

CITY OF JAMESTOWN
Stutsman County, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2011

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, 2011, 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, 2011 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 20, 2012, 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 46, 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 20, 2012

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2011

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, 2011. 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 \$3,531,937 or 6.7% as a result of current year operations. Net assets of our business type activities increased by \$1,928,930 and net assets of our governmental activities increased by \$1,603,007 or 5.3%.
- Total revenues from all sources were \$21,644,522. Revenue from governmental activities was \$13,428,657 and revenues from business type activities were \$8,215,865.
- Total cost of all programs was \$18,112,585. This was comprised of \$11,927,762 in governmental activities and \$6,184,823 in business type activities.
- Governmental net assets totaled \$32,057,450.
- Governmental funds expenditures exceeded revenues by \$1,018,300.
- Unreserved fund balance for the general fund was \$2,669,186, 39.8% 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, 2011

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 46 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 41 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, 2011

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 – 46 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 48 – 55.

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, 2011 and 2010.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2011

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 \$55,728,579 at the close of the most recent fiscal year.

Table I
NET ASSETS
December 31, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current assets	\$ 16,392,673	\$ 17,633,169	\$ 8,622,272	\$ 11,492,870	\$ 25,014,945	\$ 29,126,039
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	26,521,925	24,171,425	31,934,266	27,761,737	58,456,191	51,933,162
Total Assets	<u>43,123,996</u>	<u>42,013,992</u>	<u>40,556,538</u>	<u>39,254,607</u>	<u>83,680,534</u>	<u>81,268,599</u>
LIABILITIES						
Current liabilities	2,220,445	2,328,204	1,910,401	1,853,000	4,130,846	4,181,204
Long-term liabilities	8,846,101	9,231,347	14,975,008	15,659,460	23,821,109	24,890,807
Total Liabilities	<u>11,066,546</u>	<u>11,559,551</u>	<u>16,885,409</u>	<u>17,512,460</u>	<u>27,951,955</u>	<u>29,072,011</u>
NET ASSETS						
Invested in capital assets, net of related debt	15,960,264	13,155,689	15,381,968	10,458,925	31,342,232	23,614,614
Restricted	11,198,356	4,886,232	6,958,280	7,130,208	18,156,636	12,016,440
Unrestricted	4,898,830	12,412,522	1,330,881	4,153,014	6,229,711	16,565,536
Total Net Assets	<u>\$ 32,057,450</u>	<u>\$ 30,454,443</u>	<u>\$23,671,129</u>	<u>\$ 21,742,147</u>	<u>\$ 55,728,579</u>	<u>\$ 52,196,590</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 (\$18,156,636) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6,229,711) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2011, 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, 2011

Table II
CHANGES IN NET ASSETS
Years Ending December 31, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program revenues						
Charges for services	\$ 727,301	\$ 568,265	\$ 8,199,494	\$ 7,891,718	\$8,926,795	\$8,459,983
Operating grants	2,743,356	3,207,283			2,743,356	3,207,283
Capital grants	21,792	40,484			21,792	40,484
General revenues						
Property taxes, general	3,144,006	3,153,594			3,144,006	3,153,594
Property taxes, debt service	2,114,517	2,304,905			2,114,517	2,304,905
State aid distribution	775,109	606,698			775,109	606,698
Miscellaneous taxes	592,827	540,162			592,827	540,162
Sales taxes	2,148,900	2,081,979			2,148,900	2,081,979
Investment earnings	110,787	159,885	16,371	48,311	127,158	208,196
Repayment of economic development funds	386,902	322,880			386,902	322,880
Miscellaneous	640,076	666,461			640,076	666,461
Gain (loss) on sale of assets	23,084	159,459			23,084	159,459
Total Revenues	13,428,657	13,812,055	8,215,865	7,940,029	21,644,522	21,752,084
EXPENSES						
General government	910,624	803,137			910,624	803,137
Public safety	3,136,323	2,982,605			3,136,323	2,982,605
Public works	4,541,613	4,221,751			4,541,613	4,221,751
Flood control	586,224	1,921,724			586,224	1,921,724
Health	47,785	47,785			47,785	47,785
Civic center	873,086	755,829			873,086	755,829
Interest on long-term debt	288,469	307,437			288,469	307,437
Visitor's promotion	420,535	389,300			420,535	389,300
Business and industrial development	1,123,103	654,847			1,123,103	654,847
Water utility			2,123,085	2,089,183	2,123,085	2,089,183
Sewer utility			1,930,970	2,091,647	1,930,970	2,091,647
Sanitation			840,792	775,160	840,792	775,160
Solid waste			1,277,825	1,097,065	1,277,825	1,097,065
Water meter deposits			12,151	13,330	12,151	13,330
Total Expenses	11,927,762	12,084,415	6,184,823	6,066,385	18,112,585	18,150,800
Excess before transfers	1,500,895	1,727,640	2,031,042	1,873,644	3,531,937	3,601,284
Transfers	102,112	(2,139,810)	(102,112)	2,139,810		
Change in net assets	1,603,007	(412,170)	1,928,930	4,013,454	3,531,937	3,601,284
BEGINNING NET ASSETS						
	<u>30,454,443</u>	<u>30,866,613</u>	<u>21,742,199</u>	<u>17,728,745</u>	<u>52,196,642</u>	<u>48,595,358</u>
ENDING NET ASSETS	\$ 32,057,450	\$ 30,454,443	\$23,671,129	\$ 21,742,199	\$ 55,728,579	\$ 52,196,642

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2011

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the **CITY OF JAMESTOWN'S** *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the **CITY OF JAMESTOWN'S** financing requirements. In particular, unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the **CITY OF JAMESTOWN'S** governmental funds reported combined ending fund balances of \$13,829,445, a decrease of \$1,018,300. The *governmental funds unassigned fund balance* is (\$5,028,517). The remainder of fund balances are restricted 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, unassigned fund balance of the general fund was \$2,669,186. 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 39.7% of total general fund expenditures. Total general fund cash at year end is \$660,299.

The **CITY OF JAMESTOWN'S** general fund balance increased by 528,522 during the current fiscal year.

The debt service funds have a total fund balance of \$5,446,400, all of which is restricted for the payment of debt service.

Proprietary Funds

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

General Fund Budgetary Highlights

There were no changes to the original budgets for 2011. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$1,436,147 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 \$757,126 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, 2011, amounts to \$58,456,191 (net of accumulated depreciation). This

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2011

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 \$7,400,000 was spent on the start of construction projects
- Approximately \$950,000 was spent on acquiring equipment and vehicles

Capital Assets
(Net of Accumulated Depreciation)
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	3,825,609	6,128,850	9,954,459
Buildings	1,808,899	12,571,822	14,380,721
Infrastructure	18,336,086	11,871,763	30,207,849
Equipment	2,544,131	1,301,831	3,845,962
Total Capital Assets (Net of Depreciation)	\$ 26,521,925	\$ 31,934,266	\$ 58,456,191

Additional information on the **CITY OF JAMESTOWN'S** capital assets can be found in note 5 on pages 31 – 32 of this report.

Long-Term Debt

At year end the City had total long-term debt of \$27,466,109, a decrease of \$1,198,698 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 \$2,955,000, Water Treatment Revenue Bonds in the amount of \$824,965 and Wastewater Treatment Revenue Bonds in the amount of \$72,679.

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, 2011

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 14,970,218	\$ 14,970,218
Refunding improvement bonds	10,561,659		10,561,659
Landfill closure costs		1,582,080	1,582,080
Compensated absences	226,442	125,710	352,152
Total	\$ 10,788,101	\$ 16,678,008	\$ 27,466,109

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2011

Economic Factors and Next Year's Budgets and Rates

2011 construction activities included the completion of the new Jamestown Regional Medical Center facility, and expansion projects for Hugo's grocery store (\$225,000), Infinity Building Services expansion (\$296,000), and renovation projects for the Jamestown Fine Arts Center (\$307,500), MedCenter One (\$215,500) and Buffalo City Grill (\$226,100).

During 2012 the community is anticipating the construction of 2 new motels, a major machinery business relocation and construction, construction of a new medical office building which will house 3 medical clinics, renovation of the former Jamestown Hospital building into senior housing, and construction of a new Science and Nursing building on the Jamestown College campus.

Taxable valuations in the City for 2011 were \$28,303,751, an increase of 2.2%. the mill levy for the City of Jamestown in 2011 decreased slightly to 131.11 mills.

