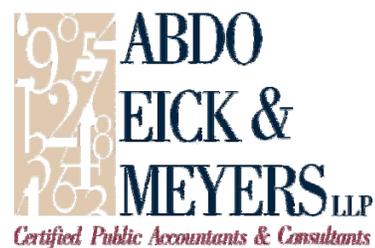




CITY OF JORDAN
JORDAN, MINNESOTA

MANAGEMENT LETTER

YEAR ENDED
DECEMBER 31, 2007



11 Civic Center Plaza
Suite 300
P.O. Box 3166
Mankato, MN 56002-3166

Honorable Mayor and City Council
City of Jordan
Jordan, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, (the City) as of and for the year ended December 31, 2007, and have issued our report thereon dated April 11, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Also, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. We are responsible for communicating significant matters related to audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis of 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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the following deficiencies to be significant deficiencies in internal control:



2007-1 Segregation of Duties

- Condition: During our audit we reviewed internal control procedures over payroll, disbursements, cash receipts and investment transactions and found the City to have limited segregation of duties in these areas.
- Criteria: There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
- Effect: The existence of this limited segregation of duties increases the risk of fraud.

Internal Control over Payroll

- Cause: As a result of the small staff, the Finance Director controls and maintains the check stock, sets up and maintains the payroll records, approves some time cards, approves payroll run, signs checks, posts activity to general ledger, reconciles bank accounts, and prepares payroll tax returns.
- Recommendation: We recommend that in addition to approving payroll disbursements and wage rates the City Council review amounts earned and accrued for compensated absences on an annual basis to compensate for control deficiencies with respect to payroll accruals.

Internal Control over Disbursements

- Cause: As a result of the small staff, the Finance Director controls and maintains the check stock, signs checks and initiates wire transfers, maintains accounts payable records, posts transactions to the general ledger, and reconciles bank accounts.
- Recommendation: While we recognize staff is not large enough to eliminate this deficiency, we recommend that an individual, separate from the Finance Director, review cancelled checks received with the bank statement and investigate items such as; void checks, inconsistencies in check sequence, possible alterations, and unusual payees. This individual should also review bank reconciliations for accuracy and timeliness of preparation. It is important that the Council is aware of this condition and monitor all financial information.

Internal Control over Cash Receipts

- Cause: As a result of the small staff, the Finance Director maintains receipts journal and accounts receivable records, posts transactions to the general ledger, and reconciles bank accounts.
- Recommendation: While we recognize staff is not large enough to eliminate this deficiency, we recommend that an individual, separate from the Finance Director, review cancelled checks received with the bank statement and investigate items such as; void checks, inconsistencies in check sequence, possible alterations, and unusual payees. This individual should also review bank reconciliations for accuracy and timeliness of preparation. It is important that the Council is aware of this condition and monitor all financial information.



2007-1 Segregation of Duties - Continued

Internal Control over Investment Transactions

- Cause:** As a result of the small staff, the Finance Director receives investment statements in the mail, initiates investment transactions, maintains investment sub ledgers, maintains and posts activity to the general ledger, and reconciles investment accounts.
- Recommendation:** While we recognize staff is not large enough to eliminate this deficiency it is important that the Council is aware of this condition and monitor all financial information. We recommend the City adopt an investment policy which outlines procedures for investment transactions that can be followed by the Finance Director.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. This includes approval of expenditures, regular review of financial statements and budget comparisons.

2007-2 Financial Report Preparation

- Condition:** As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors can not be part of your internal control process.
- Criteria:** Internal controls should be in place to provide reasonable assurance over financial reporting.
- Cause:** From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
- Effect:** The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
- Recommendation:** It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.



2007-3 Capital Project/ Capital Outlay Accounting and Coding

- Condition:** During the audit, we noted numerous transactions coded to the wrong fund or account. Certain capital outlay transactions (those that met capitalization policy thresholds) were coded to supplies expense. Also, certain project costs were coded to the wrong project or a new project was started and no fund was set up to account for its costs. Extensive work had to be done in the capital outlay area over the last couple of years to update capital asset records.
- Criteria:** Coding of transactions to the proper fund and account and identifying capital outlay transactions for capitalization is the responsibility of the City; therefore, the City must be able to properly identify and code capital transactions to enable updating of capital asset records annually.
- Cause:** The City has numerous ongoing projects and has not followed its capitalization policy for properly identifying and coding capital outlay or project costs.
- Effect:** A material misstatement may occur and not be detected by the City's internal control. Plus, it takes additional time and expense each year to maintain and update the City's depreciation schedules with the issues mentioned above.
- Recommendation:** We recommend that City staff exercise more care in coding capital outlay and capital project transactions in the future by following the City's capitalization policy and thresholds.

Management Response

The City is aware of the control deficiency, and is making strides toward improvement of capital project accounting.

2007-4 Material Audit Adjustments

- Condition:** During our audit, adjustments were needed to record numerous accounting and audit adjustments, including some material.
- Criteria:** The financial statements are the responsibility of the City's management.
- Cause:** City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
- Effect:** This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm can not serve as a compensating control over this deficiency.
- Recommendation:** We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control. We believe that the deficiency described above as finding 2007-4 is a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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* or Minnesota statutes.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you through various means.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2007. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of capital asset basis is based on estimated historical cost of the capital assets and depreciation is based on the estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.



Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We consider adjusting journal entries number six, thirty-eight, and forty-two, which appear at the end of this letter, material misstatements detected as a result of audit procedures.

An audit adjustment may or may not indicate matters that could have a significant effect on the City's financial reporting process. In total we made 53 journal entries which is two less than we prepared in the prior year. They would mainly be considered year-end accounting adjustments. The City should try to prepare as many of the accounting entries as possible before the audit fieldwork because it results in additional expense to the City when we prepare them. The quality of internal information is enhanced if these entries are prepared as part of the year-end closing process. We recommend that staff review these entries when preparing for the 2008 audit. This will help eliminate the types of entries required for 2007. Adjusting journal entries proposed by the auditor and made by management are attached to this letter and are summarized as follows:

Accounting - client identified	4
Accounting - auditor identified	31
GASB 34 - auditor identified	5
Audit - auditor identified	<u>13</u>
Total	<u><u>53</u></u>

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 11, 2008

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



Financial Position and Results of Operations

Our principal observations and recommendations are summarized on the following pages. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended December 31, 2007.

General Fund

All general governmental functions of the City which are not accounted for in separate funds are included in the General fund.

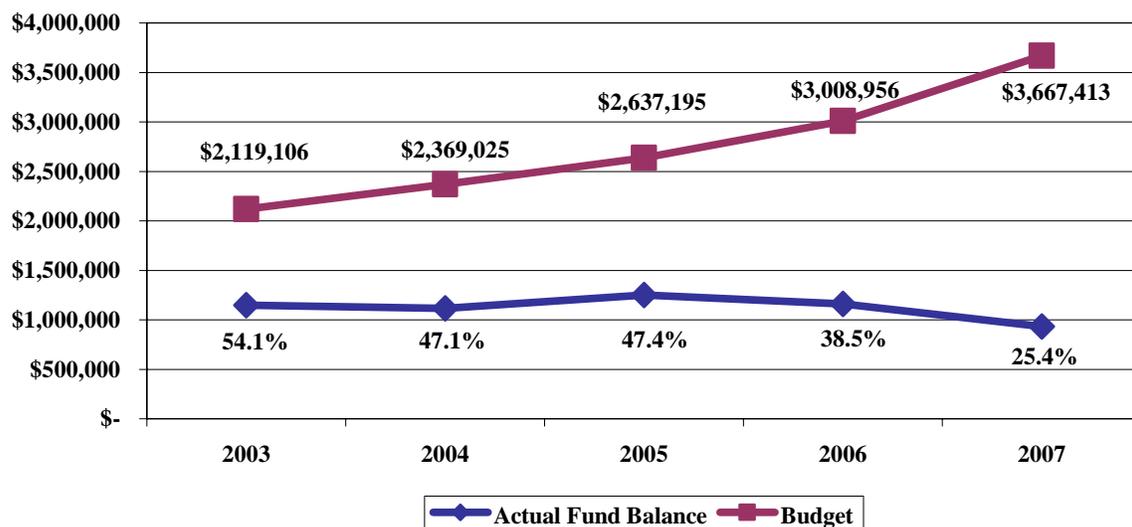
Minnesota municipalities must maintain substantial amounts of fund balance in order to meet their liquidity and working capital needs as an operating entity. That is because a substantial portion of your revenue sources (taxes and intergovernmental revenues) are received in the last two months of each six-month cycle.

As you can see from the following information, it is necessary to maintain fund balance in order to keep pace with the increasing operating budget. *This information is also presented in graphic form below.*

Year	Unreserved Fund Balance December 31	Budget Year	General Fund Budget	Percent of Fund Balance to Budget
2003	1,146,504	2004	\$ 2,119,106	54.1 %
2004	1,116,922	2005	2,369,025	47.1
2005	1,250,460	2006	2,637,195	47.4
2006	1,159,538	2007	3,008,956	38.5
2007	931,289	2008	3,667,413	25.4

The following is an analysis of the General fund's unreserved fund balance for the past five years compared to the following year's budget:

Unreserved Fund Balance/Budget Comparison





The fund balance decreased by \$228,249 in 2007. The total unreserved fund balance of \$931,289 represents 25.4 percent of the 2008 budget. The Minnesota Office of the State Auditor classifies unreserved fund balance levels relative to City expenditures as follows:

	<u>Percent of Planned Expenditures</u>	<u>Months of Expenditures on hand</u>
Extremely low	Under 20%	Under 2.5
Low	21 - 34	2.5 - 4
Acceptable	35 - 50	4 - 6
Moderately high	51 - 64	6 - 7
High	65 - 100	8 - 12
Very high	100 - 150	12 - 18
Extremely high	Above 150	Above 18

The State Auditor does group all General and special revenue funds of the government when making this calculation where our calculation is based only on the General fund. The Office of the State Auditor (the OSA) has issued a *Statement of Position* relating to fund balance stating “a local government should identify fund balance separately between reserved and unreserved fund balance. The local government may assign and report some or all of the fund balance as designated and undesignated.” The OSA also recommends local governments adopt a formal policy on the level of unreserved fund balance that should be maintained in the general and special revenue funds. This helps address citizen concerns as to the use of fund balance and tax levels. The City has designated for intended use of fund balance. We recommend a minimum fund balance for working capital be approximately 40 percent to 50 percent of planned expenditures. So at the current level, the fund balance is in the low range.

The purposes and benefits of a fund balance are as follows:

- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the governmental fund expenditures.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid and property tax credit formulas. We also have seen the State mandate levy limits for cities over 2,500 in population. An adequate fund balance will provide a temporary buffer against those aid adjustments or levy limits.
- Expenditures not anticipated at the time the annual budget was adopted may need immediate Council action. These would include capital outlay, replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in maintaining, improving or obtaining its bond rating. The result will be better interest rates in future bond sales.



The 2007 General fund operations are summarized as follows:

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues	\$ 2,961,456	\$ 2,710,123	\$ (251,333)
Expenditures	<u>2,932,456</u>	<u>2,839,953</u>	<u>92,503</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,000</u>	<u>(129,830)</u>	<u>(158,830)</u>
Other financing sources (uses)			
Transfers in	200,000	-	(200,000)
Transfers out	<u>(229,000)</u>	<u>(98,419)</u>	<u>130,581</u>
Total other financing sources (uses)	<u>(29,000)</u>	<u>(98,419)</u>	<u>(69,419)</u>
Net change in fund balances	<u>\$ -</u>	<u>(228,249)</u>	<u>\$ (228,249)</u>
Fund balances, January 1		<u>1,159,538</u>	
Fund balances, December 31		<u>\$ 931,289</u>	

Some of the larger budget variances are as follows:

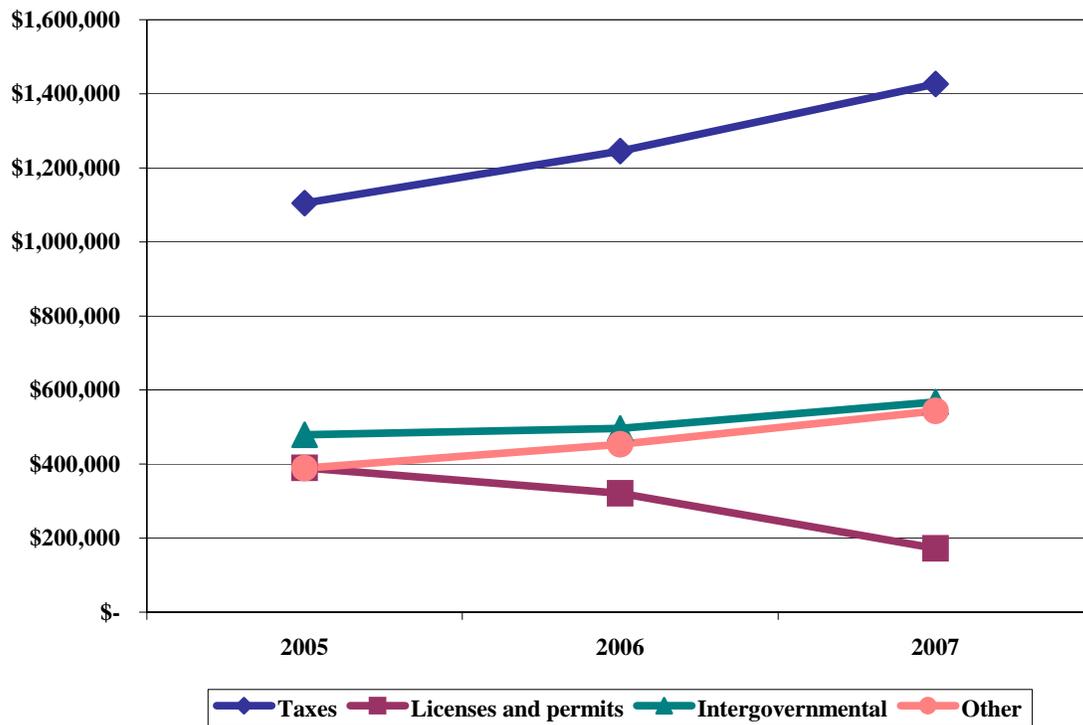
- Licenses and permits fell short of budget by \$225,814
- Municipal state aid for streets was budgeted at \$180,000 but was not received
- Public safety expenditures fell under budget by \$91,793



