

CITY OF JORDAN  
JORDAN, MINNESOTA

ANNUAL FINANCIAL REPORT

YEAR ENDED  
DECEMBER 31, 2009

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CITY OF JORDAN, MINNESOTA  
 ANNUAL FINANCIAL REPORT  
 DECEMBER 31, 2009  
 TABLE OF CONTENTS

	<u>Page No.</u>
<b>INTRODUCTORY SECTION</b>	
Elected and Appointed Officials	I
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	II - III
Management's Discussion and Analysis	IV - XV
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets	1
Statement of Activities	2 - 3
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	4 - 5
Reconciliation of the Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) to the Statement of Activities	9
<b>General Fund</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	10
<b>Proprietary Funds</b>	
Statements of Net Assets	11 - 12
Statements of Revenues, Expenses and Changes in Fund Net Assets	13 - 14
Statements of Cash Flows	15 - 18
Notes to the Financial Statements	19 - 42
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	44
<b>Nonmajor Special Revenue Funds</b>	
Combining Balance Sheet	45 - 46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	47 - 48
<b>Nonmajor Capital Projects Funds</b>	
Combining Balance Sheet	49 - 50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	51 - 52
<b>General Fund</b>	
Comparative Balance Sheets	53
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	54 - 58
<b>Debt Service Funds</b>	
Combining Balance Sheet	59 - 60
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)	61 - 62
<b>Summary Financial Report</b>	
Revenues and Expenditures for General Operations - Governmental Funds	63

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CITY OF JORDAN, MINNESOTA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2009  
TABLE OF CONTENTS - CONTINUED

	<u>Page No.</u>
OTHER REQUIRED REPORTS	
Report on Minnesota Legal Compliance	64
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	65 - 66
Schedule of Findings and Responses	67 - 69

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**INTRODUCTORY SECTION**

CITY OF JORDAN  
JORDAN, MINNESOTA

YEAR ENDED  
DECEMBER 31, 2009

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CITY OF JORDAN, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2009

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Peter Ewals	Mayor	12/31/10
Sally Schultz	Council	12/31/12
Mike Shaw	Council	12/31/12
Tanya Velishek	Council	12/31/12
Jeremy Goebel	Council	12/31/10
David Hanson	Council	12/31/10
Jeanne Marnoff	Council	12/31/10

**APPOINTED**

Edward Shukle	Administrator/Clerk/Treasurer
Tom Nikunen	Finance Director

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**FINANCIAL SECTION**

CITY OF JORDAN  
JORDAN, MINNESOTA

YEAR ENDED  
DECEMBER 31, 2009

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

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Jordan  
Jordan, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, Minnesota (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2008 financial statements and, in our report dated April 17, 2009 we expressed unqualified opinions on the respective proprietary fund financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended December 31, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

May 3, 2010  
Mankato, Minnesota

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

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## **Management's Discussion and Analysis**

As management of the City of Jordan, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$30,331,988 (net assets). Of this amount, \$4,966,259 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$69,828 compared to an increase of \$553,020 in the previous year. Reductions in governmental charges for services and capital grants contributed to this change in net assets in the current year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,587,917, a decrease of \$5,705,838 in comparison with the prior year. The majority of this decrease is due to refunding bonds retired during 2009. Approximately 67.2 percent of ending fund balances, \$3,082,010, is available for spending at the City's discretion, but has been designated for specific purposes.
- At the end of the current fiscal year, unreserved fund balance for the General fund was \$1,432,051, or 53.3 percent of total General fund expenditures. While these funds are not legally reserved, they are designated for future purposes.
- The City's total debt decreased by \$5,509,000, or 17.0 percent during the current fiscal year. The key factor in this decrease was the retirement of \$5,509,000 in long-term debt during the year. No new debt was issued in 2009.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

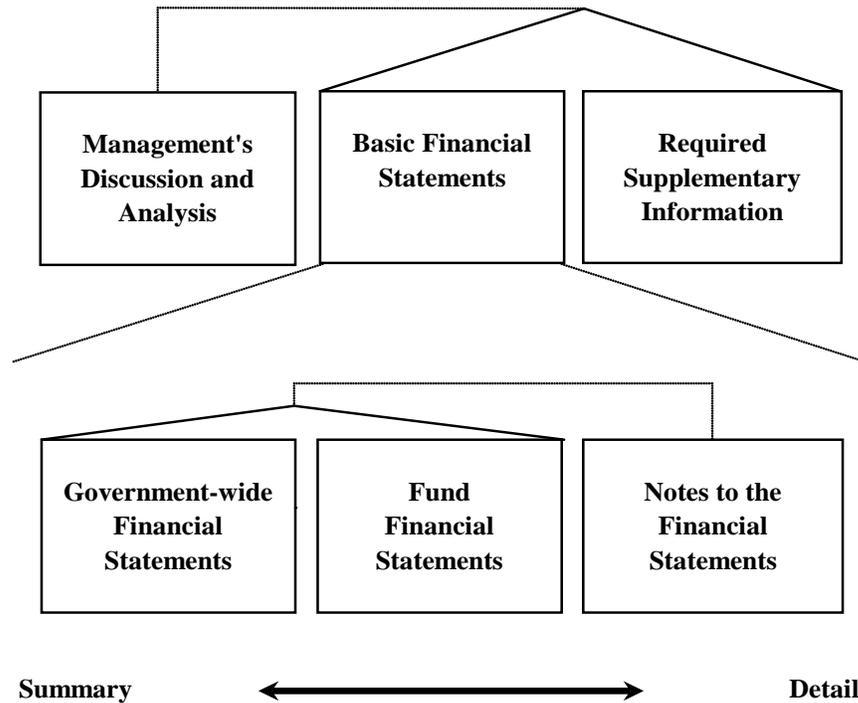


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major features of the Government-wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Assets</li> <li>• Statement of Cash Flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highways, economic development, culture and recreation and miscellaneous. The business-type activities of the City include water, sewer and storm sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. The EDA, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 1 - 3 of this report.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains 32 individual governmental funds, 9 of which are Debt Service funds, which are reported as one fund for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Debt Service funds, the 2006-2007 Improvement Projects fund, the 2008 Improvement Projects fund, and the Fire Hall Expansion Project fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4 - 10 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and storm sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 11 - 18 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 42 of this report.

**Other Information**

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 43 - 63 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$30,331,988 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (70.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 6,680,514	\$ 12,886,892	\$ 5,068,864	\$ 7,906,295	\$ 11,749,378	\$ 20,793,187
Capital assets	13,258,911	12,509,326	33,410,232	31,197,491	46,669,143	43,706,817
<b>Total assets</b>	<b>19,939,425</b>	<b>25,396,218</b>	<b>38,479,096</b>	<b>39,103,786</b>	<b>58,418,521</b>	<b>64,500,004</b>
Long-term liabilities outstanding	8,224,706	10,244,361	16,552,816	17,475,005	24,777,522	27,719,366
Other liabilities	1,690,454	4,643,381	1,618,557	1,875,097	3,309,011	6,518,478
<b>Total liabilities</b>	<b>9,915,160</b>	<b>14,887,742</b>	<b>18,171,373</b>	<b>19,350,102</b>	<b>28,086,533</b>	<b>34,237,844</b>
Invested in capital assets, net of related debt	4,146,396	4,027,618	17,094,947	16,433,488	21,241,343	20,461,106
Restricted	2,695,349	3,985,507	1,429,037	1,706,621	4,124,386	5,692,128
Unrestricted	3,182,520	2,495,351	1,783,739	1,613,575	4,966,259	4,108,926
<b>Total net assets</b>	<b>\$ 10,024,265</b>	<b>\$ 10,508,476</b>	<b>\$ 20,307,723</b>	<b>\$ 19,753,684</b>	<b>\$ 30,331,988</b>	<b>\$ 30,262,160</b>

An additional portion of the City's net assets (13.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (16.4 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for the City as a whole.