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, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Cash and equivalents	\$ 12,557,524	\$ 7,345,870	\$ 19,903,394	\$ 12,411
Certificates of deposit over three months				126,857
Accounts receivable	8,915	679,247	688,162	12,444
Internal balances	(597,155)	597,155		
Due from other governmental agencies	4,423,389		4,423,389	253,511
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	3,825,609	6,128,850	9,954,459	
Buildings	4,018,785	21,280,041	25,298,826	4,371,796
Infrastructure	31,593,823	14,832,862	46,426,685	10,873,218
Equipment	5,175,828	3,649,012	8,824,840	843,995
Other capital assets				
Less: Accumulated Depreciation	<u>(18,099,320)</u>	<u>(14,016,499)</u>	<u>(32,115,819)</u>	<u>(6,112,399)</u>
Net Capital Assets	<u>26,521,925</u>	<u>31,934,266</u>	<u>58,456,191</u>	<u>10,420,315</u>
Total Assets	<u>43,123,996</u>	<u>40,556,538</u>	<u>83,680,534</u>	<u>10,825,538</u>
LIABILITIES				
Accounts payable and accrued expenses	278,445	207,401	485,846	262,462
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	1,942,000	1,703,000	3,645,000	51,063
Due in more than one year				
Bonds, capital leases and contracts	8,619,659	14,849,298	23,468,957	
Compensated absences	226,442	125,710	352,152	
Total Liabilities	<u>11,066,546</u>	<u>16,885,409</u>	<u>27,951,955</u>	<u>313,525</u>
NET ASSETS				
Invested in capital assets, net of related debt	15,960,264	15,381,968	31,342,232	10,369,252
Restricted for:				
Capital projects	678,918	3,151,791	3,830,709	
Debt service	6,469,448	2,282,072	8,751,520	
Other projects	4,049,990	1,524,417	5,574,407	
Unrestricted	4,898,830	1,330,881	6,229,711	142,761
Total Net Assets	<u>\$ 32,057,450</u>	<u>\$ 23,671,129</u>	<u>\$ 55,728,579</u>	<u>\$ 10,512,013</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, 2011

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Assets					Component Units
	Program Revenue		Primary Government		Total	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		
Expenses	\$					
General government	\$ 910,624	\$	\$	\$ (910,624)	\$	\$
Public safety	3,136,323	148,428	21,792	(2,927,269)	(2,927,269)	
Flood control	4,541,613	2,268,632		(2,184,657)	(2,184,657)	
Health	586,224	326,296		(259,928)	(259,928)	
Civic center	47,785			(47,785)	(47,785)	
Interest on long-term debt	873,086			(272,943)	(272,943)	
Visitor's promotion	288,469			(288,469)	(288,469)	
Business and industrial development	420,535			(420,535)	(420,535)	
Total Governmental Activities	1,123,103			(1,123,103)	(1,123,103)	
	11,927,762	2,743,356	21,792	(8,435,313)	(8,435,313)	
Business-Type Activities						
Water utility	2,123,085			1,153,891	1,153,891	
Sewer utility	1,930,970			722,734	722,734	
Sanitation	840,792			649,313	649,313	
Solid waste	1,277,825			(514,041)	(514,041)	
Water Meter deposits	12,151			2,774	2,774	
Total Business-Type Activities	6,184,823			2,014,671	2,014,671	
Total Primary Government	18,112,585	2,743,356	21,792	(8,435,313)	(6,420,642)	
Component Units						
Jamestown Municipal Airport Authority	1,068,959					1,013,972
Total Component Units	1,068,959					1,013,972
General Revenues:						
Taxes:						
Property taxes, levied for general purposes				3,144,006		
Property taxes, levied for debt service				2,114,517		
State aid distribution				775,109		
Miscellaneous taxes				592,827		
Sales taxes				2,148,900		
Unrestricted investment earnings				110,787		
Miscellaneous - repayment of economic development funds				386,902	16,371	632
Miscellaneous				640,076		89,153
Special item - gain on sale of assets				23,084		24,500
Transfers				102,112		
Total General Revenues, Special Items, and Transfers				10,038,320	(102,112)	
Change in Net Assets				(85,741)		
Net Assets - Beginning				1,603,007		1,325,749
Net Assets - Ending				30,454,443	21,742,196	9,186,264
				\$ 32,057,450	\$ 23,671,129	\$ 10,512,013

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

CITY OF JAMESTOWN
 Stutsman County, North Dakota
 Balance Sheet
 Governmental Funds
 December 31, 2011

ASSETS	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 660,299	\$ 2,904,223	\$ 4,550,894	\$ 419,441	\$	\$ 3,790,446	\$ 12,325,303
Taxes receivable, net	2,365,928					1,929,593	4,295,521
Due from other funds	703,570		3,715,419	1,803,214		848,957	7,071,160
Receivable from other governments	12,777			26,063		89,029	127,869
Other receivables						8,915	8,915
Total Assets	<u>\$ 3,742,574</u>	<u>\$ 2,904,223</u>	<u>\$ 8,266,313</u>	<u>\$ 2,248,718</u>	<u>\$</u>	<u>\$ 6,666,940</u>	<u>\$ 23,828,768</u>

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ 60,554	\$	\$	\$	\$ 166,164	\$ 24,753	\$ 251,471
Due to other funds		86,094			7,531,538	44,761	7,662,393
Deferred revenue	1,012,834					1,072,624	2,085,458
Total Liabilities	<u>1,073,388</u>	<u>86,094</u>			<u>7,697,702</u>	<u>1,142,138</u>	<u>9,999,322</u>
Fund Balances:							
Restricted for							
Debt service				2,248,718		3,197,682	5,446,400
Committed			3,971,440			78,550	4,049,990
Assigned		2,818,129	4,294,873			2,248,570	9,361,572
Unassigned	2,669,186				(7,697,703)		(5,028,517)
Total Fund Balances	<u>2,669,186</u>	<u>2,818,129</u>	<u>8,266,313</u>	<u>2,248,718</u>	<u>(7,697,703)</u>	<u>5,524,802</u>	<u>13,829,445</u>
Total Liabilities and Fund Balances	<u>\$ 3,742,574</u>	<u>\$ 2,904,223</u>	<u>\$ 8,266,313</u>	<u>\$ 2,248,718</u>	<u>\$</u>	<u>\$ 6,666,940</u>	<u>\$ 23,828,768</u>

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2011

Total Fund Balance, Governmental Funds	\$ 13,829,445
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.	26,731,323
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.	2,085,453
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.	199,330
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.	(10,788,101)
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 32,057,450</u>

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, 2011

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 3,059,796					\$ 2,363,962	\$ 5,423,758
Sales and miscellaneous taxes	91,517		1,074,450			1,575,759	2,741,726
Fees and fines	155,461						155,461
Licenses and permits	266,212						266,212
Intergovernmental	2,691,046				554,930	294,280	3,540,256
Charges for services	638,977					88,324	727,301
Investment earnings	12,495	10,365	78,829	2,691		8,562	112,942
Miscellaneous	70,854		386,902	1,575		4,540	463,871
Total Revenues	<u>6,986,358</u>	<u>10,365</u>	<u>1,540,181</u>	<u>4,266</u>	<u>554,930</u>	<u>4,335,427</u>	<u>13,431,527</u>
EXPENDITURES							
Current:							
General government	627,433			803			628,236
Public safety	2,799,585					108,944	2,908,529
Public works	1,834,735				1,838,758	148,316	3,821,809
Health	47,785						47,785
Flood control	586,224						586,224
Civic center	812,986					420,145	812,986
Visitor's promotion			1,123,103				1,123,103
Business and industrial development							
Debt Service:							
Principal						3,507,000	3,507,000
Interest and other charges						310,060	310,060
Capital outlay	4,439	390,285				327,554	3,391,965
Total Expenditures	<u>6,713,187</u>	<u>390,285</u>	<u>1,123,103</u>	<u>803</u>	<u>2,669,687</u>	<u>4,822,019</u>	<u>17,557,842</u>
Excess (deficiency) of revenues over expenditures	<u>273,171</u>	<u>(379,920)</u>	<u>417,078</u>	<u>3,463</u>	<u>(3,953,515)</u>	<u>(486,591)</u>	<u>(4,126,314)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from issue of bonds					1,396,606	1,586,162	2,982,768
Transfers in	1,010,452	558,975			4,720,998	393,981	6,684,406
Transfers out	(755,815)	(365,159)		(2,879)	(4,426,947)	(1,031,494)	(6,582,294)
Total other financing sources and (uses)	<u>254,637</u>	<u>193,816</u>		<u>(2,879)</u>	<u>1,690,657</u>	<u>948,649</u>	<u>3,084,880</u>
SPECIAL ITEM							
Proceeds from sale of equipment	714	10,000	10,670	1,750			23,134
Net change in fund balances	<u>528,522</u>	<u>(176,104)</u>	<u>427,748</u>	<u>2,334</u>	<u>(2,262,858)</u>	<u>462,057</u>	<u>(1,018,300)</u>
Fund Balances - Beginning	2,140,664	2,994,233	7,838,565	2,246,384	(5,434,845)	5,062,745	14,847,745
Fund Balances - Ending	<u>\$ 2,669,186</u>	<u>\$ 2,818,129</u>	<u>\$ 8,266,313</u>	<u>\$ 2,248,718</u>	<u>\$ (7,697,703)</u>	<u>\$ 5,524,802</u>	<u>\$ 13,829,445</u>

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, 2011

Net Change in Fund Balances - Total Governmental Funds: \$ (1,018,300)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$3,391,965 exceeded depreciation \$1,041,465 in the current period. 2,350,500