A comparison of General fund revenues for the last three years is presented below:

Source	2005	2006	2007	Percent of Total
Taxes	\$ 1,104,466	\$ 1,245,014	\$ 1,426,534	52.6 %
Special assessments	9,844	19,740	6,145	0.2
Licenses and permits	390,216	321,589	172,651	6.4
Intergovernmental	479,355	496,352	567,322	20.9
Charges for services	262,878	273,239	404,620	14.9
Fines and forfeits	74,154	78,075	56,392	2.1
Investment earnings	35,689	71,023	50,272	1.9
Miscellaneous	6,532	11,406	26,187	1.0
Total revenues	\$ 2,363,134	\$ 2,516,438	\$ 2,710,123	100.0 %

General Fund Revenues by Source

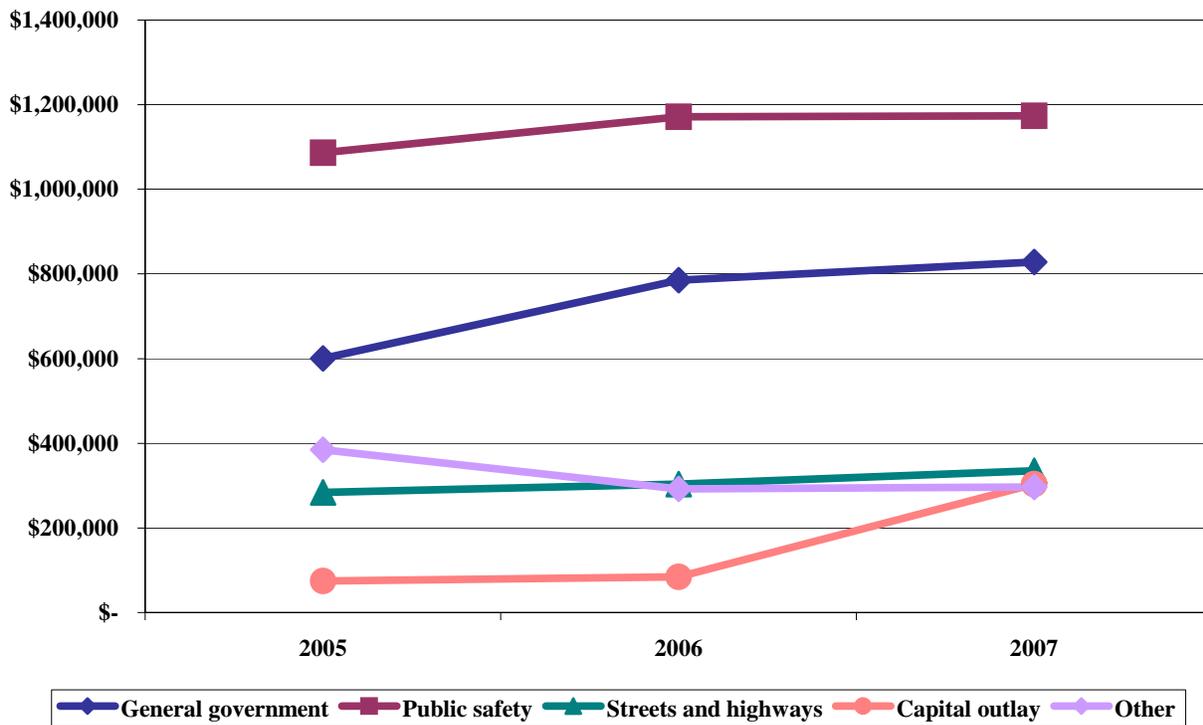




A comparison of General fund expenditures and transfers for the last three years is presented below:

Program	2005	2006	2007	Percent of Total
Current				
General government	\$ 600,171	\$ 785,391	\$ 828,164	28.2 %
Public safety	1,086,730	1,171,804	1,174,023	40.1
Streets and highways	283,855	303,634	335,529	11.4
Culture and recreation	106,847	126,327	136,428	4.6
Miscellaneous	60,379	68,708	62,231	2.1
Total current	2,137,982	2,455,864	2,536,375	86.4
Capital outlay	74,442	84,376	303,578	10.3
Debt service	75,026	42,120	-	-
Transfers out	142,459	55,000	98,419	3.3
Total expenditures and transfers	\$ 2,429,909	\$ 2,637,360	\$ 2,938,372	100.0 %

General Fund Expenditures by Program





Special Revenue Funds

Special revenue funds have revenue from specific sources to be used for specific purpose. Listed below are the special revenue funds of the City along with the fund balances for 2007 and 2006 and the net change:

Fund	Fund Balances		Increase (Decrease)
	December 31,		
	2007	2006	
Economic Development Authority	\$ 181,677	\$ 118,659	\$ 63,018
Contributions and Donations	15,070	12,058	3,012
Police Forfeiture	13,583	27,277	(13,694)
Police Dare Program	5,729	4,318	1,411
Police Car Seat	2,743	2,102	641
Emergency Siren	5,826	3,941	1,885
Municipal State Aid	1,666	-	1,666
Historical Fund	671	-	671
Total	<u>\$ 226,965</u>	<u>\$ 168,355</u>	<u>\$ 58,610</u>

Debt Service Funds

Debt Service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt).

Debt Service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Tax increments - Pledged exclusively for tax increment/economic development districts.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service Funds as follows:

- Residual project proceeds from the related capital project fund
- Investment earnings
- State or Federal grants
- Transfers from other funds



The following is a summary of Debt Service fund assets and outstanding debt as of December 31, 2007:

<u>Debt Description</u>	<u>Total Cash and Investments</u>	<u>Total Assets</u>	<u>Outstanding Debt</u>	<u>Maturity Date</u>
G.O. Special Assessment Bonds:				
G.O. Improvement Bonds of 1995	\$ -	\$ -	\$ -	Matured
G.O. Improvement Bonds of 1998	266,191	296,423	1,105,000	2013
G.O. Improvement Bonds of 1999A (1)	-	-	-	Matured
G.O. Improvement Bonds of 2000A (1)	-	-	1,575,000	2009
G.O. Improvement Bonds of 2001B (1)	-	-	880,000	2008
G.O. Refunding Bonds of 2001C	723,004	761,102	427,275	2012
G.O. Refunding Bonds of 2001A	734,730	735,281	102,377	2011
G.O. Refunding Bonds of 2002B	(35,673)	73,079	243,033	2011
G.O. Improvement Bonds of 2002A	587,905	608,048	1,275,000	2018
G.O. Refunding Bonds of 2003	19,401	27,987	155,000	2010
G.O. Improvement Refunding Bonds of 2004B	2,621,364	3,246,369	2,740,000	2020
G.O. Improvement Bonds of 2004A	582,572	1,350,888	2,034,049	2020
Total G.O. Special Assessment Bonds	<u>5,499,494</u>	<u>7,099,177</u>	<u>10,536,734</u>	
Total All Debt Service Funds	<u>\$ 5,499,494</u>	<u>\$ 7,099,177</u>	<u>\$ 10,536,734</u>	
Future Interest on Debt			<u>\$ 1,985,398</u>	

(1) These bond issues will be refunded as part of the 2004B issue.

The City's outstanding debt is required to be funded by various resources such as special assessments, tax increments, property taxes, transfers from enterprise funds, etc. Special assessments and tax increments are usually certified once to the County for collection, but tax levies need to be certified annually. We recommend management pay particular attention to annual tax levies and transfers listed in each bond issue book to ensure proper funding of debt service.



Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The table below compares 2007 fund balances (deficits) with 2006:

Fund	Fund Balances (Deficits)		Increase (Decrease)
	December 31,		
	2007	2006	
Major funds			
2004 Improvement Projects	\$ -	\$ (217,504)	\$ 217,504
2006 - 2007 Capital Improvements	-	(275,648)	275,648
Nonmajor funds			
Capital Projects	109,794	105,564	4,230
Fire Vehicle	18,673	68,960	(50,287)
Development District No. 1	6,368	7,346	(978)
190th Street Construction Project	134,107	129,722	4,385
Broadway Market TIF Project	(3,354)	(3,439)	85
Street Equipment Fee	13,734	1,572	12,162
CR 61 and CR 66 Construction	486,204	421,524	64,680
Jordan Center TIF Project	(2,052)	(1,795)	(257)
Park Equipment Improvement	120,218	123,680	(3,462)
Park Improvement	429,457	557,158	(127,701)
Park Capital	342	331	11
Water tower project	-	(30,000)	30,000
2008 Improvement Projects	(191,138)	-	(191,138)
Jordan Valley Townhomes TIF	(820)	-	(820)
Fire Hall Expansion	(52,224)	-	(52,224)
Total	<u>\$ 1,069,309</u>	<u>\$ 887,471</u>	<u>\$ 181,838</u>

The City should analyze project's status each year and close those that are completed. Any deficits should be evaluated to ensure they are consistent with financing expectations.



Enterprise Funds

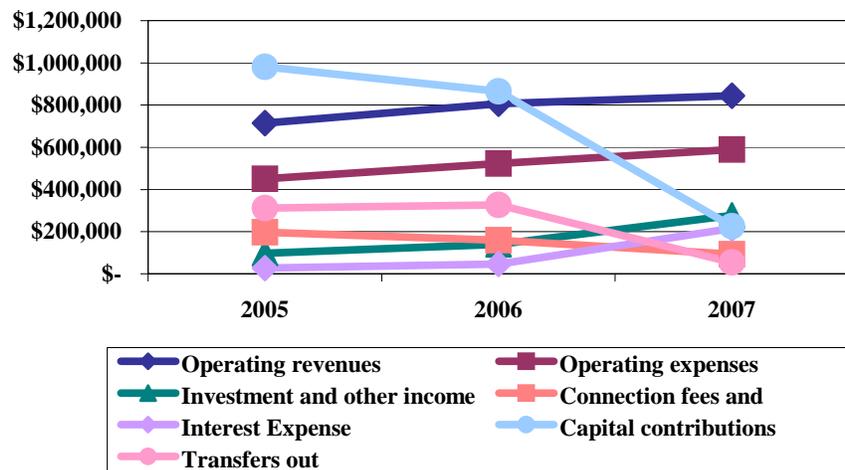
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water Utility Fund

A comparison of Water Utility fund operations for the past three years is as follows:

	2005		2006		2007	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Operating revenues	\$ 714,049	100.0 %	\$ 806,314	100.0 %	\$ 843,988	100.0 %
Operating expenses	(451,252)	(63.3)	(522,981)	(64.8)	(589,477)	(69.8)
Operating income	262,797	36.7	283,333	35.2	254,511	30.2
Investment and other income	98,471	13.8	140,508	17.4	276,660	32.8
Connection fees and capital charges	197,435	27.7	159,046	19.7	92,926	11.0
Interest expense	(26,544)	(3.7)	(46,970)	(5.8)	(215,064)	(25.5)
Income before contributions and transfers	532,159	74.5	535,917	66.5	409,033	48.5
Capital contributions	980,865	137.4	865,929	107.4	226,092	26.8
Transfers out	(312,095)	(43.7)	(326,974)	(40.6)	(53,606)	(6.4)
Change in net assets	<u>\$ 1,200,929</u>	<u>168.2 %</u>	<u>\$ 1,074,872</u>	<u>133.3 %</u>	<u>\$ 581,519</u>	<u>68.9 %</u>
Cash and investments	<u>\$ 2,502,923</u>		<u>\$ 2,100,641</u>		<u>\$ 9,249,406</u>	
Bonds payable	<u>\$ 1,140,000</u>		<u>\$ 1,140,000</u>		<u>\$ 10,717,940</u>	