The City's net assets increased by \$69,828 during the current fiscal year. The increase in the current year compared to the prior year was due mainly to reductions in governmental charges for services and capital grants.

**Governmental Activities.** Governmental activities decreased the City's net assets by \$484,211. Key elements of this decrease are as follows:

**Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 566,323	\$ 763,755	\$ 1,989,231	\$ 1,568,872	\$ 2,555,554	\$ 2,332,627
Operating grants and contributions	161,127	156,069	-	-	161,127	156,069
Capital grants and contributions	870,922	1,309,789	67,158	316,438	938,080	1,626,227
General revenues:						
Property taxes/ tax increments	2,929,596	2,711,378	-	-	2,929,596	2,711,378
Other taxes	44,685	50,703	-	-	44,685	50,703
Grants and contributions not restricted to specific programs	245,073	247,812	-	-	245,073	247,812
Unrestricted investment earnings	286,565	414,755	215,154	467,138	501,719	881,893
Gain on sale of capital assets and other	11,105	8,699	72,344	45,633	83,449	54,332
<b>Total revenues</b>	<b>5,115,396</b>	<b>5,662,960</b>	<b>2,343,887</b>	<b>2,398,081</b>	<b>7,459,283</b>	<b>8,061,041</b>

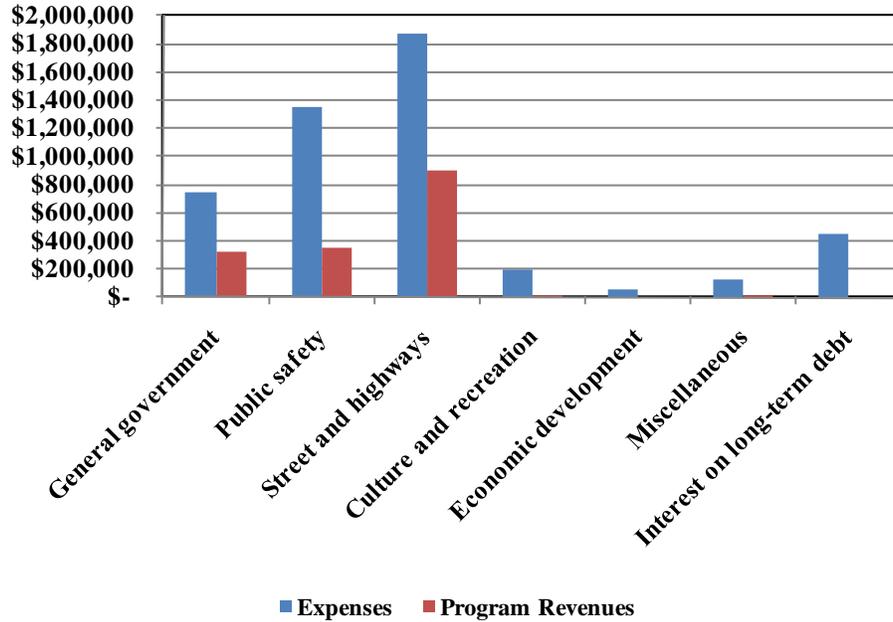
### Changes in Net Assets - Continued

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Expenses						
General government	\$ 744,597	\$ 870,166	\$ -	\$ -	\$ 744,597	\$ 870,166
Public safety	1,358,389	1,433,500	-	-	1,358,389	1,433,500
Streets and highways	1,872,261	1,952,477	-	-	1,872,261	1,952,477
Culture and recreation	190,965	211,546	-	-	190,965	211,546
Economic development	62,750	50,113	-	-	62,750	50,113
Miscellaneous	130,937	130,857	-	-	130,937	130,857
Interest on long-term debt	456,684	546,016	-	-	456,684	546,016
Water	-	-	1,202,963	1,046,957	1,202,963	1,046,957
Sewer	-	-	1,145,538	1,059,769	1,145,538	1,059,769
Storm sewer	-	-	224,371	206,620	224,371	206,620
Total expenses	<u>4,816,583</u>	<u>5,194,675</u>	<u>2,572,872</u>	<u>2,313,346</u>	<u>7,389,455</u>	<u>7,508,021</u>
Change in net assets before transfers	298,813	468,285	(228,985)	84,735	69,828	553,020
Transfers	<u>(783,024)</u>	<u>-</u>	<u>783,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(484,211)	468,285	554,039	84,735	69,828	553,020
Net assets - January 1	<u>10,508,476</u>	<u>10,040,191</u>	<u>19,753,684</u>	<u>19,668,949</u>	<u>30,262,160</u>	<u>29,709,140</u>
Net assets - December 31	<u>\$ 10,024,265</u>	<u>\$ 10,508,476</u>	<u>\$ 20,307,723</u>	<u>\$ 19,753,684</u>	<u>\$ 30,331,988</u>	<u>\$ 30,262,160</u>

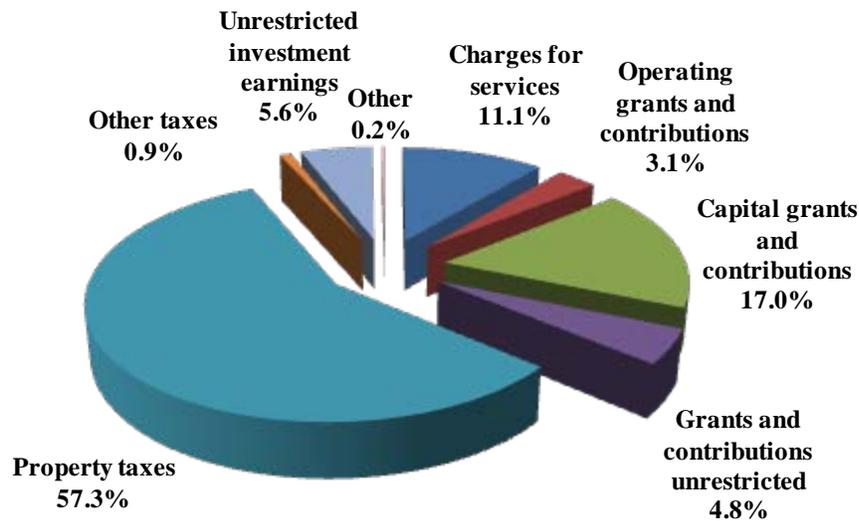
Property tax levies increased by \$253,796 (9.2 percent) during the year. Levies for debt service increased by \$505,908 while general levies were reduced by \$252,112.

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities



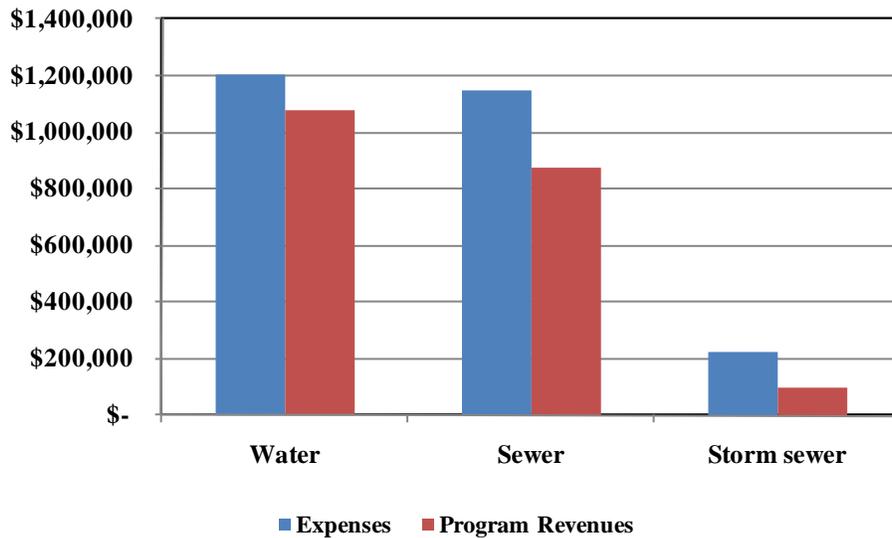
### Revenues by Source - Governmental Activities



