



CITY OF JORDAN
JORDAN, MINNESOTA

MANAGEMENT LETTER

YEAR ENDED
DECEMBER 31, 2008

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

Management, 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, 2008, and have issued our report thereon dated April 17, 2009. 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:



2008-1 Segregation of Duties (Finding Since 2007)

- 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.

Updated Progress Since Prior Year

The check stock is kept in the Finance Director's office, and the signature is now done by the Administrator. Checks are now signed by a person other than the preparer of the check.

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.

Updated Progress Since Prior Year

Checks are now signed by a person other than the preparer of the check.



2008-1 Segregation of Duties (Finding Since 2007) - Continued

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.

Updated Progress Since Prior Year

Billing statements are generated by the Accountant and signed by the Finance Director before being mailed.

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.

Updated Progress Since Current Year

The Cashier receives the investment statements in the mail instead of the Finance Director. The City Administrator approves and signs investment wire transfer fax requests.



2008-2 Financial Report Preparation (Finding Since 2007)

- 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 cannot 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:** Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your Banyon receipt and disbursement information to the amount reported in the financial statements plus or minus any applicable accruals.

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.

Updated Progress Since Prior Year

No changes since prior year.



2008-3 Material Audit Adjustments (Finding Since 2007)

- 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 cannot 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.

Management Response

Management reviews audit adjustments and will attempt to make as many as possible next year.

Updated Progress Since Prior Year

No changes since prior year.

2008-4 Timely Reconciliation of Bank Accounts

- Condition: During our audit, we noted that bank reconciliations had not been balanced during the entire year.
- Criteria: The accounting records should reflect timely and accurate information for reporting to Management and Council.
- Cause: A misposting of one of the prior year's audit adjustments for \$401,529
- Effect: Cash balances reported to council in accounting records were not accurate.
- Recommendation: Bank reconciliations should be prepared and balanced each month and reviewed by someone other than the Finance Director for irregularities.

Management Response

City Administrator now reviews and signs the bank reconciliations monthly. The City Administrator now approves and signs the bank reconciliations prior to the monthly reports being submitted to the City Council monthly. The Finance Director will work with the auditors to ensure the correct balances to start the current year after the audit entries are entered.

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 2008-3 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* or Minnesota statutes which is described below:

2008-5 Out of State Travel Policy

Condition:	During our audit, we noted that the City did not have an out-of-state travel policy, which is now required by State statutes.
Criteria:	Minnesota statute § 471.661 requires that Cities adopt an out-of-state travel policy. This policy should specify when travel outside the state is appropriate, applicable expense limits, and procedures for approval. The policy also must be reviewed annually and made available for public inspection.
Cause:	The Statute is new and the City was not aware of the statute.
Effect:	The City is not in compliance with State statutes.
Recommendation:	The City should adopt a policy addressing these issues to avoid future legal compliance findings in this area.

Management Response

The City will adopt an out of state travel policy.

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. 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, 2008. 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 3, 7, 10, 11, and 15 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 45 journal entries which is 8 less than we prepared in the prior year. Three of these entries were prepared during a preliminary visit and are not attached at the end of this letter with the other 42. 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 2009 audit. This will help eliminate the types of entries required for 2008. Adjusting journal entries proposed by the auditor and made by management are attached to this letter and are summarized as follows:

Accounting - client identified	2
Accounting - auditor identified	34
GASB 34 - auditor identified	2
Audit - auditor identified	7
	<hr/>
Total	45
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Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 17, 2009.

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 City'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, 2008.

General Fund

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

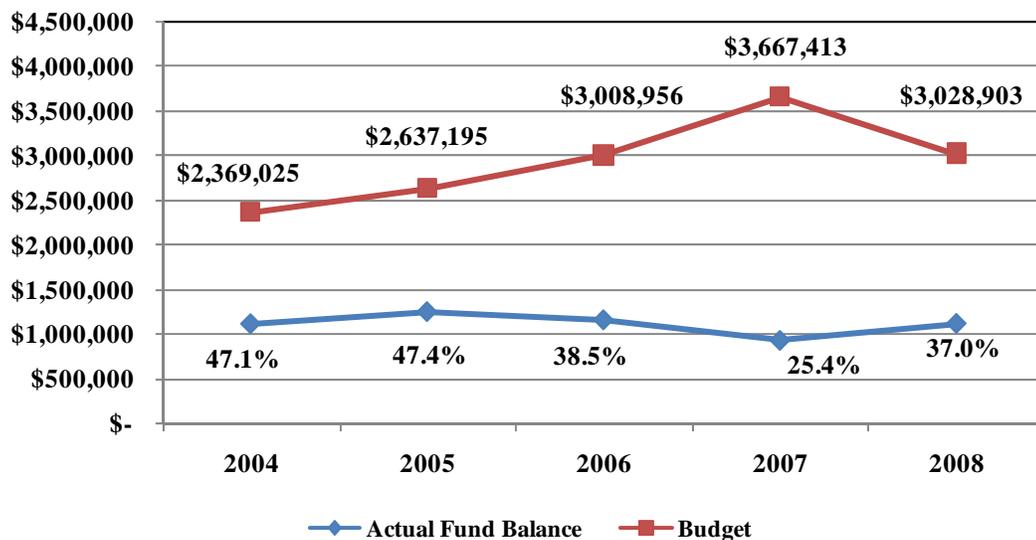
Minnesota municipalities must maintain substantial amounts of fund balance in order to meet their liquidity and working capital needs as an operating entity. That is because a substantial portion of your revenue sources (taxes and intergovernmental revenues) are received in the last two months of each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

<u>Year</u>	<u>Unreserved Fund Balance December 31</u>	<u>Budget Year</u>	<u>General Fund Budget</u>	<u>Percent of Fund Balance to Budget</u>
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
2008	1,119,924	2009	3,028,903	37.0

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 increased by \$188,635 in 2008. The total unreserved fund balance of \$1,119,924 represents 37.0 percent of the 2009 budget. Many other organizations, including the Office of the State Auditor (the OSA) and League of Minnesota Cities (LMC) recommend that a fund balance reserve be anywhere from 35 to 50 percent of planned expenditures. We concur with those recommendations.

Although there is no legislation regulating fund balance, it is a good policy to designate intended use of fund balance. This helps address citizen concerns as to the use of fund balance and tax levels. The City should consider documenting designations for intended use of fund balance at and above the fifty percent level. This documentation could be accomplished by an annual resolution to identify intended use of available fund balance. We recommend a minimum fund balance for working capital be approximately 40 percent to 50 percent of planned disbursements. So at the current level, the fund balance is considered about what is recommended.

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 2008 General fund operations are summarized as follows:

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues	\$ 3,655,369	\$ 3,013,528	\$ (641,841)
Expenditures	<u>3,220,412</u>	<u>2,921,227</u>	<u>299,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>434,957</u>	<u>92,301</u>	<u>(342,656)</u>
Other financing sources (uses)			
Transfers in	60,000	134,334	74,334
Transfers out	<u>(447,000)</u>	<u>(38,000)</u>	<u>409,000</u>
Total other financing sources (uses)	<u>(387,000)</u>	<u>96,334</u>	<u>483,334</u>
Net change in fund balances	<u>\$ 47,957</u>	188,635	<u>\$ 140,678</u>
Fund balances, January 1		<u>931,289</u>	
Fund balances, December 31		<u>\$ 1,119,924</u>	

Some of the larger budget variances are as follows:

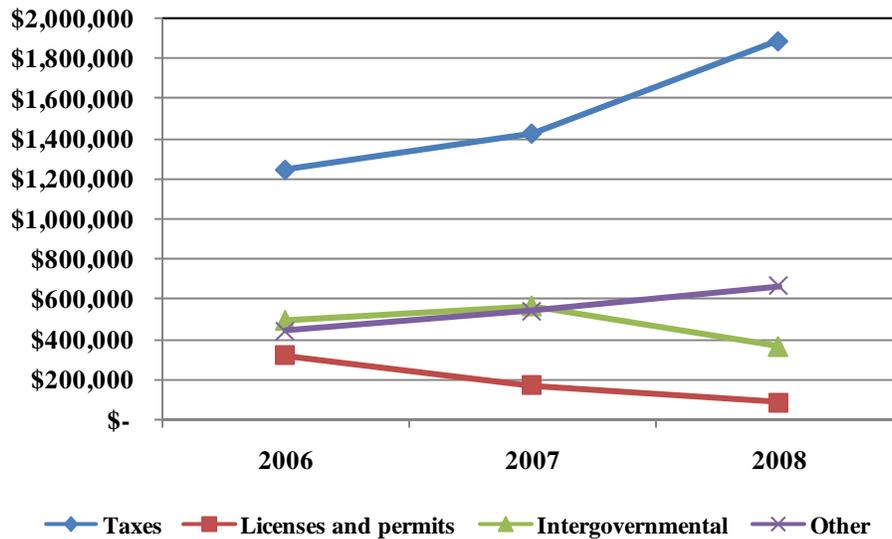
- Licenses and permits fell short of budget by \$166,629
- Intergovernmental revenues were \$203,602 under budget in local government aid and municipal state aid - streets
- Revenues from charges for services fell below budget by \$133,406
- Public safety expenditures fell under budget by \$78,418



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

Source	2006	2007	2008	Percent of Total
Taxes	\$ 1,245,014	\$ 1,426,534	\$ 1,888,172	62.7 %
Special assessments	19,740	6,145	8,060	0.3
Licenses and permits	321,589	172,651	87,321	2.9
Intergovernmental	496,352	567,322	368,856	12.2
Charges for services	273,239	404,620	534,373	17.7
Fines and forfeits	78,075	56,392	48,012	1.6
Investment earnings	71,023	50,272	70,035	2.3
Miscellaneous	2,169	26,187	8,699	0.3
Total revenues	\$ 2,507,201	\$ 2,710,123	\$ 3,013,528	100.0 %