Water Utility Fund Operations



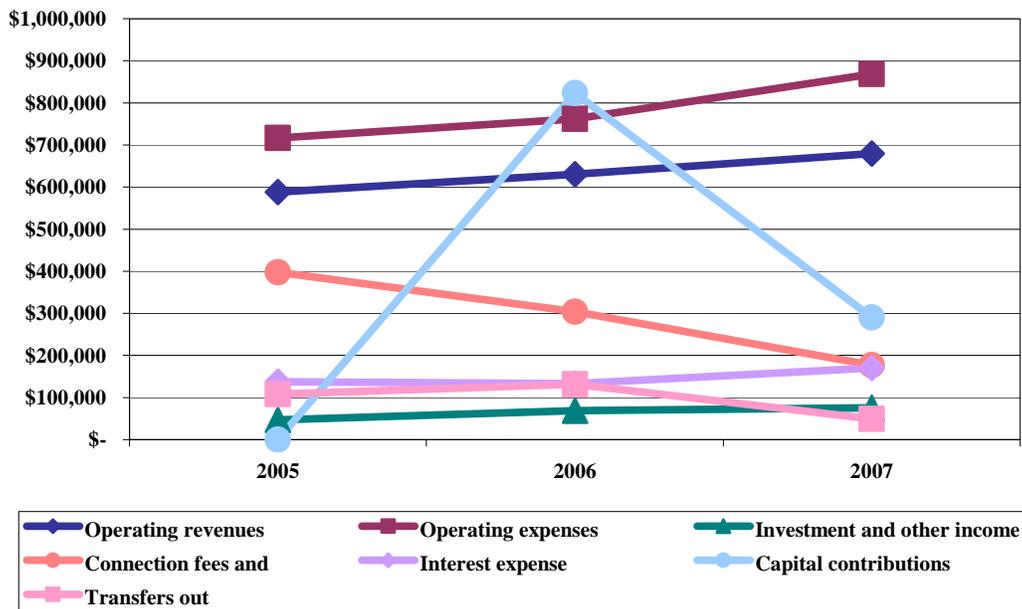


Sewer Utility Fund

A comparison of Sewer Utility fund operations for the past three years is as follows:

	2005		2006		2007	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Operating revenues	\$ 587,964	100.0 %	\$ 630,257	100.0 %	\$ 679,574	100.0 %
Operating expenses	(716,454)	(122.0)	(761,562)	(120.9)	(868,857)	(127.8)
Operating loss	(128,490)	(22.0)	(131,305)	(20.9)	(189,283)	(27.8)
Investment and other income	46,871	8.0	69,119	11.0	75,755	11.1
Connection fees and capital charges	397,816	67.7	303,570	48.2	177,077	26.1
Interest expense	(137,196)	(23.3)	(132,941)	(21.1)	(170,257)	(25.1)
Income before contributions and transfers	179,001	30.4	108,443	17.2	(106,708)	(15.7)
Capital contributions	-	-	823,048	130.6	289,916	42.7
Transfers out	(108,434)	(18.4)	(131,280)	(20.8)	(48,897)	(7.2)
Change in net assets	<u>\$ 70,567</u>	<u>12.0 %</u>	<u>\$ 800,211</u>	<u>127.0 %</u>	<u>\$ 134,311</u>	<u>19.8 %</u>
Cash and investments	<u>\$ 1,463,185</u>		<u>\$ 1,333,680</u>		<u>\$ 1,278,729</u>	
Bonds payable	<u>\$ 5,907,000</u>		<u>\$ 5,557,000</u>		<u>\$ 6,531,767</u>	

Sewer Utility Fund Operations



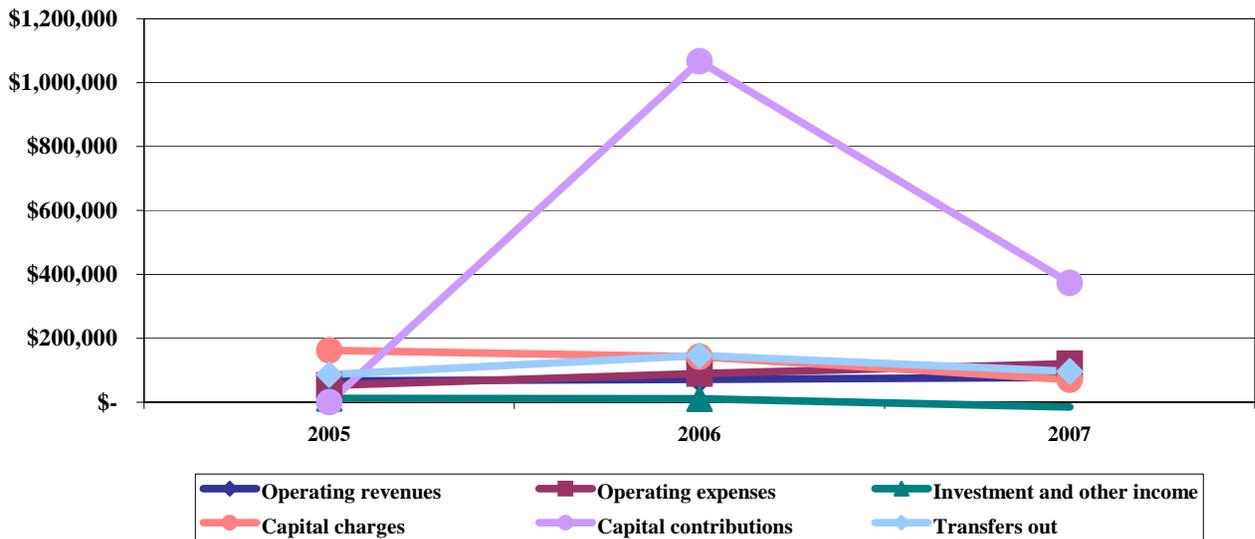


Storm Sewer Utility Fund

A comparison of Storm Sewer Utility fund operations for the past three years is as follows:

	2005		2006		2007	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Operating revenues	\$ 66,761	100.0 %	\$ 71,402	100.0 %	\$ 77,509	100.0 %
Operating expenses	(53,022)	(79.4)	(89,670)	(125.6)	(120,872)	(155.9)
Operating income (loss)	13,739	20.6	(18,268)	(25.6)	(43,363)	(55.9)
Investment and other income	12,194	18.3	10,957	15.3	(15,218)	(19.6)
Capital charges	162,486	243.4	142,672	199.8	70,986	91.6
Income before contributions and transfers	188,419	282.3	135,361	189.5	12,405	16.1
Capital contributions	-	-	1,066,404	1,493.5	373,339	481.7
Transfers out	(86,248)	(129.2)	(146,110)	(204.6)	(96,108)	(124.0)
Change in net assets	<u>\$ 102,171</u>	<u>153.1 %</u>	<u>\$ 1,055,655</u>	<u>1,478.4 %</u>	<u>\$ 289,636</u>	<u>373.8 %</u>
Cash and investments	<u>\$ 373,310</u>		<u>\$ 308,482</u>		<u>\$ 825,553</u>	

Storm Sewer Utility Fund Operations





Government-wide and Other Ratios

Ratio Analysis

The following captures a few ratios from the City's financial statements that give some additional information for trend and peer group analysis. The peer group average consists of the average of Abdo, Eick & Meyers' client base of approximately 100 cities. The majority of these ratios facilitate the use of economic resources focus and accrual basis of accounting at the government-wide level. A combination of liquidity (ability to pay its most immediate obligations), solvency (ability to pay its long-term obligations), funding (comparison of financial amounts and economic indicators to measure changes in financial capacity over time) and common-size (comparison of financial data with other cities regardless of size) ratios are shown below.

Ratio	Calculation	Source	Year			
			2004	2005	2006	2007
Current	Current assets/current liabilities	Government-wide	5.3	3.7	2.7	4.3
			4.7	4.4	4.5	N/A
Debt to assets	Total liabilities/total assets	Government-wide	58%	57%	48%	52%
			34%	34%	34%	N/A
Debt service coverage	Net cash provided by operations/ enterprise fund debt payments	Enterprise funds	0.4	0.3	1.4	0.7
			1.3	1.5	1.8	N/A
Debt per capita	Bonded debt/population	Government-wide	\$ 5,597	\$ 5,041	\$ 4,741	\$ 5,899
			\$ 2,160	\$ 2,276	\$ 2,503	N/A
Taxes per capita	Tax revenues/population	Government-wide	\$ 353	\$ 367	\$ 409	\$ 449
			\$ 337	\$ 365	\$ 399	N/A
Expenditures per capita	Governmental fund expenditures/ population	Governmental funds	\$ 1,563	\$ 1,165	\$ 1,870	\$ 1,416
			\$ 1,088	\$ 1,181	\$ 1,373	N/A
Capital assets % left to depreciate - Governmental	Net capital assets/ gross capital assets	Government-wide	75%	73%	77%	70%
			68%	67%	69%	N/A
Capital assets % left to depreciate - Business-type	Net capital assets/ gross capital assets	Government-wide	78%	78%	79%	80%
			67%	67%	66%	N/A
Charges to total operating revenues - Governmental	Governmental charges for services/ governmental operating revenue	Government-wide	27%	30%	23%	24%
			25%	24%	22%	N/A
Unrestricted net assets to operating expenses	Unrestricted net assets/ operating expenses	Government-wide	103%	72%	48%	65%
			103%	94%	88%	N/A

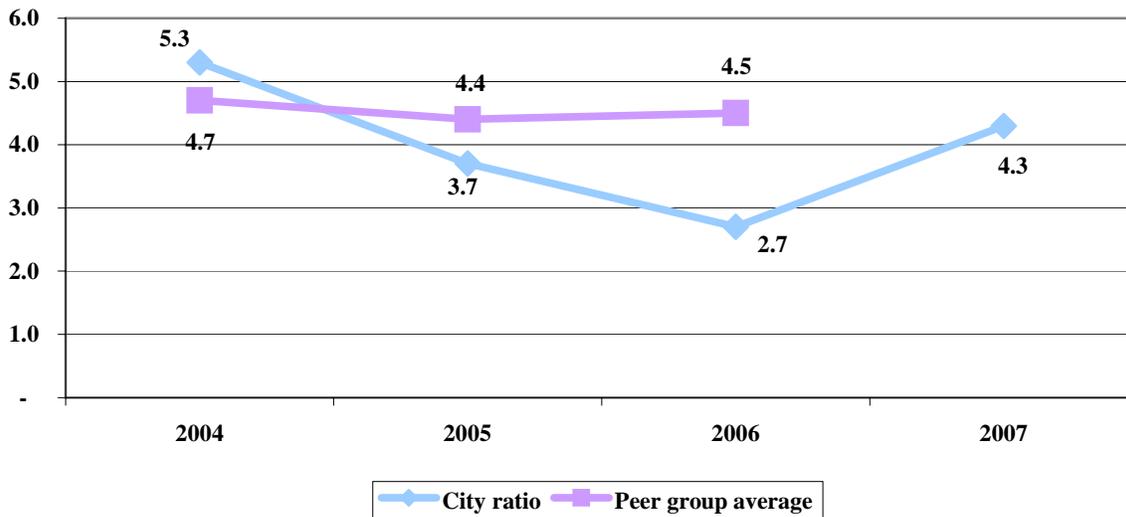
Represents City of Jordan

Represents Peer Group Average



Current Ratio (Liquidity Ratio)

The current ratio is a comparison of a city's current assets to its current liabilities. The current ratio is an indication of a city's ability to meet short-term debt obligations. Acceptable current ratios vary from industry to industry, but a current ratio between 1 and 2 is considered standard. If a city's current assets are in this range, then it is generally considered to have good short-term financial strength. If current liabilities exceed current assets (the current ratio is below 1), then the city may have problems meeting its short-term obligations. If the current ratio is too high, then the city may not be efficiently utilizing its current assets.



Debt-to-Assets Leverage Ratio (Solvency Ratio)

The debt-to-assets leverage ratio is a comparison of a city's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of .50 would indicate half of the assets are financing with outstanding debt).

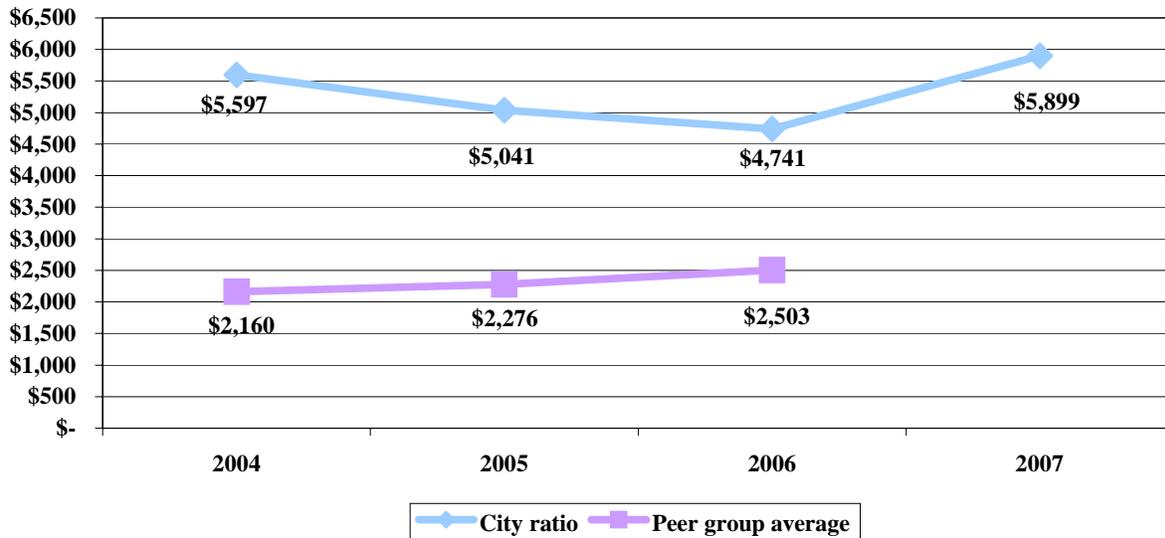
Debt Service Coverage Ratio (Solvency Ratio)

The debt coverage ratio is a comparison of cash generated by operations to total debt service payments (principal and interest) of enterprise funds. This ratio indicates if there are sufficient cash flows from operations to meet debt service obligations. Except in cases where other nonoperating revenues (i.e. taxes, assessments, transfers from other funds, etc.) are used to fund debt service payments, an acceptable ratio would be above 1.



