

CITY OF JAMESTOWN
Stutsman County, North Dakota

REPORT ON FINANCIAL STATEMENTS
(with supplementary information)
Year Ended December 31, 2012

CITY OF JAMESTOWN
Stutsman County, North Dakota
CONTENTS
Year Ended December 31, 2012

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 -11
Basic Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Notes to Financial Statements	22 - 43
Required Supplementary Information	
Budgetary Comparison Schedules	
Budget and Actual (with Variances) – General Fund	44
Notes to Required Supplementary Information – General Fund	45 - 46
Budget and Actual (with Variances) – Major Special Revenue Funds	47
Analysis of Pension Plan Funding Progress (unaudited)	48

Other Supplementary Information

Combining Balance Sheet – Other Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds	50
Combining Balance Sheet – Nonmajor Special Revenue Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	52
Combining Balance Sheet – Nonmajor Capital Projects Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	54
Combining Balance Sheet – Nonmajor Debt Service Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	56
List of City Officials	57
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 <i>Government Auditing Standards</i>	58 - 59
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	60 - 61
Schedule of Expenditures of Federal Awards	62 - 64
Schedule of Findings and Questioned Costs	65
Notes to Schedule of Expenditures of Federal Awards	66



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of

INDEPENDENT AUDITORS' REPORT – continued

CITY OF JAMESTOWN, NORTH DAKOTA, as of December 31, 2012 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 44 through 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements. The combining 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2013, 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

INDEPENDENT AUDITORS' REPORT – continued

and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **CITY OF JAMESTOWN, NORTH DAKOTA'S** internal control over financial reporting and compliance.

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
September 26, 2013

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with the additional information presented in the accompanying basic financial statements, the fund financial statements and the notes to the financial statements.

Financial Highlights

- The net position of the **CITY OF JAMESTOWN** increased by \$4,365,374 or 7.8% as a result of current year operations. Net position of the business type activities increased by \$2,035,695 and net position of the governmental activities increased by \$2,329,679 or 7.3%.
- Total revenues from all sources were \$21,717,005. Revenue from governmental activities was \$13,100,468 and revenues from business type activities were \$8,616,537.
- Total cost of all programs was \$17,351,631. This was comprised of \$10,899,101 in governmental activities and \$6,452,530 in business type activities.
- Governmental net position totaled \$34,532,401 as of December 31, 2012.
- Governmental funds revenues exceeded expenditures by \$3,549,051.
- Unreserved fund balance for the general fund was \$4,227,510, 73.2% of the total general fund expenditures.

Using This Annual Report

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

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

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

Government-Wide Financial Statements

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

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

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2012

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

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

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

The government-wide financial statements begin on page 12.

Fund Financial Statements

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the 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 44 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 39 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, 2012

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 44 – 47 of this report.

The governmental fund financial statements begin on page 14.

Proprietary Funds. The **CITY OF JAMESTOWN** maintains two types of proprietary funds. Enterprise funds are used to report activities that charge for services it provides to outside customers. The Enterprise funds are presented as business-type activities in the government-wide statements. The **CITY OF JAMESTOWN** uses enterprise funds to account for its water utility, sewer utility, sanitation, solid waste 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 18.

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

The basic fiduciary fund statement is found on page 21.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 43 of this report.

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

Financial Analysis of the City as a Whole

The following tables present condensed information on the City's Net Position and Changes in Net Position for the fiscal years ended December 31, 2012 and 2011.

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2012

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the **CITY OF JAMESTOWN**, assets exceeded liabilities by \$60,233,301 at the close of the most recent fiscal year.

Table I
NET POSITION
December 31, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current assets	\$ 19,238,522	\$ 16,392,673	\$ 9,563,521	\$ 8,622,272	\$ 28,802,043	\$ 25,014,945
Noncurrent assets	209,398	209,398			209,398	209,398
Capital assets	26,607,573	26,521,925	33,528,429	31,934,266	60,136,002	58,456,191
Total Assets	<u>46,055,493</u>	<u>43,123,996</u>	<u>43,091,950</u>	<u>40,556,538</u>	<u>89,147,443</u>	<u>83,680,534</u>
LIABILITIES						
Current liabilities	2,325,400	2,220,445	2,147,928	1,910,401	4,473,328	4,130,846
Long-term liabilities	9,197,692	8,846,101	15,243,122	14,975,008	24,440,814	23,821,109
Total Liabilities	<u>11,523,092</u>	<u>11,066,546</u>	<u>17,391,050</u>	<u>16,885,409</u>	<u>28,914,142</u>	<u>27,951,955</u>
NET POSITION						
Net Investment in capital assets	15,443,692	15,960,264	16,580,173	15,381,968	32,023,865	31,342,232
Restricted	11,023,968	11,198,356	7,696,971	6,958,280	18,720,939	18,156,636
Unrestricted	8,064,741	4,898,830	1,423,756	1,330,881	9,488,497	6,229,711
Total Net Position	<u>\$ 34,532,401</u>	<u>\$ 32,057,450</u>	<u>\$ 25,700,900</u>	<u>\$23,671,129</u>	<u>\$ 60,233,301</u>	<u>\$ 55,728,579</u>

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

A portion of the **CITY OF JAMESTOWN'S** net position (\$18,720,939) represents resources that are restricted by external restrictions on how they may be used. The remaining balance of unrestricted net position (\$9,488,497) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2012, the **CITY OF JAMESTOWN** is able to report positive balances in all of the three categories of net position, 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, 2012

Table II
CHANGES IN NET POSITION
Years Ending December 31, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program revenues						
Charges for services	\$ 570,365	\$ 727,301	\$8,602,908	\$ 8,199,494	\$ 9,173,273	\$8,926,795
Operating grants	2,428,328	2,743,356			2,428,328	2,743,356
Capital grants	24,136	21,792			24,136	21,792
General revenues						
Property taxes, general	2,876,689	3,144,006			2,876,689	3,144,006
Property taxes, debt service	2,126,690	2,114,517			2,126,690	2,114,517
State aid distribution	1,048,088	775,109			1,048,088	775,109
Miscellaneous taxes	612,458	592,827			612,458	592,827
Sales taxes	2,349,387	2,148,900			2,349,387	2,148,900
Investment earnings	67,298	110,787	13,629	16,371	80,927	127,158
Repayment of economic development funds	168,165	386,902			168,165	386,902
Miscellaneous	699,466	640,076			699,466	640,076
Gain (loss) on sale of assets	129,398	23,084			129,398	23,084
Total Revenues	13,100,468	13,428,657	8,616,537	8,215,865	21,717,005	21,644,522
EXPENSES						
General government	817,908	910,624			817,908	910,624
Public safety	3,116,492	3,136,323			3,116,492	3,136,323
Public works	4,669,536	4,541,613			4,669,536	4,541,613
Flood control	659	586,224			659	586,224
Health	50,645	47,785			50,645	47,785
Civic center	726,536	873,086			726,536	873,086
Interest on long-term debt	242,061	288,469			242,061	288,469
Visitor's promotion	521,933	420,535			521,933	420,535
Business and industrial development	753,331	1,123,103			753,331	1,123,103
Water utility			2,387,897	2,123,085	2,387,897	2,123,085
Sewer utility			1,890,824	1,930,970	1,890,824	1,930,970
Sanitation			871,662	840,792	871,662	840,792
Solid waste			1,291,456	1,277,825	1,291,456	1,277,825
Water meter deposits			10,691	12,151	10,691	12,151
Total Expenses	10,899,101	11,927,762	6,452,530	6,184,823	17,351,631	18,112,585
Excess before transfers	2,201,367	1,500,895	2,164,007	2,031,042	4,365,374	3,531,937
Prior period adjustment	145,272				145,272	
Transfers	128,312	102,112	(128,312)	(102,112)		
Change in net position	2,474,951	1,603,007	2,035,695	1,928,930	4,510,646	3,531,937
BEGINNING NET POSITION						
	32,057,450	30,454,443	23,665,205	21,742,199	55,722,655	52,196,642
ENDING NET POSITION						
	\$34,532,401	\$ 32,057,450	\$25,700,900	\$23,671,129	\$60,233,301	\$ 55,728,579

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2012

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 \$17,378,496, an increase of \$3,549,051. The *governmental funds unassigned fund balance* is (\$2,938,876). The rest of the fund balances are restricted to indicate that they are not available for new spending because it has already been committed.

The general fund is the chief operating fund of the **CITY OF JAMESTOWN**. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,227,510. 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 73.2% of total general fund expenditures. Total general fund cash at year end is \$2,255,598.

The **CITY OF JAMESTOWN'S** general fund balance increased by \$1,558,324 during the current fiscal year.

The debt service funds have a total fund balance of \$5,718,319, 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 2012. Differences between the budgeted and actual amounts in the general fund consisted of total revenues being \$818,243 more than budgeted. This was mostly due an increase in the highway tax distribution and the state aid distribution. The total general government expenditures were \$240,271 less than budgeted mainly due to lower expenses than budgeted in the public works department.

