditures		<u>81,831</u>		<u>81,831</u>
Net change in fund balances	129	70,316	310	70,755
Fund balances - beginning	9,229	558,835	34,957	603,021
Fund balances - ending	<u>\$ 9,358</u>	<u>\$ 629,151</u>	<u>\$ 35,267</u>	<u>\$ 673,776</u>

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 December 31, 2010

	Series Z	Series D	Series E	1999 BND	1999 BND	Series H	Series I	Series J	Series K
	Refunding	Refunding	Refunding	(98-71)	(99-71)	Refunding	Refunding	Refunding	Refunding
	Improvement	Improvement	Improvement			Improvement	Improvement	Improvement	Improvement
Cash and cash equivalents	\$ 128,317	\$	\$	\$ 200,243	\$ 150,182	\$ 145,237	\$	\$ 109,738	\$ 234,717
Certificates of deposit over three months	77,828			52,103	22,405	39,911	3,409	41,811	15,132
Taxes receivable, net	\$ 206,145	\$	\$	\$ 252,346	\$ 172,587	\$ 185,148	\$ 3,409	\$ 151,549	\$ 249,849
Total Assets									

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:									
Due to other funds	\$	\$	\$	\$ 11,754	\$ 30,579	\$	\$	\$	\$
Deferred revenue	67,216			40,380	8,869	33,525	3,370	20,853	8,591
Total Liabilities	67,216			52,134	39,448	33,525	3,370	20,853	8,591
Fund balances:									
Reserved for:									
debt service	138,929			200,212	133,139	151,623	39	130,696	241,258
Total Fund Balances	138,929			200,212	133,139	151,623	39	130,696	241,258
Total Liabilities and Fund Balances	\$ 206,145	\$	\$	\$ 252,346	\$ 172,587	\$ 185,148	\$ 3,409	\$ 151,549	\$ 249,849

Series L Refunding Improvement	Series M Refunding Improvement	Series N Refunding Improvement	Series WWTA Refunding Improvement	Series O Refunding Improvement	Series P Refunding Improvement	Series 2007B SW Sewer	Series Q Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt Service Funds
\$ 75,091	\$ 98,336	\$ 115,896	\$ 156,701	\$ 153,692	\$ 111,392	\$ 25,972	\$ 68,125	\$ 77,550	\$ 91,329	\$ 1,942,518
6,985	153,149	138,434	111,570	184,005	168,238	500,000	249,382	235,304	291,336	500,000
\$ 82,076	\$ 251,485	\$ 254,330	\$ 268,271	\$ 337,697	\$ 279,630	\$ 599,570	\$ 317,507	\$ 312,854	\$ 382,665	\$ 1,864,600
\$ 75,078	\$ 108,714	\$ 81,375	\$ 67,079	\$ 78,859	\$ 80,251	\$ 54,342	\$ 139,603	\$ 143,868	\$ 167,493	\$ 117,411
6,985	108,714	81,375	67,079	78,859	80,251	54,342	139,603	143,868	167,493	1,111,373
82,063	108,714	81,375	67,079	78,859	80,251	54,342	139,603	143,868	167,493	1,228,784
13	142,771	172,955	201,192	258,838	199,379	545,228	177,904	168,986	215,172	3,078,334
13	142,771	172,955	201,192	258,838	199,379	545,228	177,904	168,986	215,172	3,078,334
\$ 82,076	\$ 251,485	\$ 254,330	\$ 268,271	\$ 337,697	\$ 279,630	\$ 599,570	\$ 317,507	\$ 312,854	\$ 382,665	\$ 4,307,117

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
Year Ended December 31, 2010