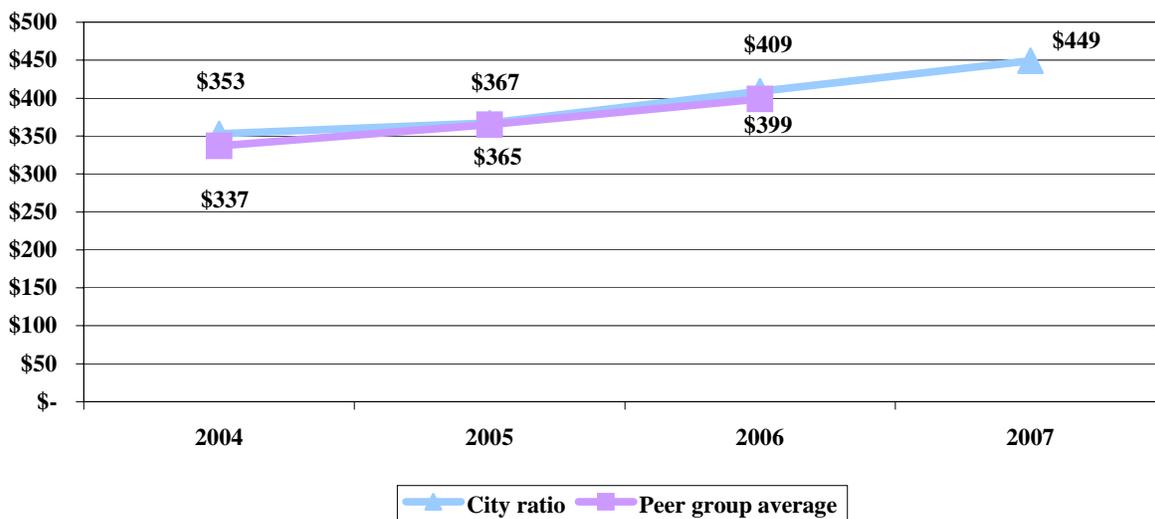
Bonded Debt per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total bonded debt by the population of the city and represents the amount of bonded debt obligation for each citizen of the city at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through taxes, assessments or user fees.



Taxes per Capita (Funding Ratio)

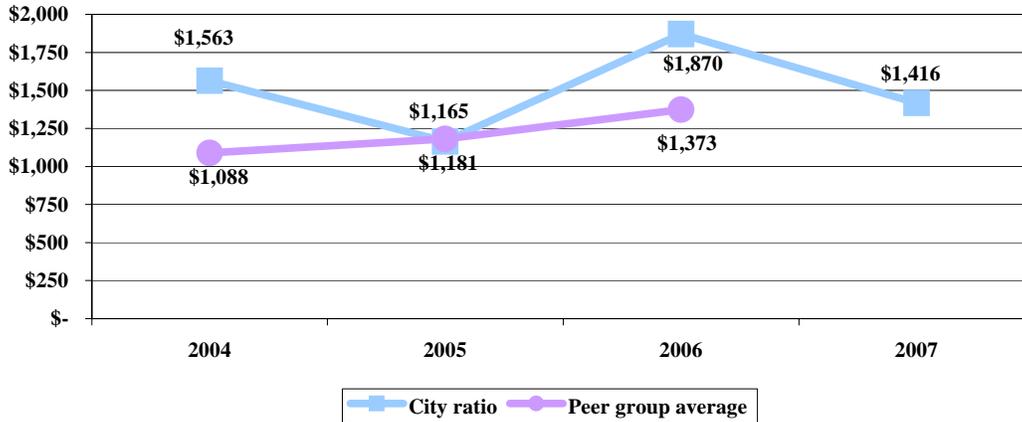
This dollar amount is arrived at by dividing the total tax revenues by the population of the city and represents the amount of taxes for each citizen of the city for the year. The higher this amount is, the more reliant the city is on taxes to fund its operations.





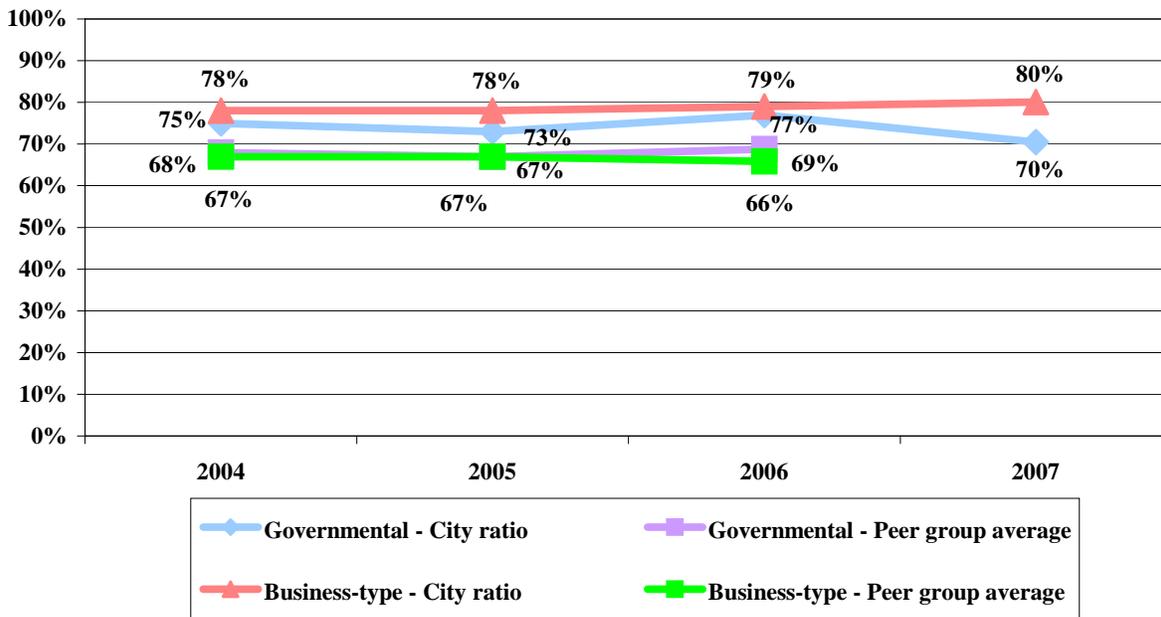
Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total governmental expenditures by the population of the City and represents the amount of governmental expenditure for each citizen of the City during the year. Because of major capital projects from year to year, this number may fluctuate accordingly.



Capital Assets Percentage (Common-size Ratio)

This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the city's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being constructed or purchased and may coincide with higher debt ratios or bonded debt per capita.



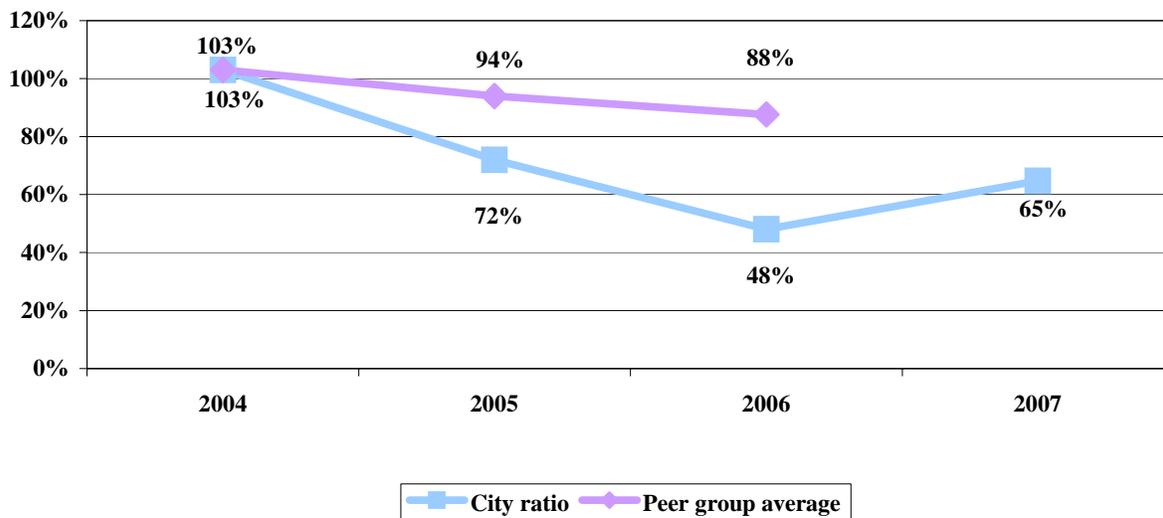


Charges for Service to Total Operating Revenues (Common-size Ratio)

This percentage is arrived at by dividing charges for service by total operating revenues from governmental operations. This percentage indicates the percent of governmental operating revenues that are funded by user charges versus other revenues. It measures the amount of control a city has in funding its governmental operating costs.

Unrestricted Net Assets to Total Expenses (Common-size Ratio)

This percentage is arrived at by dividing total expenses by the unrestricted net assets of the city. It indicates percent of unrestricted funds available at year end to pay for a current year expenses. Approximately every 8 percent represents a month of funds available to cover expenses, so a percentage of 25 percent would indicate funds available to cover 3 months of expenses.





Current and Future Accounting Standard Changes

New Auditing Standard Related to Communication with Those Charged with Governance (SAS 114)

Statement on Auditing Standards (SAS) No. 114 supersedes SAS No. 61, *Communication with Audit Committees*, as amended. This SAS establishes standards and provides guidance to an auditor on matters to be communicated with those charged with governance. It is effective for periods beginning on or after December 15, 2006. Therefore, the standard was in effect for the current audit report.

In the wake of well-publicized audit failures and emerging best practices in corporate governance, expectations have increased for auditors to communicate openly and candidly with those charged with governance regarding significant findings and issues related to the audit.

In particular, the SAS:

- Describes the principal purposes of communication with those charged with governance and stresses the importance of effective two-way communication.
- Requires the auditor to determine the appropriate person(s) in the entity's governance structure with whom to communicate particular matters. That person may vary depending on the nature of the matter to be communicated.
- Recognizes the diversity in governance structures among entities (including the existence of audit committees or other subgroups charged with governance) and encourages the use of professional judgment in deciding with whom to communicate particular matters.
- Recognizes the unique considerations for communicating with those charged with governance when all of those charged with governance are involved in managing the entity, which may be the case with some small entities.
- Adds requirements to communicate:
 - An overview of the planned scope and timing of the audit.
 - Representations the auditor is requesting from management.
- Provides additional guidance on the communication process, including the forms and timing of communication. Significant findings from the audit should be in writing when, in the auditor's professional judgment; oral communication would not be adequate. Other communications may be oral or in writing,
- Requires the auditor to evaluate the adequacy of the two-way communication between the auditor and those charged with governance.
- Establishes a requirement to document required communications with those charged with governance.



GASB Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

This statement is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999:

- Governments that were phase 1 governments for the purpose of implementation of Statement No. 34 - those with annual revenues of \$100 million or more - are required to implement this Statement in financial statements for periods beginning after December 15, 2006.
- Governments that were phase 2 governments for the purpose of implementation of Statement No. 34 - those with total annual revenues of \$10 million or more but less than \$100 million - are required to implement this Statement in financial statements for periods beginning after December 15, 2007.
- Governments that were phase 3 governments for the purpose of implementation of Statement No. 34 - those with total annual revenues of less than \$10 million - are required to implement this Statement in financial statements for periods beginning after December 15, 2008.

The City is a phase 3 government and is required to implements this standard for calendar year 2009.

Statement No. 45 gives the following summary, "In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers."

GASB Statement No. 48 - Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

This statement was issued September 2006 and is effective for periods beginning after December 15, 2006. Therefore, this statement has been implemented for the current financial statements.

This standard provides accounting guidance for when certain transactions-such as the sale of delinquent taxes, certain mortgages, student loans, or future revenues such as those arising from tobacco settlement agreements-should be regarded as a sale or a collateralized borrowing. The financial reporting question addressed in Statement No. 48 is whether such transactions should be reported as a sale or collateralized borrowing.

In addition to clarifying guidance on accounting for sales and pledges of receivables and future revenues, Statement No. 48 (1) requires enhanced disclosures pertaining to future revenues that have been pledged or sold; (2) provides guidance on the sales of receivables and future revenues within the same financial reporting entity; and (3) provides guidance on recognizing other assets and liabilities arising from the sale of specific receivables or future revenues.



GASB Statement No. 49 - Accounting and Financial Reporting for Pollution Remediation Obligations

This statement was issued November 2007 and is effective for periods beginning after December 15, 2007, but liabilities should be measured at the beginning of that period so that beginning net assets can be restated.

This standard is intended to ensure that certain cost and long-term obligations related to pollution clean up not specifically addressed by current governmental accounting standards will be included in financial reports. The standards set forth the key circumstances under which a government would be required to report a liability related to pollution remediation. A government would have to determine whether one or more components of a pollution remediation liability are recognizable if any of the following five obligating events or triggers occurs:

- A government is compelled to take remediation action because pollution creates an imminent endangerment to the public health or welfare or environment, leaving it little or no discretion to avoid remediation action.
- A government is in violation of a pollution prevention-related permit or license.
- The government is named, or evidence indicates it will be named, by a regulator that has identified the government as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs.
- A government is named, or evidence indicates that it will be named, in a lawsuit to compel the government to participate in remediation.
- A government commences or legally obligates itself to commence clean up activities or monitoring or operation and maintenance of the remediation effort.