General Fund Revenues by Source

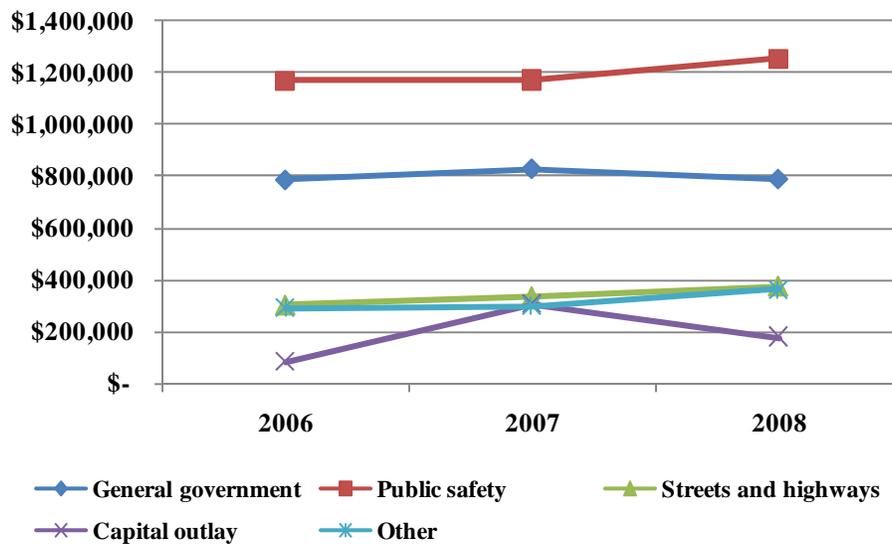




A comparison of General fund expenditures and transfers for the last three years is presented below:

Program	2006	2007	2008	Percent of Total
Current				
General government	\$ 785,391	\$ 828,164	\$ 788,526	26.6 %
Public safety	1,171,804	1,174,023	1,252,921	42.4
Streets and highways	303,634	335,529	375,002	12.7
Culture and recreation	126,327	136,428	152,048	5.1
Miscellaneous	68,708	62,231	73,016	2.5
Total current	2,455,864	2,536,375	2,641,513	89.3
Capital outlay	84,376	303,578	178,742	6.0
Debt service	42,120	-	100,972	3.4
Transfers out	55,000	98,419	38,000	1.3
 Total expenditures and transfers	 \$ 2,637,360	 \$ 2,938,372	 \$ 2,959,227	 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 2008 and 2007 and the net change:

Fund	Fund Balances		Increase (Decrease)
	December 31,		
	2008	2007	
Economic Development Authority	\$ 247,725	\$ 181,677	\$ 66,048
Contributions and Donations	28,109	15,070	13,039
Police Forfeiture	11,028	13,583	(2,555)
Police Dare Program	5,179	5,729	(550)
Police Car Seat	3,431	2,743	688
Emergency Siren	1,808	5,826	(4,018)
Municipal State Aid	1,742	1,666	76
Historical Fund	748	671	77
Total	\$ 299,770	\$ 226,965	\$ 72,805

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, 2008:

Debt Description		Total Cash and Investments	Total Assets	Outstanding Debt	Maturity Date
G.O. Special Assessment Bonds:					
G.O. Improvement Bonds of 2000A	(1)	\$ -	\$ -	\$ 1,535,000	2009
G.O. Refunding Bonds of 2001C		774,877	799,022	282,624	2012
G.O. Refunding Bonds of 2001A		775,995	776,488	78,974	2011
G.O. Refunding Bonds of 2002B		(54,428)	30,741	185,635	2011
G.O. Improvement Bonds of 2002A	(2)	-	-	1,185,000	2009
G.O. Refunding Bonds of 2003		8,999	17,406	105,000	2010
G.O. Improvement Refunding Bonds of 2004B	(1)	1,764,009	2,314,718	2,685,000	2020
G.O. Improvement Bonds of 2004A		607,975	1,331,609	1,906,025	2020
G.O. Improvement Bonds of 2008B		81,360	199,001	2,030,000	2024
G.O. Refunding Bonds of 2008A	(2)	1,425,174	1,467,798	1,630,000	2018
G.O. Capital Improvement Bonds of 2008C		3,140	3,140	1,805,000	2029
		<u>5,387,101</u>	<u>6,939,923</u>	<u>13,428,258</u>	
Total G.O. Special Assessment Bonds					
		<u>\$ 5,387,101</u>	<u>\$ 6,939,923</u>	<u>\$ 13,428,258</u>	
Total All Debt Service Funds					
				<u>\$ 2,989,510</u>	

- (1) Bond will be refunded as part of the 2004B bond escrow.
 (2) Bond will be refunded as part of the 2008A bond escrow.

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 2008 fund balances (deficits) with 2007:

Fund	Fund Balances (Deficits)		Increase (Decrease)
	December 31,		
	2008	2007	
Major funds			
2004 Improvement Projects	\$ -	\$ -	\$ -
2006 - 2007 Capital Improvements	(19,260)	-	(19,260)
2008 Improvement Projects	1,908,535	(191,138)	2,099,673
Fire Hall Expansion	413,446	(52,224)	465,670
Nonmajor funds			
Capital Projects	-	109,794	(109,794)
Fire Vehicle	23,953	18,673	5,280
Development District No. 1	6,658	6,368	290
190th Street Construction Project	140,224	134,107	6,117
Broadway Market TIF Project	(2,750)	(3,354)	604
Street Equipment Fee	19,314	13,734	5,580
CR 61 and CR 66 Construction	508,381	486,204	22,177
Jordan Center TIF Project	(824)	(2,052)	1,228
Park Equipment Improvement	63,335	120,218	(56,883)
Park Improvement	432,072	429,457	2,615
Park Capital	358	342	16
Jordan Valley Townhomes TIF	(583)	(820)	237
Total	<u>\$ 3,492,859</u>	<u>\$ 1,069,309</u>	<u>\$ 2,423,550</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

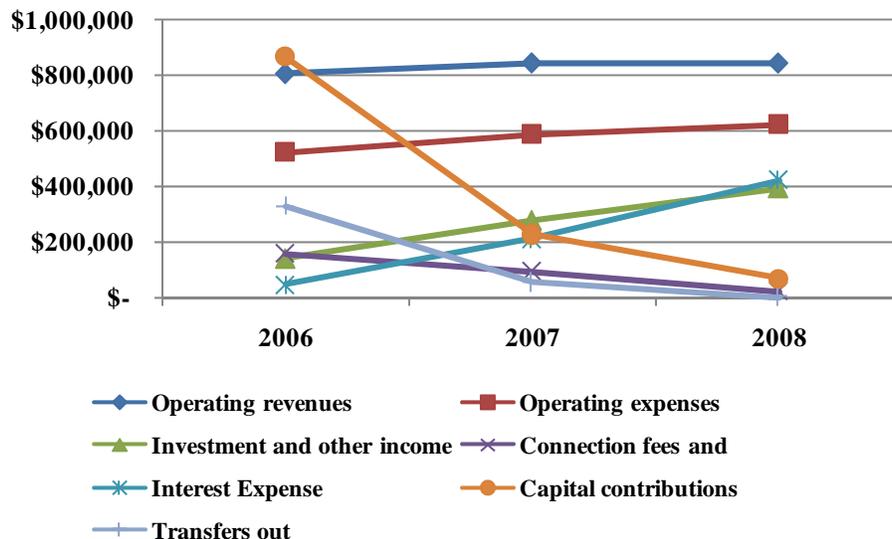
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water Utility Fund

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

	2006		2007		2008	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Operating revenues	\$ 806,314	100.0 %	\$ 843,988	100.0 %	\$ 843,375	100.0 %
Operating expenses	(522,981)	(64.8)	(589,477)	(69.8)	(622,567)	(73.8)
Operating income	283,333	35.2	254,511	30.2	220,808	26.2
Investment and other income	140,508	17.4	276,660	32.8	392,202	46.5
Connection fees and capital charges	159,046	19.7	92,926	11.0	22,476	2.6
Interest expense	(46,970)	(5.8)	(215,064)	(25.5)	(424,390)	(50.3)
Income before contributions and transfers	535,917	66.5	409,033	48.5	211,096	25.0
Capital contributions	865,929	107.4	226,092	26.8	67,264	8.0
Transfers out	(326,974)	(40.6)	(53,606)	(6.4)	-	-
Change in net assets	<u>\$ 1,074,872</u>	<u>133.3 %</u>	<u>\$ 581,519</u>	<u>68.9 %</u>	<u>\$ 278,360</u>	<u>33.0 %</u>
Cash and investments	<u>\$ 2,100,641</u>		<u>\$ 9,249,406</u>		<u>\$ 6,146,128</u>	
Bonds payable	<u>\$ 1,140,000</u>		<u>\$ 10,717,940</u>		<u>\$ 10,419,324</u>	

Water Utility Fund Operations



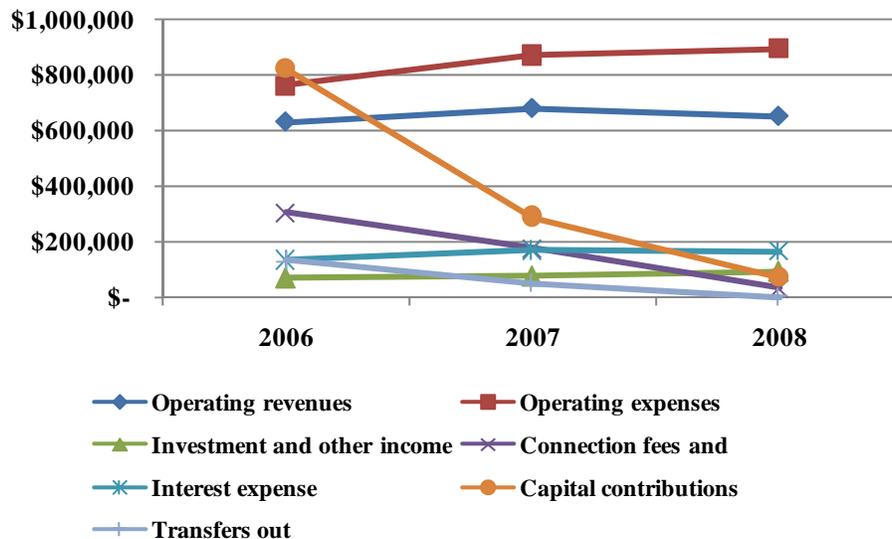


Sewer Utility Fund

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

	2006		2007		2008	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Operating revenues	\$ 630,257	100.0 %	\$ 679,574	100.0 %	\$ 650,803	100.0 %
Operating expenses	<u>(761,562)</u>	<u>(120.9)</u>	<u>(868,857)</u>	<u>(127.8)</u>	<u>(893,247)</u>	<u>(137.3)</u>
Operating loss	(131,305)	(20.9)	(189,283)	(27.8)	(242,444)	(37.3)
Investment and other income	69,119	11.0	75,755	11.1	92,328	14.2
Connection fees and capital charges	303,570	48.2	177,077	26.1	32,323	5.0
Interest expense	<u>(132,941)</u>	<u>(21.1)</u>	<u>(170,257)</u>	<u>(25.1)</u>	<u>(166,522)</u>	<u>(25.6)</u>
Income (loss) before contributions and transfers	108,443	17.2	(106,708)	(15.7)	(284,315)	(43.7)
Capital contributions	823,048	130.6	289,916	42.7	73,331	11.3
Transfers out	<u>(131,280)</u>	<u>(20.8)</u>	<u>(48,897)</u>	<u>(7.2)</u>	-	-
Change in net assets	<u>\$ 800,211</u>	<u>127.0 %</u>	<u>\$ 134,311</u>	<u>19.8 %</u>	<u>\$ (210,984)</u>	<u>(32.4) %</u>
Cash and investments	<u>\$ 1,333,680</u>		<u>\$ 1,278,729</u>		<u>\$ 779,360</u>	
Bonds payable	<u>\$ 5,557,000</u>		<u>\$ 6,531,767</u>		<u>\$ 6,090,238</u>	