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. (50)

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. (165,232)

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. 524,232

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 (70,155)

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. (3,832)

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. (14,155)

Change in Net Assets of Governmental Activities \$ 1,603,007

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, 2011

Enterprise Funds

	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,901,784	\$ 2,737,365	\$	\$ 2,706,721	\$	\$ 7,345,870	\$ 232,221
Certificates of deposit over three months							
Accounts receivable, net	296,036	230,893	152,318			679,247	
Due from other governments							
Due from other funds	878,672	746,054	17,028		126,480	1,768,234	
Total Current Assets	<u>3,076,492</u>	<u>3,714,312</u>	<u>169,346</u>	<u>2,706,721</u>	<u>126,480</u>	<u>9,793,351</u>	<u>232,221</u>
Non-current assets:							
Capital assets:							
Land				60,000		60,000	
Construction in progress	5,159,413		8,750	960,687		6,128,850	
Infrastructure	6,251,826		1,519,783			14,832,862	
Buildings	3,042,329		2,618,701	9,627,751		21,280,041	
Equipment and furniture	361,250		1,124,691	1,670,339		3,649,012	
Less accumulated depreciation	(4,116,479)		(1,404,068)	(3,948,889)		(14,016,499)	
Total non-current assets	10,698,339		9,630,141	8,369,888		31,934,266	
Total Assets	<u>13,774,831</u>	<u>13,344,453</u>	<u>3,405,244</u>	<u>11,076,609</u>	<u>126,480</u>	<u>41,727,617</u>	<u>232,221</u>
LIABILITIES							
Current Liabilities:							
Accounts payable				128,363		207,402	
Due to other funds	77,424		1,615	1,177,002		1,177,002	
Accrued health insurance benefits							
Bonds, notes and loans payable							26,975
Total Current Liabilities	435,000	1,068,000		200,000		1,703,000	
Non-current liabilities:							
Compensated absences				1,505,365		3,087,404	
Closure and postclosure costs	60,826	25,139	22,936	16,809		125,710	
Bonds, notes and loans payable	6,176,195			1,582,080		1,582,080	
Total non-current liabilities	6,237,021	6,186,023		905,000		13,267,218	
Total Liabilities	<u>6,749,445</u>	<u>7,279,162</u>	<u>24,551</u>	<u>4,009,254</u>		<u>18,062,412</u>	<u>26,975</u>
NET ASSETS							
Invested in capital assets, net of							
related debt	4,087,144	2,376,118		5,682,808		15,381,968	
Restricted for debt service	755,438	1,287,269	3,235,898	239,365		2,282,072	
Restricted for capital projects	1,415,559	1,736,232				3,151,791	
Restricted for other purposes				1,524,417		1,524,417	
Unrestricted	767,245	665,672	144,795	(379,235)	126,480	1,324,957	205,246
Total Net Assets	<u>\$ 7,025,386</u>	<u>\$ 6,065,291</u>	<u>\$ 3,380,693</u>	<u>\$ 7,067,355</u>	<u>\$ 126,480</u>	<u>\$ 23,665,205</u>	<u>\$ 205,246</u>

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2011

	Enterprise Funds					Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	
OPERATING REVENUES						
Charges for services	\$ 3,274,568	\$ 2,633,474	\$ 1,489,020	\$ 746,348	\$	\$ 8,143,410
Miscellaneous	2,408	20,230	1,085	17,436	14,925	56,084
Total Operating Revenues	<u>3,276,976</u>	<u>2,653,704</u>	<u>1,490,105</u>	<u>763,784</u>	<u>14,925</u>	<u>8,199,494</u>
OPERATING EXPENSES						
Personal services	948,073	552,913	498,593	458,347		2,457,926
Contractual services	63,204	63,008	2,050	79,856		208,118
Utilities	191,741	403,104		48,856		643,701
Repairs and maintenance	224,877	271,823	102,321	271,062		870,083
Other supplies and expenses	389,008	129,088	118,574	104,114		740,784
Insurance claims and expenses	12,118	4,850	4,850	5,532		22,500
Sundry expenses	31,989	38,628	60	33,155	12,151	115,983
Depreciation	150,921	278,158	115,722	245,828		790,629
Total Operating Expenses	<u>2,011,931</u>	<u>1,736,722</u>	<u>842,170</u>	<u>1,246,750</u>	<u>12,151</u>	<u>5,849,724</u>
Operating Income (Loss)	<u>1,265,045</u>	<u>916,982</u>	<u>647,935</u>	<u>(482,966)</u>	<u>2,774</u>	<u>2,349,770</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	4,911	8,115		3,309	36	16,371
Interest expense	(113,216)	(195,429)		(32,375)		(341,020)
Net non-operating revenues (expenses)	<u>(108,305)</u>	<u>(187,314)</u>		<u>(29,066)</u>	<u>36</u>	<u>713</u>
Income (loss) before contributions and transfers	1,156,740	729,668	647,935	(512,032)	2,810	2,025,121
Transfers in	2,851,632	352,553	540,506	1,989,895	128	5,734,714
Transfers out	(1,987,400)	(1,621,262)	(759,916)	(1,468,248)		(5,836,826)
Change in net assets	2,020,972	(539,041)	428,525	9,615	2,938	1,923,009
Total net assets - beginning	5,004,415	6,604,331	2,952,168	7,057,740	123,542	21,742,196
Total net assets - ending	<u>\$ 7,025,386</u>	<u>\$ 6,065,291</u>	<u>\$ 3,380,693</u>	<u>\$ 7,067,355</u>	<u>\$ 126,480</u>	<u>\$ 23,665,205</u>
Change in net assets, per above						1,923,009
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.						5,921
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements						<u>\$ 1,928,930</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, 2011

	Enterprise Funds						Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 3,251,339	\$ 2,617,370	\$ 1,476,398	\$ 746,348	\$ 14,925	\$ 8,106,380	\$ 776,094
Payments to suppliers	(986,819)	(905,652)	(221,390)	(331,255)	(12,151)	(2,457,267)	
Payments to employees	(947,572)	(548,898)	(497,749)	(461,646)		(2,455,865)	
Payments on claims	(12,118)		(4,850)	(5,532)		(22,500)	(815,665)
Internal activity - payment from (to) other funds	(1,133,150)	(491,527)	(17,029)	1,177,002	(126,480)	(591,184)	
Other receipts	2,408	20,231	1,085	17,436		41,160	
Net Cash Provided by (Used in) Operating Activities	<u>174,088</u>	<u>691,524</u>	<u>736,465</u>	<u>1,142,353</u>	<u>(123,706)</u>	<u>2,620,724</u>	<u>(39,571)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer in	2,851,632	352,553	540,506	1,989,895	128	5,734,714	
Transfers out	(1,987,400)	(1,621,262)	(759,916)	(1,468,248)		(5,836,826)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>864,232</u>	<u>(1,268,709)</u>	<u>(219,410)</u>	<u>521,647</u>	<u>128</u>	<u>(102,112)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition & construction of capital assets	(2,851,545)	(72,586)	(541,977)	(1,481,385)		(4,947,493)	
Proceeds from issue of capital debt	1,554,009	1,140,023				2,694,032	
Principal paid on capital debt	(431,823)	(1,042,000)		(190,000)		(1,663,823)	
Interest paid on capital debt	(113,216)	(195,429)		(32,375)		(341,020)	
Net Cash Used in Capital and Related Financing Activities	<u>(1,842,575)</u>	<u>(169,992)</u>	<u>(541,977)</u>	<u>(1,703,760)</u>		<u>(4,258,304)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of certificates of deposit over three months		2,000,000				2,000,000	
Interest and dividends	4,911	8,115		3,309	36	16,371	713
Net Cash Provided by Investing Activities	<u>4,911</u>	<u>2,008,115</u>		<u>3,309</u>	<u>36</u>	<u>2,016,371</u>	<u>713</u>
Net increase (decrease) in cash and cash equivalents	(799,344)	1,260,938	(24,922)	(36,451)	(123,542)	276,680	(38,858)
Cash and cash equivalents, January 1	2,701,128	1,476,427	24,922	2,743,172	123,542	7,069,191	271,079
Cash and cash equivalents, December 31	<u>\$ 1,901,784</u>	<u>\$ 2,737,365</u>	<u>\$</u>	<u>\$ 2,706,721</u>	<u>\$</u>	<u>\$ 7,345,870</u>	<u>\$ 232,221</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 1,265,045	\$ 916,982	\$ 647,935	\$ (482,966)	\$ 2,774	\$ 2,349,770	\$ (8,948)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	150,921	278,158	115,722	245,828		790,629	
Change in Assets and Liabilities							
Receivables, net	(23,229)	(16,104)	(12,622)			(51,955)	
Due to (from) other funds	(1,133,150)	(491,527)	(17,029)	1,177,002	(126,480)	(591,184)	
Accounts payable	(86,000)		1,615	205,787		121,402	(30,623)
Compensated absences	501	4,015	844	(3,298)		2,062	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 174,088</u>	<u>\$ 691,524</u>	<u>\$ 736,465</u>	<u>\$ 1,142,353</u>	<u>\$ (123,706)</u>	<u>\$ 2,620,724</u>	<u>\$ (39,571)</u>