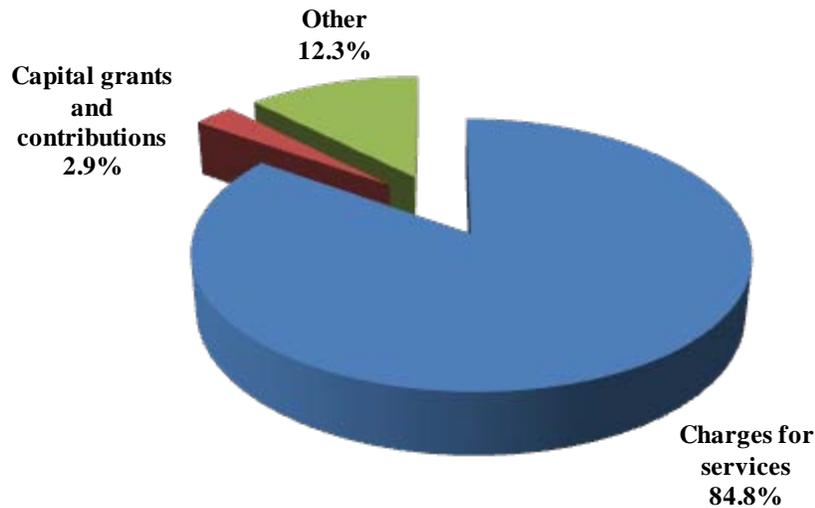
**Business-type activities.** Business-type activities increased the City’s net assets by \$554,039. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$420,359 or 26.8 percent, while operating expenses increased by \$233,312 or 14.3 percent from the prior year.
- Capital contributions were a major revenue source for the utility funds during the current fiscal year, producing \$67,158 in revenue. This increase is the direct result of capital contributions from customers for plant infrastructure and connection fees.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



## Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,587,917, a decrease of \$5,705,838 in comparison with the prior year. The majority of this decrease is due to the retirement of refunding bonds during 2009. Approximately 67.2 percent of this total amount \$3,082,010 constitutes *unreserved fund balance*, which is available for spending at the City's discretion.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$1,432,051. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 53.3 percent of fund expenditures.

The fund balance of the City's General fund increased by \$333,127 during the current fiscal year. The increase in fund balance is due to reduced spending in the General fund. The fund balance increase was achieved even though there was a reduction in revenues from permits, fees and charges. The City will continue to watch building growth cautiously and adjust its budget to ensure General fund reserve growth and stability. The City Council has adopted a policy goal to keep the fund balance between 40 percent and 50 percent of the next year's budget to ensure a proper level of funds on hand during the year.

The Debt Service fund has a total fund balance of \$1,482,914, almost all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$3,898,288. The majority of this decrease is due to refunding bonds retired during 2009.

The 2006-07 Improvement Projects fund had no change in fund balance during the current year. Fund balance remains in deficit by \$19,260.

The Fire Hall Expansion Project began in 2007 with expenditures in the current year totaling \$359,219. This project is being funded with a \$1,805,000 bond issue. The fund balance at year end totaled \$63,941.

The 2008 Improvement Project began in 2007 with expenditures in the current year totaling \$2,669,762. This project is being funded with a \$2,030,000 bond issue together with State construction aids. The fund balance at year end totaled \$204,565.

**Proprietary funds.** The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$1,783,739. The total growth in net assets for the funds was \$554,039. Other factors concerning the finances of this fund have already been addressed in the discussion of the City’s business-type activities.

**General Fund Budgetary Highlights**

The City’s General fund budget was not amended during the year. The budget called for an increase in fund balance of \$74,457. Revenues fell short of expectations by \$399,873, expenditures were under budget by \$120,530 and transfers in were \$538,013 over budget, resulting in an actual increase in fund balance of \$333,127 in 2009.

**Capital Asset and Debt Administration**

**Capital Assets.** The City’s investment in capital assets for its governmental and business type activities as of December 31, 2009, amounts to \$46,669,143 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was 6.8 percent (a 6.0 percent increase for governmental activities and a 7.1 percent increase for business-type activities).

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

- TH 282 Reconstruction
- Water Treatment Plant
- Fire Hall Expansion Project
- New Police Squad Car

Additional information on the City’s capital assets can be found in Note 3C on pages 30 - 32 of this report.

**Capital Assets Net of Depreciation**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 738,279	\$ 738,279	\$ 570,184	\$ 570,184	\$ 1,308,463	\$ 1,308,463
Buildings	606,806	640,031	-	-	606,806	640,031
Improvement other than building	-	-	11,297,559	11,632,011	11,297,559	11,632,011
Machinery and equipment	291,186	337,266	86,382	100,264	377,568	437,530
Vehicles	671,364	805,364	-	-	671,364	805,364
Infrastructure	7,665,687	8,267,246	13,737,614	14,061,074	21,403,301	22,328,320
Construction in progress	3,285,589	1,721,140	7,718,493	4,833,958	11,004,082	6,555,098
<b>Total</b>	<b>\$ 13,258,911</b>	<b>\$ 12,509,326</b>	<b>\$ 33,410,232</b>	<b>\$ 31,197,491</b>	<b>\$ 46,669,143</b>	<b>\$ 43,706,817</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$26,833,000. Of this amount, \$225,000 is general obligation debt, \$8,954,259 is special assessment debt and \$17,653,741 is general obligation revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 225,000	\$ 300,000	\$ -	\$ -	\$ 225,000	\$ 300,000
G.O. improvement bonds	8,954,259	13,428,258	-	-	8,954,259	13,428,258
General obligation revenue bonds	-	-	17,653,741	18,613,742	17,653,741	18,613,742
<b>Total</b>	<b><u>\$ 9,179,259</u></b>	<b><u>\$ 13,728,258</u></b>	<b><u>\$ 17,653,741</u></b>	<b><u>\$ 18,613,742</u></b>	<b><u>\$ 26,833,000</u></b>	<b><u>\$ 32,342,000</u></b>

The City's total debt decreased by \$5,509,000, or 17.0 percent during the current fiscal year. The key factor in this decrease was the retirement of \$5,509,000 in long-term debt during the year. No new debt was issued in 2009.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$13,718,721, which is significantly in excess of the City's outstanding general obligation debt.

The City's bond rating was upgraded from an A3 to an A1 during the year.

Additional information on the City's long-term debt can be found in Note 3E on pages 33 - 37 of this report.

#### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Scott County is currently 7.3 percent, which is an increase from a rate of 6.6 percent a year ago. This compares to the State's average unemployment rate of 7.3 percent and the national average rate of 9.7 percent.
- Property valuations within the City remain strong and growing.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

Property taxes will increase in 2010 by approximately 1.1 percent. The tax increase will provide an additional \$33,591 for the operations and debt responsibilities of the City.

Water and sewer rates have been increased slowly over the years to meet improvements demanded. Because of a reduction in capital and connections fees with the reduced growth in new housing states the rates were increased more aggressively for 2009. A nine percent rate increase was approved for sanitary sewer. Storm sewer utility rates were increased by 15 percent for single family units and 68.2 percent for all other uses per acre. There was also a 2.5 percent increase for water utilities from 2009 to 2010. The City has a policy of studying the rates yearly as part of its budget process and with each improvement project to ensure the rates will support the budget along with any new debt. The rate increases are expected to provide for repayment of debt issues for the projects and to cover costs of additional operating expenses.

#### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Jordan, 210 East First Street, Jordan, Minnesota 55352-1598.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF JORDAN  
JORDAN, MINNESOTA

YEAR ENDED  
DECEMBER 31, 2009

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CITY OF JORDAN, MINNESOTA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2009

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,233,585	\$ -	\$ 1,233,585
Investments	3,223,264	4,239,905	7,463,169
Receivables:			
Delinquent taxes	113,644	-	113,644
Accounts	95,462	526,012	621,474
Special assessments	1,463,297	14,730	1,478,027
Intergovernmental	410,764	185,584	596,348
Prepaid items	21,000	-	21,000
Unamortized bond discount and issue costs	119,498	102,633	222,131
Capital assets not being depreciated:			
Land	738,279	570,184	1,308,463
Construction in progress	3,285,589	7,718,493	11,004,082
Capital assets net of accumulated depreciation:			
Buildings	606,806	-	606,806
Improvements other than buildings	-	11,297,559	11,297,559
Infrastructure	7,665,687	13,737,614	21,403,301
Machinery and equipment	291,186	86,382	377,568
Vehicles	671,364	-	671,364
<b>TOTAL ASSETS</b>	<b>19,939,425</b>	<b>38,479,096</b>	<b>58,418,521</b>
<b>LIABILITIES</b>			
Accounts and contracts payable	375,136	121,497	496,633
Due to other governments	7,719	4,095	11,814
Accrued interest payable	172,431	313,021	485,452
Accrued salaries payable	20,271	7,293	27,564
Deposits payable	500	-	500
Unearned revenue	-	23,248	23,248
Unamortized bond premium	52,754	27,032	79,786
Noncurrent liabilities:			
Due within one year	1,061,643	1,122,371	2,184,014
Due in more than one year	8,224,706	16,552,816	24,777,522
<b>TOTAL LIABILITIES</b>	<b>9,915,160</b>	<b>18,171,373</b>	<b>28,086,533</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,146,396	17,094,947	21,241,343
Restricted for:			
Debt service	2,695,349	516,606	3,211,955
Capital outlay/connections	-	912,431	912,431
Unrestricted	3,182,520	1,783,739	4,966,259
<b>TOTAL NET ASSETS</b>	<b>\$ 10,024,265</b>	<b>\$ 20,307,723</b>	<b>\$ 30,331,988</b>

The notes to the financial statements are an integral part of this statement.

CITY OF JORDAN, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2009

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 744,597	\$ 289,141	\$ 40,000	\$ -
Public safety	1,358,389	237,960	121,127	-
Streets and highways	1,872,261	38,627	-	865,513
Culture and recreation	190,965	540	-	5,409
Economic development	62,750	-	-	-
Miscellaneous	130,937	55	-	-
Interest on long-term debt	456,684	-	-	-
Total governmental activities	4,816,583	566,323	161,127	870,922
Business-type activities:				
Water	1,202,963	1,053,250	-	26,402
Sewer	1,145,538	842,821	-	35,032
Storm sewer	224,371	93,160	-	5,724
Total business-type activities	2,572,872	1,989,231	-	67,158
Totals	\$ 7,389,455	\$ 2,555,554	\$ 161,127	\$ 938,080

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Tax increments
- Franchise taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Other revenues
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, January 1

Net assets, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (415,456)		\$ (415,456)
(999,302)		(999,302)
(968,121)		(968,121)
(185,016)		(185,016)
(62,750)		(62,750)
(130,882)		(130,882)
(456,684)		(456,684)
<u>(3,218,211)</u>		<u>(3,218,211)</u>
	\$ (123,311)	(123,311)
	(267,685)	(267,685)
	<u>(125,487)</u>	<u>(125,487)</u>
	<u>(516,483)</u>	<u>(516,483)</u>
<u>(3,218,211)</u>	<u>(516,483)</u>	<u>(3,734,694)</u>
1,872,312	-	1,872,312
1,009,610	-	1,009,610
47,674	-	47,674
44,685	-	44,685
245,073	-	245,073
286,565	215,154	501,719
5,481	72,344	77,825
5,624	-	5,624
(783,024)	783,024	-
<u>2,734,000</u>	<u>1,070,522</u>	<u>3,804,522</u>
(484,211)	554,039	69,828
<u>10,508,476</u>	<u>19,753,684</u>	<u>30,262,160</u>
<u>\$ 10,024,265</u>	<u>\$ 20,307,723</u>	<u>\$ 30,331,988</u>

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**FUND FINANCIAL STATEMENTS**

CITY OF JORDAN  
JORDAN, MINNESOTA

YEAR ENDED  
DECEMBER 31, 2009

CITY OF JORDAN, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>2006-2007 Improvement Projects</u>
<b>ASSETS</b>			
Cash and cash equivalents (deficits)	\$ 242,611	\$ 416,823	\$ (22,965)
Investments	1,286,754	1,051,486	-
Receivables			
Delinquent taxes	113,644	-	-
Accounts	78,592	-	16,870
Special assessments	78,431	1,384,866	-
Intergovernmental	36,275	17,536	-
Prepaid items	<u>21,000</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,857,307</u></u>	<u><u>\$ 2,870,711</u></u>	<u><u>\$ (6,095)</u></u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 191,159	\$ 2,931	\$ 13,165
Contracts payable	-	-	-
Due to other governments	7,719	-	-
Accrued salaries payable	20,271	-	-
Deposits payable	500	-	-
Deferred revenue	<u>184,607</u>	<u>1,384,866</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>404,256</u>	<u>1,387,797</u>	<u>13,165</u>
<b>FUND BALANCES (DEFICITS)</b>			
Reserved for:			
Prepaid items	21,000	-	-
Debt service	-	1,484,907	-
Unreserved			
Designated for:			
Economic development	-	-	-
Capital outlay	-	-	-
Working capital	1,432,051	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	(19,260)
Debt service fund	<u>-</u>	<u>(1,993)</u>	<u>-</u>
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>1,453,051</u>	<u>1,482,914</u>	<u>(19,260)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u><u>\$ 1,857,307</u></u>	<u><u>\$ 2,870,711</u></u>	<u><u>\$ (6,095)</u></u>

The notes to the financial statements are an integral part of this statement.

2008 Improvement Projects	Firehall Expansion Project	Other Governmental Funds	Total Governmental Funds
\$ (66,742)	\$ 41,181	\$ 622,677	\$ 1,233,585
-	50,000	835,024	3,223,264
-	-	-	113,644
-	-	-	95,462
-	-	-	1,463,297
356,953	-	-	410,764
-	-	-	21,000
<u>\$ 290,211</u>	<u>\$ 91,181</u>	<u>\$ 1,457,701</u>	<u>\$ 6,561,016</u>
\$ 45,662	\$ 3,338	\$ 54,995	\$ 311,250
39,984	23,902	-	63,886
-	-	-	7,719
-	-	-	20,271
-	-	-	500
-	-	-	1,569,473
<u>85,646</u>	<u>27,240</u>	<u>54,995</u>	<u>1,973,099</u>
-	-	-	21,000
-	-	-	1,484,907
-	-	141,183	141,183
204,565	63,941	1,040,985	1,309,491
-	-	-	1,432,051
-	-	223,085	223,085
-	-	(2,547)	(21,807)
-	-	-	(1,993)
<u>204,565</u>	<u>63,941</u>	<u>1,402,706</u>	<u>4,587,917</u>
<u>\$ 290,211</u>	<u>\$ 91,181</u>	<u>\$ 1,457,701</u>	<u>\$ 6,561,016</u>

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CITY OF JORDAN, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009

Total fund balances - governmental funds	\$ 4,587,917
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	13,258,911
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Compensated absences payable	(107,090)
Bonds payable	(9,179,259)
Bond discounts/issue costs, net of accumulated amortization	119,498
Premium on bonds issued, net of accumulated amortization	(52,754)
Long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes receivable	113,644
Special assessments receivable	1,455,829
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(172,431)</u>
Total net assets - governmental activities	<u><u>\$ 10,024,265</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF JORDAN, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009