	Curb and Gutter	Series Z Refunding Improvement	Series D Refunding Improvement	Series E Refunding Improvement	1999 BND (98-71)	1999 BND (99-71)	Series H Refunding Improvement	Series I Refunding Improvement	Series J Refunding Improvement	Series K Refunding Improvement
REVENUES										
Property taxes	\$ 79,753	\$	\$	\$	\$ 43,380	\$ 33,213	\$ 59,258	\$ 4,325	\$ 66,435	\$ 16,632
Investment earnings	2,116	242	181	24	1,323	915	887	133	807	1,277
Total Revenues	<u>81,869</u>	<u>242</u>	<u>181</u>	<u>24</u>	<u>44,703</u>	<u>34,127</u>	<u>60,145</u>	<u>4,459</u>	<u>67,242</u>	<u>17,909</u>
EXPENDITURES										
Principal					55,000	35,000	40,000		50,000	20,000
Interest and other charges					8,713	5,163	8,590		15,185	1,806
Total Expenditures					<u>63,713</u>	<u>40,163</u>	<u>48,590</u>		<u>65,185</u>	<u>21,806</u>
Excess (deficiency) of revenues over expenditures	<u>81,869</u>	<u>242</u>	<u>181</u>	<u>24</u>	<u>(19,010)</u>	<u>(6,035)</u>	<u>11,555</u>	<u>4,459</u>	<u>2,057</u>	<u>(3,897)</u>
OTHER FINANCING										
Transfers in										
Transfers out	<u>(245,291)</u>	<u>(242)</u>	<u>(181)</u>	<u>(1,923)</u>				<u>(5,902)</u>		
Total other financing sources and uses	<u>(245,291)</u>	<u>(242)</u>	<u>(181)</u>	<u>(1,923)</u>				<u>(5,902)</u>		
Net change in fund balances	<u>(163,422)</u>			<u>(1,899)</u>	<u>(19,010)</u>	<u>(6,035)</u>	<u>11,555</u>	<u>(1,443)</u>	<u>2,057</u>	<u>(3,897)</u>
Fund balances - beginning	<u>302,351</u>			<u>1,899</u>	<u>219,222</u>	<u>139,174</u>	<u>140,068</u>	<u>1,482</u>	<u>128,639</u>	<u>245,155</u>
Fund balances - ending	<u>\$ 138,929</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 200,212</u>	<u>\$ 133,139</u>	<u>\$ 151,623</u>	<u>\$ 39</u>	<u>\$ 130,696</u>	<u>\$ 241,258</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended December 31, 2010

LIST OF CITY OFFICIALS

Mayor - January 1, 2010 to June 30, 2010	Clarice Liechty
- July 1, 2010 to December 31, 2010	Katie Anderson
Council	Ken Schultz
	Patrick Nygaard
	Charlie Kourajian
- January 1, 2010 to June 30, 2010	Kelani Parisien
- July 1, 2010 to December 31, 2010	Ramone Gumke
City Administrator	Jeffrey Fuchs



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2010, which collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements and have issued our report thereon dated September 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, City Council, the North Dakota State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which upon acceptance by the **CITY OF JAMESTOWN, NORTH DAKOTA**, is a matter of public record.

Schau & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

September 15, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **CITY OF JAMESTOWN, NORTH DAKOTA'S** management. Our responsibility is to express an opinion on **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance with those requirements.

In our opinion, **CITY OF JAMESTOWN, NORTH DAKOTA**, complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB A-133 –
continued 2**

express an opinion on the effectiveness of **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over compliance.

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

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

This report is intended solely for the information and use of management, City Council, the North Dakota State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. This restriction is not intended to limit the distribution of this report, which upon acceptance by the **CITY OF JAMESTOWN, NORTH DAKOTA**, is a matter of public record.

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

September 15, 2011

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – continued
Year Ended December 31, 2010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
City of Jamestown			
Department of Housing and Urban Development			
Passed Through State Department of			
Commerce			
Community Development Block Grants	14.228	1878-SL06-ED	\$ 1,000
	14.228	1314-CD990203SL03-ED	1,000
	14.228	1695-CD04-SL05-ED	1,000
Total Department of Housing and Urban Development			3,000
Department of Justice			
Direct Programs			
ARRA-Community Oriented Policing Services	16.710	2009RKWX0601	47,933
Edward Byrne Memorial Justice Assistance	16.738	2007-DJ-BX-0810	1,136
	16.738	2009-DJ-BX-1353	11,997
	16.738	2010-DJ-BX-1345	2,073
ARRA-Edward Byrne Memorial Justice Assistance	16.804	2009-SB-B9-2419	25,278
Total Direct			88,417
Passed Through State Attorney General's Office			
Edward Byrne Memorial Justice Assistance	16.738	D08-223	6,765
Total Indirect			6,765
Total Department of Justice			95,182
Department of Transportation			
Passed Through State Highway Department			
ARRA- Highway Planning & Construction	20.205	STM-S-NHU-2-987(061) 067 PCN 17685	35,317
	20.205	STM-SU-2-987(031)035 PCN 17645	5,250
Highway Planning & Construction	20.205	S-TNU-2-281(033)066	99,645
	20.205	CER-2-987(037)041	6,741
	20.205	CER-2-987(036)040	1,766
	20.205	CER-2-987(035)039	1,300
	20.205	CER-2-987(034)038	5,943
Formula Grants for Other than Urbanized Areas	20.509	38-029-0809	8,364
	20.509	38-122-0710	15,995
State and Community Highway Safety	20.600	12-038-0210	1,236
	20.600	12-104-0410	1,500