Sewer Utility Fund Operations



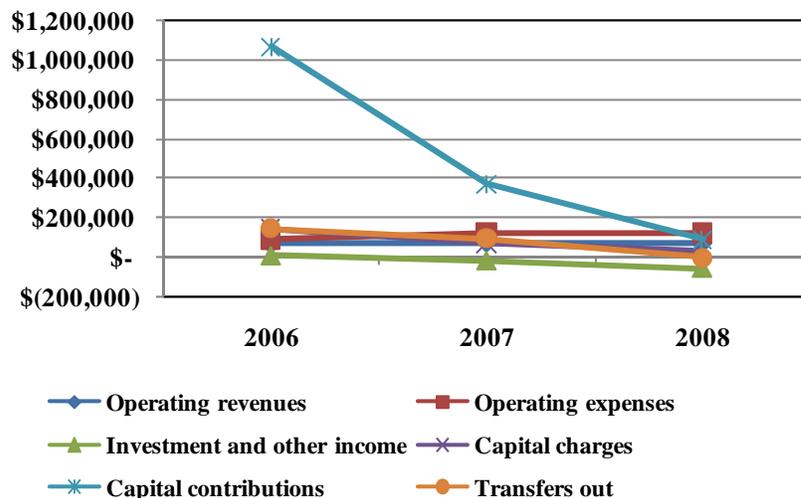


Storm Sewer Utility Fund

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

	2006		2007		2008	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Operating revenues	\$ 71,402	100.0 %	\$ 77,509	100.0 %	\$ 74,694	100.0 %
Operating expenses	(89,670)	(125.6)	(120,872)	(155.9)	(123,053)	(164.7)
Operating loss	(18,268)	(25.6)	(43,363)	(55.9)	(48,359)	(64.7)
Investment and other income	10,957	15.3	(15,218)	(19.6)	(55,098)	(73.8)
Capital charges	142,672	199.8	70,986	91.6	28,746	38.5
Income (loss) before contributions and transfers	135,361	189.5	12,405	16.1	(74,711)	(100.0)
Capital contributions	1,066,404	1,493.5	373,339	481.7	92,070	123.3
Transfers out	(146,110)	(204.6)	(96,108)	(124.0)	-	-
Change in net assets	<u>\$ 1,055,655</u>	<u>1,478.4 %</u>	<u>\$ 289,636</u>	<u>373.8 %</u>	<u>\$ 17,359</u>	<u>23.3 %</u>
Cash and investments	<u>\$ 308,482</u>		<u>\$ 825,553</u>		<u>\$ 451,224</u>	
Bonds payable	<u>\$ -</u>		<u>\$ 2,195,559</u>		<u>\$ 2,104,180</u>	

Storm Sewer Utility Fund Operations



The Sewer Utility operations have experienced losses over the past several years, including decreasing cash balances. We recommend the City continue to review rates annually and determine if increases are required to:

- Fund continuing operating expenses.
- Maintain contingency requirements for unexpected repairs.
- Provide for capital replacement requirements.



Other Matters

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 is derived from information available on the website of the Office of the State Auditor. Different peer group averages are used for Cities of the 2nd class (pop. 20,000 – 100,000), 3rd class (10,000 to 20,000), and 4th class (under 10,000) as well as Regulatory basis Cities, discretely presented development authorities and utility commissions. 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		
			2006	2007	2008
Current	Current assets/current liabilities	Government-wide	2.6	4.3	2.5
			6.6	6.6	N/A
Debt to assets	Total liabilities/total assets	Government-wide	48%	52%	53%
			35%	36%	N/A
Debt service coverage	Net cash provided by operations/ enterprise fund debt payments	Enterprise funds	1.4	0.6	0.5
			1.6	1.7	N/A
Debt per capita	Bonded debt/population	Government-wide	\$ 4,741	\$ 5,899	\$ 6,084
			\$ 2,548	\$ 2,750	N/A
Taxes per capita	Tax revenues/population	Government-wide	\$ 409	\$ 449	\$ 520
			\$ 350	\$ 381	N/A
Expenditures per capita	Governmental fund expenditures/ population	Governmental funds	\$ 1,870	\$ 1,416	\$ 1,612
			\$ 1,352	\$ 1,319	N/A
Capital assets % left to depreciate - Governmental	Net capital assets/ gross capital assets	Government-wide	77%	70%	68%
			69%	69%	N/A
Capital assets % left to depreciate - Business-type	Net capital assets/ gross capital assets	Government-wide	79%	80%	80%
			67%	67%	N/A
Charges to total operating revenues - Governmental	Governmental charges for services/ governmental operating revenue	Government-wide	25%	26%	21%
			17%	16%	N/A
Unrestricted net assets to operating expenses	Unrestricted net assets/ operating expenses	Government-wide	48%	65%	55%
			104%	118%	N/A

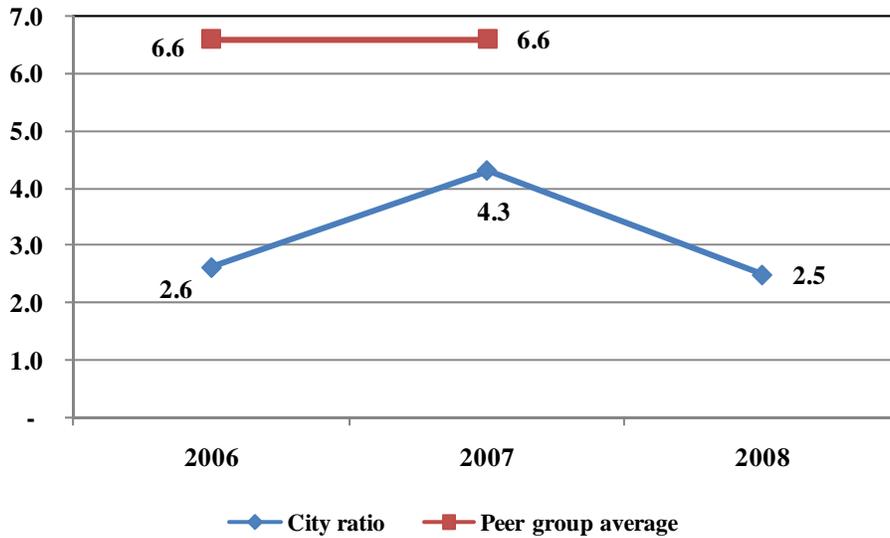
Represents City of Jordan

Represents Peer Group Average



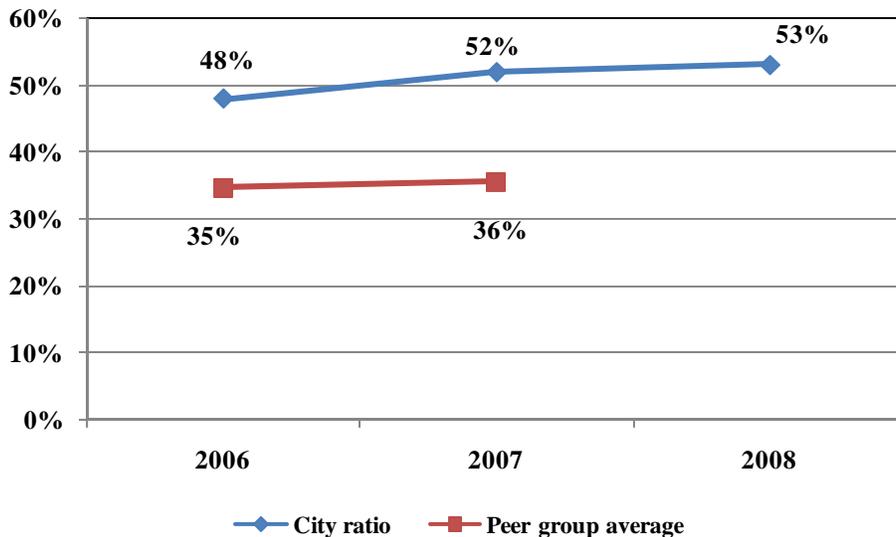
Current Ratio (Liquidity Ratio)

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)

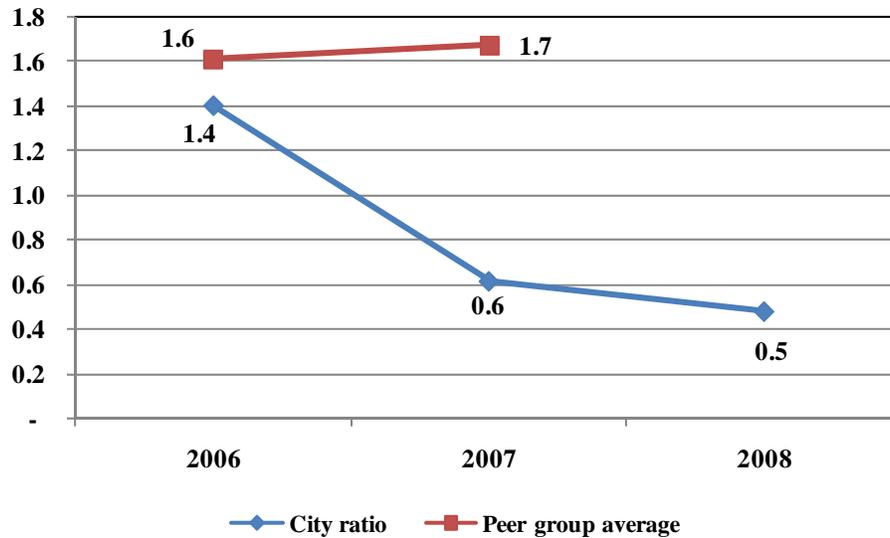
The debt-to-assets leverage ratio is a comparison of a city's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of 50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