	General	Debt Service	2006-2007 Improvement Projects
<b>REVENUES</b>			
Taxes	\$ 1,650,582	\$ 1,187,734	\$ -
Special assessments	5,039	244,687	-
Licenses and permits	60,972	-	-
Intergovernmental	425,909	-	-
Charges for services	400,238	-	-
Fines and forfeits	54,889	-	-
Investment earnings	40,333	149,857	-
Miscellaneous	5,605	-	-
<b>TOTAL REVENUES</b>	<b>2,643,567</b>	<b>1,582,278</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
General government	693,007	-	-
Public safety	1,185,457	-	-
Streets and highways	383,515	-	-
Culture and recreation	161,118	-	-
Economic development	-	-	-
Miscellaneous	130,594	-	-
Capital outlay			
General government	944	-	-
Public safety	34,988	-	-
Streets and highways	4,503	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Miscellaneous	3,123	-	-
Debt service			
Principal	75,000	3,718,999	-
Interest and other	12,204	484,761	-
<b>TOTAL EXPENDITURES</b>	<b>2,684,453</b>	<b>4,203,760</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(40,886)</b>	<b>(2,621,482)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	493,782	66,900	-
Sale of capital assets	-	-	-
Transfers out	(119,769)	(1,343,706)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>374,013</b>	<b>(1,276,806)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>333,127</b>	<b>(3,898,288)</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS), JANUARY 1</b>	<b>1,119,924</b>	<b>5,381,202</b>	<b>(19,260)</b>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<b>\$ 1,453,051</b>	<b>\$ 1,482,914</b>	<b>\$ (19,260)</b>

The notes to the financial statements are an integral part of this statement.

2008 Improvement Projects	Firehall Expansion Project	Other Governmental Funds	Totals
\$ -	\$ -	\$ 106,551	\$ 2,944,867
-	-	-	249,726
-	-	-	60,972
757,453	-	4,000	1,187,362
-	-	1,457	401,695
-	-	1,152	56,041
33,339	9,714	53,322	286,565
-	-	33,805	39,410
<u>790,792</u>	<u>9,714</u>	<u>200,287</u>	<u>5,226,638</u>
-	-	-	693,007
-	-	34,613	1,220,070
-	-	81,230	464,745
-	-	-	161,118
-	-	44,389	44,389
-	-	-	130,594
-	-	-	944
-	359,219	10,798	405,005
2,415,506	-	-	2,420,009
254,256	-	48,407	302,663
-	-	18,361	18,361
-	-	-	3,123
-	-	-	3,793,999
-	-	-	496,965
<u>2,669,762</u>	<u>359,219</u>	<u>237,798</u>	<u>10,154,992</u>
<u>(1,878,970)</u>	<u>(349,505)</u>	<u>(37,511)</u>	<u>(4,928,354)</u>
175,000	-	119,769	855,451
-	-	5,540	5,540
-	-	(175,000)	(1,638,475)
<u>175,000</u>	<u>-</u>	<u>(49,691)</u>	<u>(777,484)</u>
(1,703,970)	(349,505)	(87,202)	(5,705,838)
<u>1,908,535</u>	<u>413,446</u>	<u>1,489,908</u>	<u>10,293,755</u>
<u>\$ 204,565</u>	<u>\$ 63,941</u>	<u>\$ 1,402,706</u>	<u>\$ 4,587,917</u>

CITY OF JORDAN, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2009

Net change in fund balances - governmental funds \$ (5,705,838)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.

Capital outlay	2,382,823
Depreciation expense	(878,238)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments	3,793,999
Discount on bonds issued, net of amortization expense	(14,426)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

54,707

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.

Property taxes	29,414
----------------	--------

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Special assessments	(146,196)
---------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(456)
----------------------	-------

Change in net assets - governmental activities	\$ (484,211)
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The notes to the financial statements are an integral part of this statement.

CITY OF JORDAN, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,675,470	\$ 1,675,470	\$ 1,650,582	\$ (24,888)
Special assessments	9,500	9,500	5,039	(4,461)
Licenses and permits	129,350	129,350	60,972	(68,378)
Intergovernmental	638,367	638,367	425,909	(212,458)
Charges for services	445,353	445,353	400,238	(45,115)
Fines and forfeits	65,000	65,000	54,889	(10,111)
Investment earnings	55,000	55,000	40,333	(14,667)
Miscellaneous	25,400	25,400	5,605	(19,795)
<b>TOTAL REVENUES</b>	<b>3,043,440</b>	<b>3,043,440</b>	<b>2,643,567</b>	<b>(399,873)</b>
<b>EXPENDITURES</b>				
Current				
General government	600,091	600,091	693,007	(92,916)
Public safety	1,255,730	1,255,730	1,185,457	70,273
Streets and highways	428,587	428,587	383,515	45,072
Culture and recreation	163,688	163,688	161,118	2,570
Miscellaneous	198,914	198,914	130,594	68,320
Capital outlay				
General government	11,000	11,000	944	10,056
Public safety	42,000	42,000	34,988	7,012
Streets and highways	-	-	4,503	(4,503)
Miscellaneous	5,500	5,500	3,123	2,377
Debt service				
Principal	99,473	99,473	75,000	24,473
Interest and other	-	-	12,204	(12,204)
<b>TOTAL EXPENDITURES</b>	<b>2,804,983</b>	<b>2,804,983</b>	<b>2,684,453</b>	<b>120,530</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>238,457</b>	<b>238,457</b>	<b>(40,886)</b>	<b>(279,343)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	60,000	60,000	493,782	433,782
Transfers out	(224,000)	(224,000)	(119,769)	104,231
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(164,000)</b>	<b>(164,000)</b>	<b>374,013</b>	<b>538,013</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>74,457</b>	<b>74,457</b>	<b>333,127</b>	<b>258,670</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,119,924</b>	<b>1,119,924</b>	<b>1,119,924</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,194,381</b>	<b>\$ 1,194,381</b>	<b>\$ 1,453,051</b>	<b>\$ 258,670</b>

The notes to the financial statements are an integral part of this statement.

CITY OF JORDAN, MINNESOTA  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2009 AND 2008