Capital Assets

The **CITY OF JAMESTOWN'S** investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$60,136,002 (net of accumulated depreciation). This

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2012

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 \$2,900,000 was spent on the start of construction projects
- Approximately \$900,000 was spent on acquiring equipment and vehicles

Capital Assets
(Net of Accumulated Depreciation)
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Land	\$ 7,200	\$ 60,000	\$ 67,200
Construction in progress	3,269,010	5,752,841	9,021,851
Buildings	1,935,924	14,686,043	16,621,967
Infrastructure	18,772,975	11,716,235	30,489,210
Equipment	2,622,464	1,313,310	3,935,774
Total Capital Assets (Net of Depreciation)	<u>\$ 26,607,573</u>	<u>\$ 33,528,429</u>	<u>\$ 60,136,002</u>

Additional information on the **CITY OF JAMESTOWN'S** capital assets can be found in note 5 on pages 32 – 33 of this report.

Long-Term Debt

At year end the City had total long-term debt of \$28,472,814, an increase of \$1,006,705 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 \$2,540,000 and Water Treatment Revenue Bonds in the amount of \$2,157,448.

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, 2012

	Governmental Activities	Business-Type Activities	Total
Revenue bonds	\$	\$ 15,334,643	\$ 15,334,643
Refunding improvement bonds	11,163,881		11,163,881
Landfill closure costs		1,613,613	1,613,613
Compensated absences	220,811	139,866	360,677
Total	<u>\$ 11,384,692</u>	<u>\$ 17,088,122</u>	<u>\$ 28,472,814</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
Year Ended December 31, 2012

Economic Factors and Next Year's Budgets and Rates

2012 construction activities included the completion of the renovation of a large portion of the former Jamestown Hospital building and the conversion of its space into a 55 unit senior housing component, senior citizen center component and a youth daycare component at a cost of \$2,800,000, and renovation of a portion of the Plaza Mall to house a new grocery store at a cost of \$500,000, a car dealership expansion for \$545,000, a new medical office building connected to the Regional Medical Center for \$890,000, a new Hampton Inn motel for \$5,668,000 and the construction of a new implement dealership facility for \$4,600,000.

During 2013 the community is anticipating the construction of a new Science and Nursing Building on the Jamestown College campus, an addition to a local nursing home facility, construction of a Veteran's Administration Clinic adjacent to the Regional Medical Center, an addition to a food processing plant, construction of a 12-plex apartment complex as well as construction of additional single family homes, several of which are anticipated to exceed \$300,000 in value.

Taxable valuations in the City for 2012 were \$28,666,637, an increase of 1.3%. The mill levy for the City of Jamestown in 2012 decreased to 123.37 mills (5.9%).

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 Position
December 31, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
ASSETS				
Cash and equivalents	\$ 17,674,201	\$ 6,581,461	\$ 24,255,662	\$ 43,252
Certificates of deposit				127,270
Accounts receivable	8,549	660,483	669,032	251
Internal balances	(2,441,990)	2,321,577	(120,413)	
Due from other governmental agencies	3,997,762		3,997,762	331,951
Prepaid expenses				40,670
Loan fees				6,251
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	3,269,010	5,752,841	9,021,851	
Buildings	4,229,962	23,784,037	28,013,999	4,371,796
Infrastructure	32,595,551	14,930,428	47,525,979	10,873,217
Equipment	5,554,381	3,594,092	9,148,473	1,139,537
Less: Accumulated Depreciation	(19,048,531)	(14,592,969)	(33,641,500)	(6,597,525)
Net Capital Assets	<u>26,607,573</u>	<u>33,528,429</u>	<u>60,136,002</u>	<u>10,230,730</u>
Total Assets	<u>46,055,493</u>	<u>43,091,950</u>	<u>89,147,443</u>	<u>10,780,375</u>
LIABILITIES				
Accounts payable and accrued expenses	138,400	302,928	441,328	19,551
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,187,000	1,845,000	4,032,000	17,201
Due in more than one year				
Bonds, capital leases and contracts	8,976,881	15,103,256	24,080,137	334,949
Compensated absences	220,811	139,866	360,677	
Total Liabilities	<u>11,523,092</u>	<u>17,391,050</u>	<u>28,914,142</u>	<u>371,701</u>
NET POSITION				
Net investment in capital assets	15,443,692	16,580,173	32,023,865	9,878,580
Restricted for:				
Capital projects	687,884	3,739,808	4,427,692	
Debt service	6,584,959	2,341,921	8,926,880	
Other projects	3,751,125	1,615,242	5,366,367	
Unrestricted net position	8,064,741	1,423,756	9,488,497	530,094
Total Net Position	<u>\$ 34,532,401</u>	<u>\$ 25,700,900</u>	<u>\$ 60,233,301</u>	<u>\$ 10,408,674</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, 2012

Functions/Programs Primary Government	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Component Units
Governmental Activities	\$ 817,908	\$ 32,273	\$ 248,565	\$ 24,136	\$ (817,908)	\$ (817,908)	\$
General government	3,116,492	87,896	2,025,689		(2,811,518)	(2,811,518)	
Public safety	4,669,536		154,074		(2,555,951)	(2,555,951)	
Flood control	659				153,415	153,415	
Health	50,645				(50,645)	(50,645)	
Civic center	726,536	450,196			(276,340)	(276,340)	
Interest on long-term debt	242,061				(242,061)	(242,061)	
Visitor's promotion	521,933				(521,933)	(521,933)	
Business and industrial development	753,331				(753,331)	(753,331)	
Total Governmental Activities	10,899,101	570,365	2,428,328	24,136	(7,876,272)	(7,876,272)	
Business-Type Activities							
Water utility	2,387,897	3,596,341			1,208,444	1,208,444	
Sewer utility	1,890,824	2,856,766			965,942	965,942	
Sanitation	871,662	1,499,654			627,992	627,992	
Solid waste	1,291,456	636,122			(655,334)	(655,334)	
Water Meter deposits	10,691	14,025			3,334	3,334	
Total Business-Type Activities	6,452,530	8,602,908			2,150,378	2,150,378	
Total Primary Government	17,351,631	9,173,273	2,428,328	24,136	(7,876,272)	(5,725,894)	
Component Units							
Jamestown Municipal Airport Authority	1,184,369	163,439		637,504			(383,426)
Total Component Units	1,184,369	163,439		637,504			(383,426)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					2,876,689	2,876,689	198,129
Property taxes, levied for debt service					2,126,690	2,126,690	
State aid distribution					1,048,088	1,048,088	
Miscellaneous taxes					612,458	612,458	
Sales taxes					2,349,387	2,349,387	
Unrestricted investment earnings					67,298	80,927	413
Miscellaneous - repayment of economic development funds					168,165	168,165	
Miscellaneous					699,466	699,466	71,545
<i>Special item - gain on sale of assets</i>					129,398	129,398	10,000
Transfers					128,312	(128,312)	
Total General Revenues, Special Items, and Transfers					10,205,951	10,091,268	280,087
Change in Net Position					(114,683)	4,365,374	(103,339)
Net Position - Beginning					2,329,679	2,035,695	10,512,013
Prior period adjustment					32,057,450	55,722,655	
Net Position - Ending					145,272	145,272	\$ 10,408,674
					\$ 34,532,401	\$ 25,700,900	\$ 60,233,301

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,255,598	\$ 2,904,629	\$ 7,305,221	\$ 11,178	\$	\$ 4,897,576	\$ 17,374,202
Taxes receivable, net	2,096,381					1,872,715	3,969,096
Due from other funds	504,061		1,434,927	2,238,887		653,523	4,831,398
Receivable from other governments	11,771					16,894	28,665
Other receivables						8,549	8,549
Total Assets	<u>\$ 4,867,811</u>	<u>\$ 2,904,629</u>	<u>\$ 8,740,148</u>	<u>\$ 2,250,065</u>	<u>\$</u>	<u>\$ 7,449,257</u>	<u>\$ 26,211,910</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 9,909	\$	\$	\$	\$ 59,269	\$ 3,431	\$ 72,609
Due to other funds		35,022			7,107,117	89,131	7,231,270
Deferred revenue	630,392					899,143	1,529,535
Total Liabilities	<u>640,301</u>	<u>35,022</u>			<u>7,166,386</u>	<u>991,705</u>	<u>8,833,414</u>
Fund Balances:							
Restricted for							
Debt service				2,250,065		3,468,254	5,718,319
Committed			3,751,125			71,030	3,822,155
Assigned		2,869,607	4,989,023			2,918,268	10,776,898
Unassigned	4,227,510				(7,166,386)		(2,938,876)
Total Fund Balances	<u>4,227,510</u>	<u>2,869,607</u>	<u>8,740,148</u>	<u>2,250,065</u>	<u>(7,166,386)</u>	<u>6,457,552</u>	<u>17,378,496</u>
Total Liabilities and Fund Balances	<u>\$ 4,867,811</u>	<u>\$ 2,904,629</u>	<u>\$ 8,740,148</u>	<u>\$ 2,250,065</u>	<u>\$</u>	<u>\$ 7,449,257</u>	<u>\$ 26,211,910</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 Position
December 31, 2012

Total Fund Balance, Governmental Funds \$ 17,378,496

Amounts reported for governmental activities in the Statement of Net Position 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 Position. 26,816,971

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 1,529,535

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. 192,091

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. (11,384,692)

Net Assets of Governmental Activities in the Statement of Net Position \$ 34,532,401