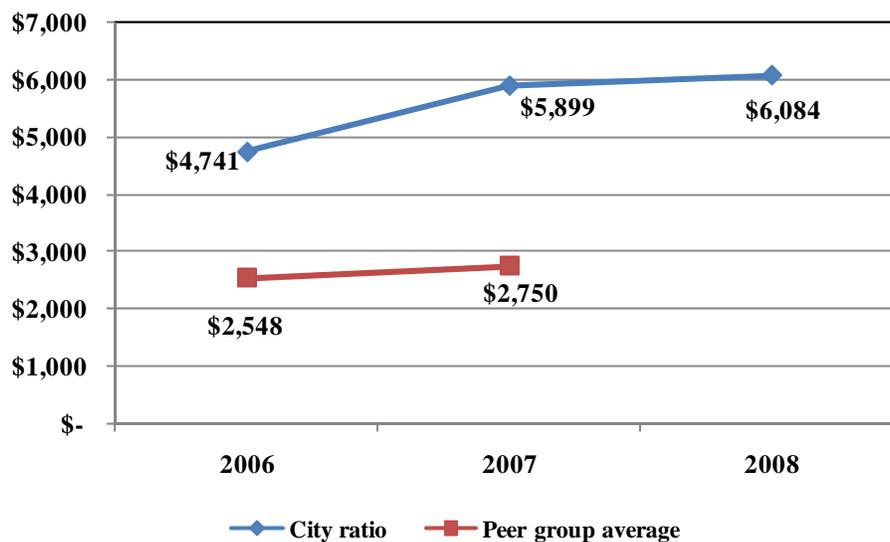
Debt Service Coverage Ratio (Solvency Ratio)

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)

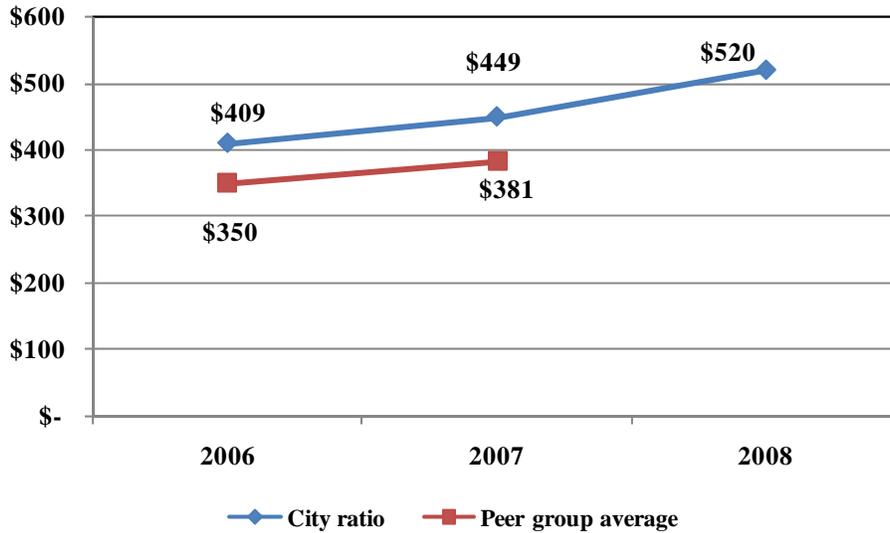
This dollar amount is arrived at by dividing the total bonded debt by the population of the city and represents the amount of bonded debt obligation for each citizen of the city at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through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





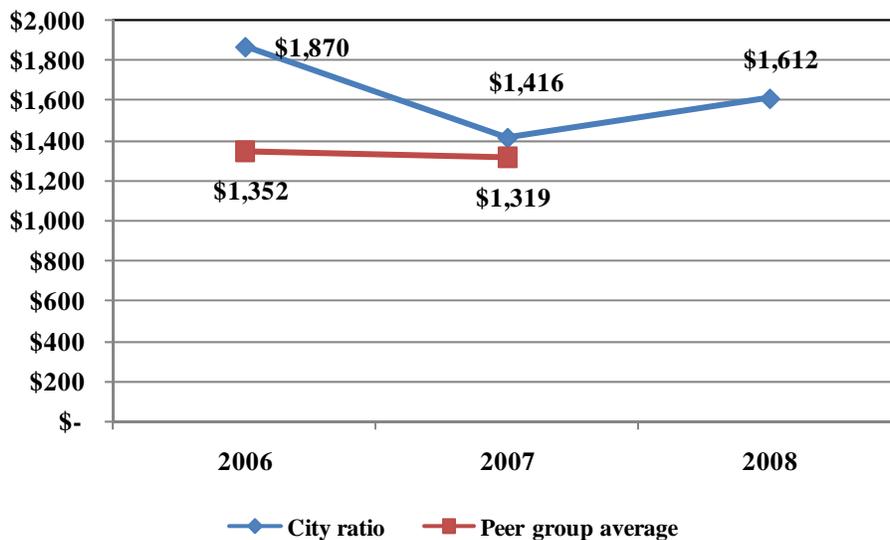
Taxes per Capita (Funding Ratio)

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)

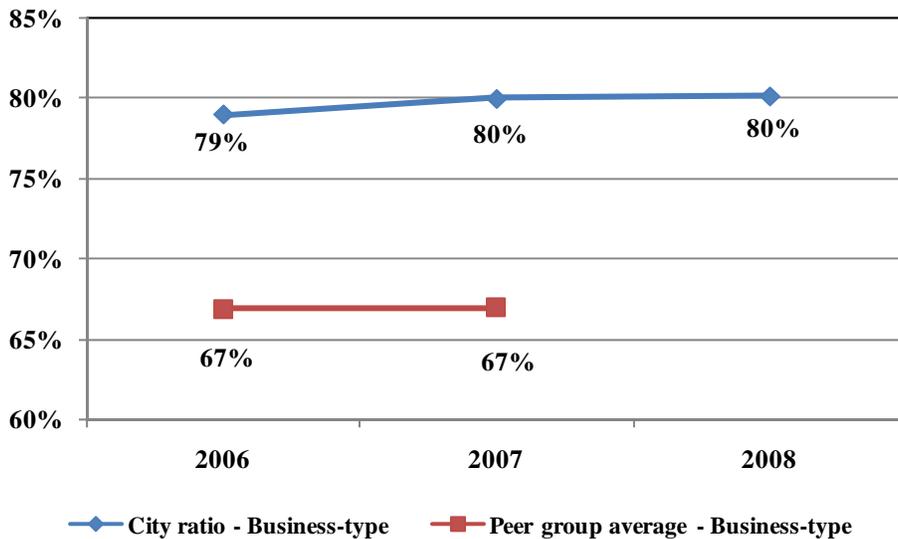
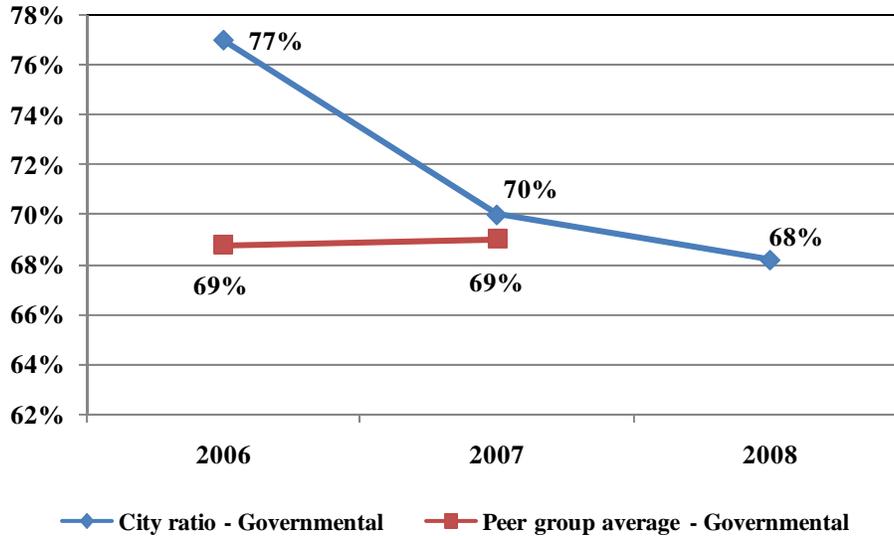
This dollar amount is arrived at by dividing the total governmental expenditures by the population of the City and represents the amount of governmental expenditure for each citizen of the City during the year. Because of major capital projects from year to year, this number may fluctuate accordingly.





Capital Assets Percentage (Common-size Ratio)

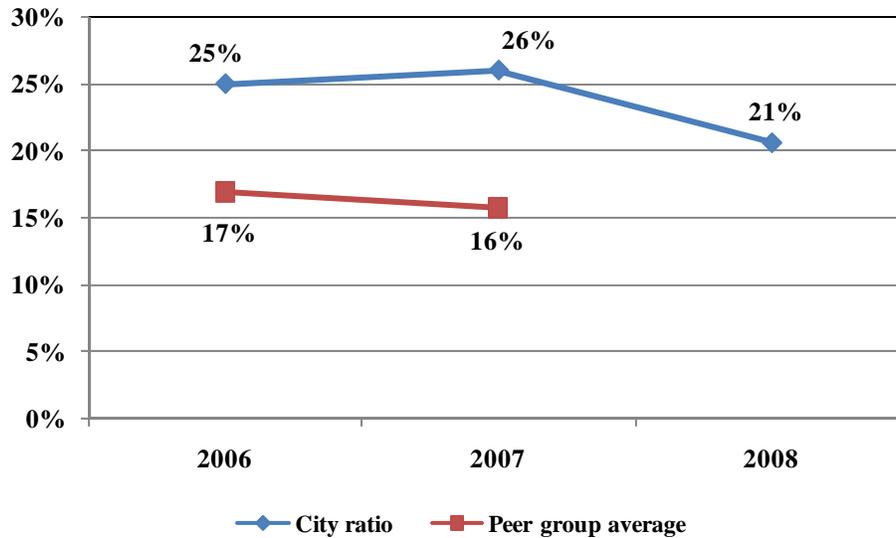
This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the city's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being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





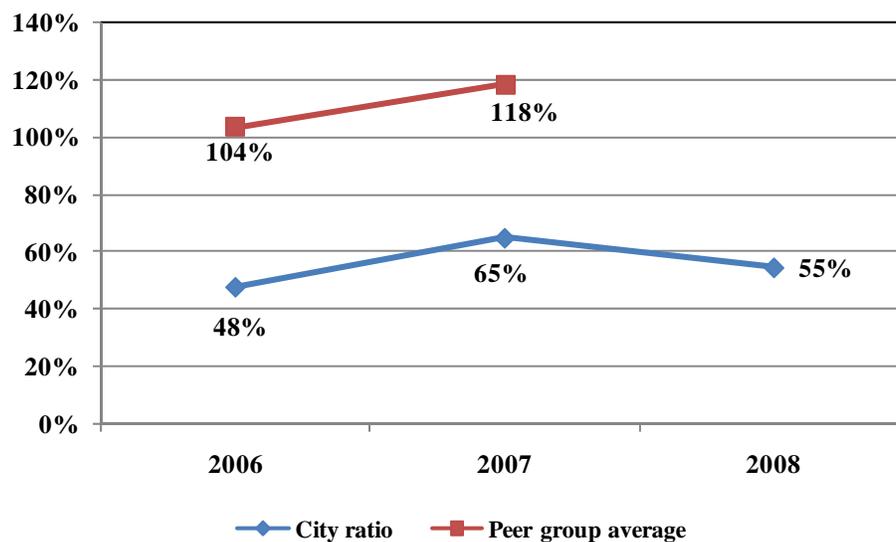
Charges for Service to Total Operating Revenues (Common-size Ratio)

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 Statute and Accounting Standard Changes

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 implement 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. 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 cleanup 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 cleanup 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.