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – Continued
Year Ended December 31, 2010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
State and Community Highway Safety	20.600	12100290-1	1,523
	20.600	12100260-2	474
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	09-699-1009	2,010
	20.601	09-703-1009	3,169
Total Department of Transportation			<u>190,233</u>
Environmental Protection Agency Passed Through State Department of Health Capitalization Grants for Clean Water State Revolving Funds (2)	66.458		1,067,344
ARRA - Capitalization Grants for Drinking Water State Revolving Funds (2)	66.468		2,063,053
Total Environmental Protection Agency			<u>3,130,397</u>
Federal Emergency Management Agency Passed Through State Department of Emergency Services Disaster Assistance - Public Assistance - Presidentially Declared Disasters (1)	97.036	FEMA-DR-1829-ND	986,677
	97.036	FEMA-DR-1907-ND	433,698
	97.036	FEMA-EM-3309	122,783
Total Federal Emergency Management Agency			<u>1,543,158</u>
Department of Homeland Security Passed Through State Department of Emergency Services State homeland security grant	97.067	A0401-001-2009-HQRR	57,588
State homeland security grant	97.073	A0401-003-2008-HQRR	11,041
Total Department of Homeland Security			<u>68,629</u>
Total City of Jamestown			<u>\$ 5,030,599</u>
Jamestown Regional Airport Authority Department of Transportation Direct Airport Improvement Program			
Project #3-38-0028-26	20.106		\$ 5,665
Project #3-38-0028-27	20.106		65,122
Project #3-38-0028-28	20.106		1,517

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – Continued
Year Ended December 31, 2010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Project #3-38-0028-29	20.106		69,362
Project #3-38-0028-30	20.106		6,949
Project #3-38-0028-31	20.106		48,721
Project #3-38-0028-32	20.106		249,655
Total Jamestown Regional Airport Authority			<u>\$ 446,991</u>
Total Federal Awards			<u>\$ 5,477,590</u>

(1) - Major Programs

(2) - State Revolving Loan including commingled funds

State Revolving Loan balances at year end

1993 Water Treatment Revenue Bonds	\$ 370,000
1994 Solid Waste Treatment Revenue Bonds	375,000
1996 Waste Water Treatment Revenue Bonds (Series A)	3,315,000
1996 Waste Water Treatment Revenue Bonds (Series B)	2,450,000
1997 Solid Waste Treatment Revenue Bonds	920,000
1999 Water Treatment Assessment Warrants	240,000
1999 Clean Water Assessment Warrants	140,000
2002 Water and Sewer Revenue Bonds	165,000
2004 Waste Water Treatment Assessment Warrant	1,020,000
2005 Water Treatment Revenue Bonds	1,990,000
2005 Master Lift Station Revenue Bonds	1,226,000
2007 Water Treatment Revenue Bonds	1,795,000
2010 Water Treatment Revenue Bonds	1,334,009
2010 B Water Treatment Revenue Bonds	729,044
2011 Waste Water Treatment Revenue Bonds	1,067,344

CITY OF JAMESTOWN
Stutsman County, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

A. Summary of Audit Results

Financial Statements

Type of auditors' report issued - unqualified

Internal control over financial reporting

Material weakness(es) identified? _____ yes X no

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs

Material weakness(es) identified? _____ yes X no

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

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

Identification of major programs

97.036 – Disaster Assistance – Pubic Assistance – Presidentially Declared Disasters

Dollar threshold used to distinguish between type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? _____ yes X no

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

1. None

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

1. None

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
Year Ended December 31, 2010

A. Basis of Presentation

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