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, 2012

	General Fund	Equipment Replacement	City Sales Tax	Special Assessment Deficiency	Construction	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 3,121,959	\$	\$	\$	\$	\$ 2,437,344	\$ 5,559,303
Sales and miscellaneous taxes	82,373		1,174,693			1,692,897	2,949,963
Fees and fines	167,078						167,078
Licenses and permits	317,962				624,410	193,730	317,962
Intergovernmental	2,670,291					87,896	3,488,431
Charges for services	482,469	7,120	34,307	2,248		10,916	570,365
Investment earnings	12,241		168,166	871		1,616	66,832
Miscellaneous	69,804						240,457
Total Revenues	6,924,177	7,120	1,377,166	3,119	624,410	4,424,399	13,360,391
EXPENDITURES							
Current:							
General government	585,074			306			585,380
Public safety	2,854,695					32,301	2,886,996
Public works	1,574,174	348			2,182,444	129,252	3,886,218
Health	50,645						50,645
Flood control	659						659
Civic center	656,516					521,714	656,516
Visitor's promotion			753,331				753,331
Business and industrial development							
Debt Service:							
Principal							
Interest and other charges							
Capital outlay		368,464				1,942,000	1,942,000
Total Expenditures	5,6033	368,812	753,331	306	540,337	259,952	259,952
Excess (deficiency) of revenues over expenditures	1,146,381	(361,692)	623,835	2,813	(2,098,371)	1,355,072	668,038
OTHER FINANCING SOURCES (USES)							
Proceeds from issue of bonds					2,524,260		2,524,260
Transfers in	943,101	555,870			2,374,949	372,511	4,246,431
Transfers out	(618,806)	(282,710)	(150,000)	(2,248)	(2,269,521)	(794,833)	(4,118,118)
Total other financing sources and (uses)	324,295	273,160	(150,000)	(2,248)	2,629,688	(422,322)	2,652,573
SPECIAL ITEM							
Proceeds from sale of equipment	87,648	140,010		782			228,440
Net change in fund balances	1,558,324	51,478	473,835	1,347	531,317	932,750	3,549,051
Fund Balances - Beginning	2,669,186	2,818,129	8,266,313	2,248,718	(7,697,703)	5,524,802	13,829,445
Fund Balances - Ending	\$ 4,227,510	\$ 2,869,607	\$ 8,740,148	\$ 2,250,065	\$ (7,166,386)	\$ 6,457,552	\$ 17,378,496

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, 2012

Net Change in Fund Balances - Total Governmental Funds: \$ 3,549,051

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 \$1,148,941 exceeded depreciation \$1,127,966 in the current period.	20,975
Governmental funds do not include a donation used for equipment purchases	24,000
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.	(99,042)
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.	(555,923)
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.	(582,260)
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	(19,962)
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.	5,631
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.	(12,790)

Change in Net Assets of Governmental Activities \$ 2,329,679

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

CITY OF JAMESTOWN
Stutsman County, North Dakota
Statement of Net Position
Proprietary Funds
December 31, 2012

Enterprise Funds

	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,503,306	\$ 2,769,728	\$ 147,343	\$ 1,308,427	\$	\$ 6,581,461	\$ 300,000
Accounts receivable, net	289,624	223,516				660,483	
Due from other funds	691,158	1,052,771	24,912	415,361	129,866	2,314,068	
Total Current Assets	<u>3,484,088</u>	<u>4,046,015</u>	<u>172,255</u>	<u>1,723,788</u>	<u>129,866</u>	<u>9,556,012</u>	<u>300,000</u>
Non-current assets:							
Capital assets:							
Land				60,000		60,000	
Construction in progress	5,488,390		8,750	255,701		5,752,841	
Infrastructure	6,349,392	7,061,253	1,519,783			14,930,428	
Buildings	3,042,329	5,991,260	2,618,701	12,131,747		23,784,037	
Equipment and furniture	337,692	1,073,222	492,732	1,690,446		3,594,092	
Less accumulated depreciation	(4,242,357)	(4,789,708)	(1,529,423)	(4,031,482)		(14,592,970)	
Total non-current assets	<u>10,975,446</u>	<u>9,336,027</u>	<u>3,110,543</u>	<u>10,106,412</u>	<u>129,866</u>	<u>33,528,428</u>	
Total Assets	<u>14,459,534</u>	<u>13,382,042</u>	<u>3,282,798</u>	<u>11,830,200</u>	<u>129,866</u>	<u>43,084,440</u>	<u>300,000</u>
LIABILITIES							
Current Liabilities:							
Accounts payable	100,346			202,582		302,928	34,607
Due to other funds							65,792
Accrued health insurance benefits							
Bonds, notes and loans payable	550,000	1,090,000		205,000		1,845,000	
Total Current Liabilities	<u>650,346</u>	<u>1,090,000</u>		<u>407,582</u>		<u>2,147,928</u>	<u>100,399</u>
Non-current liabilities:							
Compensated absences	70,741	23,235	26,388	19,501		139,865	
Closure and postclosure costs				1,613,613		1,613,613	
Bonds, notes and loans payable	7,683,643	5,106,000		700,000		13,489,643	
Total non-current liabilities	<u>7,754,384</u>	<u>5,129,235</u>	<u>26,388</u>	<u>2,333,114</u>		<u>15,243,121</u>	
Total Liabilities	<u>8,404,730</u>	<u>6,219,235</u>	<u>26,388</u>	<u>2,740,696</u>		<u>17,391,049</u>	<u>100,399</u>
NET POSITION							
Net investment in capital assets	2,741,803	3,140,027	3,110,544	7,587,799		16,580,173	
Restricted for debt service	808,052	1,294,940		238,930		2,341,922	
Restricted for capital projects	1,714,171	2,025,638				3,739,809	
Restricted for other purposes				1,615,242		1,615,242	
Unrestricted	790,778	702,202	145,866	(352,467)	129,866	1,416,245	199,601
Total Net Position	<u>\$ 6,054,804</u>	<u>\$ 7,162,807</u>	<u>\$ 3,256,410</u>	<u>\$ 9,089,504</u>	<u>\$ 129,866</u>	<u>\$ 25,693,391</u>	<u>\$ 199,601</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 Position
Proprietary Funds
Year Ended December 31, 2012

	Enterprise Funds					Internal Service Funds
	Water Utility	Sewer Utility	Sanitation	Solid Waste	Water Meter Deposits	
OPERATING REVENUES						
Charges for services	\$ 3,593,074	\$ 2,852,672	\$ 1,498,878	\$ 620,468	\$ 14,025	\$ 8,565,092
Miscellaneous	3,267	4,093	777	15,655		37,817
Total Operating Revenues	<u>3,596,341</u>	<u>2,856,765</u>	<u>1,499,655</u>	<u>636,123</u>	<u>14,025</u>	<u>8,602,909</u>
OPERATING EXPENSES						
Personal services	991,266	563,249	497,361	477,935		2,529,811
Contractual services	89,850	101,035	2,268	97,134		290,287
Utilities	190,458	371,217		48,367		610,042
Repairs and maintenance	335,401	224,581	123,761	177,435		861,178
Other supplies and expenses	451,504	121,003	120,162	100,216		792,885
Insurance claims and expenses	12,146		4,159	7,420		23,725
Sundry expenses	41,761	36,145	399	48,438	10,691	137,434
Depreciation	147,186	294,113	125,353	308,747		875,399
Total Operating Expenses	<u>2,259,572</u>	<u>1,711,343</u>	<u>873,463</u>	<u>1,265,692</u>	<u>10,691</u>	<u>6,120,761</u>
Operating Income (Loss)	<u>1,336,769</u>	<u>1,145,422</u>	<u>626,192</u>	<u>(629,569)</u>	<u>3,334</u>	<u>2,482,148</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	5,281	6,159	362	1,777	52	13,631
Interest expense	(130,985)	(180,982)		(27,313)		(339,280)
Net non-operating revenues (expenses)	<u>(125,704)</u>	<u>(174,823)</u>	<u>362</u>	<u>(25,536)</u>	<u>52</u>	<u>467</u>
Income (loss) before contributions and transfers						
Transfers in	1,211,065	970,599	626,554	(655,105)	3,386	2,156,499
Transfers out	403,621	279,996		2,823,106		3,506,723
Change in net position	(2,585,267)	(153,080)	(750,837)	(145,852)		(3,635,036)
Total fund net position - beginning	(970,581)	1,097,515	(124,283)	2,022,149	3,386	2,028,186
Total fund net position - 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>
	<u>\$ 6,054,804</u>	<u>\$ 7,162,807</u>	<u>\$ 3,256,410</u>	<u>\$ 9,089,504</u>	<u>\$ 129,866</u>	<u>\$ 25,693,391</u>
Change in net position, per above						2,028,186
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.						7,509
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements						<u>\$ 2,035,695</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, 2012