GASB Statement No. 54 – Fund Balance

This statement was issued in March of 2009 and is effective for periods beginning after June 15, 2010.

This new standard is intended to improve the usefulness of information provided to financial report uses about fund balance by providing clearer, more structured fund balance classifications, and clarifying the definitions of existing governmental fund types.

GASB No. 54 distinguishes fund balance between amounts that are considered non-spendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. The following classifications and definitions will be used:

- *Restricted* - amounts constrained by external parties, constitutional provision, or enabling legislation
- *Committee* - amounts constrained by a government using its highest level of decision-making authority
- *Assigned* - amounts a government intends to use for a particular purpose
- *Unassigned* - amounts that are not constrained at all will be reported in the general fund.

In addition to the classifications of fund balance, the standard clarified the definitions of individual governmental fund types, for example, special revenue funds, debt service funds, and capital project funds.



2009 Levy Limits

During the 2008 legislative session, Minnesota legislators amended Statutes section 275.71 to enact levy limits for cities over 2,500 in population. This bill is in effect for taxes levied in 2008 through 2010. Annually the levy limit is multiplied by:

1. One plus the lesser of 3.9 percent or the percentage growth in the implicit price deflator.
2. One plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available, and
3. One plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

In addition there are special levies that are currently allowed outside any levy limit. They are listed below:

- Debt levies – includes bonds, most certificates of indebtedness and levies to pay the local share of bonds issued by another political subdivision
- Voter approved levy increases
- To pay federal or state matching fund requirements for programs instituted after 2001
- For costs to prepare for, or recovery from, natural disasters – upon approval by the commission of revenue
- To pay amounts related to errors in levy certification in the previous year
- To pay for property tax abatements
- To pay increases in the employer share of PERA pension costs since 2001
- To pay operating and maintenance costs of county jails to the extent that the cost is required by the Department of Corrections Rules and Standards.
- To pay for a lake improvement district
- To repay a federal or state loan issued to help a local government pay the required local share of a federal or state transportation or other capital project
- To pay court administration costs during the period in which court costs were being transferred from the counties to the state
- To fund required police and firefighters relief funds, to the extent that the costs exceed costs in 2001
- To fund a storm sewer improvement district
- To fund an animal protection society
- For counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human service grants effective after September 30, 2007
- To fund increased costs of securing, maintaining, and demolishing foreclosed and abandoned housing in cities that have a 2007 foreclosure rate over a certain percent



- To lost traffic citation revenue and unreimbursed costs of redeployed traffic control agents due to the collapse of the Interstate 35W bridge
- To fund certain cost increases in police and firefighter costs
- To recoup losses due to any unallotment of city and county general purpose aids and credits

We recommend that the City review all of the options presented when calculating future years levies. There is further guidance provided by League of Minnesota Cities on how to estimate the 2009 levy limit on their website: www.lmc.org

* * * * *

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.

April 17, 2009
Mankato, Minnesota

Abdo, Eick & Meyers, LLP
ABDO, EICK & MEYERS, LLP
Certified Public Accountants

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2008**
Workpaper: **ADJUSTING JOURNAL ENTRIES REPORT**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		2102		
TO REVERSE SALARIES PAYABLE AND COMPENSATED ABSENCES FROM PY.				
101-21600	Accrued Wages & Salaries Payab		24,594.00	
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	
601-21700	Accrued Payroll Deductions Pay		805.00	
601-21710	Other Deducations		547.00	
601-21710	Other Deducations		7,478.00	
601-49440-103	Part-Time Employees		258.00	
602-21600	Accrued Wages & Salaries Payab		7,025.00	
602-21700	Accrued Payroll Deductions Pay		833.00	
602-21710	Other Deducations		7,538.00	
602-49490-103	Part-Time Employees		1,796.00	
902-21700	Accrued Payroll Deductions Pay		31,289.00	
902-21710	Other Deducations		60,457.00	
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 Em+B40ployees			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
601-21700	Accrued Payroll Deductions Pay			805.00
601-49440-101	Full-Time			5,084.00

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2008**
 Workpaper: **ADJUSTING JOURNAL ENTRIES REPORT**

Account	Description	W/P Ref	Debit	Credit
601-49440-103	Part-Time Employees			8,283.00
601-49440-121	PERA			357.00
601-49440-122	FICA			407.00
601-49440-131	Employer Paid Health			1,026.00
602-21700	Accrued Payroll Deductions Pay			833.00
602-21710	Other Deductions			963.00
602-49490-101	Full-Time			5,217.00
602-49490-103	Part-Time Employees			8,371.00
602-49490-121	PERA			365.00
602-49490-122	FICA			417.00
602-49490-131	Employer Paid Health			1,026.00
902-41000-101	Full-Time			41,847.00
902-42100-101	Full-Time			34,075.00
902-43000-101	Full-Time			15,824.00
Total			182,144.00	182,144.00
Adjusting Journal Entries JE # 2				
TO ADJUST INVESTMENTS				
		1104		
101-00000-36210	Interest Earnings		263,303.00	
101-10430	Market Value Adjustment		336,276.00	
101-00000-36210	Interest Earnings			336,276.00
101-10400	Investments at Cost			263,303.00
Total			599,579.00	599,579.00
Adjusting Journal Entries JE # 3				
TO RECORD ESCROW ACTIVITY IN FUND 325				
325-41500-601	Debt Srv Bond		810,000.00	
325-41500-611	Bond Interest		18,011.00	
325-41500-611	Bond Interest		66,676.00	
325-00000-36210	Interest Earnings			64,216.00
325-10410	ESCROWED INVESTMENTS			812,460.00
325-41500-601	Debt Srv Bond			18,011.00
Total			894,687.00	894,687.00

Client: **City of Jordan**
 Engagement: **CITY OF JORDAN**
 Period Ending: **12/31/2008**
 Workpaper: **ADJUSTING JOURNAL ENTRIES REPORT**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4		1105		
TO ALLOCATE INTEREST INCOME				
101-00000-36210	Interest Earnings		739,215.00	
204-10100	Cash		1,409.00	
212-10100	Cash		76.00	
215-10100	Cash		557.00	
216-10100	Cash		243.00	
217-10100	Cash		138.00	
230-10100	Cash		170.00	
232-10100	Cash		32.00	
317-10100	Cash		33,686.00	
318-10100	Cash		33,400.00	
319-10100	Cash		25,590.00	
322-10100	Cash		633.00	
324-10100	Cash		26,547.00	
325-10100	Cash		11,596.00	
327-10100	Cash		1,814.00	
328-10100	Cash		11,561.00	
329-10100	Cash		70.00	
401-10100	Cash		2,509.00	
423-10100	Cash		6,117.00	
424-10100	Cash		22,177.00	
425-10100	Cash		950.00	
432-10100	Cash		1,438.00	
437-10100	Cash		39,930.00	
444-10100	Cash		17,227.00	
450-10100	Cash		290.00	
452-10100	Cash		19,228.00	
453-10100	Cash		16.00	
454-10100	Cash		4,377.00	
461-10100	Cash		26,179.00	
462-10100	Cash		46,500.00	
463-10100	Cash		45,714.00	
464-10100	Cash		737.00	
465-10100	Cash		14,141.00	
601-10100	Cash		320,273.00	
603-10100	Cash		9,562.00	
651-10100	Cash		14,328.00	
101-10100	Cash			739,215.00
204-00000-36210	Interest Earnings			1,409.00
212-00000-36210	Interest Earnings			76.00
215-00000-36210	Interest Earnings			557.00
216-00000-36210	Interest Earnings			243.00
217-00000-36210	Interest Earnings			138.00
230-00000-36210	Interest Earnings			170.00
232-00000-36210	Interest Earnings			32.00
317-00000-36210	Interest Earnings			33,686.00
318-00000-36210	Interest Earnings			33,400.00
319-00000-36210	Interest Earnings			25,590.00
322-00000-36210	Interest Earnings			633.00
324-00000-36210	Interest Earnings			26,547.00
325-00000-36210	Interest Earnings			11,596.00
327-00000-36210	Interest Earnings			1,814.00
328-00000-36210	Interest earnings			11,561.00
329-00000-36210	Interest Earnings			70.00
401-00000-36210	Interest Earnings			2,509.00
423-00000-36210	Interest Earnings			6,117.00
424-00000-36210	Interest Earnings			22,177.00
425-00000-36210	Interest Earnings			950.00
432-00000-36210	Interest Earnings			1,438.00

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Account	Description	W/P Ref	Debit	Credit
437-00000-36210	Interest Earnings			39,930.00
444-00000-36210	Interest Earnings			17,227.00
450-00000-36210	Interest Earnings			290.00
452-00000-36210	Interest Earnings			19,228.00
453-00000-36210	Interest Earnings			16.00
454-00000-36210	Interest Earnings			4,377.00
461-00000-36210	Interest Earnings			26,179.00
462-00000-36210	Interest Earnings			46,500.00
463-00000-36210	Interest Earnings			45,714.00
464-00000-36210	Interest Earnings			737.00
465-00000-36210	Interest Earnings			14,141.00
601-00000-36210	Interest Earnings			320,273.00
603-00000-36210	Interest Earnings			9,562.00
651-00000-36210	Interest Earnings			14,328.00
Total			1,478,430.00	1,478,430.00

Adjusting Journal Entries JE # 5 **TB**
TO ADJUST FUNDS 321 AND 311 TO 601 AS FUNDS WERE
CLOSED IN PRIOR YEAR

311-10100	Cash		3,575.00	
321-10100	Cash		12,545.00	
601-49440-611	Bond Interest		3,575.00	
601-49440-611	Bond Interest		12,545.00	
311-47600-611	Bond Interest			3,575.00
321-49440-602	Other Long-Term			12,545.00
601-10100	Cash			3,575.00
601-10100	Cash			12,545.00
Total			32,240.00	32,240.00

Adjusting Journal Entries JE # 6 **1303**
TO ADJUST DEFERRED ASSESSMENTS RECEIVABLE.