If any of the above bullets are met, the pollution remediation liabilities should be measured at their current value using the expected cash flow technique, which measures the liability as a sum of probability-weighted amounts in a range of possible estimated amounts. Expected recoveries from other responsible parties and from insurers reduce the amount of remediation expense. Statement No. 49 also specifies criteria for capitalization of some pollution remediation outlays.



GASB Statement No. 50 – Pension Disclosures

This statement was issued May 2007 and is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007 or later.

This statement more closely aligns the financial reporting requirements for pensions with those for OPEB and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this statement amend applicable note disclosure and RSI requirements of Statement No. 25 , Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27 , Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statement No. 43 , Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and 45 , Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement requires defined benefit pension plans and sole and agent employers present the following information related to note disclosures:

- Notes to financial statements should disclose the funded status of the plan as of the most recent actuarial valuation date. Defined benefit pension plans also should disclose actuarial methods and significant assumptions used in the most recent actuarial valuation in notes to financial statements instead of in notes to RSI.
- If the aggregate actuarial cost method is used to determine the annual required contribution of the employer (ARC), notes to financial statements should disclose the funded status of the plan, and a schedule of funding progress should be presented as RSI, using the entry age actuarial cost method. Plans and employers also should disclose that the purpose of doing so is to provide information that serves as a surrogate for the funded status and funding progress of the plan.
- Notes to financial statements should include a reference linking the funded status disclosure in the notes to financial statements to the required schedule of funding progress in RSI.
- If applicable, notes to financial statements should disclose legal or contractual maximum contribution rates. In addition, if relevant, they should disclose that the maximum contribution rates have not been explicitly taken into consideration in the projection of pension benefits for financial accounting measurement purposes.
- If an actuarial assumption is different for successive years, notes to financial statements should disclose the initial and ultimate rates.



GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets

This statement was issued in June 2007 and is effective for periods beginning after June 15, 2009.

The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents, and trademarks.

This statement requires that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets. The statement provides additional guidance that specifically addresses the unique nature of intangible assets, including:

- Requiring that an intangible asset be recognized in the statement of net assets only if it is considered identifiable
- Establishing a specified-conditions approach to recognizing intangible assets that are internally generated (for example, patents and copyrights)
- Providing guidance on recognizing internally generated computer software
- Establishing specific guidance for the amortization of intangible assets.

* * * * *

This report is intended solely for the information and use of the members of the Council, management, and others within the administration of the City and is not intended to be and should not be used by anyone other than those specified parties.

The comments and recommendations in this report are purely constructive in nature, and should be read in this context. Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service, and for the courtesy and cooperation extended to us by your staff.

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

April 11, 2008
Mankato, Minnesota

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		5061		
TO APPLY PRINCIPAL PAID TO LIABILITY.				
602-22500	Bonds Payable-Current Portion		312,000.00	
602-49490-601	Debt Srv Bond			312,000.00
Total			<u>312,000.00</u>	<u>312,000.00</u>
Adjusting Journal Entries JE # 2		1353		
TO ADJUST MARKET VALUE HOMESTEAD CREDIT OUT OF TAX REVENUE				
101-00000-31010	Current Ad		48,568.00	
101-00000-33402	Homestead Credit			48,568.00
Total			<u>48,568.00</u>	<u>48,568.00</u>
Adjusting Journal Entries JE # 3		2253		
PPA FOR BOND ACTIVITY RELATED TO ENTERPRISE FUNDS				
601-15620	DEFERRED CHARGES		5,038.00	
601-25300	Fund Balance Undesignated		2,370,230.00	
602-15620	DEFERRED CHARGES		10,435.00	
602-25300	Fund Balance Undesignated		1,186,224.00	
651-15620	Unamortized discount		20,511.00	
651-25300	Fund Balance Undesignated		1,491,679.00	
902-21610	ACCRUED INTEREST		62,739.00	
902-22400	Unamortized Premium Bonds Sold		34,406.00	
902-23100	Bonds Payable-Noncurrent NC		4,986,972.00	
601-21610	ACCRUED INTEREST			26,277.00
601-22400	Unamortized premium			4,817.00
601-23100	Bonds Payable-Noncurrent NC			2,344,174.00
602-21610	ACCRUED INTEREST			14,260.00
602-22400	Unamortized premium			9,978.00
602-23100	Bonds Payable-Noncurrent NC			1,172,421.00
651-21610	Accrued interest			22,202.00
651-22400	Unamortized premium			19,611.00
651-23100	Long term debt - noncurrent			1,470,377.00
902-15620	DEFERRED CHARGES			35,984.00
902-25300	Fund Balance Undesignated			5,048,133.00
Total			<u>10,168,234.00</u>	<u>10,168,234.00</u>

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2007**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4		1110		
TO ALLOCATE INTEREST INCOME				
101-00000-36210	Interest Earnings		442,569.00	
204-10100	Cash		462.00	
215-10100	Cash		684.00	
216-10100	Cash		158.00	
217-10100	Cash		81.00	
230-10100	Cash		162.00	
232-10100	Cash		11.00	
302-10100	Cash		1,421.00	
310-10100	Cash		9,058.00	
314-10100	Cash		2,188.00	
317-10100	Cash		23,151.00	
318-10100	Cash		23,456.00	
319-10100	Cash		20,137.00	
324-10100	Cash		16,156.00	
325-10100	Cash		7,655.00	
401-10100	Cash		3,579.00	
423-10100	Cash		4,385.00	
424-10100	Cash		15,086.00	
425-10100	Cash		1,456.00	
442-10100	Cash		41.00	
450-10100	Cash		248.00	
452-10100	Cash		16,397.00	
453-10100	Cash		11.00	
454-10100	Cash		4,059.00	
461-10100	Cash		17,891.00	
462-10100	Cash		31,513.00	
463-10100	Cash		44,241.00	
464-10100	Cash		254.00	
465-10100	Cash		10,631.00	
601-10100	Cash		7.00	
601-10100	Cash		214.00	
601-10100	Cash		174,580.00	
603-10100	Cash		4,980.00	
651-10100	Cash		8,216.00	
101-10100	Cash			442,569.00
204-00000-36210	Interest Earnings			462.00
215-00000-36210	Interest Earnings			684.00
216-00000-36210	Interest Earnings			158.00
217-00000-36210	Interest Earnings			81.00
230-00000-36210	Interest Earnings			162.00
232-00000-36210	Interest Earnings			11.00
302-00000-36210	Interest Earnings			1,421.00
310-00000-36210	Interest Earnings			9,058.00
314-00000-36210	Interest Earnings			2,188.00
317-00000-36210	Interest Earnings			23,151.00
318-00000-36210	Interest Earnings			23,456.00
319-00000-36210	Interest Earnings			20,137.00
324-00000-36210	Interest Earnings			16,156.00
325-00000-36210	Interest Earnings			7,655.00
401-00000-36210	Interest Earnings			3,579.00
423-00000-36210	Interest Earnings			4,385.00
424-00000-36210	Interest Earnings			15,086.00
425-00000-36210	Interest Earnings			1,456.00
442-00000-36210	Interest Earnings			41.00
450-00000-36210	Interest Earnings			248.00
452-00000-36210	Interest Earnings			16,397.00
453-00000-36210	Interest Earnings			11.00
454-00000-36210	Interest Earnings			4,059.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
461-00000-36210	Interest Earnings			17,891.00
462-00000-36210	Interest Earnings			31,513.00
463-00000-36210	Interest Earnings			44,241.00
464-00000-36210	Interest Earnings			254.00
465-00000-36210	Interest Earnings			10,631.00
601-00000-36210	Interest Earnings			7.00
601-00000-36210	Interest Earnings			214.00
601-00000-36210	Interest Earnings			174,580.00
603-00000-36210	Interest Earnings			4,980.00
651-00000-36210	Interest Earnings			8,216.00
Total			885,138.00	885,138.00
Adjusting Journal Entries JE # 5		1054		
TO ADJUST PAYROLL ACCOUNT				
101-10100	Cash		13,898.00	
101-10300	Payroll Checking Acctnt			13,898.00
Total			13,898.00	13,898.00
Adjusting Journal Entries JE # 6		1153		
TO ADJUST TAX/ASSESSMENT REVENUE.				
101-00000-31010	Current Ad		33,627.00	
101-00000-31010	Current Ad		34,046.00	
101-00000-31050	Tax Increments		1,222.00	
101-00000-36101	Principal Amount		62.00	
101-00000-36101	Principal Amount		2,600.00	
101-00000-36101	Principal Amount		4,759.00	
101-00000-36106	Special		11,625.00	
101-42100-31000	General Property Taxes		20,364.00	
310-10100	Cash		1,697.00	
310-10100	Cash		2,000.00	
317-10100	Cash		62.00	
317-10100	Cash		18,383.00	
318-10100	Cash		2,770.00	
319-00000-36100	Special Assessments		2,000.00	
319-10100	Cash		1,575.00	
320-10100	Cash		307.00	
322-10100	Cash		821.00	
324-10100	Cash		2,021.00	
325-10100	Cash		2,600.00	
325-10100	Cash		3,967.00	
401-00000-31010	Current Ad Valorem		242.00	
427-00000-31010	Current Ad Valorem		4,611.00	
442-00000-31010	Current Ad Valorem		7,197.00	
601-00000-36100	Special		946.00	
601-00000-36100	Special		32,174.00	
601-10100	Cash		510.00	
602-00000-36100	Special		946.00	
602-00000-36100	Special		32,173.00	
602-10100	Cash		509.00	
602-10100	Cash		5,632.00	
603-10100	Cash		2,505.00	
101-00000-31010	Current Ad			20,364.00
101-00000-31010	Current Ad			
101-00000-31020	Delinquent Ad Valorem			34,014.00
101-00000-31900	Penalties and Interest			835.00
101-00000-36101	Principal Amount			10,873.00
101-00000-36102	Penalties and Interest			752.00
101-10100	Cash			62.00
101-10100	Cash			2,600.00

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2007**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
101-10100	Cash			4,759.00
101-10100	Cash			34,046.00
310-00000-31010	Current Ad Valorem			1,697.00
310-00000-36100	Special Assessments			2,000.00
317-00000-31010	Current Ad Valorem			18,383.00
317-00000-36100	Special Assessments			62.00
318-00000-31010	Current Ad Valorem			2,770.00
319-00000-31010	Current Ad Valorem			1,575.00
319-10100	Cash			2,000.00
320-00000-31010	Current Ad Valorem			307.00
322-00000-31010	Current Ad Valorem			821.00
324-00000-31010	Current Ad Valorem			2,021.00
325-00000-36100	Special Assessments			2,600.00
325-10100	Cash			
325-41500-31010	Current Ad Valorem			3,967.00
401-00000-36100	Special Assessments			242.00
427-00000-31050	Tax Increments			4,611.00
442-00000-31050	Tax Increments			7,197.00
601-00000-36100	Special			510.00
601-00000-37110	Water User Fee			32,174.00
601-10100	Cash			946.00
602-00000-36100	Special			509.00
602-00000-36100	Special			5,632.00
602-00000-37210	Sewer User Fee			32,173.00
602-10100	Cash			946.00
603-00000-31010	Current Ad Valorem			2,505.00
Total			233,953.00	233,953.00

Adjusting Journal Entries JE # 7

1153

TO ADJUST FOR JANUARY 2008 TAX SETTLEMENT.