	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	\$ 3,599,486	\$ 2,860,050	\$ 1,503,853	\$ 620,470	\$ 14,025	\$ 8,597,884	\$ 810,952
Payments to suppliers	(1,086,052)	(853,980)	(248,204)	(397,372)	(10,691)	(2,596,299)	
Payments to employees	(981,351)	(565,153)	(493,909)	(475,243)		(2,515,656)	
Payments on claims	(12,146)		(4,159)	(7,420)		(23,725)	(778,247)
Internal activity - payment from (to) other funds	187,514	(306,717)	(7,883)	(1,592,364)	(3,386)	(1,722,836)	34,607
Other receipts	3,267	4,093	777	15,654		23,791	
Net Cash Provided by (Used in) Operating Activities	<u>1,710,718</u>	<u>1,138,293</u>	<u>750,475</u>	<u>(1,836,275)</u>	<u>(52)</u>	<u>1,763,159</u>	<u>67,312</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer in	403,621	279,996		2,823,106		3,506,723	
Transfers out	(2,583,017)	(153,080)	(750,837)	(69,485)		(3,556,419)	
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,179,396)</u>	<u>126,916</u>	<u>(750,837)</u>	<u>2,753,621</u>		<u>(49,696)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition & construction of capital assets	(426,544)			(2,090,104)		(2,516,648)	
Proceeds from issue of capital debt	2,157,448					2,157,448	
Principal paid on capital debt	(535,000)	(1,058,023)		(200,000)		(1,793,023)	
Interest paid on capital debt	(130,985)	(180,982)		(27,313)		(339,280)	
Net Cash Used in Capital and Related Financing Activities	<u>1,064,919</u>	<u>(1,239,005)</u>		<u>(2,317,417)</u>		<u>(2,491,503)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends	5,281	6,159	362	1,777	52	13,631	467
Net Cash Provided by Investing Activities	<u>5,281</u>	<u>6,159</u>	<u>362</u>	<u>1,777</u>	<u>52</u>	<u>13,631</u>	<u>467</u>
Net increase (decrease) in cash and cash equivalents	601,522	32,363		(1,398,294)		(764,408)	67,779
Cash and cash equivalents, January 1	1,901,784	2,737,365		2,706,721		7,345,870	232,221
Cash and cash equivalents, December 31	<u>\$ 2,503,306</u>	<u>\$ 2,769,728</u>	<u>\$</u>	<u>\$ 1,308,427</u>	<u>\$</u>	<u>\$ 6,581,461</u>	<u>\$ 300,000</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 1,336,769	\$ 1,145,422	\$ 626,192	\$ (629,569)	\$ 3,334	\$ 2,482,148	\$ (6,112)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation expense	147,186	294,113	125,353	308,747		875,399	
Change in Assets and Liabilities							
Receivables, net	6,412	7,379	4,975			18,766	
Due to (from) other funds	187,514	(306,717)	(7,883)	(1,592,364)	(3,386)	(1,722,836)	34,607
Accounts payable	22,923		(1,614)	74,219		95,528	38,817
Compensated absences	9,914	(1,904)	3,452	2,692		14,154	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,710,718</u>	<u>\$ 1,138,293</u>	<u>\$ 750,475</u>	<u>\$ (1,836,275)</u>	<u>\$ (52)</u>	<u>\$ 1,763,159</u>	<u>\$ 67,312</u>

The accompanying notes are an integral part of these financial statements

CITY OF JAMESTOWN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 50,000
Receivables:	
Due from other governments	443,945
Due from other funds	120,411
Total Assets	614,356
 LIABILITIES	
Due to other governments	614,356
Total Liabilities	\$ 614,356
 NET POSITION	
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, 2012

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, 2012

B. Reporting Entity – continued

Condensed Component Unit Financial Statements

	Jamestown Regional Airport Authority
ASSETS	
Current assets	\$ 549,645
Capital assets	10,230,730
Total Assets	<u>10,780,375</u>
LIABILITIES	
Current liabilities	36,752
Long-term liabilities	334,949
Total Liabilities	<u>371,701</u>
NET POSITION	
Invested in capital assets	9,878,580
Unrestricted	530,094
Total Net Position	<u>\$ 10,408,674</u>
REVENUES	
Program Revenues	
Charges for services	\$ 163,439
Capital grants	637,504
General revenues	
Property taxes	198,129
Other revenues	81,958
Total Revenues	<u>1,081,030</u>
EXPENDITURES	
Operating	1,027,339
Projects and materials	157,030
Total Expenditures	<u>1,184,369</u>
Change in Net Position	(103,339)
Net Position beginning of year	10,512,013
Net Position end of year	<u>\$ 10,408,674</u>

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities 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, 2012

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, 2012

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 projects for the City.

The City reports the following major enterprise funds:

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

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

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

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

In addition, the City reports the following fund types:

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

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

D. Basis of Accounting

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

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, 2012

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 Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

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, 2012

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, 2012

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, 2012, the City's deposits are 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

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, 2012

J. Long-Term Obligations

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

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

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

K. Compensated Absences

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

L. Equity Classifications

Government-Wide Statements

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

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

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, 2012

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, 2012. 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	\$ 478,322	\$ 12,134,644	\$	\$ 12,612,966	\$ 12,205,662
Certificates of deposit	200,000	11,850,000		12,050,000	12,050,000
Fiduciary funds					
Cash deposits	120,411			120,411	
Certificates of deposit	50,000			50,000	50,000
Component funds					
Cash deposits	45,140			45,140	43,252
Certificates of deposit	127,270			127,270	127,270
Total Deposits	<u>\$ 1,021,143</u>	<u>\$ 23,984,644</u>	<u>\$</u>	<u>\$25,005,787</u>	<u>\$24,476,184</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

3. Interfund Receivables, Payables and Transfers

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

Balances due to/from other funds at December 31, 2012, consist of the following:

Due to the General fund from the Construction Fund	\$ 504,061
Due from the Equipment Replacement Fund to the Construction Fund	(35,022)
Due to the City Sales Tax Fund from the Construction Fund	1,434,927
Due to the other governmental funds from the Construction Fund	564,392
Due to the Special Assessment Deficiency Fund from the Construction Fund	2,238,887
Due to the Business Type Activities from the Construction Fund	2,314,068
Due from the Internal Service Fund to the Construction Fund	(34,607)
Due to the Trust & Agency type funds	120,411
	<u>\$ 7,107,117</u>

Transfers to/from other funds at December 31, 2012, consist of the following:

From the Construction Fund to the General Fund to reimburse engineering fees	\$ 165,472
From the General Fund to the Equipment Replacement Fund to finance equipment purchases	395,610
From Construction to other governmental funds to close out funds	53,061
From other governmental funds to the General Fund to close out certain funds	120,992
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	67,501
From other governmental funds to the Equipment Replacement Fund to finance equipment purchases	6,895
Between other governmental funds to finance debt service	319,450
From Business-Type Activities to the General Fund to transfer equipment	78,616
Between Business-Type Activities to fund Solid Waste	815,606
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	282,710
From Construction Fund to Business-Type Activities for construction projects	2,050,988
From City Sales tax to Construction for downtown parking lot reconstruction	150,000
From General Fund to Business-Type Activities to fund construction projects	77,424
From Civic Center to General Fund to record revenues generated	145,772
From Business-Type Activities to Construction Fund to fund water plant improvements	2,157,448
From Business-Type Activities to General Fund as budgeted	430,000
From Special Assessment Deficiency Fund to General Fund to transfer interest	2,248
	<u>\$ 7,753,154</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

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, 2012 was as follows:

Primary Government

<i>Governmental Activities</i>	<u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/12</u>
Capital assets not being depreciated				
Land	\$ 7,200	\$	\$	\$ 7,200
Construction in progress	3,825,609	656,306	1,212,905	3,269,010
Total capital assets not being depreciated	<u>3,832,809</u>	<u>656,306</u>	<u>1,212,905</u>	<u>3,276,210</u>
Capital assets being depreciated:				
Buildings	4,018,785	211,177		4,229,962
Infrastructure	31,593,823	1,001,728		32,595,551
Equipment	5,175,828	577,734	199,181	5,554,381
Total capital assets being depreciated	<u>40,788,436</u>	<u>1,790,639</u>	<u>199,181</u>	<u>42,379,894</u>
Less accumulated depreciation for:				
Buildings	2,209,887	84,152		2,294,038
Infrastructure	13,257,737	564,839		13,822,576
Equipment	2,631,696	478,975	178,755	2,931,917
Total accumulated depreciation	<u>18,099,320</u>	<u>1,127,966</u>	<u>178,755</u>	<u>19,048,531</u>
Net capital assets being depreciated	<u>22,689,116</u>	<u>662,673</u>	<u>20,426</u>	<u>23,331,363</u>
Governmental Activities capital assets, net	<u>\$26,521,925</u>	<u>\$ 1,318,979</u>	<u>\$1,233,331</u>	<u>\$26,607,573</u>
 <i>Business-Type Activities</i>				
Capital assets not being depreciated				
Land	\$ 60,000	\$	\$	\$ 60,000
Construction in progress	6,128,850	2,225,554	2,601,563	5,752,841
Total capital assets not being depreciated	<u>6,188,850</u>	<u>2,225,554</u>	<u>2,601,563</u>	<u>5,812,841</u>
Capital assets being depreciated				
Buildings	21,280,041	2,503,996		23,784,037
Infrastructure	14,832,862	97,566		14,930,428
Equipment	3,649,012	322,626	377,546	3,594,092
Total capital assets being depreciated	<u>39,761,915</u>	<u>2,924,188</u>	<u>377,546</u>	<u>42,308,557</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