101-12100	Special Assess Rec-Current		46,110.00	
310-22200	Deferred Revenues		6,536.00	
318-22200	Deferred Revenues		15,858.00	
319-22200	Deferred Revenues		1,529.00	
320-22200	Deferred Revenues		21,133.00	
322-22200	Deferred Revenues		179.00	
324-22200	Deferred Revenues		45,506.00	
325-22200	Deferred Revenues		65,936.00	
327-12100	SPEC ASSESS REC-CURRENT		117,641.00	
401-22200	Deferred Revenues		452.00	
601-00000-36100	Special		535.00	
602-00000-36100	Special		535.00	
101-22200	Deferred Revenues			46,110.00
310-12100	Special Assess Rec-Current			6,536.00
318-12100	Special Assess Rec-Current			15,858.00
319-12100	Special Assess Rec-Current			1,529.00
320-12100	Special Assess Rec-Current			21,133.00
322-12100	Special Assess Rec-Current			179.00
324-12100	Special Assess Rec-Current			45,506.00
325-12100	Special Assess Rec-Current			65,936.00
327-22200	DEFERRED REVENUE			117,641.00
401-12100	Special Assess Rec-Current			452.00
601-12101	SPEC ASSESS # 33			535.00
602-12101	SPEC ASSESS # 33			535.00
Total			321,950.00	321,950.00

Client: *City of Jordan*
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Workpaper: *ADJUSTING JOURNAL ENTRIES REPORT*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 7		1153		
TO ADJUST TAX/ASSESSMENT REVENUE.				
101-00000-31010	Current Ad		1,786.00	
101-00000-31010	Current Ad		2,316.00	
101-00000-31010	Current Ad		19,542.00	
101-00000-31010	Current Ad		29,613.00	
101-00000-36106	Special		242.00	
101-00000-36106	Special		1,301.00	
101-10100	Cash		159.00	
101-10100	Cash		4,903.00	
310-10100	Cash		6,143.00	
317-10100	Cash		1,364.00	
318-10100	Cash		6,273.00	
319-10100	Cash		3,405.00	
320-10100	Cash		651.00	
322-00000-36100	Special		159.00	
322-00000-36100	Special		4,903.00	
322-00000-36100	Special		24,846.00	
322-10100	Cash		1,689.00	
324-10100	Cash		4,248.00	
325-10100	Cash		5,840.00	
325-10100	Cash		24,846.00	
327-10100	Cash		5,000.00	
401-10100	Cash		242.00	
437-00000-36100	Special		5,000.00	
443-46500-36100	Special		699.00	
601-00000-36100	Special		43,774.00	
601-10100	Cash		650.00	
602-00000-36100	Special		43,774.00	
602-10100	Cash		650.00	
603-10100	Cash		1,786.00	
101-00000-36106	Special			159.00
101-00000-36106	Special			4,903.00
101-10100	Cash			242.00
101-10100	Cash			1,301.00
101-10100	Cash			1,786.00
101-10100	Cash			29,613.00
101-42100-31000	General Property			2,316.00
101-42100-31000	General Property			19,542.00
310-00000-31010	Current Ad			6,143.00
317-00000-31010	Current Ad			1,364.00
318-00000-31010	Current Ad			6,273.00
319-00000-31010	Current Ad			3,405.00
320-00000-31010	Current Ad			651.00
322-00000-31010	Current Ad			1,689.00
322-10100	Cash			159.00
322-10100	Cash			4,903.00
322-10100	Cash			24,846.00
324-00000-31010	Current Ad			4,248.00
325-00000-36100	Special			24,846.00
325-41500-31010	Current Ad			5,840.00
327-41500-36100	Special			5,000.00
401-00000-36100	Special			242.00
437-10100	Cash			5,000.00
443-46500-31050	Tax Increments			699.00
601-00000-36100	Special			650.00
601-00000-37100	Water Sales			43,774.00
602-00000-36100	Special			650.00

Client: *City of Jordan*
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Account	Description	W/P Ref	Debit	Credit
602-00000-37210	Sewer User Fee			43,774.00
603-00000-31010	Current Ad			1,786.00
Total			245,804.00	245,804.00

Adjusting Journal Entries JE # 8 **1154**
TO ADJUST DELINQUENT TAXES/ASSESSMENTS.

101-10700	Taxes Receivable-Delinquent		12,097.00	
101-22200	Deferred Revenues		86.00	
310-22200	Deferred Revenues		159.00	
318-12200	Special Assess Rec-Delinquent		1,127.00	
320-22200	Deferred Revenues		337.00	
324-12200	Special Assess Rec-Delinquent		824.00	
325-12200	Special Assess Rec-Delinquent		738.00	
601-12200	Special Assess Rec-Delinquent		1,375.00	
602-12200	Special Assess Rec-Delinquent		1,375.00	
101-12200	Special Assess Rec-Delinquent			86.00
101-22200	Deferred Revenues			12,097.00
310-12200	Special Assess Rec-Delinquent			159.00
318-22200	Deferred Revenues			1,127.00
320-12200	Special Assess Rec-Delinquent			337.00
324-22200	Deferred Revenues			824.00
325-22200	Deferred Revenues			738.00
601-00000-37100	Water Sales			1,375.00
602-00000-37210	Sewer User Fee			1,375.00
Total			18,118.00	18,118.00

Adjusting Journal Entries JE # 9 **2203**
TO RECORD GASB 34 REVENUE RECOGNITION ENTRY.

903-22210	DEFERRED REVENUE- TAXES		12,097.00	
903-22220	DEFERRED REVENUE- ASSESSMENTS		8,729.00	
903-00000-31010	Current Ad			12,097.00
903-43000-36100	Special			8,729.00
Total			20,826.00	20,826.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10		2252		
TO ADJUST BOND PROCEEDS FOR DISCOUNTS, FEES, AND ESCROW ACTIVITY				
310-47600-600	Debt Srv Principal		970,000.00	
319-10100	Cash		342,953.00	
327-41500-39310	Proceeds-Gen		20,300.00	
328-10100	Cash		473,634.00	
328-10410	Escrowed investments		1,068,677.00	
328-47600-611	Bond Interest		26,092.00	
328-47600-621	Fiscal Fees		36,481.00	
329-10100	Cash		3,070.00	
437-10100	Cash		19,212.00	
437-47600-621	Fiscal Fees		20,432.00	
444-47600-621	Fiscal Fees		19,161.00	
902-00000-39310	Proceeds-Gen		5,465,000.00	
310-10100	Cash			816,588.00
310-47600-600	Debt Srv Principal			153,412.00
319-41500-601	Debt Srv Bond			342,953.00
327-10100	Cash			19,212.00
327-21500	Accrued interest			1,088.00
328-00000-36210	Interest earnings			7,546.00
328-21500	Accrued interest			621.00
328-47600-39310	Proceeds-Gen			1,596,717.00
329-21500	Accrued interest			3,070.00
437-00000-39310	Proceeds-Gen			39,644.00
444-10100	Cash			3,070.00
444-42200-39310	Proceeds-Gen			16,091.00
902-23100	Bonds Payable-Noncurrent NC			5,465,000.00
Total			8,465,012.00	8,465,012.00
Adjusting Journal Entries JE # 11		1353		
TO RECLASS STATE REIMBURSEMENT FOR TH 282 PROJECT IN FUND 437.				
327-41500-33400	State Grants and		927,090.00	
437-10100	Cash		7,090.00	
437-10400	Investments at Cost		920,000.00	
327-10100	Cash			7,090.00
327-10400	Investments at Cost			920,000.00
437-43100-33418	STATE HIGHWAY FUNDS			927,090.00
Total			1,854,180.00	1,854,180.00
Adjusting Journal Entries JE # 12		2253		
TO ADJUST UNAMORTIZED DISCOUNTS AND FEES				
601-22400	Unamortized Premium Bonds Sold		344.00	
601-47000-631	BOND DISCOUNT		2,144.00	
602-22400	Unamortized Premium Bonds Sold		713.00	
602-49450-631	BOND DISCOUNT		32.00	
651-22400	Unamortized Premium Bonds Sold		1,401.00	
651-47000-631	BOND DISCOUNT		64.00	
902-15620	DEFERRED CHARGES		76,073.00	
902-22400	Unamortized Premium Bonds Sold		4,796.00	
601-15620	DEFERRED CHARGES			2,488.00
602-15620	DEFERRED CHARGES			745.00
651-15620	DEFERRED CHARGES			1,465.00
902-15620	DEFERRED CHARGES			5,630.00
902-47000-620	Fiscal Agent's Fees			75,239.00
Total			85,567.00	85,567.00

Adjusting Journal Entries JE # 13

2204

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
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Workpaper: **ADJUSTING JOURNAL ENTRIES REPORT**