101-13200	Due From Other Governments		699.00	
603-00000-31010	Current Ad Valorem		699.00	
101-00000-31010	Current Ad			613.00
101-00000-31020	Delinquent Ad Valorem			86.00
101-13200	Due From Other Governments			
603-13200	Due From Other Governments			699.00
Total			1,398.00	1,398.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 8		1153/1303		
TO ADJUST DELINQUENT TAXES/ASSESSMENTS.				
101-12200	Special Assess Rec-Delinquent		2,258.00	
101-22200	Deferred Revenues		10,362.00	
310-12200	Special Assess Rec-Delinquent		497.00	
317-22200	Deferred Revenues		585.00	
318-12200	Special Assess Rec-Delinquent		426.00	
320-22200	Deferred Revenues		206.00	
324-12200	Special Assess Rec-Delinquent		823.00	
325-12200	Special Assess Rec-Delinquent		345.00	
601-00000-37100	Water Sales		1,788.00	
601-00000-37100	Water Sales		29,284.00	
601-12100	Special Assess Rec-Current		39,762.00	
602-00000-37210	Sewer User Fee		1,788.00	
602-00000-37210	Sewer User Fee		29,284.00	
602-12100	Special Assess Rec-Current		39,762.00	
101-10700	Taxes Receivable-Delinquent			10,362.00
101-22200	Deferred Revenues			2,258.00
310-22200	Deferred Revenues			497.00
317-12200	Special Assess Rec-Delinquent			585.00
318-22200	Deferred Revenues			426.00
320-12200	Special Assess Rec-Delinquent			206.00
324-22200	Deferred Revenues			823.00
325-22200	Deferred Revenues			345.00
601-00000-37100	Water Sales			39,762.00
601-12100	Special Assess Rec-Current			29,284.00
601-12200	Special Assess Rec-Delinquent			1,788.00
602-00000-37210	Sewer User Fee			39,762.00
602-12100	Special Assess Rec-Current			29,284.00
602-12200	Special Assess Rec-Delinquent			1,788.00
Total			157,170.00	157,170.00
Adjusting Journal Entries JE # 9		2203		
TO RECORD GASB 34 REVENUE RECOGNITION ENTRY.				
903-00000-31010	Current Ad Valorem		10,362.00	
903-43000-36100	Special Assessments		330,757.00	
903-22210	DEFERRED REVENUE- TAXES			10,362.00
903-22220	DEFERRED REVENUE-			330,757.00
Total			341,119.00	341,119.00

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2007**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10		1303		
TO ADJUST DEFERRED ASSESSMENTS RECEIVABLE.				
101-22200	Deferred Revenues		1,967.00	
101-22200	Deferred Revenues		5,632.00	
310-22200	Deferred Revenues		7,202.00	
317-22200	Deferred Revenues		1,329.00	
318-22200	Deferred Revenues		12,684.00	
319-22200	Deferred Revenues		1,441.00	
320-22200	Deferred Revenues		19,676.00	
322-22200	Deferred Revenues		178.00	
324-22200	Deferred Revenues		221,068.00	
325-22200	Deferred Revenues		62,560.00	
401-22200	Deferred Revenues		578.00	
601-00000-36100	Special		510.00	
601-12101	SPEC ASSESS # 33		2,816.00	
602-00000-36100	Special		510.00	
602-00000-36100	Special		1,019.00	
602-00000-36100	Special		2,816.00	
602-12101	SPEC ASSESS # 33		1,019.00	
101-12100	Special Assess Rec-Current			1,967.00
101-12100	Special Assess Rec-Current			5,632.00
310-12100	Special Assess Rec-Current			7,202.00
317-12100	Special Assess Rec-Current			1,329.00
318-12100	Special Assess Rec-Current			12,684.00
319-12100	Special Assess Rec-Current			1,441.00
320-12100	Special Assess Rec-Current			19,676.00
322-12100	Special Assess Rec-Current			178.00
324-12100	Special Assess Rec-Current			221,068.00
325-12100	Special Assess Rec-Current			62,560.00
401-12100	Special Assess Rec-Current			578.00
601-00000-36100	Special			2,816.00
601-12101	SPEC ASSESS # 33			510.00
602-00000-36100	Special			1,019.00
602-12101	SPEC ASSESS # 33			510.00
602-12101	SPEC ASSESS # 33			1,019.00
602-12101	SPEC ASSESS # 33			2,816.00
Total			343,005.00	343,005.00
Adjusting Journal Entries JE # 11		1054		
TO ADJUST FOR VOID DONE TWICE.				
460-46500-500	Capital Outlay (GENERAL)		9,500.00	
462-46500-500	Capital Outlay (GENERAL)		9,500.00	
601-49440-229	Water & Sewer		274.00	
602-49490-229	Water & Sewer		274.00	
460-10100	Cash			9,500.00
462-10100	Cash			9,500.00
601-10100	Cash			274.00
602-10100	Cash			274.00
Total			19,548.00	19,548.00
Adjusting Journal Entries JE # 12		1102		
TO ADJUST INVESTMENTS TO FAIR VALUE.				
101-10430	Market Value Adjustment		58,797.00	
101-00000-36210	Interest Earnings			55,011.00
101-10400	Investments at Cost			3,786.00
Total			58,797.00	58,797.00

Client: *City of Jordan*
Engagement: *CITY OF JORDAN*
Period Ending: *12/31/2007*
Workpaper: *Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 13		2204/1252		
TO ADJUST UNEARNED ANTENNA RENTALS AND GRANT REVENUE,				
101-00000-33425	Comp		15,857.00	
601-00000-36250	Cellular Phone		3,019.00	
601-11500	Accounts Receivable		18,781.00	
101-22200	Deferred Revenues			15,857.00
601-00000-36250	Cellular Phone			18,781.00
601-22200	Deferred Revenues			3,019.00
Total			<u>37,657.00</u>	<u>37,657.00</u>
Adjusting Journal Entries JE # 14		2102		
TO REVERSE COMPENSATED ABSENCES PAYABLE.				
319-20200	Accounts Payable		1.00	
601-21700	Accrued Payroll Deductions Pay		8,096.00	
601-21710	Other Deductions		771.00	
602-21700	Accrued Payroll Deductions Pay		1,812.00	
602-21710	Other Deductions		3,206.00	
902-21700	Accrued Payroll Deductions Pay		39,259.00	
902-21710	Other Deductions		23,912.00	
319-41500-620	Fiscal Agent's Fees			1.00
601-49440-101	Full-Time			8,867.00
602-49490-101	Full-Time			5,018.00
902-41000-101	Full-Time Employees			26,609.00
902-42100-101	Full-time employees - Police			27,931.00
902-43000-101	Full-Time Employees			6,978.00
902-45000-101	Full-Time Employees			1,653.00
Total			<u>77,057.00</u>	<u>77,057.00</u>

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 15		TB, 9118		
PPA TO CLOSE FUND 433/901 ACTIVITY TO 601, 602 AND 651				
433-10100	Cash		434,092.00	
433-43100-39310	Proceeds-Gen Obligation		8,640,463.00	
601-10400	Investments at Cost		6,773,374.00	
601-15620	DEFERRED CHARGES		39,049.00	
601-16500	Fixed Asset-Const in Progress		952,631.00	
601-25300	Fund Balance Undesignated		150,288.00	
602-10400	Investments at Cost		243,031.00	
602-15620	DEFERRED CHARGES		1,401.00	
602-16500	Fixed Asset-Const in Progress		34,181.00	
602-25300	Fund Balance Undesignated		5,393.00	
651-10400	Investments at Cost		733,595.00	
651-15620	Unamortized discount		4,229.00	
651-16500	Fixed Asset-Const in Progress		103,175.00	
651-25300	Fund Balance Undesignated		16,277.00	
901-25300	Fund Balance Undesignated		103,690.00	
433-10400	Investments at Cost			7,750,000.00
433-25300	Fund Balance Undesignated			275,648.00
433-43100-302	Architects, Engineer and Plan			670,598.00
433-43100-303	Legal-Corporate			18,925.00
433-43100-500	Capital Outlay (GENERAL)			257,526.00
433-43100-622	Issue Fees			53,858.00
433-43100-720	Operating Transfers			48,000.00
601-10100	Cash			379,389.00
601-21610	ACCRUED INTEREST			10,953.00
601-23100	Bonds Payable-Noncurrent NC			7,525,000.00
602-10100	Cash			13,613.00
602-21610	ACCRUED INTEREST			393.00
602-23100	Bonds Payable-Noncurrent NC			270,000.00
651-10100	Cash			41,090.00
651-21610	Accrued interest			1,186.00
651-23100	Long term debt - noncurrent			815,000.00
901-16500	Fixed Asset-Const in Progress			103,690.00
Total			18,234,869.00	18,234,869.00

Adjusting Journal Entries JE # 16 **2253**
TO RECORD AMORTIZATION OF PREMIUMS AND DISCOUNTS

601-22400	Unamortized premium		344.00	
601-47000-631	Bond Discount		2,144.00	
602-22400	Unamortized premium		713.00	
602-49450-631	Amortization of discount		32.00	
651-22400	Unamortized premium		1,401.00	
651-47000-631	Amortization of discount		64.00	
902-15620	DEFERRED CHARGES		3,070.00	
902-22400	Unamortized Premium Bonds Sold		4,796.00	
902-47000-630	DISCOUNT ON BONDS		220.00	
601-15620	DEFERRED CHARGES			2,488.00
602-15620	DEFERRED CHARGES			745.00
651-15620	Unamortized discount			1,465.00
902-15620	DEFERRED CHARGES			5,016.00
902-47000-620	Fiscal Agent's Fees			3,070.00
Total			12,784.00	12,784.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 17		2253		
TO ADJUST DEBT SERVICE PAYMENTS FOR RECLASSIFICATION OF BONDS IN FUND 318				
318-10100	Cash		67,639.00	
601-23100	Bonds Payable-Noncurrent NC		7,500.00	
601-23100	Bonds Payable-Noncurrent NC		10,003.00	
601-49440-611	Bond Interest		1,938.00	
601-49440-611	Bond Interest		2,537.00	
602-23100	Bonds Payable-Noncurrent NC		7,500.00	
602-23100	Bonds Payable-Noncurrent NC		28,894.00	
602-49490-611	Bond Interest		1,938.00	
602-49490-611	Bond Interest		7,329.00	
318-47600-601	Debt Srv Bond Principal			15,000.00
318-47600-601	Debt Srv Bond Principal			38,897.00
318-47600-611	Bond Interest			3,875.00
318-47600-611	Bond Interest			9,867.00
601-10100	Cash			21,978.00
602-10100	Cash			45,661.00
Total			<u>135,278.00</u>	<u>135,278.00</u>
Adjusting Journal Entries JE # 18		2103		
TO RECORD COMPENSATED ABSENCES PAYABLE				
601-21700	Accrued Payroll Deductions Pay		805.00	
601-49440-103	Part-Time Employees		8,283.00	
602-21700	Accrued Payroll Deductions Pay		833.00	
602-21710	Other Deductions		963.00	
602-49490-103	Part-Time Employees		8,371.00	
902-41000-101	Full-Time Employees		41,847.00	
902-42100-101	Full-time employees - Police		34,075.00	
902-43000-101	Full-Time Employees		15,824.00	
601-21700	Accrued Payroll Deductions Pay			805.00
601-21710	Other Deductions			547.00
601-21710	Other Deductions			7,478.00
601-49440-103	Part-Time Employees			258.00
602-21700	Accrued Payroll Deductions Pay			833.00
602-21710	Other Deductions			7,538.00
602-49490-103	Part-Time Employees			1,796.00
902-21700	Accrued Payroll Deductions Pay			31,289.00
902-21710	Other Deductions			60,457.00
Total			<u>111,001.00</u>	<u>111,001.00</u>
Adjusting Journal Entries JE # 19		1603		
TO ADJUST AQUATIC CENTER STUDY.				
101-10100	Cash		10,000.00	
452-45200-300	Professional Srvs		10,000.00	
101-49200-302	Architects, Engineer			10,000.00
452-10100	Cash			10,000.00
Total			<u>20,000.00</u>	<u>20,000.00</u>