5. Capital Assets - continued

	<u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/12</u>
Less accumulated depreciation				
Buildings	8,708,219	389,776		9,097,995
Infrastructure	2,961,100	253,093		3,214,193
Equipment	2,347,180	232,530	298,929	2,280,781
Total accumulated depreciation	<u>14,016,499</u>	<u>875,399</u>	<u>298,929</u>	<u>14,592,969</u>
Net capital assets being depreciated	<u>25,745,416</u>	<u>2,048,789</u>	<u>78,617</u>	<u>27,715,588</u>
Business-Type Activities capital assets, net	<u>\$31,934,266</u>	<u>\$ 4,274,343</u>	<u>\$ 2,680,180</u>	<u>\$33,528,429</u>

Discretely Presented Component Units

Activity for Jamestown Municipal Airport Authority for the year ended December 31, 2012 follows:

	<u>12/31/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/12</u>
Capital assets not being depreciated				
Land	\$ 443,705	\$	\$	\$ 443,705
Construction in progress				
Total capital assets not being depreciated	<u>443,705</u>			<u>443,705</u>
Capital assets being depreciated				
Buildings	4,371,796			4,371,796
Infrastructure	10,873,217			10,873,217
Equipment	843,995	348,895	53,353	1,139,537
Total capital assets being depreciated	<u>16,089,009</u>	<u>348,895</u>	<u>53,353</u>	<u>16,384,550</u>
Less accumulated depreciation for:				
Buildings	5,328,276	415,469		5,743,745
Infrastructure	318,568	77,552		396,120
Equipment	465,555	45,459	53,353	457,660
Total accumulated depreciation	<u>6,112,399</u>	<u>538,480</u>	<u>53,353</u>	<u>6,597,525</u>
Net capital assets being depreciated,	<u>9,976,610</u>	<u>(189,585)</u>		<u>9,787,025</u>
Component Units capital assets, net	<u>\$10,420,315</u>	<u>\$ (189,585)</u>	<u>\$</u>	<u>\$10,230,730</u>

Depreciation expense by function:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General government	\$ 28,482	Water utility	\$ 147,186
Public safety	241,049	Sewer utility	294,113
Public works	789,278	Sanitation	125,353
Civic center	69,157	Solid waste	308,747
	<u> </u>		<u> </u>
Total	<u>\$ 1,127,966</u>	Total	<u>\$ 875,399</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

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%	\$ 120,000
\$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%	70,000
\$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%	895,000
\$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%	355,000
\$1,467,998 2007B improvement bonds replace sanitary sewer mains due in annual installments of \$74,998 to \$79,000 through September 1, 2026, interest at 2.5%	1,085,000
\$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%	815,000
\$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%	1,025,000
\$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%	1,970,000
\$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%	2,395,000
\$2,540,000 2012 Series U bonds due in annual installments of \$95,000 to \$345,000 through May 1, 2022, interest at 1.00% to 1.65%	2,540,000
	<u>2,540,000</u>
	<u>\$ 11,270,000</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

5. Long-Term Obligations - continued

Business-Type activities include the following types of long-term debt:
Revenue bonds are backed by the revenues from the Enterprise Funds to pay the debt service.

Revenue Bonds

\$1,581,406 water treatment bonds of 1993 due in annual installments of \$75,000 to \$95,000 through October 1, 2014, interest at 2.5%	\$ 190,000
\$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%	230,000
\$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%	2,265,000
\$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%	1,670,000
\$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%	675,000
\$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%	115,000
\$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%	1,765,000
\$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%	1,101,000
\$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%	1,605,000
\$2,996,823 water treatment revenue bonds of 2010 due in annual installments of \$135,000 to \$165,000 through September 1, 2030, interest at .5%	2,725,000
\$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%	1,045,000
\$2,048,643 water treatment revenue bonds of 2010B, due in annual installments of \$105,000 to \$170,000 through September 1, 2030, interest at 2.5%	1,948,643
	<u>\$ 15,334,643</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

6. Long-Term Obligations - continued

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, 2012, the aggregate principal amount payable for the four outstanding series issued is \$5,792,150.

The following is a summary of long-term obligation transactions for the year ended December 31, 2012:

	<u>12/31/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/12</u>	<u>Due Within One Year</u>
<i>Governmental Activities</i>					
Long-term debt					
Refunding improvement bonds	\$10,672,000	\$ 2,540,000	\$ 1,942,000	\$ 11,270,000	\$ 2,187,000
Issue costs	(110,341)	15,740	19,962	(106,119)	
Total Long-Term Debt	<u>10,561,659</u>	<u>2,524,260</u>	<u>1,922,038</u>	<u>11,163,881</u>	<u>2,187,000</u>
Compensated absences	<u>226,442</u>		<u>5,631</u>	<u>220,811</u>	
Governmental Activities Long Term Liabilities	<u>\$ 10,788,101</u>	<u>\$2,524,260</u>	<u>\$1,927,669</u>	<u>\$ 11,384,692</u>	<u>\$ 2,187,000</u>
<i>Business-Type Activities</i>					
Long-term debt					
Revenue bonds	\$ 14,970,218	\$ 2,157,448	\$1,793,023	\$15,334,643	\$1,845,000
Landfill closure costs	<u>1,582,080</u>	<u>31,533</u>		<u>1,613,613</u>	
Total Long-Term Debt	<u>16,552,298</u>	<u>2,188,981</u>	<u>1,793,023</u>	<u>16,948,256</u>	<u>1,845,000</u>
Compensated absences	<u>125,710</u>	<u>14,156</u>		<u>139,866</u>	
Business-Type Activities Long Term Liabilities	<u>\$ 16,678,008</u>	<u>\$2,203,137</u>	<u>\$1,793,023</u>	<u>\$17,088,122</u>	<u>\$1,845,000</u>
<i>Discretely presented component unit</i>					
Long-term debt					
City of Jamestown	\$ 26,063	\$	\$ 26,063	\$	\$
Unison Bank Jamestown/Stutsman Development Corporation	25,000	300,000	14,500	310,500	17,201
Development Corporation		<u>41,650</u>		<u>41,650</u>	
Discretely presented component Unit Long Term Liabilities	<u>\$ 51,063</u>	<u>\$ 341,650</u>	<u>\$ 40,563</u>	<u>\$ 352,150</u>	<u>\$ 17,201</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

6. Long-Term Obligations - continued

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

Year Ending	Governmental Activities Special Assessment Bonds		Business-Type Activities Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 2,187,000	\$ 241,124	\$ 1,845,000	\$ 423,857
2014	1,917,000	192,102	1,891,000	371,216
2015	1,582,000	152,943	1,848,000	317,406
2016	1,307,000	121,141	1,809,000	264,901
2017	1,022,000	96,346	666,000	216,130
2018 – 2022	2,392,000	276,233	3,390,000	811,025
2023 – 2027	863,000	55,163	3,264,000	358,422
2028 - 2030			621,643	27,453
Total	<u>\$ 11,270,000</u>	<u>\$ 1,135,052</u>	<u>\$ 15,334,643</u>	<u>\$ 2,790,410</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, 2012

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, 2013. 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 \$841,201 at December 31, 2012, as follows:

	<u>January 1, 2013</u>
Accumulated pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 3,556,605
Current employees	
100% vested	3,522,325
Non vested	1,439
Total pension benefit obligation	<u>7,080,369</u>
Net assets available for benefits at market (cost unavailable)	6,239,168
Accumulated pension benefit obligation in excess of assets	<u>\$ 841,201</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, 2012

7. Pension Plan - continued

The contributions to the Plan of \$150,523 for 2012 will be made in accordance with actuarially determined requirements computed through actuarial valuations performed as of January 1, 2013. The contribution, made entirely by the City, consists of normal costs plus amortization of any unfunded liability and was 5.42% of current covered payroll for 2012.

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information may be found on page 48 of the City's financial statements. For the three years ended 2012, 2011 and 2010, available assets were sufficient to fund 88, 84, and 87 percent, respectively, of the pension benefit obligation. The Plan went from an underfunded plan of \$874,248 in 2010 to an underfunded plan of \$1,056,509 in 2011 and underfunded plan of \$841,201 in 2012. The City's contributions for the years ended 2012, 2011 and 2010 were 5.42, 4.44, and 3.96 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, 2012

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 5% 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 5.12% 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, 2012, 2011, and 2010 were \$242,706, \$195,549 and \$180,858, 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, 2012 and 2011, is as follows:

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO FINANCIAL STATEMENTS - continued
Year Ended December 31, 2012

10. Risk Management - continued

	2012	2011
Claims payable, January 1	\$ 26,975	\$ 57,598
Add: Claims incurred	553,554	454,736
Less: Claims paid	<u>(514,737)</u>	<u>(485,359)</u>
Claims payable, December 31	<u>\$ 65,792</u>	<u>\$ 26,975</u>

Claims payable are based on claims paid in January, February and March of 2013 for claims incurred in 2012.

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, 2012, is \$563,287 representing the cumulative amount to date based on 15 percent of the estimated capacity used to date. An additional \$1,050,326 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 2012. 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, 2012

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 four times the sum of the current cost estimates for closure or post-closure, whichever is applicable; and
3. Tangible net worth of at least two million dollars; and
4. Assets located in the United States amounting to at least four times the current cost estimates for closure or post-closure care, whichever is applicable.