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 109,426
Receivables:	
Due from other governments	459,432
Total Assets	568,858
 LIABILITIES	
Due to other governments	568,858
Total Liabilities	\$ 568,858
 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, 2011

1. Summary of Significant Accounting Policies

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

A. Description of the Reporting Entity

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

B. Reporting Entity

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

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

The component unit condensed financial information reflects this discretely presented unit. Complete financial statements for the individual component unit may be obtained from its administrative office as follows:

Jamestown Regional Airport Authority
Jamestown Airport
Jamestown, ND 58401

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

B. Reporting Entity – continued

Condensed Component Unit Financial Statements

	Jamestown Regional Airport Authority
ASSETS	
Current assets	\$ 405,223
Capital assets	10,420,315
Total Assets	<u>10,825,538</u>
LIABILITIES	
Current liabilities	313,525
Long-term liabilities	
Total Liabilities	<u>313,525</u>
NET ASSETS	
Invested in capital assets	10,369,252
Unrestricted	142,761
Total Net Assets	<u>\$ 10,512,013</u>
REVENUES	
Program Revenues	
Charges for services	\$ 164,411
Capital grants	1,918,520
General revenues	
Property taxes	197,492
Other revenues	114,285
Total Revenues	<u>2,394,708</u>
EXPENDITURES	
Operating	934,384
Projects and materials	134,575
Total Expenditures	<u>1,068,959</u>
Change in Net Assets	1,325,749
Net Assets beginning of year	9,186,264
Net Assets end of year	<u>\$ 10,512,013</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, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011, 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, 2011

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

In the governmental fund statements, fund balances are classified as restricted, committed, assigned and unassigned.

Restricted fund balance represents a portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either: (a) externally imposed by creditors, (such as

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

L. Equity Classifications - continued

through debt covenants), grantors, contributors, or laws or regulations of other governments.; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which is the City Council through an ordinance or resolution.

Assigned fund balance represents amounts constrained by the government's intent to be used for a specific purpose, but neither restricted nor committed.

Unassigned fund balance represents residual classification for the general fund. This classification represents fund balance not assigned to other funds and is not restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it would be necessary to report a negative unassigned fund balance.

2. Cash and Cash Equivalents

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and cash equivalents." The following summary presents the amount of the City's deposits which are fully insured or collateralized with securities held by the City or its agent in the City's name (category 1), those deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the City's name (category 2), and those deposits which are not collateralized (category 3) at December 31, 2011. 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	\$ 479,502	\$ 12,633,813	\$ 1,400	\$ 10,505,928	\$ 9,802,264
Certificates of deposit		10,100,000		10,100,000	10,100,000
Fiduciary funds	109,426			109,426	109,426
Component funds	<u>142,731</u>			<u>142,731</u>	<u>139,268</u>
Total Deposits	<u>\$ 731,659</u>	<u>\$ 22,733,813</u>	<u>\$ 1,400</u>	<u>\$20,858,085</u>	<u>\$20,150,958</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.

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

3. Interfund Receivables, Payables and Transfers - continued

Balances due to/from other funds at December 31, 2011, consist of the following:

Due to the General fund from the Construction Fund	\$ 703,570
Due from the Equipment Replacement Fund to the Construction Fund	(86,094)
Due to the City Sales Tax Fund from the Construction Fund	3,715,419
Due to the other governmental funds from the Construction Fund	804,196
Due to the Special Assessment Deficiency Fund from the Construction Fund	1,803,214
Due to the Business Type Activities from the Construction Fund	591,233
	<u>\$ 7,531,538</u>

Transfers to/from other funds at December 31, 2011, consist of the following:

From the Construction Fund to the General Fund to reimburse engineering fees	\$ 129,323
From the General Fund to the Equipment Replacement Fund to finance equipment purchases	398,230
From the General Fund to Construction to finance storm sewer study	129,040
From other governmental funds to the General Fund to close out certain funds	322,718
From Business-Type Activities to the Equipment Replacement Fund to finance equipment purchases	153,365
From other governmental funds to Construction Fund to finance curb & gutter	13,485
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	7,380
Between other governmental funds to finance debt service	366,374
From other governmental funds to General Fund for matching	3,725
Between Business-Type Activities to fund Solid Waste	807,882
From other governmental funds to Business-Type Activities to fund wastewater treatment	279,996
From Equipment Replacement Fund to Business-Type Activities for equipment purchases	365,159
From Construction Fund to Business-Type Activities for construction projects	4,271,978
From Business-Type Activities for construction projects	1,826,548
From other governmental funds to Business-Type Activities for equipment purchases	8,175
From other governmental funds to Construction Fund for local share	57,877
From Civic Center to General Fund to record revenues generated	224,430
From Business-Type Activities to Construction Fund to fund sewer project	1,140,023
From Business-Type Activities to Construction Fund to fund water plant improvements	1,554,009
From Business-Type Activities to General Fund as budgeted	355,000
From Business-Type Activities to governmental funds to finance construction	1,524
From Special Assessment Deficiency Fund to General Fund to transfer interest	2,879
	<u>\$ 12,419,120</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

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, 2011 was as follows:

Primary Government

<i>Governmental Activities</i>	<u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/11</u>
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	<u>1,657,296</u>	<u>2,955,836</u>	<u>787,523</u>	<u>3,825,609</u>
Total capital assets not being depreciated	<u>1,664,496</u>	<u>2,955,836</u>	<u>787,523</u>	<u>3,832,809</u>
Capital assets being depreciated:				
Buildings	3,820,064	198,721		4,018,785
Infrastructure	31,005,021	588,802		31,593,823
Equipment	<u>4,978,578</u>	<u>466,300</u>	<u>269,050</u>	<u>5,175,828</u>
Total capital assets being depreciated	<u>39,803,663</u>	<u>1,253,823</u>	<u>269,050</u>	<u>40,788,436</u>
Less accumulated depreciation for:				
Buildings	2,130,445	79,442		2,209,887
Infrastructure	12,721,369	536,368		13,257,737
Equipment	<u>2,444,920</u>	<u>425,655</u>	<u>238,879</u>	<u>2,631,696</u>
Total accumulated depreciation	<u>17,296,734</u>	<u>1,041,465</u>	<u>238,879</u>	<u>18,099,320</u>
Net capital assets being depreciated	<u>22,506,929</u>	<u>212,358</u>	<u>30,171</u>	<u>22,689,116</u>
Governmental Activities capital assets, net	<u>\$24,171,425</u>	<u>\$ 3,168,194</u>	<u>\$ 817,694</u>	<u>\$ 26,521,925</u>
 <i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	<u>3,327,973</u>	<u>4,479,379</u>	<u>1,678,502</u>	<u>6,128,850</u>
Total capital assets not being depreciated	<u>3,387,973</u>	<u>4,479,379</u>	<u>1,678,502</u>	<u>6,188,850</u>
Capital assets being depreciated				
Buildings	21,280,041			21,280,041
Infrastructure	13,154,360	1,678,502		14,832,862
Equipment	<u>3,279,383</u>	<u>483,779</u>	<u>114,150</u>	<u>3,649,012</u>
Total capital assets being depreciated	<u>37,713,784</u>	<u>2,162,281</u>	<u>114,150</u>	<u>39,761,915</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

5. Capital Assets - continued

	<u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/11</u>
Less accumulated depreciation				
Buildings	8,334,460	373,759		8,708,219
Infrastructure	2,734,236	226,864		2,961,100
Equipment	2,271,324	190,006	114,150	2,347,180
Total accumulated depreciation	<u>13,340,020</u>	<u>790,629</u>	<u>114,150</u>	<u>14,016,499</u>
Net capital assets being depreciated	<u>24,373,764</u>	<u>1,371,652</u>		<u>25,745,416</u>
Business-Type Activities capital assets, net	<u>\$27,761,737</u>	<u>\$ 5,851,031</u>	<u>\$ 1,678,502</u>	<u>\$ 31,934,266</u>

Discretely Presented Component Units

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2011 follows:

	<u>12/31/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/11</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress	552,986	1,911,985	2,464,971	
Total capital assets not being depreciated	<u>996,691</u>	<u>1,911,985</u>	<u>2,464,971</u>	<u>443,705</u>
Capital assets being depreciated				
Buildings	1,906,825			10,873,218
Infrastructure	10,873,218	2,464,971		4,371,796
Equipment	843,995			843,995
Total capital assets being depreciated	<u>13,624,038</u>	<u>2,464,971</u>		<u>16,089,009</u>
Less accumulated depreciation for:				
Buildings	278,676	415,469		5,328,276
Infrastructure	4,912,807	39,892		318,568
Equipment	431,725	33,830		465,555
Total accumulated depreciation	<u>5,623,208</u>	<u>489,191</u>		<u>6,112,399</u>
Net capital assets being depreciated,	<u>8,000,830</u>	<u>1,975,780</u>		<u>9,996,610</u>
Component Units capital assets, net	<u>\$8,997,521</u>	<u>\$3,887,765</u>	<u>\$ 2,464,971</u>	<u>\$ 10,420,315</u>