Account	Description	W/P Ref	Debit	Credit
TO ADJUST UNEARNED ANTENNA RENTALS AND GRANT REVENUE,				
101-10100	Cash		1,650.00	
101-22200	Deferred Revenues		15,857.00	
601-00000-36250	Cellular Phone		1,650.00	
601-22200	Deferred Revenues		3,060.00	
101-00000-33425	Comp			15,857.00
101-43100-33418	Muni State Aid St			1,650.00
601-00000-36250	Cellular Phone			3,060.00
601-10100	Cash			1,650.00
Total			<u>22,217.00</u>	<u>22,217.00</u>
Adjusting Journal Entries JE # 14			2253	
TO ADJUST ACCRUED INTEREST				
601-49440-611	Bond Interest		22,484.00	
602-21610	ACCRUED INTEREST		2,794.00	
651-47600-611	Bond Interest		1,768.00	
902-47000-611	Bond Interest		44,706.00	
601-21610	ACCRUED INTEREST			22,484.00
602-49490-611	Bond Interest			2,794.00
651-21610	ACCRUED INTEREST			1,768.00
902-21610	ACCRUED INTEREST			44,706.00
Total			<u>71,752.00</u>	<u>71,752.00</u>
Adjusting Journal Entries JE # 15			TB, 9118	
TO CLOSE FUND 433 ACTIVITY TO 601, 602 AND 651.				
433-10100	Cash		881,566.00	
433-10400	Investments at Cost		2,570,080.00	
433-43100-33600	County Grants		27,989.00	
601-16500	Fixed Asset-Const in Progress		3,016,682.00	
602-16500	Fixed Asset-Const in Progress		108,240.00	
651-10100	Cash		27,989.00	
651-16500	Fixed Asset-Const in Progress		326,724.00	
433-10100	Cash			27,989.00
433-43100-302	Architects, Engineer			436,022.00
433-43100-303	Legal-Corporate			18,687.00
433-43100-500	Capital Outlay			2,684,337.00
433-43100-720	Operating Transfers			312,600.00
601-10100	Cash			770,474.00
601-10400	Investments at Cost			2,246,208.00
602-10100	Cash			27,645.00
602-10400	Investments at Cost			80,595.00
651-10100	Cash			83,447.00
651-10400	Investments at Cost			243,277.00
651-13200	Due From Other Governments			27,989.00
Total			<u>6,959,270.00</u>	<u>6,959,270.00</u>
Adjusting Journal Entries JE # 16			1303	
TO ADJUST DELINQUENT UTILITY BILLS CERTIFIED TO COUNTY				
601-12100	Special Assess Rec-Current		44,285.00	
602-12100	Special Assess Rec-Current		44,285.00	
601-00000-37110	Water User Fee			4,523.00
601-12100	Special Assess Rec-Current			39,762.00
602-00000-37210	Sewer User Fee			4,523.00
602-12100	Special Assess Rec-Current			39,762.00
Total			<u>88,570.00</u>	<u>88,570.00</u>

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 17		2253		
TO ADJUST CURRENT PORTION OF DEBT				
601-23100	Bonds Payable-Noncurrent NC		558,305.00	
602-23100	Bonds Payable-Noncurrent NC		462,222.00	
651-23100	Bonds Payable-Noncurrent NC		118,210.00	
902-23100	Bonds Payable-Noncurrent NC		1,841,787.00	
902-23100	Bonds Payable-Noncurrent NC		2,648,476.00	
601-22500	Bonds Payable-Current Portion			558,305.00
602-22500	Bonds Payable-Current Portion			462,222.00
651-22500	Bonds Payable-Current Portion			118,210.00
902-22500	Bonds Payable-Current Portion			1,841,787.00
902-47000-601	Debt Srv Bond			2,648,476.00
Total			5,629,000.00	5,629,000.00
Adjusting Journal Entries JE # 18		2103		
TO ADJUST COMPENSATED ABSENCES PAYABLE				
601-21700	Accrued Payroll Deductions Pay		8,320.00	
602-21700	Accrued Payroll Deductions Pay		10,815.00	
902-21700	Accrued Payroll Deductions Pay		1,661.00	
902-21700	Accrued Payroll Deductions Pay		70,268.00	
601-21710	Other Deductions			8,320.00
602-21710	Other Deductions			10,815.00
902-21710	Other Deductions			70,268.00
902-42100-101	Full-Time			1,661.00
Total			91,064.00	91,064.00
Adjusting Journal Entries JE # 19		1153		
TO RECLASS JANUARY 2009 TAX SETTLEMENT TO PROPER FUND.				
101-13200	Due From Other Governments		159.00	
322-10100	Cash		159.00	
101-10100	Cash			159.00
322-13200	Due From Other Governments			159.00
Total			318.00	318.00
Adjusting Journal Entries JE # 20		2252		
TO ADJUST PAYMENT ON JOINT POWERS AGREEMENT TO TRAINING				
101-42200-439	Training		8,035.00	
101-49200-602	Other Long-Term			8,035.00
Total			8,035.00	8,035.00
Adjusting Journal Entries JE # 21				
TO REVERSE RETAINAGES RECORDED IN PRIOR YEAR AND ADJUST LANDSCAPE ESCROW				
101-24108	Landscape Escrow Account		4,113.00	
601-20200	Accounts Payable		2,656.00	
651-20100	Accounts Payable		21,252.00	
101-00000-36210	Interest Earnings			4,113.00
601-16500	Fixed Asset-Const in Progress			2,656.00
651-16500	Fixed Asset-Const in Progress			21,252.00
Total			28,021.00	28,021.00

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<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 22		2204		
TO REVERSE DUE FROM STATE FOR ANTENNA LEASE.				
601-00000-36250	Cellular Phone		269.00	
601-13200	Due From Other Governments			269.00
Total			269.00	269.00
Adjusting Journal Entries JE # 23		1353		
TO ADJUST GRANTS TO REVENUE ACCOUNTS FOR SAFE AND SOBER AND OPERATION NITE-CAP.				
101-00000-33402	Homestead Credit		848.00	
101-00000-33404	Equalization Credit		99,496.00	
101-42100-33160	Other Federal		44,064.00	
101-42100-33400	State Grants and		50,806.00	
101-00000-33402	Homestead Credit			99,496.00
101-00000-33409	PERA AID			848.00
101-42100-33421	Insurance			50,806.00
101-42100-33630	Other Aid-MRVSEC			44,064.00
Total			195,214.00	195,214.00
Adjusting Journal Entries JE # 24				
TO RECORD JANUARY SETTLEMENT				
101-10100	Cash		28,822.00	
317-10100	Cash		58.00	
318-10100	Cash		117.00	
320-10100	Cash		2,113.00	
325-10100	Cash		9,109.00	
601-10100	Cash		1,386.00	
602-10100	Cash		1,386.00	
101-13200	Due From Other Governments			699.00
101-13200	Due From Other Governments			28,123.00
317-13200	Due From Other Governments			58.00
318-13200	Due From Other Governments			117.00
320-13200	Due From Other Governments			2,113.00
325-13200	Due From Other Governments			9,109.00
601-13200	Due From Other Governments			1,386.00
602-13200	Due From Other Governments			1,386.00
Total			42,991.00	42,991.00
Adjusting Journal Entries JE # 25				
ENTRY TO CORRECT POSTING FOR FUND BALANCE				
101-00000-39102	Project		77,460.00	
101-25300	Fund Balance Undesignated			77,460.00
Total			77,460.00	77,460.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 26		1252		
TO REVERSE ACCOUNTS RECEIVABLE.				
101-00000-34106	Motor Vehicle		8,700.00	
101-00000-36200	Miscellaneous		338.00	
101-00000-36260	Cable Franchise		30,579.00	
101-10100	Cash		7,680.00	
101-11500	Accounts Receivable		8,395.00	
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 Srvs		89.00	
101-42100-300	Professional Srvs		650.00	
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	
432-43100-302	Architects, Engineer		7,680.00	
433-43100-302	Architects, Engineer		110.00	
433-43100-302	Architects, Engineer		130.00	
433-43100-302	Architects, Engineer		229.00	
433-43100-302	Architects, Engineer		495.00	
433-43100-302	Architects, Engineer		528.00	
433-43100-302	Architects, Engineer		920.00	
433-43100-302	Architects, Engineer		2,310.00	
433-43100-302	Architects, Engineer		2,832.00	
433-43100-302	Architects, Engineer		3,416.00	
433-43100-302	Architects, Engineer		8,290.00	
601-00000-36250	Cellular Phone		18,781.00	
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	Water Other Revenue		57.00	
601-20800	Due to Other Governments		10,611.00	
602-00000-37210	Sewer User Fee		139,598.00	

Client: **City of Jordan**
Engagement: **CITY OF JORDAN**
Period Ending: **12/31/2008**
Workpaper: **ADJUSTING JOURNAL ENTRIES REPORT**

Account	Description	W/P Ref	Debit	Credit
651-00000-37510	Storm Sewer User		17,625.00	
101-00000-36220	Other Rents and			8,395.00
101-11500	Accounts Receivable			1.00
101-11500	Accounts Receivable			2.00
101-11500	Accounts Receivable			8.00
101-11500	Accounts Receivable			86.00
101-11500	Accounts Receivable			89.00
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			275.00
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			650.00
101-11500	Accounts Receivable			660.00
101-11500	Accounts Receivable			670.00
101-11500	Accounts Receivable			702.00
101-11500	Accounts Receivable			2,433.00
101-11500	Accounts Receivable			2,935.00
101-11500	Accounts Receivable			3,110.00
101-11500	Accounts Receivable			7,680.00
101-11500	Accounts Receivable			7,888.00
101-11500	Accounts Receivable			8,700.00
101-11500	Accounts Receivable			30,579.00
101-42100-351	Printing Services			
432-10100	Cash			7,680.00
433-11500	Accounts Receivable			19,260.00
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			18,781.00
601-11500	Accounts Receivable			153,622.00
602-11500	Accounts Receivable			139,598.00
651-11500	Accounts Receivable			17,625.00
Total			435,727.00	435,727.00

Client: *City of Jordan*
 Engagement: *CITY OF JORDAN*
 Period Ending: *12/31/2008*
 Workpaper: *ADJUSTING JOURNAL ENTRIES REPORT*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 27				
TO ADJUST FOR ENTRY TOM MADE WHICH PARALELLED ENTRY KYLE MADE				
101-13200	Due From Other Governments		28,122.00	
317-13200	Due From Other Governments		58.00	
318-13200	Due From Other Governments		117.00	
320-13200	Due From Other Governments		2,113.00	
325-13200	Due From Other Governments		9,108.00	
601-13200	Due From Other Governments		1,386.00	
602-13200	Due From Other Governments		1,386.00	
603-13200	Due From Other Governments		699.00	
101-10100	Cash			28,122.00
317-10100	Cash			58.00
318-10100	Cash			117.00
320-10100	Cash			2,113.00
325-10100	Cash			9,108.00
601-10100	Cash			1,386.00
602-10100	Cash			1,386.00
603-10100	Cash			699.00
Total			<u>42,989.00</u>	<u>42,989.00</u>
Adjusting Journal Entries JE # 28				
TO CORRECT POSTINGS FOR ACCRUED WAGES				
601-21700	Accrued Payroll Deductions Pay	2105	8,911.00	
601-21600	Accrued Wages & Salaries Payab			8,911.00
Total			<u>8,911.00</u>	<u>8,911.00</u>
Adjusting Journal Entries JE # 29				
TO REALLOCATE INVESTEMENTS TO NOT HAVE BALANCES BELOW 25,000				
101-10400	Investments at Cost	1102	40,034.00	
310-10100	Cash		24,817.00	
322-10100	Cash		34.00	
324-10100	Cash		12,345.00	
325-10100	Cash		2,536.00	
425-10100	Cash		130.00	
432-10100	Cash		172.00	
101-10100	Cash			40,034.00
310-10400	Investments at Cost			24,817.00
322-10400	Investments at Cost			34.00
324-10400	Investments at Cost			12,345.00
325-10400	Investments at Cost			2,536.00
425-10400	Investments at Cost			130.00
432-10400	Investments at Cost			172.00
Total			<u>80,068.00</u>	<u>80,068.00</u>
Adjusting Journal Entries JE # 30				
TO ADJUST CASH DIFFERENCE ON BANK REC				
101-00000-36210	Interest Earnings	1054	55.00	
101-10100	Cash			55.00
Total			<u>55.00</u>	<u>55.00</u>