	Business-type Activities - Enterprise Funds			
	<b>601/460/461</b>		<b>602/462/463</b>	
	Water Utility		Sewer Utility	
	2009	2008	2009	2008
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 363,441	\$ -	\$ 6,045
Investments	3,807,287	5,782,687	309,870	773,315
Receivables				
Accounts	276,374	151,354	224,481	135,414
Intergovernmental	92,792	53,313	92,792	53,314
<b>TOTAL CURRENT ASSETS</b>	<b>4,176,453</b>	<b>6,350,795</b>	<b>627,143</b>	<b>968,088</b>
<b>NONCURRENT ASSETS</b>				
Special assessments receivable - deferred	7,365	7,927	7,365	7,927
Unamortized bond discount	68,110	71,031	11,488	10,346
Capital assets, at cost				
Land	33,097	33,097	1,450	1,450
Buildings and improvements	10,896	10,896	45,069	45,069
Improvements other than buildings	5,524,353	5,474,203	11,369,176	11,369,176
Infrastructure	5,667,593	5,667,593	4,715,093	4,715,093
Machinery and equipment	184,956	184,956	219,911	209,786
Construction in progress	6,262,145	4,134,467	509,018	229,769
Less: accumulated depreciation	(2,914,325)	(2,666,986)	(4,759,794)	(4,392,518)
Total capital assets (net of accumulated depreciation)	14,768,715	12,838,226	12,099,923	12,177,825
<b>TOTAL NONCURRENT ASSETS</b>	<b>14,844,190</b>	<b>12,917,184</b>	<b>12,118,776</b>	<b>12,196,098</b>
<b>TOTAL ASSETS</b>	<b>19,020,643</b>	<b>19,267,979</b>	<b>12,745,919</b>	<b>13,164,186</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	92,645	290,620	26,352	24,843
Due to other governments	4,095	15,508	-	-
Accrued interest payable	194,256	168,367	73,456	57,212
Accrued salaries payable	3,608	8,911	3,685	9,012
Compensated absences payable - current	7,037	8,320	14,409	10,815
Unearned revenue	23,248	22,295	-	-
Bonds payable - current	549,813	558,305	399,184	462,222
<b>TOTAL CURRENT LIABILITIES</b>	<b>874,702</b>	<b>1,072,326</b>	<b>517,086</b>	<b>564,104</b>
<b>NONCURRENT LIABILITIES</b>				
Unamortized bond premium	3,785	4,129	7,839	8,552
Bonds payable - noncurrent	9,174,880	9,861,019	5,228,894	5,628,016
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>9,178,665</b>	<b>9,865,148</b>	<b>5,236,733</b>	<b>5,636,568</b>
<b>TOTAL LIABILITIES</b>	<b>10,053,367</b>	<b>10,937,474</b>	<b>5,753,819</b>	<b>6,200,672</b>
<b>NET ASSETS (LIABILITIES)</b>				
Invested in capital assets, net of related debt	6,371,202	5,876,337	6,475,494	6,129,612
Restricted for:				
Debt service	-	-	516,606	620,132
Capital outlay/connections	571,695	540,426	-	213,770
Unrestricted	2,024,379	1,913,742	-	-
<b>TOTAL NET ASSETS</b>	<b>\$ 8,967,276</b>	<b>\$ 8,330,505</b>	<b>\$ 6,992,100</b>	<b>\$ 6,963,514</b>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

<b>651/465</b>			
Storm Sewer Utility		Totals	
2009	2008	2009	2008
\$ -	\$ 38,605	\$ -	\$ 408,091
122,748	412,619	4,239,905	6,968,621
25,157	17,147	526,012	303,915
-	-	185,584	106,627
<u>147,905</u>	<u>468,371</u>	<u>4,951,501</u>	<u>7,787,254</u>
-	-	14,730	15,854
<u>23,035</u>	<u>21,810</u>	<u>102,633</u>	<u>103,187</u>
535,637	535,637	570,184	570,184
-	-	55,965	55,965
43,403	43,403	16,936,932	16,886,782
5,790,321	5,790,321	16,173,007	16,173,007
-	-	404,867	394,742
947,330	469,722	7,718,493	4,833,958
<u>(775,097)</u>	<u>(657,643)</u>	<u>(8,449,216)</u>	<u>(7,717,147)</u>
<u>6,541,594</u>	<u>6,181,440</u>	<u>33,410,232</u>	<u>31,197,491</u>
<u>6,564,629</u>	<u>6,203,250</u>	<u>33,527,595</u>	<u>31,316,532</u>
<u>6,712,534</u>	<u>6,671,621</u>	<u>38,479,096</u>	<u>39,103,786</u>
2,500	56,874	121,497	372,337
-	-	4,095	15,508
45,309	34,093	313,021	259,672
-	-	7,293	17,923
-	-	21,446	19,135
-	-	23,248	22,295
<u>151,928</u>	<u>118,210</u>	<u>1,100,925</u>	<u>1,138,737</u>
<u>199,737</u>	<u>209,177</u>	<u>1,591,525</u>	<u>1,845,607</u>
15,408	16,809	27,032	29,490
<u>2,149,042</u>	<u>1,985,970</u>	<u>16,552,816</u>	<u>17,475,005</u>
<u>2,164,450</u>	<u>2,002,779</u>	<u>16,579,848</u>	<u>17,504,495</u>
<u>2,364,187</u>	<u>2,211,956</u>	<u>18,171,373</u>	<u>19,350,102</u>
4,248,251	4,427,539	17,094,947	16,433,488
-	-	516,606	620,132
340,736	332,293	912,431	1,086,489
<u>(240,640)</u>	<u>(300,167)</u>	<u>1,783,739</u>	<u>1,613,575</u>
<u>\$ 4,348,347</u>	<u>\$ 4,459,665</u>	<u>\$ 20,307,723</u>	<u>\$ 19,753,684</u>

CITY OF JORDAN, MINNESOTA  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water	Utility	Sewer	Utility
	2009	2008	2009	2008
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,053,250	\$ 843,375	\$ 842,821	\$ 650,803
<b>OPERATING EXPENSES</b>				
Personal services	304,019	197,742	308,755	204,834
Supplies	65,925	76,859	125,916	139,436
Other services and charges	70,125	37,984	94,427	94,699
Insurance	15,700	13,203	6,494	7,167
Utilities	60,471	51,786	70,594	79,541
Depreciation	247,339	244,993	367,276	367,570
<b>TOTAL OPERATING EXPENSES</b>	<b>763,579</b>	<b>622,567</b>	<b>973,462</b>	<b>893,247</b>
<b>OPERATING INCOME (LOSS)</b>	<b>289,671</b>	<b>220,808</b>	<b>(130,641)</b>	<b>(242,444)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	174,799	346,455	26,186	92,214
Rental income	72,344	45,633	-	-
Special assessments	88	114	88	114
Connection fees	13,302	14,074	16,890	19,266
Capital charges	13,012	8,402	18,054	13,057
Interest expense	(439,384)	(424,390)	(172,076)	(166,522)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(165,839)</b>	<b>(9,712)</b>	<b>(110,858)</b>	<b>(41,871)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>123,832</b>	<b>211,096</b>	<b>(241,499)</b>	<b>(284,315)</b>
<b>CAPITAL CONTRIBUTIONS TRANSFERS IN</b>	<b>-</b>	<b>67,264</b>	<b>-</b>	<b>73,331</b>
<b>CHANGE IN NET ASSETS</b>	<b>636,771</b>	<b>278,360</b>	<b>28,586</b>	<b>(210,984)</b>
<b>NET ASSETS, JANUARY 1</b>	<b>8,330,505</b>	<b>8,052,145</b>	<b>6,963,514</b>	<b>7,174,498</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 8,967,276</b>	<b>\$ 8,330,505</b>	<b>\$ 6,992,100</b>	<b>\$ 6,963,514</b>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

**651/465**

Storm Sewer Utility		Totals	
2009	2008	2009	2008
\$ 93,160	\$ 74,694	\$ 1,989,231	\$ 1,568,872
-	-	612,774	402,576
-	-	191,841	216,295
17,684	5,412	182,236	138,095
-	-	22,194	20,370
-	-	131,065	131,327
117,454	117,641	732,069	730,204
135,138	123,053	1,872,179	1,638,867
(41,978)	(48,359)	117,052	(69,995)
14,169	28,469	215,154	467,138
-	-	72,344	45,633
-	-	176	228
-	-	30,192	33,340
5,724	28,746	36,790	50,205
(89,233)	(83,567)	(700,693)	(674,479)
(69,340)	(26,352)	(346,037)	(77,935)
(111,318)	(74,711)	(228,985)	(147,930)
-	92,070	-	232,665
-	-	783,024	-
(111,318)	17,359	554,039	84,735
4,459,665	4,442,306	19,753,684	19,668,949
<u>\$ 4,348,347</u>	<u>\$ 4,459,665</u>	<u>\$ 20,307,723</u>	<u>\$ 19,753,684</u>

CITY OF JORDAN, MINNESOTA  
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES  
PROPRIETARY FUNDS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