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 20		2253		
TO ADJUST DEBT SERVICE PAYMENTS FOR RECLASSIFICATION IN FUND 317				
317-10100	Cash		205,212.00	
601-23100	Bonds Payable-Noncurrent NC		130,538.00	
601-49440-611	Bond Interest		29,159.00	
602-23100	Bonds Payable-Noncurrent NC		37,308.00	
602-49490-611	Bond Interest		8,207.00	
317-47600-601	Debt Srv Bond Principal			167,846.00
317-47600-611	Bond Interest			37,366.00
601-10100	Cash			159,697.00
602-10100	Cash			45,515.00
Total			410,424.00	410,424.00
Adjusting Journal Entries JE # 21		2253		
GASB 34 DEBT ENTRY				
601-23100	Bonds Payable-Noncurrent NC		238,616.00	
602-23100	Bonds Payable-Noncurrent NC		401,529.00	
651-23100	Long term debt - noncurrent		91,379.00	
902-22500	Bonds Payable-Current Portion		465,524.00	
601-22500	Bonds Payable-Current Portion			238,616.00
602-22500	Bonds Payable-Current Portion			401,529.00
651-22500	CURRENT PORTION OF BONDS PAYABLE			91,379.00
902-23100	Bonds Payable-Noncurrent NC			465,524.00
Total			1,197,048.00	1,197,048.00
Adjusting Journal Entries JE # 22		1352		
TO RECORD DECEMBER FINES DUE FROM OTHER GOVERNMENTS				
101-13200	Due From Other Governments		3,639.00	
101-42100-35100	Court Fines			1,455.00
101-42100-35100	Court Fines			2,184.00
Total			3,639.00	3,639.00
Adjusting Journal Entries JE # 23		1353		
TO ADJUST GRANTS TO REVENUE ACCOUNTS FOR SAFE AND SOBER AND OPERATION NITE-CAP.				
101-42100-102	Full-Time		261.00	
101-42100-102	Full-Time		587.00	
101-42100-102	Full-Time		831.00	
101-42100-102	Full-Time		1,001.00	
101-42100-102	Full-Time		1,022.00	
101-42100-102	Full-Time		1,128.00	
101-42100-102	Full-Time		2,163.00	
101-42100-439	Training		2,814.00	
101-42100-33160	Other Federal			1,976.00
101-42100-33400	State Grants and Aids			5,017.00
101-42100-33416	Police Training			2,814.00
Total			9,807.00	9,807.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 24		272		
TO SET UP FUND 444 FOR FIRE HALL EXPANSION PROJECT				
101-10100	Cash		52,224.00	
444-42200-303	PROFESSIONAL SERVICES		52,224.00	
101-42200-300	Professional Svcs			33,356.00
101-42200-302	Architects, Engineer and Plan			18,868.00
444-10100	CASH			52,224.00
Total			104,448.00	104,448.00
Adjusting Journal Entries JE # 25		2204		
TO RECORD ACCOUNTS RECEIVABLE FOR ANTENNA RENTALS.				
601-13200	Due From Other Governments		269.00	
601-00000-36250	Cellular Phone			269.00
Total			269.00	269.00
Adjusting Journal Entries JE # 26		1252		
TO RECORD ACCOUNTS RECEIVABLE.				
101-11500	Accounts Receivable		11.00	
101-11500	Accounts Receivable		86.00	
101-11500	Accounts Receivable		96.00	
101-11500	Accounts Receivable		120.00	
101-11500	Accounts Receivable		130.00	
101-11500	Accounts Receivable		150.00	
101-11500	Accounts Receivable		159.00	
101-11500	Accounts Receivable		160.00	
101-11500	Accounts Receivable		170.00	
101-11500	Accounts Receivable		170.00	
101-11500	Accounts Receivable		175.00	
101-11500	Accounts Receivable		180.00	
101-11500	Accounts Receivable		210.00	
101-11500	Accounts Receivable		220.00	
101-11500	Accounts Receivable		240.00	
101-11500	Accounts Receivable		300.00	
101-11500	Accounts Receivable		338.00	
101-11500	Accounts Receivable		350.00	
101-11500	Accounts Receivable		350.00	
101-11500	Accounts Receivable		350.00	
101-11500	Accounts Receivable		1,409.00	
101-11500	Accounts Receivable		4,045.00	
101-11500	Accounts Receivable		6,070.00	
101-11500	Accounts Receivable		7,888.00	
101-11500	Accounts Receivable		8,700.00	
101-11500	Accounts Receivable		9,765.00	
101-11500	Accounts Receivable		30,579.00	
432-10100	Cash		9,765.00	
433-11500	Accounts Receivable		36,130.00	
601-11500	Accounts Receivable		28.00	
601-11500	Accounts Receivable		30.00	
601-11500	Accounts Receivable		44.00	
601-11500	Accounts Receivable		45.00	
601-11500	Accounts Receivable		57.00	
601-11500	Accounts Receivable		58.00	
601-11500	Accounts Receivable		168.00	
601-11500	Accounts Receivable		153,622.00	
602-11500	Accounts Receivable		139,598.00	
651-11500	Accounts Receivable		17,625.00	
651-13200	Due From Other Governments		27,989.00	
101-00000-34106	Motor Vehicle			8,700.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
101-00000-36200	Miscellaneous			338.00
101-00000-36260	Cable Franchise			30,579.00
101-10100	Cash			9,765.00
101-41600-303	Legal-Corporate			275.00
101-41600-303	Legal-Corporate			2,433.00
101-41700-303	Legal-Corporate			702.00
101-41910-101	Full-Time			8.00
101-41910-302	Architects, Engineer			96.00
101-41910-302	Architects, Engineer			220.00
101-41910-302	Architects, Engineer			660.00
101-41910-302	Architects, Engineer			2,935.00
101-42100-102	Full-Time			159.00
101-42100-112	Uniform allowance			670.00
101-42100-211	Operating Supplies			175.00
101-42100-300	Professional Svcs			650.00
101-42100-351	Printing Services			89.00
101-42200-34206	Fire Calls			120.00
101-42200-34206	Fire Calls			130.00
101-42200-34206	Fire Calls			150.00
101-42200-34206	Fire Calls			160.00
101-42200-34206	Fire Calls			170.00
101-42200-34206	Fire Calls			170.00
101-42200-34206	Fire Calls			180.00
101-42200-34206	Fire Calls			210.00
101-42200-34206	Fire Calls			240.00
101-42200-34206	Fire Calls			300.00
101-42200-34206	Fire Calls			350.00
101-42200-34206	Fire Calls			350.00
101-42200-34206	Fire Calls			350.00
101-43100-34305	Street Lighting			7,888.00
101-49200-302	Architects, Engineer			3,110.00
101-49200-322	Postage			1.00
101-49200-322	Postage			86.00
101-49200-351	Printing Services			2.00
432-43100-300	Professional Svcs			9,765.00
433-43100-302	Architects, Engineer and Plan			36,130.00
601-00000-37100	Water Sales			28.00
601-00000-37100	Water Sales			30.00
601-00000-37100	Water Sales			44.00
601-00000-37100	Water Sales			45.00
601-00000-37100	Water Sales			58.00
601-00000-37100	Water Sales			168.00
601-00000-37110	Water User Fee			143,011.00
601-00000-37170	Other Revenues			57.00
601-20800	Due to Other Governments			10,611.00
602-00000-37210	Sewer User Fee			139,598.00
651-00000-33630	OTHER LOCAL GRANTS			27,989.00
651-00000-37510	Storm Sewer User Fees			17,625.00
Total			457,580.00	457,580.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 27		2152		
TO ADJUST SALES TAX FOR ENTRY MADE TWICE.				
101-10100	Cash		42.00	
601-00000-37110	Water User Fee		304.00	
601-10100	Cash		451.00	
601-31330	STATE SALES TAX		667.00	
101-45120-211	Operating Supplies			42.00
601-20800	Due to Other Governments			971.00
601-31330	STATE SALES TAX			445.00
601-49440-211	Operating Supplies			6.00
Total			1,464.00	1,464.00
Adjusting Journal Entries JE # 28		2253		
TO ADJUST DEBT SERVICE PAYMENTS FOR RECLASSIFICATION IN FUND 324				
324-10100	Cash		235,353.00	
601-23100	Bonds Payable-Noncurrent NC		20,253.00	
601-49440-611	Bond Interest		12,697.00	
602-23100	Bonds Payable-Noncurrent NC		41,952.00	
602-49490-611	Bond Interest		26,300.00	
651-23100	Long term debt - noncurrent		82,457.00	
651-47600-611	Bond Interest		51,694.00	
324-41500-611	Bond Interest			90,691.00
324-47600-601	Debt Srv Bond Principal			144,662.00
601-10100	Cash			32,950.00
602-10100	Cash			68,252.00
651-10100	Cash			134,151.00
Total			470,706.00	470,706.00
Adjusting Journal Entries JE # 29		2253		
TO ADJUST DEBT SERVICE PAYMENTS FOR FUND 320				
320-10100	Cash		8,719.00	
651-23100	Long term debt - noncurrent		7,361.00	
651-47600-611	Bond Interest		1,358.00	
320-41500-600	Debt Srv Principal			7,361.00
320-41500-611	Bond Interest			1,358.00
651-10100	Cash			8,719.00
Total			17,438.00	17,438.00
Adjusting Journal Entries JE # 30		1606		
GASB34 ENTRY FOR CONSTRUCTION IN PROGRESS				
601-16600	INFRASTRUCTURE		488,194.00	
602-16600	INFRASTRUCTURE		1,011,259.00	
651-16600	INFRASTRUCTURE		1,987,649.00	
901-16500	Fixed Asset-Const in Progress		51,106.00	
901-16500	Fixed Asset-Const in Progress		245,843.00	
901-16600	INFRASTRUCTURE		1,640,989.00	
601-16500	Fixed Asset-Const in Progress			488,194.00
602-16500	Fixed Asset-Const in Progress			1,011,259.00
651-16500	Fixed Asset-Const in Progress			1,987,649.00
901-16500	Fixed Asset-Const in Progress			1,640,989.00
901-42200-500	Capital Outlay (GENERAL)			52,224.00
901-43000-500	Capital Outlay (GENERAL)			51,106.00
901-43000-500	Capital Outlay (GENERAL)			182,729.00
901-45000-500	Capital Outlay (GENERAL)			10,890.00
Total			5,425,040.00	5,425,040.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 31		1606		
PPA FOR 2004 STREET PROJECT COSTS RELATED TO WATER SEWER AND STORM				
601-16500	Fixed Asset-Const in Progress		462,294.00	
602-16500	Fixed Asset-Const in Progress		957,609.00	
651-16500	Fixed Asset-Const in Progress		1,882,199.00	
901-25300	Fund Balance Undesignated		3,302,102.00	
601-25300	Fund Balance Undesignated			462,294.00
602-25300	Fund Balance Undesignated			957,609.00
651-25300	Fund Balance Undesignated			1,882,199.00
901-16500	Fixed Asset-Const in Progress			3,302,102.00
Total			6,604,204.00	6,604,204.00

Adjusting Journal Entries JE # 32		2102		
TO RECORD SALARIES PAYABLE.				
101-41110-103	Part-Time Employees		2,200.00	
101-41110-121	PERA		50.00	
101-41110-122	FICA		144.00	
101-41320-101	Full-Time		5,071.00	
101-41320-121	PERA		342.00	
101-41320-122	FICA		381.00	
101-41320-131	Employer Paid Health		586.00	
101-41320-331	Travel Expenses		91.00	
101-41500-101	Full-Time		2,898.00	
101-41500-121	PERA		197.00	
101-41500-122	FICA		232.00	
101-41500-131	Employer Paid Health		329.00	
101-41700-101	Full-Time		2,322.00	
101-41700-121	PERA		164.00	
101-41700-122	FICA		191.00	
101-41700-131	Employer Paid Health		492.00	
101-41910-101	Full-Time		4,228.00	
101-41910-121	PERA		283.00	
101-41910-122	FICA		332.00	
101-41910-131	Employer Paid Health		668.00	
101-42100-101	Full-Time		19,596.00	
101-42100-102	Full-Time		1,369.00	
101-42100-103	Part-Time Employees		145.00	
101-42100-121	PERA		2,583.00	
101-42100-122	FICA		504.00	
101-42100-131	Employer Paid Health		3,295.00	
101-43100-101	Full-Time		4,628.00	
101-43100-103	Part-Time Employees		1,402.00	
101-43100-121	PERA		301.00	
101-43100-122	FICA		433.00	
101-43100-131	Employer Paid Health		681.00	
101-45120-101	Full-Time		818.00	
101-45120-121	PERA		57.00	
101-45120-122	FICA		67.00	
101-45120-131	Employer Paid Health		164.00	
601-49440-101	Full-Time		5,084.00	
601-49440-121	PERA		357.00	
601-49440-122	FICA		407.00	
601-49440-131	Employer Paid Health		1,026.00	
602-49490-101	Full-Time		5,217.00	
602-49490-121	PERA		365.00	
602-49490-122	FICA		417.00	
602-49490-131	Employer Paid Health		1,026.00	
101-21600	Accrued Wages & Salaries Payab			24,594.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
101-21701	Federal Withholding			5,612.00
101-21702	State Withholding			2,477.00
101-21703	FICA/MED WITHHOLDING			6,218.00
101-21704	PERA			8,443.00
101-21705	OTHER RETIREMENT			1,686.00
101-21706	HEALTH INSURANCE			7,731.00
101-21707	Union Dues			320.00
101-21708	OTHER			48.00
101-21711	Flex Spend Select Acct			115.00
601-21600	Accrued Wages & Salaries Payab			6,874.00
602-21600	Accrued Wages & Salaries Payab			7,025.00
Total			71,143.00	71,143.00
Adjusting Journal Entries JE # 33		2253/TB		
PPA TO CLOSE FUND 311 TO 601				
311-00000-36210	Interest Earnings		1.00	
311-10100	Cash		22,258.00	
311-25300	Fund Balance Undesignated		423.00	
601-23100	Bonds Payable-Noncurrent NC		15,000.00	
601-49440-611	Bond Interest		7,681.00	
311-47600-601	Debt Srv Bond Principal			15,000.00
311-47600-611	Bond Interest			7,682.00
601-10100	Cash			22,258.00
601-25300	Fund Balance Undesignated			423.00
Total			45,363.00	45,363.00
Adjusting Journal Entries JE # 34		2253/TB		
PPA TO CLOSE FUND 321 TO FUND 601				
321-10400	Investments at Cost		100,000.00	
321-25300	Fund Balance Undesignated		12,689.00	
601-10100	Cash		38,309.00	
601-23100	Bonds Payable-Noncurrent NC		47,940.00	
601-49440-611	Bond Interest		26,440.00	
321-10100	Cash			38,309.00
321-49440-602	Other Long-Term Oblig			47,939.00
321-49440-612	Other Long-Term Oblig			26,441.00
601-10400	Investments at Cost			100,000.00
601-25300	Fund Balance Undesignated			12,689.00
Total			225,378.00	225,378.00
Adjusting Journal Entries JE # 35		2253		
GASB 34 ENTRY FOR LONG TERM DEBT				
601-49440-611	Bond Interest		89,522.00	
602-21610	ACCRUED INTEREST		728.00	
651-47600-611	Bond Interest		8,937.00	
902-00000-39310	Proceeds-Gen Obligation		375,000.00	
902-21610	ACCRUED INTEREST		25,751.00	
902-23100	Bonds Payable-Noncurrent NC		1,711,234.00	
601-21610	ACCRUED INTEREST			89,522.00
602-49490-611	Bond Interest			728.00
651-21610	Accrued interest			8,937.00
902-23100	Bonds Payable-Noncurrent NC			375,000.00
902-47000-601	Debt Srv Bond Principal			1,711,234.00
902-47000-611	Bond Interest			25,751.00
Total			2,211,172.00	2,211,172.00

Client: *City of Jordan*
Engagement: *CITY OF JORDAN*
Period Ending: *12/31/2007*
Workpaper: *Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 36				
TO RECORD ANTENNA LEASE REVENUE IN PROPER FUND/ACCTS				
101-00000-36250	Cellular Phone Antenna		246.00	
101-00000-36250	Cellular Phone Antenna		1,304.00	
601-00000-36250	Cellular Phone		260.00	
601-00000-37151	Water System Capital Fund		492.00	
601-10100	Cash		246.00	
601-10100	Cash		1,304.00	
602-10100	Cash		130.00	
101-10100	Cash			246.00
101-10100	Cash			1,304.00
601-00000-36250	Cellular Phone			246.00
601-00000-36250	Cellular Phone			492.00
601-00000-36250	Cellular Phone			1,304.00
601-00000-37110	Water User Fee			130.00
601-10100	Cash			130.00
602-00000-37210	Sewer User Fee			130.00
Total			<u>3,982.00</u>	<u>3,982.00</u>