Depreciation expense by function:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 28,732	Water utility	\$ 150,921
Public safety	222,196	Sewer utility	278,158
Public works	727,655	Sanitation	115,722
Civic center	62,882	Solid waste	245,828
	<u> </u>		<u> </u>
Total	<u>\$ 1,041,465</u>	Total	<u>\$ 790,629</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

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

\$747,990 Series 1999A water treatment assessment due in annual installments of \$50,000 to \$60,000 through September 1, 2014, interest at 2.5%	\$ 180,000
\$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%	105,000
\$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%	960,000
\$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%	595,000
\$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%	1,162,000
\$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%	1,090,000
\$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%	1,285,000
\$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%	2,340,000
\$2,955,000 2011 Series T bonds due in annual installments of \$80,000 to \$560,000 through May 1, 2026, interest at 2.00% to 3.55%	2,955,000
	<u>\$ 10,672,000</u>

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

6. Long-Term Obligations - continued

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%	\$ 280,000
\$1,289,702 solid waste treatment bonds of 1993 due in annual installments of \$60,000 to \$80,000 through October 14, 2015, interest at 2.5%	305,000
\$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%	2,795,000
\$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%	2,065,000
\$2,375,000 solid waste treatment bonds of 1997 due in annual installments of \$105,000 to \$140,000 through September 1, 2017, interest at 2.5%	800,000
\$370,120 water and sewer revenue bonds of 2002 due in annual installments of \$20,000 to \$30,000 through September 1, 2016, interest at 2.5%	140,000
\$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%	1,880,000
\$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%	1,164,000
\$2,076,816 water treatment revenue bonds of 2007 due in annual installments of \$90,000 to \$135,000 through September 1, 2026 interest at 2.5%	1,700,000
\$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%	2,751,195
\$1,140,023 (not fully issued) wastewater treatment revenue bonds of 2011 due in annual installments of \$50,000 to \$90,000 through September 1, 2030, interest at 2.5%	1,090,023
	<u>14,970,218</u>
	<u>\$ 14,970,218</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

6. Long-Term Obligations - continued

During the current year, the City issued refunding improvement bonds, Series T and used \$1,500,000 to refund \$100,000 Series H, \$300,000 Series J, \$440,000 Series N and \$660,000 Series P refunding improvement bonds. The refunding was conducted to consolidate debt.

As a result of the refunding, the City realized a net present value savings of \$49,024.

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, 2011, the aggregate principal amount payable for the five outstanding series issued is \$7,290,200.

The following is a summary of long-term obligation transactions for the year ended December 31, 2011:

	<u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/11</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement bonds	\$11,224,000	\$ 2,955,000	\$ 3,507,000	\$ 10,672,000	\$ 1,942,000
Issue costs	(208,264)	30,638	67,285	(110,341)	
Total Long-Term Debt	<u>11,015,736</u>	<u>2,985,638</u>	<u>3,439,715</u>	<u>10,561,659</u>	<u>1,942,000</u>
Compensated absences	<u>222,611</u>	<u>3,831</u>		<u>226,442</u>	
Governmental Activities Long Term Liabilities	<u>\$ 11,238,347</u>	<u>\$2,989,469</u>	<u>\$ 3,439,715</u>	<u>\$ 10,788,101</u>	<u>\$ 1,942,000</u>
	<u>12/31/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/11</u>	<u>Due Within One Year</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$ 15,736,397	\$ 897,644	\$1,663,823	\$14,970,218	\$1,703,000
Landfill closure costs	1,566,415	15,665		1,582,080	
Compensated absences	<u>123,648</u>	<u>2,062</u>		<u>125,710</u>	
Business-Type Activities Long Term Liabilities	<u>\$ 17,426,460</u>	<u>\$ 915,371</u>	<u>\$1,663,823</u>	<u>\$16,678,008</u>	<u>\$1,703,000</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

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>	
	Principal	Interest	Principal	Interest
2012	\$ 1,942,000	\$ 253,504	\$ 1,703,000	\$ 548,827
2013	1,842,000	208,736	1,740,000	350,357
2014	1,592,000	167,658	1,781,000	300,866
2015	1,257,000	131,736	1,738,000	250,356
2016	987,000	103,023	1,694,000	201,151
2017 – 2021	1,931,000	299,272	2,830,000	634,938
2022 – 2026	1,121,000	88,397	2,843,000	284,390
2027 - 2030			641,218	27,298
Total	<u>\$ 10,672,000</u>	<u>\$ 1,252,326</u>	<u>\$ 14,970,218</u>	<u>\$ 2,598,183</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, 2011

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, 2012. 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 \$1,056,509 at December 31, 2011, as follows:

	<u>January 1, 2012</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 3,262,893
Current employees	
100% vested	3,508,393
Non vested	<u>1,950</u>
Total pension benefit obligation	6,773,236
Net assets available for benefits at market (cost unavailable)	<u>5,716,727</u>
Accumulated pension benefit obligation in excess of assets	<u>\$ 1,056,509</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, 2009, the actuarial cost method changed to entry age normal with closed 10 year level dollar amortization. Effective January 1, 2008, The City began participation in the North Dakota Public Employees Retirement System. Employees were allowed to transfer to the ND PERS at that time.

C. Actuarially Determined Contribution Requirements and Contributions Made

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

7. Pension Plan - continued

The contributions to the Plan of \$159,517 for 2011 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2012. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was 4.44% of current covered payroll for 2011.

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 47 of the City's financial statements. For the three years ended 2011, 2010 and 2009, available assets were sufficient to fund 84, 87, and 85 percent, respectively, of the pension benefit obligation. The Plan went from an underfunded plan of \$944,117 in 2009 to an underfunded plan of \$874,248 in 2010 and underfunded plan of \$1,056,509 in 2011. The City's contributions for the years ended 2011, 2010 and 2009 were 4.44, 3.96, and 3.05 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, 2011

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, 2011, 2010, and 2009 were \$195,549, \$180,858 and \$164,204, 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, 2011 and 2010, is as follows:

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2011

10. Risk Management - continued

	<u>2011</u>	<u>2010</u>
Claims payable, January 1	\$ 57,598	\$ 22,379
Add: Claims incurred	454,736	496,318
Less: Claims paid	<u>(485,359)</u>	<u>(461,099)</u>
Claims payable, December 31	<u>\$ 26,975</u>	<u>\$ 57,598</u>

Claims payable are based on claims paid in January, February and March of 2012 for claims incurred in 2011.

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, 2011, is \$552,348 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,029,732 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 2011. 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, 2011

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, 2011, 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 \$1,176,853.

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, 2011

15. Construction Commitments

As of December 31, 2011, the City had outstanding construction contracts for projects totaling approximately \$14,472,000 with costs incurred to December 31, 2011 of \$10,200,000 leaving about \$4,272,000 remaining on the contracts.

16. Subsequent Events

On August 14, 2012, the City Council voted to approve the issuance of Refunding Improvement Bonds of 2012, Series U. It is a new money issue that will be used to finance infrastructure projects.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN
Stutsman County, North Dakota
Required Supplementary Information
Budget and Actual (with Variances)
General Fund
Year Ended December 31, 2011

	<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	\$ 2,931,425	\$ 2,931,425	\$ 2,986,986	\$ 55,561
Sales and miscellaneous taxes	89,500	89,500	91,517	2,017
Fees and fines	139,000	139,000	155,461	16,461
Licenses and permits	285,780	285,780	266,211	(19,569)
Intergovernmental	1,496,300	1,496,300	2,840,440	1,344,140
Charges for services	123,800	123,800	139,507	15,707
Investment earnings	38,000	38,000	12,610	(25,390)
Miscellaneous	151,695	151,695	198,915	47,220
Total Revenues	<u>5,255,500</u>	<u>5,255,500</u>	<u>6,691,647</u>	<u>1,436,147</u>
EXPENDITURES				
Current:				
General government	571,935	571,935	624,828	(52,893)
Public safety	2,790,925	2,790,925	2,794,925	(4,000)
Public works	1,752,000	1,752,000	1,963,792	(211,792)
Flood control			525,670	(525,670)
Health	47,785	47,785	47,785	
Civic center	459,845	459,845	430,313	29,532
Capital Outlay	19,400	19,400	11,703	7,697
Total Expenditures	<u>5,641,890</u>	<u>5,641,890</u>	<u>6,399,016</u>	<u>(757,126)</u>
Excess (deficiency) of revenues over expenditures	<u>(386,390)</u>	<u>(386,390)</u>	<u>292,631</u>	<u>679,021</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	789,055	789,055	784,029	(5,026)
Transfers out	(396,910)	(396,910)	(402,102)	(5,192)
Total Other Financing Sources and (Uses)	<u>392,145</u>	<u>392,145</u>	<u>381,927</u>	<u>(10,218)</u>
SPECIAL ITEM				
Proceeds from sale of capital assets			714	714
Net change in fund balances	5,755	5,755	675,272	669,517
Fund Balances - Beginning	1,555,767	1,555,767	1,555,767	
Fund Balances - Ending	<u>\$ 1,561,522</u>	<u>\$ 1,561,522</u>	<u>\$ 2,231,039</u>	<u>\$ 669,517</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, 2011