	Business-type Activities - Enterprise Funds			
	<b>601/460/461</b>		<b>602/462/463</b>	
	Water Utility		Sewer Utility	
	2009	2008	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 928,230	\$ 860,331	\$ 753,754	\$ 650,464
Payments to suppliers and vendors	(263,080)	(176,472)	(329,751)	(337,889)
Payments to and on behalf of employees	(310,605)	(195,410)	(310,488)	(198,607)
Other receipts	73,385	42,687	88	114
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>427,930</b>	<b>531,136</b>	<b>113,603</b>	<b>114,082</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers from other funds	512,939	-	270,085	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(2,145,836)	(3,305,502)	(85,023)	(127,710)
Connection fees received	13,864	14,609	17,452	19,801
Capital charges received	13,012	8,402	18,054	13,057
Local grants received	-	-	-	-
Principal paid on long-term debt	(924,631)	(298,616)	(672,160)	(441,529)
Interest and fees paid on long-term debt	(410,918)	(399,762)	(157,687)	(169,284)
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,454,509)</b>	<b>(3,980,869)</b>	<b>(879,364)</b>	<b>(705,665)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	174,799	346,455	26,186	92,214
Purchase of investments	(1,053,654)	-	(10,461)	(254,405)
Sale of investments	3,029,054	3,336,208	473,906	750,000
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>2,150,199</b>	<b>3,682,663</b>	<b>489,631</b>	<b>587,809</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(363,441)</b>	<b>232,930</b>	<b>(6,045)</b>	<b>(3,774)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>363,441</b>	<b>130,511</b>	<b>6,045</b>	<b>9,819</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 363,441</b>	<b>\$ -</b>	<b>\$ 6,045</b>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

<b>651/465</b>			
Storm Sewer Utility		Totals	
2009	2008	2009	2008
\$ 85,150	\$ 75,172	\$ 1,767,134	\$ 1,585,967
(17,684)	(5,587)	(610,515)	(519,948)
-	-	(621,093)	(394,017)
-	-	73,473	42,801
<u>67,466</u>	<u>69,585</u>	<u>608,999</u>	<u>714,803</u>
-	-	783,024	-
(216,982)	(356,004)	(2,447,841)	(3,789,216)
-	-	31,316	34,410
5,724	28,746	36,790	50,205
-	27,989	-	27,989
(118,210)	(91,379)	(1,715,001)	(831,524)
(80,643)	(81,735)	(649,248)	(650,781)
<u>(410,111)</u>	<u>(472,383)</u>	<u>(4,743,984)</u>	<u>(5,158,917)</u>
14,169	28,469	215,154	467,138
-	-	(1,064,115)	(254,405)
<u>289,871</u>	<u>395,976</u>	<u>3,792,831</u>	<u>4,482,184</u>
<u>304,040</u>	<u>424,445</u>	<u>2,943,870</u>	<u>4,694,917</u>
(38,605)	21,647	(408,091)	250,803
<u>38,605</u>	<u>16,958</u>	<u>408,091</u>	<u>157,288</u>
<u>\$ -</u>	<u>\$ 38,605</u>	<u>\$ -</u>	<u>\$ 408,091</u>

CITY OF JORDAN, MINNESOTA  
STATEMENTS OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

	Business-type Activities - Enterprise Funds			
	<b>601/460/461</b>		<b>602/462/463</b>	
	Water Utility		Sewer Utility	
	2009	2008	2009	2008
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 289,671	\$ 220,808	\$ (130,641)	\$ (242,444)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Other income related to operations	72,432	45,747	88	114
Depreciation	247,339	244,993	367,276	367,570
(Increase) decrease in assets:				
Accounts receivable	(125,020)	16,956	(89,067)	(339)
Due from other governments	(39,479)	(1,620)	(39,478)	(1,889)
Increase (decrease) in liabilities:				
Accounts payable	33	1,054	7,158	(15,157)
Due to other governments	(11,413)	3,926	-	-
Accrued wages payable	(5,303)	2,037	(5,327)	1,987
Compensated absences payable	(1,283)	295	3,594	4,240
Unearned revenue	953	(3,060)	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ 427,930</u></b>	<b><u>\$ 531,136</u></b>	<b><u>\$ 113,603</u></b>	<b><u>\$ 114,082</u></b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Bond discount amortization	\$ 2,921	\$ 2,488	\$ -	\$ -
Capital assets contributed by developers	-	67,264	-	73,331
Capital assets acquired on account	83,655	281,663	-	5,649
Capital assets transferred from governmental funds	230,000	-	210,000	-
Debt transferred from governmental funds	230,000	-	210,000	-

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

<b>651/465</b>			
Storm Sewer Utility		Totals	
2009	2008	2009	2008
\$ (41,978)	\$ (48,359)	\$ 117,052	\$ (69,995)
-	-	72,520	45,861
117,454	117,641	732,069	730,204
(8,010)	478	(222,097)	17,095
-	-	(78,957)	(3,509)
-	(175)	7,191	(14,278)
-	-	(11,413)	3,926
-	-	(10,630)	4,024
-	-	2,311	4,535
-	-	953	(3,060)
<u>\$ 67,466</u>	<u>\$ 69,585</u>	<u>\$ 608,999</u>	<u>\$ 714,803</u>

\$ -	\$ -	\$ 2,921	\$ 2,488
-	92,070	-	232,665
2,500	56,874	86,155	344,186
315,000	-	755,000	-
315,000	-	755,000	-

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CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Jordan, (the City) operates under “Optional Plan A” as defined in the Minnesota statutes. The City is governed by an elected Mayor and a six-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and so data from these units are combined with data of the primary government. The blended component unit has a December 31 year end.

**Blended Component Unit**

**Jordan Economic Development Authority**

The Jordan Economic Development Authority, (the EDA) was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The six member Board consists of two Council members and two other Council approved members, the Mayor and the EDA director. The EDA may not exercise any of the powers enumerated by the authorizing Minnesota statutes without prior approval of the City Council. The activities are blended and reported in a separate special revenue fund. No separate financial statements are issued for the EDA.

**Other Agencies**

The Jordan Housing and Redevelopment Authority (the HRA) is considered to be part of the primary government. The HRA was created pursuant to chapter 487 of the Minnesota Session Laws of 1947. The HRA was created by the City to carry out housing and redevelopment projects. The governing Board is appointed by the City Council, the Council reviews and approves HRA tax levies, and the City provides major community development financing for HRA activities. Debt issued for HRA activities are City general obligations. There has been no HRA activity within the City for the past few years. The HRA is now included with the Economic Development Authority fund of this report.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue in the fund financial statements.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *2006-2007 Improvement Projects fund* accounts for costs related to major street projects with construction starting in 2006.

The *2008 Improvement Projects fund* accounts for costs related to major street projects with constructions starting in 2008.

The *Fire Hall Expansion Project fund* accounts for costs related to the expansion of the fire hall.

The City reports the following major proprietary funds:

The *Water Utility fund* accounts for costs associated with the City's water system and ensures that user charges are sufficient to pay for those costs.

The *Sewer Utility fund* accounts for the costs associated with the City's sewer system and ensures that user charges are sufficient to pay for those costs.

The *Storm Sewer Utility fund* accounts for the costs associated with the City's storm sewer system, which are financed by the storm sewer surcharge, and ensures that user charges are sufficient to pay for those costs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments for the City are reported at fair value. The Minnesota Municipal Money Market Fund (4M fund) is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported values of the pools are the same as the fair values of the pool shares.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Investment Policy:** The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. The City's investment program shall be operated in conformance with federal, state, and other legal requirements, including Minnesota statute 118A.

The investments of the City are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes and the City's investment policy limit the City's investments.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio.

There are three main objectives of all investment activities that are prioritized as follows:

- **Safety -** Safety of principal is the foremost objective of the City. Each investment transaction shall seek to first insure that capital losses are avoided. The objective will be mitigating credit risk and interest rate risk.  
  
Credit Risk is the risk of loss due to failure of the security issuer or backer.  
  
Interest Rate Risk is the risk that the market value of securities in the portfolio will fail due to changes in general interest rates.
- **Liquidity -** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonable anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- **Yield -** The investment portfolio of the City of Jordan shall be designed to attain a market-average rate of return through budgetary and economic cycles, taking into consideration the city's investment risk constraints, cash flow characteristics of the portfolio and prudent investment principles.