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Workpaper: *ADJUSTING JOURNAL ENTRIES REPORT*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 31		1254		
TO RECORD UTILITY RECEIVABLES.				
101-11500	Accounts Receivable		7,695.00	
601-11500	Accounts Receivable		151,063.00	
602-11500	Accounts Receivable		135,414.00	
651-11500	Accounts Receivable		17,147.00	
101-43100-34305	Street Lighting			7,695.00
601-00000-37110	Water User Fee			135,822.00
601-00000-37170	Water Other Revenue			270.00
601-00000-37170	Water Other Revenue			434.00
601-20800	Due to Other Governments			450.00
601-20800	Due to Other Governments			14,087.00
602-00000-37210	Sewer User Fee			135,414.00
651-00000-37510	Storm Sewer User			17,147.00
Total			311,319.00	311,319.00
Adjusting Journal Entries JE # 32		1259		
TO RECORD RECEIVABLES.				
101-11500	Accounts Receivable		8,100.00	
101-11500	Accounts Receivable		43,282.00	
101-00000-34106	Motor Vehicle			8,100.00
101-00000-38050	Cable TV Revenues			43,282.00
Total			51,382.00	51,382.00
Adjusting Journal Entries JE # 33		1255		
TO RECORD OPEN RECEIVABLES AT 12/31/08.				
101-11500	Accounts Receivable		35,683.00	
601-11500	Accounts Receivable		291.00	
101-00000-34105	Sale of Maps and			15.00
101-00000-34107	Assessment			15.00
101-00000-36280	Refunds &			113.00
101-41600-303	Legal-Corporate			14,534.00
101-41700-303	Legal-Corporate			702.00
101-41910-101	Full-Time			8.00
101-41910-302	Architects, Engineer			7,573.00
101-42100-112	Uniform allowance			671.00
101-42100-211	Operating Supplies			175.00
101-42100-300	Professional Srvs			650.00
101-42100-351	Printing Services			89.00
101-42200-34206	Fire Calls			2,680.00
101-42200-383	Gas Utilities			3,898.00
101-42200-612	Other Long-Term			338.00
101-49200-302	Architects, Engineer			604.00
101-49200-322	Postage			179.00
101-49200-351	Printing Services			2.00
101-49200-513	ABATEMENT			3,437.00
601-00000-37100	Water Sales			234.00
601-00000-37170	Water Other Revenue			57.00
Total			35,974.00	35,974.00

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Workpaper: **ADJUSTING JOURNAL ENTRIES REPORT**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 34		1261		
TO REVERSE AND RECORD NET RENTAL INCOME RECEIVABLE.				
101-00000-36220	Other Rents and		500.00	
101-00000-36220	Other Rents and		12,135.00	
101-11500	Accounts Receivable		2,420.00	
101-00000-36220	Other Rents and			920.00
101-00000-36220	Other Rents and			1,500.00
101-11500	Accounts Receivable			12,135.00
101-22000	DEPOSITS PAYABLE			500.00
Total			15,055.00	15,055.00
Adjusting Journal Entries JE # 35		1352		
TO REVERSE AND RECORD DUE FROM SCHOOL DISTRICT FOR LIASON OFFICER AND FINES AND FEMA GRANT.				
101-13200	Due From Other Governments		4,434.00	
101-13200	Due From Other Governments		31,000.00	
101-42100-33630	Other Aid-MRVSEC		44,064.00	
101-42100-35100	Court Fines		1,455.00	
101-42100-35100	Court Fines		2,184.00	
425-13200	Due From Other Governments		4,032.00	
101-13200	Due From Other Governments			3,639.00
101-13200	Due From Other Governments			44,064.00
101-42100-33630	Other Aid-MRVSEC			31,000.00
101-42100-35100	Court Fines			1,285.00
101-42100-35100	Court Fines			3,149.00
425-00000-33100	Federal Grants			4,032.00
Total			87,169.00	87,169.00
Adjusting Journal Entries JE # 36		1609		
TO ADJUST RETAINAGES PAYABLE.				
437-43100-500	Capital Outlay		22,587.00	
444-42200-500	Capital Outlay		55,738.00	
601-16500	Fixed Asset-Const in Progress		2,868.00	
601-16500	Fixed Asset-Const in Progress		121,368.00	
601-20200	Accounts Payable		38,510.00	
651-16500	Fixed Asset-Const in Progress		39,823.00	
437-20600	CONTRACTS PAYABLE			22,587.00
444-20600	CONTRACTS PAYABLE			55,738.00
601-16500	Fixed Asset-Const in Progress			38,510.00
601-20600	CONTRACTS PAYABLE			2,868.00
601-20600	CONTRACTS PAYABLE			121,368.00
651-20600	CONTRACTS PAYABLE			39,823.00
Total			280,894.00	280,894.00
Adjusting Journal Entries JE # 37		1605		
TO RECORD ENTERPRISE FIXED ASSET ACTIVITY				
601-49440-420	DEPRECIATION		244,993.00	
602-49490-420	DEPRECIATION		367,570.00	
651-49900-420	DEPRECIATION		117,641.00	
601-16310	Accumulated Deprec - Equipment			118,703.00
601-16410	Fixed Asset-Equip Depreciation			12,938.00
601-16610	ACCUM DEPR INFRASTRUCTURE			113,352.00
602-16310	Accumulated Deprec - Equipment			260,107.00
602-16410	Fixed Asset-Equip Depreciation			13,161.00
602-16610	ACCUM DEPR INFRASTRUCTURE			94,302.00
651-16310	Accumulated Deprec - Equipment			1,835.00
651-16610	ACCUM DEPR INFRASTRUCTURE			115,806.00
Total			730,204.00	730,204.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 38		1604		
TO RECORD GASB34 FIXED ASSET ACTIVITY				
601-16400	Fixed Asset-Equip/Machinery		20,000.00	
602-16400	Fixed Asset-Equip/Machinery		10,000.00	
901-16200	Fixed Asset-Buildings		17,370.00	
901-16400	Fixed Asset-Equip/Machinery		14,718.00	
901-16400	Fixed Asset-Equip/Machinery		20,000.00	
901-16400	Fixed Asset-Equip/Machinery		128,598.00	
901-16440	Fixed Asset-Motor Vehicles		30,619.00	
901-16440	Fixed Asset-Motor Vehicles		31,044.00	
901-16440	Fixed Asset-Motor Vehicles		35,487.00	
901-16450	Fixed Asset-Motor Accum Deprec		1,200.00	
901-16500	Fixed Asset-Const in Progress		1,297,222.00	
901-41000-420	DEPRECIATION		63,056.00	
901-42000-420	DEPRECIATION		2,049.00	
901-42100-420	DEPRECIATION		38,232.00	
901-42200-420	DEPRECIATION		102,335.00	
901-43000-420	DEPRECIATION		648,875.00	
901-43000-500	Capital Outlay		50,174.00	
901-45000-420	DEPRECIATION		30,836.00	
601-49440-540	Heavy Equipment			20,000.00
602-49490-540	Heavy Equipment			10,000.00
901-16210	Accumulated Deprec - Buildings			33,225.00
901-16410	Fixed Asset-Equip Depreciation			75,354.00
901-16440	Fixed Asset-Motor Vehicles			1,200.00
901-16440	Fixed Asset-Motor Vehicles			2,209.00
901-16450	Fixed Asset-Motor Accum Deprec			173,036.00
901-16610	ACCUM DEPR INFRASTRUCTURE			601,559.00
901-42000-500	Capital Outlay			20,000.00
901-42100-500	Capital Outlay			50,205.00
901-42200-500	Capital Outlay			128,598.00
901-42200-500	Capital Outlay			1,337,396.00
901-43000-500	Capital Outlay			30,619.00
901-45000-500	Capital Outlay			10,000.00
901-45000-500	Capital Outlay			17,370.00
901-45000-500	Capital Outlay			31,044.00
Total			2,541,815.00	2,541,815.00

Adjusting Journal Entries JE # 39		1607		
TO RECORD DEVELOPER CONTRIBUTED INFRASTRUCTURE				
601-16600	INFRASTRUCTURE		67,264.00	
602-16600	INFRASTRUCTURE		73,331.00	
651-16600	INFRASTRUCTURE		92,070.00	
601-00000-39999	Cap. Ass. From			67,264.00
602-00000-39999	Cap. Ass. From			73,331.00
651-00000-39999	Cap. Ass. From			92,070.00
Total			232,665.00	232,665.00

Client: *City of Jordan*
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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 40		2502		
TO ADJUST RESERVES AND DESIGNATIONS.				
601-25300	Fund Balance Undesignated		269,409.00	
602-25300	Fund Balance Undesignated		9,527.00	
651-25300	Fund Balance Undesignated		26,179.00	
101-25300	Fund Balance Undesignated			
101-25310	Fund Balance Designated			
601-26720	Ret Earnings Reserv Futur Debt			269,409.00
602-26720	Ret Earnings Reserv Futur Debt			9,527.00
651-26720	Ret Earnings Reserv Futur Debt			26,179.00
Total			305,115.00	305,115.00
Adjusting Journal Entries JE # 41				
TO REVERSE 2007 A/P ENTRY				
101-20200	Accounts Payable		19,638.00	
101-49200-302	Architects, Engineer			19,638.00
Total			19,638.00	19,638.00
Adjusting Journal Entries JE # 42				
TO ADJUST YEAR END TRANSFERS CLOSING FUNDS				
101-10100	Cash		24,298.00	
401-49300-701	TRANSFER TO		2,751.00	
432-43100-701	TRANSFER TO		21,547.00	
101-00000-39200	Interfund			24,298.00
401-10100	Cash			2,751.00
432-10100	Cash			21,547.00
Total			48,596.00	48,596.00