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

Sources/Inflows of Resources

Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison schedule	\$ 6,691,647
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	72,810
Grants accrued at prior year are not included for budgetary purposes	(162,170)
Grants accrued are not considered revenues for budgetary purposes	12,777
The net proceeds from the civic center are included in the budget	<u>371,294</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 6,986,358</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,399,016
City recorded as project expense reclassified as a transfer	(129,056)
The expenses from promotion, revolving and concession funds are not included in the budget	382,673
Account payable accrued at year end	<u>60,554</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 6,713,187</u>

Note B - Excess of Expenditures Over Appropriations

Expenditures in the General Fund exceeded appropriations by \$757,126. 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, 2011

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, 2011

	Equipment Replacement			City Sales Tax			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	Budgeted Amounts	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	
	Original	Final		Original	Final		
REVENUES							
Sales and miscellaneous taxes	\$ 28,000	\$ 28,000	\$ (17,635)	\$ 1,030,000	\$ 1,030,000	\$ 44,450	\$ 44,450
Investment earnings				99,565	78,829	(20,736)	(20,736)
Miscellaneous				187,755	386,902	199,147	199,147
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>(17,635)</u>	<u>1,317,320</u>	<u>1,540,181</u>	<u>222,861</u>	<u>222,861</u>
EXPENDITURES							
Current:							
General government							
Public works							
Business and industrial development				1,815,000	1,815,000	691,897	691,897
Capital Outlay	431,905	431,905	41,620				
Total Expenditures	<u>431,905</u>	<u>431,905</u>	<u>41,620</u>	<u>1,815,000</u>	<u>1,815,000</u>	<u>691,897</u>	<u>691,897</u>
Excess (deficiency) of revenues over expenditures	<u>(403,905)</u>	<u>(403,905)</u>	<u>23,985</u>	<u>(497,680)</u>	<u>(497,680)</u>	<u>914,758</u>	<u>914,758</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	558,975	558,975	(365,159)				
Transfers out							
Total other financing sources and (uses)	<u>558,975</u>	<u>558,975</u>	<u>(365,159)</u>				
SPECIAL ITEM							
Proceeds from sale of capital assets							
Net change in fund balances	155,070	155,070	10,000	(497,680)	(497,680)	10,670	10,670
Fund balances - beginning	2,994,233	2,994,233	(331,174)	7,838,565	7,838,565	925,428	925,428
Fund balances - ending	<u>\$ 3,149,303</u>	<u>\$ 3,149,303</u>	<u>\$ (331,174)</u>	<u>\$ 7,340,885</u>	<u>\$ 7,340,885</u>	<u>\$ 925,428</u>	<u>\$ 925,428</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2011

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
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
2011	5,716,727	6,773,236	84%	(1,056,509)	1,148,046

*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, 2011

	<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	\$ 1,000,285	\$ 350,000	\$ 2,440,161	\$ 3,790,446
Taxes receivable, net		113,585	1,816,008	1,929,593
Due from other funds	720,663	128,294		848,957
Receivable from other governments	24,929	64,100		89,029
Other receivables	8,915			8,915
Total Assets	<u>\$ 1,754,792</u>	<u>\$ 655,979</u>	<u>\$ 4,256,169</u>	<u>\$ 6,666,940</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,814	\$ 22,939	\$	\$ 24,753
Due to other funds	9,324		35,437	44,761
Deferred revenue		49,574	1,023,050	1,072,624
Total Liabilities	<u>11,138</u>	<u>72,513</u>	<u>1,058,487</u>	<u>1,142,138</u>
Fund Balances:				
Restricted for:				
Debt service			3,197,682	3,197,682
Committed	78,550			78,550
Assigned	1,665,104	583,466		2,248,570
Total Fund Balances	<u>1,743,654</u>	<u>583,466</u>	<u>3,197,682</u>	<u>5,524,802</u>
Total Liabilities and Fund Balances	<u>\$ 1,754,792</u>	<u>\$ 655,979</u>	<u>\$ 4,256,169</u>	<u>\$ 6,666,940</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, 2011

	<u>Nonmajor Special Revenues</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Property taxes	\$ 5,392	\$ 149,393	\$ 2,209,177	\$ 2,363,962
Sales and miscellaneous taxes	1,575,759			1,575,759
Intergovernmental	230,180	64,100		294,280
Charges for services	88,324			88,324
Investment earnings	3,133	1,637	3,792	8,562
Miscellaneous	4,540			4,540
Total Revenues	<u>1,907,328</u>	<u>215,130</u>	<u>2,212,969</u>	<u>4,335,427</u>
EXPENDITURES				
Current:				
Public safety	108,944			108,944
Public works	138,384	9,932		148,316
Visitor's promotion	420,145			420,145
Principal			3,507,000	3,507,000
Interest and other charges			310,060	310,060
Capital outlay	41,404	286,150		327,554
Total Expenditures	<u>708,877</u>	<u>296,082</u>	<u>3,817,060</u>	<u>4,822,019</u>
Excess of revenues over expenditures	<u>1,198,451</u>	<u>(80,952)</u>	<u>(1,604,091)</u>	<u>(486,591)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issue of bonds			1,586,162	1,586,162
Transfers in	1,960		392,021	393,981
Transfers out	<u>(767,392)</u>	<u>(9,358)</u>	<u>(254,744)</u>	<u>(1,031,494)</u>
Total other financing sources and (uses)	<u>(765,432)</u>	<u>(9,358)</u>	<u>1,723,439</u>	<u>948,649</u>
Net change in fund balances	433,019	(90,310)	119,348	462,057
Fund balances - beginning	1,310,635	673,776	3,078,334	5,062,745
Fund balances - ending	<u>\$ 1,743,654</u>	<u>\$ 583,466</u>	<u>\$ 3,197,682</u>	<u>\$ 5,524,802</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	<u>Vector Control</u>	<u>Special Projects</u>	<u>Visitor's Promotion</u>	<u>Visitor's Promotion Capital Construction</u>	<u>Safe Shelter Grant</u>	<u>City Tax</u>	<u>FEMA Firefighter Assistance Grant</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$ 100,285	\$	\$	\$	\$
Due from other funds	201,558		287,394	148,693		12,682	
Receivable from other governments					1,814	11,481	
Other receivables	8,915						
Total Assets	<u>\$ 210,473</u>	<u>\$</u>	<u>\$ 387,679</u>	<u>\$ 148,693</u>	<u>\$ 1,814</u>	<u>\$ 24,163</u>	<u>\$</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$ 1,814	\$	\$
Due to other funds							
Total Liabilities					<u>1,814</u>		
Fund balances:							
Committed				78,550			
Assigned	210,473		387,679	70,143		24,163	
Total Fund Balances	<u>210,473</u>		<u>387,679</u>	<u>148,693</u>		<u>24,163</u>	
Total Liabilities and Fund Balances	<u>\$ 210,473</u>	<u>\$</u>	<u>\$ 387,679</u>	<u>\$ 148,693</u>	<u>\$ 1,814</u>	<u>\$ 24,163</u>	<u>\$</u>

<u>ND Highway Safety</u>	<u>Justice Assistance Grant</u>	<u>DES Homeland Security</u>	<u>City Share Specials - Reserve</u>	<u>Operation S.A.F.E.R. Grant</u>	<u>D.A.R.E. Program Fund</u>	<u>Community Transportation Enhancement Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$	\$	\$	\$ 900,000 70,194	\$	\$ 142	\$	\$ 1,000,285 720,663
1,665	9,324	645					24,929 8,915
<u>\$ 1,665</u>	<u>\$ 9,324</u>	<u>\$ 645</u>	<u>\$ 970,194</u>	<u>\$</u>	<u>\$ 142</u>	<u>\$</u>	<u>\$ 1,754,792</u>
\$	\$	\$	\$	\$	\$	\$	\$ 1,814 9,324
	9,324						11,138
	9,324						
1,665		645	970,194		142		78,550 1,665,104
1,665		645	970,194		142		1,743,654
<u>\$ 1,665</u>	<u>\$ 9,324</u>	<u>\$ 645</u>	<u>\$ 970,194</u>	<u>\$</u>	<u>\$ 142</u>	<u>\$</u>	<u>\$ 1,754,792</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, 2011