The City is in compliance with the above requirements.

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, 2012, 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 \$1,291,530.

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, 2012

15. Construction Commitments

As of December 31, 2011, the City had outstanding construction contracts for projects totaling approximately \$250,000.

16. City of Jamestown Sales Tax

During the year ended December 31, 2012 the City of Jamestown collected 2% City sales tax.

Reported by City	
City sales tax fund	\$ 1,174,693
City share specials reserve fund	<u>1,174,693</u>
 Total City Sales Tax	 <u>\$ 2,349,386</u>
 Passed through to Jamestown Public School	 <u>\$ 2,349,386</u>

17. Subsequent Events

On June 3, 2013, the City Council voted to approve the issuance of \$2,210,000 Refunding Improvement Bonds of 2013, Series V. 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, 2012

	<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	\$ 3,040,180	\$ 3,040,180	\$ 3,009,064	\$ (31,116)
Sales and miscellaneous taxes	80,000	80,000	82,373	2,373
Fees and fines	145,000	145,000	167,078	22,078
Licenses and permits	224,705	224,705	317,962	93,257
Intergovernmental	1,924,450	1,924,450	2,671,297	746,847
Charges for services	152,300	152,300	128,172	(24,128)
Investment earnings	16,600	16,600	12,356	(4,244)
Miscellaneous	163,380	163,380	176,556	13,176
Total Revenues	<u>5,746,615</u>	<u>5,746,615</u>	<u>6,564,858</u>	<u>818,243</u>
EXPENDITURES				
Current:				
General government	596,725	596,725	582,909	13,816
Public safety	2,934,245	2,934,245	2,843,960	90,285
Public works	1,774,095	1,774,095	1,573,178	200,917
Flood control			61,213	(61,213)
Health	50,000	50,000	50,645	(645)
Civic center	461,455	461,455	415,313	46,142
Capital Outlay	23,000	23,000	72,031	(49,031)
Total Expenditures	<u>5,839,520</u>	<u>5,839,520</u>	<u>5,599,249</u>	<u>240,271</u>
Excess (deficiency) of revenues over expenditures	<u>(92,905)</u>	<u>(92,905)</u>	<u>965,609</u>	<u>1,058,514</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	688,230	688,230	718,713	30,483
Transfers out	(395,610)	(395,610)	(395,610)	-
Total Other Financing Sources and (Uses)	<u>292,620</u>	<u>292,620</u>	<u>323,103</u>	<u>30,483</u>
SPECIAL ITEM				
Proceeds from sale of capital assets			87,648	87,648
Net change in fund balances	199,715	199,715	1,376,360	1,176,645
Fund Balances - Beginning	2,231,039	2,231,039	2,231,039	
Fund Balances - Ending	<u>\$ 2,430,754</u>	<u>\$ 2,430,754</u>	<u>\$ 3,607,399</u>	<u>\$ 1,176,645</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, 2012

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	\$ 6,564,858
Taxes receivable collected in first 60 days of the year are not considered revenues for budgetary purposes	112,895
Grants accrued at prior year are not included for budgetary purposes	(12,777)
Grants accrued are not considered revenues for budgetary purposes	11,771
The net proceeds from the civic center are included in the budget	<u>247,430</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 6,924,177</u></u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,599,249
Accounts payable at prior year end are not included in the budget	(60,554)
Accounts payable at current year end are not included in the budget	1,352
The expenses from promotion, revolving and concession funds are not included in the budget	<u>237,749</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 5,777,796</u></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, 2012

Note B - 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, 2012

	Equipment Replacement			City Sales Tax			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	
REVENUES							
Sales and miscellaneous taxes	\$ 12,175	\$ 12,175	\$ 7,120	\$ 1,125,000	\$ 1,125,000	\$ 1,174,693	\$ 49,693
Investment earnings				39,100	39,100	34,307	(4,793)
Miscellaneous				133,490	133,490	168,166	34,676
Total revenues	<u>12,175</u>	<u>12,175</u>	<u>7,120</u>	<u>1,297,590</u>	<u>1,297,590</u>	<u>1,377,166</u>	<u>79,576</u>
EXPENDITURES							
Current:							
General government							
Public works			348				
Business and industrial development				1,811,000	1,811,000	753,331	1,057,669
Capital Outlay	733,500	733,500	368,464				
Total Expenditures	<u>733,500</u>	<u>733,500</u>	<u>368,812</u>	<u>1,811,000</u>	<u>1,811,000</u>	<u>753,331</u>	<u>1,057,669</u>
Excess (deficiency) of revenues over expenditures	<u>(721,325)</u>	<u>(721,325)</u>	<u>(361,692)</u>	<u>(513,410)</u>	<u>(513,410)</u>	<u>623,835</u>	<u>1,137,245</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	555,870	555,870	555,870			(150,000)	(150,000)
Transfers out			(282,710)				
Total other financing sources and (uses)	<u>555,870</u>	<u>555,870</u>	<u>273,160</u>			<u>(150,000)</u>	<u>(150,000)</u>
SPECIAL ITEM							
Proceeds from sale of capital assets			140,010				
Net change in fund balances	(165,455)	(165,455)	51,478	(513,410)	(513,410)	473,835	987,245
Fund balances - beginning	2,818,129	2,818,129	2,818,129	8,266,313	8,266,313	8,266,313	
Fund balances - ending	<u>\$ 2,652,674</u>	<u>\$ 2,652,674</u>	<u>\$ 2,869,607</u>	<u>\$ 7,752,903</u>	<u>\$ 7,752,903</u>	<u>\$ 8,740,148</u>	<u>\$ 987,245</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2012

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
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
2012	6,239,168	7,080,369	88%	(841,201)	1,063,773

*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, 2012

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,020,540	\$ 500,000	\$ 2,377,036	\$ 4,897,576
Taxes receivable, net		107,341	1,765,374	1,872,715
Due from other funds	293,891	80,542	279,090	653,523
Receivable from other governments	16,894			16,894
Other receivables	8,549			8,549
Total Assets	\$ 2,339,874	\$ 687,883	\$ 4,421,500	\$ 7,449,257
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,431	\$	\$	\$ 3,431
Due to other funds	2,526		86,605	89,131
Deferred revenue		32,502	866,641	899,143
Total Liabilities	5,957	32,502	953,246	991,705
 Fund Balances:				
Restricted for:				
Debt service			3,468,254	3,468,254
Committed	71,030			71,030
Assigned	2,262,887	655,381		2,918,268
Total Fund Balances	2,333,917	655,381	3,468,254	6,457,552
Total Liabilities and Fund Balances	\$ 2,339,874	\$ 687,883	\$ 4,421,500	\$ 7,449,257

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended December 31, 2012

	<u>Nonmajor Special Revenues</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Debt Service</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Property taxes	\$ 1,478	\$ 152,766	\$ 2,283,100	\$ 2,437,344
Sales and miscellaneous taxes	1,692,897			1,692,897
Intergovernmental	193,730			193,730
Charges for services	87,896			87,896
Investment earnings	4,019	1,492	5,405	10,916
Miscellaneous	1,616			1,616
Total Revenues	<u>1,981,636</u>	<u>154,258</u>	<u>2,288,505</u>	<u>4,424,399</u>
EXPENDITURES				
Current:				
Public safety	32,301			32,301
Public works	109,685	19,567		129,252
Visitor's promotion	521,714			521,714
Principal			1,942,000	1,942,000
Interest and other charges			259,952	259,952
Capital outlay	<u>121,332</u>	<u>62,776</u>		<u>184,108</u>
Total Expenditures	<u>785,032</u>	<u>82,343</u>	<u>2,201,952</u>	<u>3,069,327</u>
Excess of revenues over expenditures	<u>1,196,604</u>	<u>71,915</u>	<u>86,553</u>	<u>1,355,072</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			372,511	372,511
Transfers out	(606,341)		(188,492)	(794,833)
Total other financing sources and (uses)	<u>(606,341)</u>		<u>184,019</u>	<u>(422,322)</u>
Net change in fund balances	590,263	71,915	270,572	932,750
Fund balances - beginning	1,743,654	583,466	3,197,682	5,524,802
Fund balances - ending	<u>\$ 2,333,917</u>	<u>\$ 655,381</u>	<u>\$ 3,468,254</u>	<u>\$ 6,457,552</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Taxi	ND Highway Safety	Justice Assistance Grant	DES Homeland Security	City Share Specials - Reserve	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
Cash and cash equivalents	\$200,154	\$ 400,386	\$ 120,000	\$	\$	\$ 425	\$	\$	\$1,300,000	\$ 1,407	\$2,020,540
Due from other funds	23,019	13,930			4,594			625	249,891		293,891
Receivable from other governments				3,431	10,680	796	1,987				16,894
Other receivables	8,549										8,549
Total Assets	\$231,722	\$ 414,316	\$ 120,000	\$ 3,431	\$ 15,274	\$ 1,221	\$ 1,987	\$ 625	\$ 1,549,891	\$ 1,407	\$2,339,874