Adjusting Journal Entries JE # 37		272		
TO ADJUST CAPITAL OUTLAY PER ARP.				
101-42200-580	Information systems		2,500.00	
204-42200-530	Improvements Other Than		3,995.00	
215-42100-550	Motor Vehicles		10,127.00	
101-42200-439	Training			2,500.00
204-42200-439	Training			3,995.00
215-42100-211	Operating Supplies			10,127.00
Total			<u>16,622.00</u>	<u>16,622.00</u>

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 38		1603		
TO CORRECT CODING OF ENGINEERING IN 460, 461, 433, 452, 437, 436, 601, AND 602				
433-10100	Cash		81,509.00	
433-43100-302	Architects, Engineer and Plan		4,717.00	
433-43100-302	Architects, Engineer and Plan		7,159.00	
433-43100-302	Architects, Engineer and Plan		15,622.00	
436-10100	Cash		18,462.00	
437-10100	Cash		4,033.00	
437-43100-302	Architects, Engineer and Plan		10,555.00	
437-43100-302	Architects, Engineer and Plan		79,488.00	
452-45200-300	Professional Srvs		748.00	
452-45200-300	Professional Srvs		2,021.00	
452-45200-300	Professional Srvs		4,033.00	
460-10100	Cash		10,506.00	
461-10100	Cash		9,630.00	
462-10100	Cash		2,408.00	
601-10100	Cash		4,717.00	
601-49440-302	Architects, Engineer		4,514.00	
602-49490-302	Architects, Engineer		2,408.00	
433-10100	Cash			4,717.00
433-10100	Cash			7,159.00
433-10100	Cash			15,622.00
433-43100-302	Architects, Engineer and Plan			2,021.00
433-43100-302	Architects, Engineer and Plan			79,488.00
436-49440-302	Architects, Engineer and Plan			18,462.00
437-10100	Cash			10,555.00
437-10100	Cash			79,488.00
437-43100-302	Architects, Engineer and Plan			4,033.00
452-10100	Cash			748.00
452-10100	Cash			2,021.00
452-10100	Cash			4,033.00
460-47600-302	Architects, Engineer and Plan			10,506.00
461-41500-300	Professional Srvs			4,900.00
461-46500-300	Professional Srvs			4,730.00
462-47600-300	Professional Srvs			2,408.00
601-10100	Cash			4,514.00
601-49440-302	Architects, Engineer			4,717.00
602-10100	Cash			2,408.00
Total			262,530.00	262,530.00

Adjusting Journal Entries JE # 39		1402		
TO ADJUST TRANSFERS				
232-45000-39201	Transfer from General		130.00	
432-10100	Cash		268,611.00	
452-49300-720	Operating Transfers		100,000.00	
601-49440-720	Operating Transfers		23,606.00	
602-49490-720	Operating Transfers		48,897.00	
651-49300-720	Operating Transfers		96,108.00	
232-45000-36240	Sale of Property			130.00
432-43100-39203	Transfer from Other Fund			268,611.00
452-10100	Cash			100,000.00
601-10100	Cash			23,606.00
602-10100	Cash			48,897.00
651-10100	Cash			96,108.00
Total			537,352.00	537,352.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 40		1603		
TO ADJUST POLICE RADIOS OUT OF UNALLOCATED				
101-42100-530	Improvements Other		23,710.00	
101-49200-580	Information systems			23,710.00
Total			23,710.00	23,710.00
Adjusting Journal Entries JE # 41		2502		
TO ADJUST RESERVES AND DESIGNATIONS				
101-25310	Fund Balance Designated		39,000.00	
601-25300	Fund Balance Undesignated		697,990.00	
602-25300	Fund Balance Undesignated		131,426.00	
651-25300	Fund Balance Undesignated		172,674.00	
101-25300	Fund Balance Undesignated			39,000.00
601-26720	Reserved for debt service			697,990.00
602-26720	Ret Earnings Reserv Futur Debt			131,426.00
651-26720	Ret Earnings Reserv Futur Debt			172,674.00
Total			1,041,090.00	1,041,090.00
Adjusting Journal Entries JE # 42		1607		
TO RECORD DEVELOPER CONTRIBUTED INFRASTRUCTURE				
433-43100-500	Capital Outlay (GENERAL)		1,207,558.00	
433-36230	Contributions and donations			1,207,558.00
Total			1,207,558.00	1,207,558.00
Adjusting Journal Entries JE # 43		1604		
TO RECORD GASB34 FIXED ASSET ACTIVITY				
901-16200	Fixed Asset-Buildings		6,600.00	
901-16200	Fixed Asset-Buildings		80,869.00	
901-16400	Fixed Asset-Equip/Machinery		124,771.00	
901-16440	Fixed Asset-Motor Vehicles		569,647.00	
901-16450	Fixed Asset-Motor Accum Deprec		1,896.00	
901-16600	INFRASTRUCTURE		1,160,808.00	
901-41000-420	DEPRECIATION EXPENSE		64,356.00	
901-42000-420	DEPRECIATION EXPENSE		1,049.00	
901-42100-420	DEPRECIATION EXPENSE		25,017.00	
901-42200-420	DEPRECIATION EXPENSE		53,253.00	
901-43000-420	DEPRECIATION EXPENSE		165.00	
901-43000-420	DEPRECIATION EXPENSE		574,865.00	
901-45000-420	DEPRECIATION EXPENSE		24,531.00	
901-16210	Accumulated Deprec - Buildings			165.00
901-16210	Accumulated Deprec - Buildings			29,617.00
901-16410	Fixed Asset-Equip Depreciation			44,500.00
901-16440	Fixed Asset-Motor Vehicles			12,639.00
901-16450	Fixed Asset-Motor Accum Deprec			137,439.00
901-16610	ACCUM DEPR INFRASTRUCTURE			531,515.00
901-41000-500	Capital Outlay (GENERAL)			11,522.00
901-42000-500	Capital Outlay (GENERAL)			20,989.00
901-42100-500	Capital Outlay (GENERAL)			87,813.00
901-42200-500	Capital Outlay (GENERAL)			498,736.00
901-43000-500	Capital Outlay (GENERAL)			6,600.00
901-43000-500	Capital Outlay (GENERAL)			1,239,665.00
901-45000-500	Capital Outlay (GENERAL)			66,627.00
Total			2,687,827.00	2,687,827.00

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2007**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 44		1605		
TO RECORD ENTERPRISE FIXED ASSET ACTIVITY				
601-16400	Fixed Asset-Equip/Machinery		21,767.00	
601-16600	INFRASTRUCTURE		226,092.00	
601-49440-420	DEPRECIATION EXPENSE		236,412.00	
602-16400	Fixed Asset-Equip/Machinery		21,832.00	
602-16600	INFRASTRUCTURE		289,916.00	
602-49490-420	DEPRECIATION EXPENSE		353,330.00	
651-16600	INFRASTRUCTURE		373,339.00	
651-49900-420	DEPRECIATION EXPENSE		92,189.00	
601-00000-39999	Cap. Ass. From General			226,092.00
601-16310	Accumulated Deprec - Equipment			118,801.00
601-16410	Fixed Asset-Equip Depreciation			12,747.00
601-16610	ACCUM DEPR INFRASTRUCTURE			104,864.00
601-49440-404	Repairs/Maint			1,134.00
601-49440-530	Improvements Other			3,133.00
601-49440-540	Heavy Equipment			10,000.00
601-49440-550	Motor Vehicles			7,500.00
602-00000-39999	Cap. Ass. From General			289,916.00
602-16310	Accumulated Deprec - Equipment			260,450.00
602-16410	Fixed Asset-Equip Depreciation			13,057.00
602-16610	ACCUM DEPR INFRASTRUCTURE			79,823.00
602-49490-231	Small tools/Minor			370.00
602-49490-530	Improvements Other			1,000.00
602-49490-530	Improvements Other			2,962.00
602-49490-540	Heavy Equipment			10,000.00
602-49490-550	Motor Vehicles			7,500.00
651-00000-39999	Cap. Ass. From General			373,339.00
651-16310	Accumulated Deprec - Equipment			1,834.00
651-16610	ACCUM DEPR INFRASTRUCTURE			90,355.00
Total			1,614,877.00	1,614,877.00
Adjusting Journal Entries JE # 45		1609		
TO RECORD RETAINAGES PAYABLE ON 2006-2007 IMPROVEMENT PROJECT				
601-16500	Fixed Asset-Const in Progress		2,656.00	
651-16500	Fixed Asset-Const in Progress		21,252.00	
601-20200	Accounts Payable			2,656.00
651-20200	ACCOUNTS PAYABLE			21,252.00
Total			23,908.00	23,908.00
Adjusting Journal Entries JE # 46		TB		
TO ADJUST POSTINGS TO FUNDS CLOSED IN PRIOR YEARS				
101-41600-303	Legal-Corporate		51.00	
326-10100	Cash		403.00	
430-10100	Cash		51.00	
601-49440-621	Agent Fees		403.00	
101-10100	Cash			51.00
326-47600-621	Agent Fees			403.00
430-43100-303	Legal-Corporate			51.00
601-10100	Cash			403.00
Total			908.00	908.00

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2007**
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 47		2053		
TO BOOK ADDITIONAL PAYABLE				
101-49200-302	Architects, Engineer		21,531.00	
101-20200	Accounts Payable			21,531.00
Total			21,531.00	21,531.00
Adjusting Journal Entries JE # 48		2102		
TO ADJUST PAYROLL WITHHOLDING ACCOUNTS.				
101-10100	Cash		1,354.00	
101-21706	HEALTH INSURANCE		560.00	
101-21706	HEALTH INSURANCE		3,462.00	
101-21707	Union Dues		15.00	
101-21708	OTHER		192.00	
101-21708	OTHER		2,500.00	
101-21711	Flex Spend Select Acct		258.00	
101-21711	Flex Spend Select Acct		7,632.00	
101-41320-135	Employer Paid		740.00	
101-41500-131	Employer Paid Health		338.00	
101-41500-135	Employer Paid		407.00	
101-41700-135	Employer Paid		481.00	
101-41910-135	Employer Paid		519.00	
101-42100-135	Employer Paid		2,748.00	
101-43100-135	Employer Paid		628.00	
601-49440-135	Employer Paid		645.00	
602-49490-135	Employer Paid		709.00	
101-21705	OTHER RETIREMENT			3,222.00
101-21706	HEALTH INSURANCE			15.00
101-21706	HEALTH INSURANCE			192.00
101-21706	HEALTH INSURANCE			6,877.00
101-21706	HEALTH INSURANCE			7,632.00
101-21707	Union Dues			310.00
101-21708	OTHER			268.00
101-21708	OTHER			560.00
101-24108	Landscape Escrow Account			2,500.00
101-41110-433	Dues and			258.00
601-10100	Cash			645.00
602-10100	Cash			709.00
Total			23,188.00	23,188.00
Adjusting Journal Entries JE # 49		1352		
TO RECORD DUE FROM SCHOOL DISTRICT FOR LIASON OFFICER.				
101-13200	Due From Other Governments		44,065.00	
101-42100-33630	SCHOOL LIASON OFFICER			44,065.00
Total			44,065.00	44,065.00
Adjusting Journal Entries JE # 50		1353		
TO RECORD TRANSFER OF MSA MAINTENANCE FUNDS TO MSA FUND AND CLOSE FUND 436 TO 601.				
101-49200-720	Operating Transfers		50,919.00	
212-10100	Cash		50,919.00	
436-10100	Cash		30,000.00	
601-49440-720	Operating Transfers		30,000.00	
101-10100	Cash			50,919.00
212-43100-39201	Transfer from General			50,919.00
436-00000-39200	TRANSFERS IN			30,000.00
601-10100	Cash			30,000.00
Total			161,838.00	161,838.00

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2007**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 51		5021		
TO RECLASS TIF COSTS.				
441-10100	Cash		1,226.00	
450-46500-300	Professional Svcs		1,226.00	
441-46500-300	Professional Svcs			1,226.00
450-10100	Cash			1,226.00
Total			<u>2,452.00</u>	<u>2,452.00</u>
Adjusting Journal Entries JE # 52		5021		
TO RECORD NET RENTAL INCOME RECEIVABLE.				
101-11500	Accounts Receivable		12,135.00	
101-00000-36220	Other Rents and			12,135.00
Total			<u>12,135.00</u>	<u>12,135.00</u>
Adjusting Journal Entries JE # 53		1403		
TO CLOSE FUNDS PER TOM.				
302-00000-36210	Interest Earnings		1,421.00	
302-49300-720	Operating Transfers		42,038.00	
314-00000-36210	Interest Earnings		2,188.00	
314-47600-720	Operating Transfers		64,723.00	
322-10100	Cash		43,459.00	
325-10100	Cash		66,911.00	
302-10100	Cash			43,459.00
314-10100	Cash			66,911.00
322-00000-36210	Interest Earnings			1,421.00
322-00000-39203	Transfer from Other Fund			42,038.00
325-00000-36210	Interest Earnings			2,188.00
325-41500-39203	Transfer from Other Fund			64,723.00
Total			<u>220,740.00</u>	<u>220,740.00</u>