	Vector Control	Special Projects	Visitor's Promotion	Visitor's Promotion Capital Construction	Safe Shelter Grant	City Tax	FEMA Firefighter Assistance Grant
REVENUES							
Property taxes	\$	\$	\$	\$	\$	\$	\$
Sales and miscellaneous taxes			431,492	69,817			
Intergovernmental Charges for services	88,324				6,736	46,514	81,076
Investment earnings	450		506	175			
Miscellaneous	4,343		197				
Total Revenues	<u>93,117</u>		<u>432,195</u>	<u>69,992</u>	<u>6,736</u>	<u>46,514</u>	<u>81,076</u>
EXPENDITURES							
Current:							
Public safety					6,736		81,076
Public works	69,568					48,044	
Visitor's promotion			397,305	22,840			
Capital outlay							
Total Expenditures	<u>69,568</u>		<u>397,305</u>	<u>22,840</u>	<u>6,736</u>	<u>48,044</u>	<u>81,076</u>
Excess of revenues over expenditures	<u>23,549</u>		<u>34,890</u>	<u>47,152</u>		<u>(1,530)</u>	
OTHER FINANCING SOURCES (USES)							
Transfers in							766
Transfers out	(7,380)	(43,865)					
Total other financing sources and (uses)	<u>(7,380)</u>	<u>(43,865)</u>					<u>766</u>
Net change in fund balances	<u>16,169</u>	<u>(43,865)</u>	<u>34,890</u>	<u>47,152</u>		<u>(1,530)</u>	<u>766</u>
Fund balances - beginning	194,304	43,865	352,789	101,541		25,693	(766)
Fund balances - ending	<u>\$ 210,473</u>	<u>\$ 43,865</u>	<u>\$ 387,679</u>	<u>\$ 148,693</u>	<u>\$ 24,163</u>	<u>\$ 24,163</u>	<u>\$ 24,163</u>

ND Highway Safety	Justice Assistance Grant	DES Homeland Security	City Share Specials - Reserve	Operation S.A.F.E.R. Grant	D.A.R.E. Program Fund	Community Transportation Enhancement Grant	Total Nonmajor Special Revenue Funds
\$	\$	\$	\$ 5,392	\$	\$	\$	\$ 5,392
			1,074,450				1,575,759
3,898	21,042	46,926		2,500	750	20,738	230,180
			2,002				88,324
<u>3,898</u>	<u>21,042</u>	<u>46,926</u>	<u>1,081,844</u>	<u>2,500</u>	<u>750</u>	<u>20,738</u>	<u>4,540</u>
							1,907,328
885	15,846	2,543		1,250	608		108,944
						20,772	138,384
	5,196	36,208					420,145
<u>885</u>	<u>21,042</u>	<u>38,751</u>		<u>1,250</u>	<u>608</u>	<u>20,772</u>	<u>41,404</u>
							708,877
3,013		8,175	1,081,844	1,250	142	(34)	1,198,451
515		645				34	1,960
(2,475)		(8,175)	(704,247)	(1,250)			(767,392)
<u>(1,960)</u>		<u>(7,530)</u>	<u>(704,247)</u>	<u>(1,250)</u>		<u>34</u>	<u>(765,432)</u>
1,053		645	377,597		142		433,019
612			592,597				1,310,635
<u>\$ 1,665</u>	<u>\$</u>	<u>\$ 645</u>	<u>\$ 970,194</u>	<u>\$</u>	<u>\$ 142</u>	<u>\$</u>	<u>\$ 1,743,654</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	<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	\$	\$ 350,000	\$	\$ 350,000
Taxes receivable, net		113,585		113,585
Due from other governments		64,100		64,100
Due from other funds		92,997	35,297	128,294
Total Assets	<u>\$</u>	<u>\$ 620,682</u>	<u>\$ 35,297</u>	<u>\$ 655,979</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$	\$ 22,939	\$	\$ 22,939
Deferred revenue		49,574		49,574
Total Liabilities		<u>72,513</u>		<u>72,513</u>
Fund balances:				
Assigned		548,169	35,297	583,466
Total Fund Balances		<u>548,169</u>	<u>35,297</u>	<u>583,466</u>
Total Liabilities and Fund Balances	<u>\$</u>	<u>\$ 620,682</u>	<u>\$ 35,297</u>	<u>\$ 655,979</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, 2011

	<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	\$	\$ 149,393	\$	\$ 149,393
Intergovernmental		64,100		64,100
Investment earnings		1,607	30	1,637
Total Revenues		<u>215,100</u>	<u>30</u>	<u>215,130</u>
EXPENDITURES				
Current:				
Public works		9,932		9,932
Capital outlay		286,150		286,150
Total Expenditures		<u>296,082</u>		<u>296,082</u>
Excess (deficiency) of revenues over expenditures		<u>(80,982)</u>	<u>30</u>	<u>(80,952)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,358)			(9,358)
Total other financing sources and (uses)	<u>(9,358)</u>			<u>(9,358)</u>
Net change in fund balances	(9,358)	(80,982)	30	(90,310)
Fund balances - beginning	9,358	629,151	35,267	673,776
Fund balances - ending	<u>\$</u>	<u>\$ 548,169</u>	<u>\$ 35,297</u>	<u>\$ 583,466</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011

	Series T	1999 BND	1999 BND	Series H	Series I	Series J	Series K	Series L
	Refunding	(98-71)	(99-71)	Refunding	Refunding	Refunding	Refunding	Refunding
	Improvement			Improvement	Improvement	Improvement	Improvement	Improvement
ASSETS								
Cash and cash equivalents	\$ 48,177	\$ 181,128	\$ 150,390	\$ 154,530	\$	\$ 121,391	\$	\$
Taxes receivable, net	150,783	49,796	19,579	25,875	655	37,725	12,991	5,372
Total Assets	<u>\$ 198,960</u>	<u>\$ 230,924</u>	<u>\$ 169,969</u>	<u>\$ 180,405</u>	<u>\$ 655</u>	<u>\$ 159,116</u>	<u>\$ 12,991</u>	<u>\$ 5,372</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$	\$	\$ 35,437	\$	\$	\$	\$	\$
Deferred revenue	87,307	39,620	7,285	19,881	655	20,656	7,785	5,372
Total Liabilities	<u>87,307</u>	<u>39,620</u>	<u>42,722</u>	<u>19,881</u>	<u>655</u>	<u>20,656</u>	<u>7,785</u>	<u>5,372</u>
Fund balances:								
Restricted								
debt service	111,653	191,304	127,247	160,524		138,460	5,206	
Total Fund Balances	<u>111,653</u>	<u>191,304</u>	<u>127,247</u>	<u>160,524</u>		<u>138,460</u>	<u>5,206</u>	
Total Liabilities and Fund Balances	<u>\$ 198,960</u>	<u>\$ 230,924</u>	<u>\$ 169,969</u>	<u>\$ 180,405</u>	<u>\$ 655</u>	<u>\$ 159,116</u>	<u>\$ 12,991</u>	<u>\$ 5,372</u>

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
\$ 98,097	\$ 131,452	\$ 177,075	\$ 145,805	\$ 142,756	\$ 518,847	\$ 82,595	\$ 135,507	\$ 139,463	\$ 2,440,161
20,225	135,000	97,323	171,633	162,929	71,677	238,427	220,674	318,540	1,816,008
\$ 118,322	\$ 266,452	\$ 274,398	\$ 317,438	\$ 305,685	\$ 590,524	\$ 321,022	\$ 356,181	\$ 458,003	\$ 4,256,169
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
19,234	74,083	57,795	56,241	79,430	51,236	127,891	126,136	173,505	35,437
19,234	74,083	57,795	56,241	79,430	51,236	127,891	126,136	173,505	1,023,050
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
99,088	192,369	216,603	261,197	226,255	539,288	193,131	230,045	284,498	3,197,682
99,088	192,369	216,603	261,197	226,255	539,288	193,131	230,045	284,498	3,197,682
\$ 118,322	\$ 266,452	\$ 274,398	\$ 317,438	\$ 305,685	\$ 590,524	\$ 321,022	\$ 356,181	\$ 458,003	\$ 4,256,169

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, 2011

	Curb and Gutter	Series T 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	Series L Refunding Improvement
REVENUES									
Property taxes	\$ 80,671	\$ 67,358	\$ 50,977	\$ 28,000	\$ 41,115	\$ 3,352	\$ 47,311	\$ 14,554	\$ 2,268
Investment earnings	260		208	208	139		139	208	91
Total Revenues	<u>80,931</u>	<u>67,358</u>	<u>51,185</u>	<u>28,208</u>	<u>41,254</u>	<u>3,352</u>	<u>47,450</u>	<u>14,762</u>	<u>2,359</u>
EXPENDITURES									
Principal			60,000	35,000	140,000		350,000	20,000	
Interest and other charges		15,351	7,050	4,113	5,861		11,773	897	
Total Expenditures		<u>15,351</u>	<u>67,050</u>	<u>39,113</u>	<u>145,861</u>		<u>361,773</u>	<u>20,897</u>	
Excess (deficiency) of revenues over expenditures	<u>80,931</u>	<u>52,007</u>	<u>(15,865)</u>	<u>(10,905)</u>	<u>(104,607)</u>	<u>3,352</u>	<u>(314,323)</u>	<u>(6,135)</u>	<u>2,359</u>
OTHER FINANCING									
Proceeds from issue of bonds		35,525			106,509		308,242		
Transfers in	14,439	25,646	6,957	5,013	6,999		13,845	4,054	
Transfers out	(13,485)	(1,525)				(3,391)		(233,971)	(2,372)
Total other financing sources and (uses)	<u>954</u>	<u>59,646</u>	<u>6,957</u>	<u>5,013</u>	<u>113,508</u>	<u>(3,391)</u>	<u>322,087</u>	<u>(229,917)</u>	<u>(2,372)</u>
Net change in fund balances	81,885	111,653	(8,908)	(5,892)	8,901	(39)	7,764	(236,052)	(13)
Fund balances - beginning	138,929		200,212	133,139	151,623	39	130,696	241,258	13
Fund balances - ending	<u>\$ 220,814</u>	<u>\$ 111,653</u>	<u>\$ 191,304</u>	<u>\$ 127,247</u>	<u>\$ 160,524</u>	<u>\$</u>	<u>\$ 138,460</u>	<u>\$ 5,206</u>	<u>\$</u>