LIABILITIES AND FUND BALANCES

Liabilities:											
Accounts payable	\$	\$	\$	\$ 3,431	\$	\$	\$	\$	\$	\$	\$ 3,431
Due to other funds			539				1,987				2,526
Total Liabilities			539	3,431			1,987				5,957
Fund balances:											
Committed			71,030								71,030
Assigned	231,722	414,316	48,431		15,274	1,221		625	1,549,891	1,407	2,262,887
Total Fund Balances	231,722	414,316	119,461		15,274	1,221		625	1,549,891	1,407	2,333,917
Total Liabilities and Fund Balances	\$231,722	\$ 414,316	\$ 120,000	\$ 3,431	\$ 15,274	\$ 1,221	\$ 1,987	\$ 625	\$ 1,549,891	\$ 1,407	\$2,339,874

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, 2012

	Vector Control	Visitor's Promotion	Visitor's Capital Construction	Safe Shelter Grant	City Taxi	ND Highway Safety	Justice Assistance Grant	DES Homeland Security	City Share Specials - Reserve	D.A.R.E. Program Fund	Total Nonmajor Special Revenue Funds
REVENUES											
Property taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales and miscellaneous taxes		445,314	72,890	6,500	39,296	2,955	20,900	120,843	1,174,693	3,236	1,692,897
Intergovernmental	87,896										193,730
Charges for services	258	587	202						2,972		87,896
Investment earnings	1,490	126									4,019
Miscellaneous											1,616
Total Revenues	89,644	446,027	73,092	6,500	39,296	2,955	20,900	120,843	1,179,143	3,236	1,981,636
EXPENDITURES											
Current:											
Public safety	61,500	419,390	102,324	6,500	48,185	3,399	11,900	8,531		1,971	32,301
Public works											109,685
Visitor's promotion											521,714
Capital outlay	61,500	419,390	102,324	6,500	48,185	3,399	9,000	112,332		1,971	121,332
Total Expenditures	123,000	838,780	204,648	13,000	96,370	6,798	20,900	220,863		3,942	785,032
Excess of revenues over expenditures	28,144	26,637	(29,232)		(8,889)	(444)		(20)	1,179,143	1,265	1,196,604
OTHER FINANCING SOURCES (USES)											
Transfers in											
Transfers out	(6,895)								(599,446)		(606,341)
Total other financing sources and (uses)	(6,895)								(599,446)		(606,341)
Net change in fund balances	21,249	26,637	(29,232)		(8,889)	(444)		(20)	579,697	1,265	590,263
Fund balances - beginning	210,473	387,679	148,693		24,163	1,665		645	970,194	142	1,743,654
Fund balances - ending	\$231,722	\$414,316	\$119,461	\$	\$15,274	\$1,221	\$	\$625	\$1,549,891	\$1,407	\$2,333,917

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Public Building Site	Building Fund City Hall	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 500,000	\$	\$ 500,000
Taxes receivable, net	107,341		107,341
Due from other funds	45,233	35,309	80,542
Total Assets	<u>\$ 652,574</u>	<u>\$ 35,309</u>	<u>\$ 687,883</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ 32,502	\$	\$ 32,502
Total Liabilities	<u>32,502</u>		<u>32,502</u>
Fund balances:			
Assigned	620,072	35,309	655,381
Total Fund Balances	<u>620,072</u>	<u>35,309</u>	<u>655,381</u>
Total Liabilities and Fund Balances	<u>\$ 652,574</u>	<u>\$ 35,309</u>	<u>\$ 687,883</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, 2012

	<u>Public Building Site</u>	<u>Building Fund City Hall</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES			
Property taxes	\$ 152,766	\$	\$ 152,766
Investment earnings	1,480	12	1,492
Total Revenues	<u>154,246</u>	<u>12</u>	<u>154,258</u>
EXPENDITURES			
Current:			
Public works	19,567		19,567
Capital outlay	<u>62,776</u>		<u>62,776</u>
Total Expenditures	<u>82,343</u>		<u>82,343</u>
Excess of revenues over expenditures	<u>71,903</u>	<u>12</u>	<u>71,915</u>
OTHER FINANCING SOURCES (USES)			
Transfers out			
Total other financing sources and (uses)			
Net change in fund balances	71,903	12	71,915
Fund balances - beginning	<u>548,169</u>	<u>35,297</u>	<u>583,466</u>
Fund balances - ending	<u>\$ 620,072</u>	<u>\$ 35,309</u>	<u>\$ 655,381</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2012

	Curb and Gutter	Series T Refunding Improvement	Series D Refunding Improvement	Series U 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
ASSETS										
Cash and cash equivalents	\$ 300,000	\$ 150,000	\$	\$	\$ 150,000	\$ 150,531	\$ 150,354	\$	\$ 100,354	\$
Taxes receivable, net	51,100	164,215		142,525	42,390	18,343	16,687		37,073	12,009
Due from other funds		14,875		68,848	25,001		458		21,042	
Total Assets	<u>\$ 351,100</u>	<u>\$ 329,090</u>	<u>\$</u>	<u>\$ 211,373</u>	<u>\$ 217,391</u>	<u>\$ 168,874</u>	<u>\$ 167,499</u>	<u>\$</u>	<u>\$ 158,469</u>	<u>\$ 12,009</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to other funds	\$ 44,661	\$	\$	\$	\$	\$ 41,944	\$	\$	\$	\$
Deferred revenue	42,529	83,653		37,828	30,062	6,960	10,016		20,910	6,701
Total Liabilities	<u>87,190</u>	<u>83,653</u>	<u></u>	<u>37,828</u>	<u>30,062</u>	<u>48,904</u>	<u>10,016</u>	<u></u>	<u>20,910</u>	<u>6,701</u>
Fund balances:										
Restricted debt service	263,910	245,437		173,545	187,329	119,970	157,483		137,559	5,308
Total Fund Balances and Total Liabilities and Fund Balances	<u>\$ 351,100</u>	<u>\$ 329,090</u>	<u>\$</u>	<u>\$ 211,373</u>	<u>\$ 217,391</u>	<u>\$ 168,874</u>	<u>\$ 167,499</u>	<u>\$</u>	<u>\$ 158,469</u>	<u>\$ 12,009</u>

Series L Refunding Improvement	Series M Refunding Improvement	Series N Refunding Improvement	Series WWTA Refunding Improvement	Series O Refunding Improvement	Series P Refunding Improvement	Series 2007B SW Sewer	Series Q Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt Service Funds
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2,503	30,838	78,234	161,225	155,137	67,482	278,717	198,544	308,352	1,765,374
		1,104	17,940	6,801	943	8,453	39,869	54,297	19,459	279,090
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
		156,942	271,174	293,469	306,080	575,935	368,763	353,018	477,811	4,421,500
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	1,897	14,126	36,358	41,880	58,610	46,616	162,314	99,226	166,955	86,605
		14,126	36,358	41,880	58,610	46,616	162,314	99,226	166,955	866,641
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	606	142,816	234,816	251,589	247,470	529,319	206,449	253,792	310,856	3,468,254
		142,816	234,816	251,589	247,470	529,319	206,449	253,792	310,856	3,468,254
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	2,503	156,942	271,174	293,469	306,080	575,935	368,763	353,018	477,811	4,421,500

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, 2012

	Curb and Gutter	Series T Refunding Improvement	Series D Refunding Improvement	Series U Refunding Improvement	1999 BND (98-71)	1999 BND (99-71)	Series H Refunding Improvement	Series I Refunding Improvement	Series J Refunding Improvement	Series K Refunding Improvement
REVENUES										
Property taxes	\$ 95,756	\$ 225,907	\$ 163	\$ 120,984	\$ 54,375	\$ 25,884	\$ 19,338	\$ 112	\$ 46,240	\$ 14,040
Investment earnings	847	194			292	140	93		96	103
Total Revenues	<u>96,603</u>	<u>226,101</u>	<u>163</u>	<u>120,984</u>	<u>54,667</u>	<u>26,024</u>	<u>19,431</u>	<u>112</u>	<u>46,336</u>	<u>14,143</u>
EXPENDITURES										
Principal		80,000			60,000	35,000	25,000		55,000	
Interest and other charges		35,998		500	5,250	3,063	1,850		5,551	
Total Expenditures		<u>115,998</u>		<u>500</u>	<u>65,250</u>	<u>38,063</u>	<u>26,850</u>		<u>60,551</u>	
Excess (deficiency) of revenues over expenditures	<u>96,603</u>	<u>110,103</u>	<u>163</u>	<u>120,484</u>	<u>(10,583)</u>	<u>(12,039)</u>	<u>(7,419)</u>	<u>112</u>	<u>(14,215)</u>	<u>14,143</u>
OTHER FINANCING										
Transfers in	13,993	23,681		53,061	6,608	4,762	4,378		13,314	3,864
Transfers out	<u>(67,500)</u>		<u>(163)</u>					<u>(112)</u>		<u>(17,905)</u>
Total other financing sources and (uses)	<u>(53,507)</u>	<u>23,681</u>	<u>(163)</u>	<u>53,061</u>	<u>6,608</u>	<u>4,762</u>	<u>4,378</u>	<u>(112)</u>	<u>13,314</u>	<u>(14,041)</u>
Net change in fund balances	43,096	133,784		173,545	(3,975)	(7,277)	(3,041)		(901)	102
Fund balances - beginning	220,814	1,111,653			191,304	127,247	160,524		138,460	5,206
Fund balances - ending	<u>\$ 263,910</u>	<u>\$ 245,437</u>	<u>\$</u>	<u>\$ 173,545</u>	<u>\$ 187,329</u>	<u>\$ 119,970</u>	<u>\$ 157,483</u>	<u>\$</u>	<u>\$ 137,559</u>	<u>\$ 5,308</u>