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
\$ 102,532	\$ 168,953	\$ 105,030	\$ 243,173	\$ 214,260	\$ 86,916	\$ 271,543	\$ 269,007	\$ 412,157	\$ 2,209,177
	121	212	220	174	1,300	114	100	298	3,792
<u>102,532</u>	<u>169,074</u>	<u>105,242</u>	<u>243,393</u>	<u>214,434</u>	<u>88,216</u>	<u>271,657</u>	<u>269,107</u>	<u>412,455</u>	<u>2,212,969</u>
160,000	605,000	60,000	250,000	880,000	77,000	275,000	260,000	335,000	3,507,000
3,277	17,713	30,450	30,257	26,415	36,978	37,918	35,014	46,993	310,060
<u>163,277</u>	<u>622,713</u>	<u>90,450</u>	<u>280,257</u>	<u>906,415</u>	<u>113,978</u>	<u>312,918</u>	<u>295,014</u>	<u>381,993</u>	<u>3,817,060</u>
(60,745)	(453,639)	14,792	(36,864)	(691,981)	(25,762)	(41,261)	(25,907)	30,462	(1,604,091)
17,062	454,417	619	39,223	681,469	19,822	56,488	86,966	38,864	1,586,162
	18,636			37,388					392,021
									(254,744)
<u>17,062</u>	<u>473,053</u>	<u>619</u>	<u>39,223</u>	<u>718,857</u>	<u>19,822</u>	<u>56,488</u>	<u>86,966</u>	<u>38,864</u>	<u>1,723,439</u>
(43,683)	19,414	15,411	2,359	26,876	(5,940)	15,227	61,059	69,326	119,348
142,771	172,955	201,192	258,838	199,379	545,228	177,904	168,986	215,172	3,078,334
\$ 99,088	\$ 192,369	\$ 216,603	\$ 261,197	\$ 226,255	\$ 539,288	\$ 193,131	\$ 230,045	\$ 284,498	\$ 3,197,682

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended December 31, 2011

LIST OF CITY OFFICIALS

Mayor	Katie Anderson
Council	Ken Schultz
	Patrick Nygaard
	Charlie Kourajian
	Ramone Gumke
City Administrator	Jeffrey Fuchs



Schauer & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ronald R. Fuchs, CPA

Duane R. Dunn, CPA

Robert A. Platz, CPA

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

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

We have audited 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, 2011, which collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements and have issued our report thereon dated September 20, 2012. 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.

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

September 20, 2012



**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, 2011. 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.

CITY OF JAMESTOWN, NORTH DAKOTA'S basic financial statements include the operations of the Jamestown Regional Airport Authority, which received \$1,795,830 in federal awards that is not included in the schedule for the year ended December 31, 2011. Our audit described below, did not include the operations of the Jamestown Regional Airport Authority because the component unit has separately issued financial statements prepared and presented in accordance with the OMB Circular A-133.

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, 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 A-133 –
continued 2**

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 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 20, 2012

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – continued
Year Ended December 31, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Department of Commerce			
Passed Through State Department of Emergency Services			
Public Safety Interoperable Communications	11.555	A1068-001-2007-PSICSQ	\$ 16,350
Public Safety Interoperable Communications	11.555	A0418-001-2007-PSICQ	9,579
Total Department of Commerce			<u>25,929</u>
Department of Housing and Urban Development			
Passed Through State Department of Commerce			
Community Development Block Grants (1)	14.228	3164-SL11-ED-R	308,263
	14.228	1000-CD0102SL-ED	2,000
Total Department of Housing and Urban Development			<u>310,263</u>
Department of Justice			
Direct Programs			
Edward Byrne Memorial Justice Assistance	16.738	2009-DJ-BX-1353	2,335
Edward Byrne Memorial Justice Assistance	16.738	2010-DJ-BX-1345	9,350
ARRA-Edward Byrne Memorial Justice Assistance	16.804	2009-SB-BP-2419	9,358
JAG Program Cluster			<u>21,043</u>
ARRA-Community Oriented Policing Services	16.710	2009RKWX0601	50,627
Total Direct Department of Justice			<u>71,670</u>
Passed Through State Attorney General's Office			
Edward Byrne Memorial Justice Assistance	16.738	D09-318	6,736
Total Indirect Department of Justice			<u>6,736</u>
Total Department of Justice			<u>78,406</u>
Department of Transportation			
Passed Through State Highway Department			
Highway Planning & Construction (1)	20.205	CER-2-987(034)038	12,011
	20.205	CER-2-987(035)039	1,183
	20.205	CER-2-987(036)040	1,053
	20.205	CER-2-987(037)041	14,477
Transportation Enhancement	20.205	TEU-2-987(028)032	295,000
Formula Grants for Other than Urbanized Areas	20.509	38-122-0710	33,419
State and Community Highway Safety	20.600	HSP4021105	1,868
Alcohol Impaired Driving Countermeasures	20.601	HSP4101103	4,922
	20.601	HSP4101203	516
Highway Program Cluster			<u>7,306</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – Continued
Year Ended December 31, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
Passed through State Forest Service Highway Planning & Construction (1)	20.205	FOR-2010-(016)	20,738
Total Department of Transportation			<u>385,187</u>
Environmental Protection Agency Passed Through State Department of Health Capitalization Grants for Clean Water State Revolving Funds (2)	66.458	380943-01	72,679
ARRA - Capitalization Grants for Drinking Water State Revolving Funds (1) (2)	66.468	4700498-03	824,965
Total Environmental Protection Agency			<u>897,644</u>
Department of Energy Direct Programs ARRA - Energy Efficiency and Conservation Block grant	81.128	DE-RW000058	64,100
Federal Emergency Management Agency Direct Programs Assistance to Firefighters grant	94.044	EMW-2010-FO-00120	81,076
Passed Through State Department of Emergency Services Disaster Assistance - Public Assistance - Presidentially Declared Disasters (1)	97.036 97.036	FEMA-DR-1829-ND FEMA-DR-1907-ND	42,639 270,574
Total Federal Emergency Management Agency			<u>313,213</u> <u>394,289</u>
Department of Homeland Security Passed Through State Department of Emergency Services State homeland security grant	97.067	A0401-001-2009-HQRR	7,061
State homeland security grant	97.067	A0401-001-2010-RR	13,291
State homeland security grant	97.067	A0401-002-2010-SARQ	645
Total Department of Homeland Security			<u>20,997</u>
Total Federal Awards			<u>\$ 2,176,815</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – Continued
Year Ended December 31, 2011

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued

(1) - Major Programs

(2) - State Revolving Loan including commingled funds

State Revolving Loan balances at year end

1993 Water Treatment Revenue Bonds	\$ 280,000
1994 Solid Waste Treatment Revenue Bonds	305,000
1996 Waste Water Treatment Revenue Bonds (Series A)	2,795,000
1996 Waste Water Treatment Revenue Bonds (Series B)	2,065,000
1997 Solid Waste Treatment Revenue Bonds	800,000
1999 Water Treatment Assessment Warrants	180,000
1999 Clean Water Assessment Warrants	105,000
2002 Water and Sewer Revenue Bonds	140,000
2004 Waste Water Treatment Assessment Warrant	960,000
2005 Water Treatment Revenue Bonds	1,880,000
2005 Master Lift Station Revenue Bonds	1,164,000
2007 Water Treatment Revenue Bonds	1,700,000
2007 B Clean Water	1,162,000
2010 Water Treatment Revenue Bonds	2,751,195
2011 Waste Water Treatment Revenue Bonds	1,090,023

CITY OF JAMESTOWN
Stutsman County, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011

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

14.228 Community Development Block Grants

20.205 Highway Planning & Construction

66.468 – ARRA Capitalization Grants for Drinking water State Revolving Funds

Dollar threshold used to distinguish between type A and Type B programs

\$300,000

Auditee qualified as low-risk auditee? X yes _____ 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, 2011

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.