Series L Refunding Improvement	Series M Refunding Improvement	Series N Refunding Improvement	Series WWTA Refunding Improvement	Series O Refunding Improvement	Series P Refunding Improvement	Series 2007B SW Sewer	Series Q Refunding Improvement	Series R Refunding Improvement	Series S Refunding Improvement	Total Nonmajor Debt Service Funds
\$ 368	\$ 3,887	\$ 115,122	\$ 110,566	\$ 213,464	\$ 221,536	\$ 80,883	\$ 264,381	\$ 272,169	\$ 397,925	\$ 2,283,100
75	166	166	683	160	197	1,574	90	172	523	5,405
443	3,887	115,288	111,249	213,624	221,733	82,457	264,471	272,341	398,448	2,288,505
		175,000	65,000	240,000	225,000	77,000	275,000	260,000	370,000	1,942,000
		7,655	28,638	20,653	11,250	34,668	30,517	30,660	43,699	259,952
		182,655	93,638	260,653	236,250	111,668	305,517	290,660	413,699	2,201,952
443	3,887	(67,367)	17,611	(47,029)	(14,517)	(29,211)	(41,046)	(18,319)	(15,251)	86,553
(443)	(102,369)	17,814	602	37,421	35,732	19,242	54,364	42,066	41,609	372,511
(443)	(102,369)	17,814	602	37,421	35,732	19,242	54,364	42,066	41,609	(188,492)
	(98,482)	(49,553)	18,213	(9,608)	21,215	(9,969)	13,318	23,747	26,358	270,572
	99,088	192,369	216,603	261,197	226,255	539,288	193,131	230,045	284,498	3,197,682
\$	\$ 606	\$ 142,816	\$ 234,816	\$ 251,589	\$ 247,470	\$ 529,319	\$ 206,449	\$ 253,792	\$ 310,856	\$ 3,468,254

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION - continued
Year Ended December 31, 2012

LIST OF CITY OFFICIALS

Mayor	Katie Andersen
Council	Ken Schultz to June 30, 2012
	Patrick Nygaard to June 30, 2012
	Charlie Kourajian
	Ramone Gumke
	Steve Brubakken from July 1, 2012
	Dan Buchanan from July 1, 2012
City Administrator	Jeffrey Fuchs



Schauer & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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

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

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 **CITY OF JAMESTOWN, NORTH DAKOTA**, as of and for the year ended December 31, 2012, which collectively comprise the **CITY OF JAMESTOWN, NORTH DAKOTA'S** basic financial statements and have issued our report thereon dated September 26, 2013. 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

Management of **CITY OF JAMESTOWN, NORTH DAKOTA** is responsible for establishing and maintaining effective 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

Purpose of this Report

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

Schauer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
September 26, 2013



Schauer & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT 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 OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs for the year ended December 31, 2012. **CITY OF JAMESTOWN, NORTH DAKOTA'S** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **CITY OF JAMESTOWN, NORTH DAKOTA'S** management. Our responsibility is to express an opinion on **CITY OF JAMESTOWN, NORTH DAKOTA'S** compliance based on our audit.

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

In our opinion, **CITY OF JAMESTOWN, NORTH DAKOTA**, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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.

**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**

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.

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

Schauwer & Associates, P.C.

SCHAUER & ASSOCIATES, P.C.
Certified Public Accountants

Jamestown, North Dakota
September 26, 2013

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – continued
Year Ended December 31, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
City of Jamestown			
Department of Housing and Urban Development			
Passed Through State Department of Commerce			
Community Development Block Grants	14.228	3164-SL11-ED-R	\$ 1,737
	14.228	2344-SL08-ED	<u>1,000</u>
Total Department of Housing and Urban Development			<u>2,737</u>
Department of Justice			
Direct Programs			
Edward Byrne Memorial Justice Assistance	16.738	2010-DJ-BX-1345	2,666
ARRA-Edward Byrne Memorial Justice Assistance	16.804	2009-SB-BP-2419	<u>18,234</u>
JAG Program Cluster (1)			<u>20,900</u>
ARRA-Community Oriented Policing Services (1)	16.710	2009RKWX0601	<u>41,160</u>
Total Direct Department of Justice			<u>62,060</u>
Passed Through State Attorney General's Office			
Edward Byrne Memorial Justice Assistance	16.738	D11-216	<u>6,500</u>
Total Indirect Department of Justice			<u>6,500</u>
Total Department of Justice			<u>68,560</u>
Department of Transportation			
Passed Through State Highway Department			
Highway Planning & Construction	20.205	CER-2-987(034)038	1,897
	20.205	CER-2-987(035)039	77
	20.205	CER-2-987(036)040	173
	20.205	CER-2-987(037)041	554
	20.205	S-TNU-2-281(033)066	2,108
ARRA - Highway Planning & Construction	20.205	STM-S-NHU-2-281(036)067	<u>24,696</u>
Highway Planning & Construction Cluster (1)			<u>29,505</u>
Formula Grants for Other than Urbanized Areas	20.509	38-110-995	11,548
	20.509	38-121-440	14,522
State and Community Highway Safety	20.600	PHSP4021305-04-11	3,448
	20.600	PHSP4021207-02-02	1,500
	20.600	PHSP4021205-04-13	5,260
Alcohol Impaired Driving Countermeasures	20.601	PHSP4101203-02-06	8,000
	20.601	PHSP4101203-01-13	7,062

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – Continued
Year Ended December 31, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued

Federal Grantor/Pass-Through Grantor Program Grant Title	Federal CFDA #	Pass-Through Grantor's #	Expenditures
	20.601	PHSP4101303-01-69	796
	20.601	PHSP4101303-01-11	2,077
Highway Program Cluster			<u>30,302</u>
Total Department of Transportation			<u>85,877</u>
Environmental Protection Agency			
Passed Through State Department of Health Capitalization Grants for Drinking Water State Revolving Funds (1) (2)	66.468	380943-01	2,048,643
ARRA - Capitalization Grants for Drinking Water State Revolving Funds (1) (2)	66.468	4700498-03	108,805
Total Environmental Protection Agency			<u>2,157,448</u>
Federal Emergency Management Agency			
Passed Through State Department of Emergency Services Disaster Assistance - Public Assistance - Presidentially Declared Disasters	97.036	FEMA-DR-1829-ND	43,916
	97.036	FEMA-DR-1907-ND	104,433
Total Federal Emergency Management Agency			<u>148,349</u>
Department of Homeland Security			
Passed Through State Department of Emergency Services State homeland security grant	97.067	A0401-002-2010-SARQ	115,617
State homeland security grant	97.073	A0401-003-2010-SART	5,226
Total Department of Homeland Security			<u>120,843</u>
Total City of Jamestown			<u>\$ 2,583,814</u>
Jamestown Regional Airport Authority			
Department of Transportation			
Direct			
Airport Improvement Program			
Project #3-38-0028-32 & 34	20.106		\$ 339,108
Project #3-38-0028-35	20.106		103,404
Project #3-38-0028-36	20.106		35,200
Total Jamestown Regional Airport Authority			<u>\$ 477,712</u>
Total Federal Awards			<u>\$ 3,061,526</u>

CITY OF JAMESTOWN
Stutsman County, North Dakota
SUPPLEMENTARY INFORMATION – Continued
Year Ended December 31, 2012

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	\$ 190,000
1993 Solid Waste Treatment Revenue Bonds	230,000
1996 Waste Water Treatment Revenue Bonds (Series A)	2,265,000
1996 Waste Water Treatment Revenue Bonds (Series B)	1,670,000
1997 Solid Waste Treatment Revenue Bonds	675,000
1999 Water Treatment Assessment Warrants	120,000
1999 Clean Water Assessment Warrants	70,000
2002 Water and Sewer Revenue Bonds	115,000
2004 Waste Water Treatment Assessment Warrant	895,000
2005 Water Treatment Revenue Bonds	1,765,000
2005 Master Lift Station Revenue Bonds	1,101,000
2007 Water Treatment Revenue Bonds	1,605,000
2007 B Clean Water	1,085,000
2010 Water Treatment Revenue Bonds	2,725,000
2010B Water Treatment Revenue Bonds	1,948,643
2011 Waste Water Treatment Revenue Bonds	1,045,000

CITY OF JAMESTOWN
Stutsman County, North Dakota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

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

- 16.738 - Edward Byrne Memorial Justice Assistance
- 16.804 - ARRA Edward Byrne Memorial Justice Assistance
- 16.710 - ARRA Community Oriented Policing Services
- 20.205 - Highway Planning & Construction
- 20.205 - ARRA Highway Planning & Construction
- 66.468 – ARRA Capitalization Grants for Drinking Water State Revolving Funds
- 66.468 - Capitalization Grants for Drinking Water State Revolving Funds

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

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

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

- 1. None

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

- 1. None

CITY OF JAMESTOWN
Stutsman County, North Dakota
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
Year Ended December 31, 2012

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.