Subject to requirements of the above objectives, it is the policy of the City of Jordan to offer financial institutions and companies within the City of Jordan the opportunity to bid on investments; however the City of Jordan will seek the best investment yields.

In accordance with Minnesota statute 118A.03 on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

The City has adopted GASB No. 31: Accounting and Financial Reporting for Certain Investments and for External Investment Pools. This statement requires the City to report their investments at fair value on the balance sheet rather than historical cost.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property Taxes**

The City Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Taxes payable on homestead property, as defined by Minnesota statutes, are partially reduced by a market value credit aid. The credit is paid to the City by the State of Minnesota, (the State) in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes receivable have been offset by a deferred revenue liability for delinquent taxes not received within 60 days after year end in the fund financial statements.

**Accounts Receivable**

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2009. All trade receivables are shown net of an allowance for uncollectible accounts. All enterprise fund trade receivables are considered collectible because the City annually certifies delinquent accounts to the County for collection.

**Special Assessments**

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred revenue liability in the fund financial statements.

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Restricted Assets**

Restricted assets consist of monies escrowed for the payment of bond principal and interest. These assets are offset by related liabilities.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

<u>Asset</u>	<u>Threshold</u>
Land and land improvements	\$ 10,000
Other improvements	25,000
Buildings and building improvements	10,000
Machinery and equipment	1,000
Vehicles	5,000
Infrastructure	100,000
Other assets	5,000

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings and improvements	7 - 40
System improvements/infrastructure	15 - 50
Machinery and equipment	6 - 15
Vehicles	5 - 6
Other assets	3 - 15

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Salaried employees and hourly employees with tenure at the City of 15 years are eligible to be paid 30% of their accumulated sick pay at retirement. All vacation pay and a portion of sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

**Postemployment Benefits Other Than Pensions**

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis.

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2009. Statement No. 45 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. During 2009, the City calculated its OPEB liability using the alternative measurement method and determined that the calculated liability was immaterial. At this point, the City anticipates it will not incur material future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net assets - Consist of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY OF JORDAN, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2009

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the Administrator/Clerk/Treasurer so that a budget may be prepared. Before September 15, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator/Clerk/Treasurer. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

**B. Deficit Fund Equity**

The following funds had fund equity deficits at December 31, 2009:

Fund	Amount
Capital projects	
Broadway Market TIF project	\$ 2,073
2006-2007 Capital project	19,260
Jordan Valley Townhomes TIF	474
Debt Service	
2003A G.O. Refunding Bonds	1,993

The above deficits will be eliminated through transfers from other funds and future tax and assessment collections.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System. For cities that use credit unions, the bank balance is covered by National Credit Union Share Insurance (not FDIC).

Minnesota statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$7,645,191 and the bank balance was \$7,689,596. Of the bank balance, \$6,656,953 was covered by federal depository insurance. Of the remaining balance, \$372,114 was collateralized with securities held by the pledging financial institution's trust department in the City's name and \$660,529 was uncollateralized at year end.

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**Investments**

As of December 31, 2009, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Fair Value and Carrying Amount	Cost	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)
Pooled investments:				
Minnesota Municipal Money Market (4M) Fund	\$ 22,779	\$ 22,779	P1	less than 6 months
Broker Money Market Accounts	<u>949,392</u>	<u>949,392</u>	Not rated	less than 6 months
Total Pooled Investments	<u>972,171</u>	<u>972,171</u>		
Non-pooled investments:				
Municipal bonds	5,011	5,000	A1 S/P AA-	more than 3 years
Municipal bonds	<u>74,381</u>	<u>70,000</u>	AAA	more than 3 years
Total Non-pooled Investments	<u>79,392</u>	<u>75,000</u>		
Total investments	<u>\$ 1,051,563</u>	<u>\$ 1,047,171</u>		

- (1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.  
N/A indicates not applicable or available.
- (2) Interest rate risk is disclosed using the segmented time distribution method.

**Cash and Investments Summary**

A reconciliation of cash and investments as shown on the Statement of Net Assets for the City follows:

Deposits	\$ 7,645,191
Investments	<u>1,051,563</u>
Total	<u>\$ 8,696,754</u>
Cash and cash equivalents	\$ 1,233,585
Investments	<u>7,463,169</u>
Total	<u>\$ 8,696,754</u>

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**B. Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent taxes receivable (General fund)	\$ 113,644	\$ -
Special assessments receivable (General fund)	70,963	-
Special assessments receivable (Debt Service funds)	1,384,866	-
Total	\$ 1,569,473	\$ -

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 738,279	\$ -	\$ -	\$ 738,279
Construction in progress	1,721,140	2,319,449	(755,000)	3,285,589
Total capital assets not being depreciated	2,459,419	2,319,449	(755,000)	4,023,868
Capital assets being depreciated				
Buildings and improvements	1,042,242	-	-	1,042,242
Infrastructure and improvements	12,031,209	-	-	12,031,209
Machinery and equipment	745,965	33,016	-	778,981
Vehicles	2,066,577	36,984	(31,808)	2,071,753
Total capital assets being depreciated	15,885,993	70,000	(31,808)	15,924,185
Less accumulated depreciation for				
Buildings and improvements	(402,211)	(33,225)	-	(435,436)
Infrastructure and improvements	(3,763,963)	(601,559)	-	(4,365,522)
Machinery and equipment	(408,699)	(79,096)	-	(487,795)
Vehicles	(1,261,213)	(164,358)	25,182	(1,400,389)
Total accumulated depreciation	(5,836,086)	(878,238)	25,182	(6,689,142)
Total capital assets being depreciated, net	10,049,907	(808,238)	(6,626)	9,235,043
Governmental activities capital assets, net	\$ 12,509,326	\$ 1,511,211	\$ (761,626)	\$ 13,258,911

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 570,184	\$ -	\$ -	\$ 570,184
Construction in progress	4,833,958	2,884,535	-	7,718,493
	<u>5,404,142</u>	<u>2,884,535</u>	<u>-</u>	<u>8,288,677</u>
Total capital assets not being depreciated				
	<u>5,404,142</u>	<u>2,884,535</u>	<u>-</u>	<u>8,288,677</u>
Capital assets being depreciated				
Buildings	55,965	-	-	55,965
Improvements other than buildings	16,886,782	50,150	-	16,936,932
Infrastructure	16,173,007	-	-	16,173,007
Machinery and equipment	394,742	10,125	-	404,867
	<u>33,510,496</u>	<u>60,275</u>	<u>-</u>	<u>33,570,771</u>
Total capital assets being depreciated				
	<u>33,510,496</u>	<u>60,275</u>	<u>-</u>	<u>33,570,771</u>
Less accumulated depreciation for				
Buildings	(55,965)	-	-	(55,965)
Improvements other than buildings	(5,254,771)	(384,602)	-	(5,639,373)
Infrastructure	(2,111,933)	(323,460)	-	(2,435,393)
Machinery and equipment	(294,478)	(24,007)	-	(318,485)
	<u>(7,717,147)</u>	<u>(732,069)</u>	<u>-</u>	<u>(8,449,216)</u>
Total accumulated depreciation				
	<u>(7,717,147)</u>	<u>(732,069)</u>	<u>-</u>	<u>(8,449,216)</u>
Total capital assets being depreciated, net				
	<u>25,793,349</u>	<u>(671,794)</u>	<u>-</u>	<u>25,121,555</u>
Business-type activities capital assets, net				
	<u>\$ 31,197,491</u>	<u>\$ 2,212,741</u>	<u>\$ -</u>	<u>\$ 33,410,232</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental activities:</b>	
General government	\$ 51,082
Public safety	148,168
Streets and highways	649,625
Culture and recreation	29,363
	<u>878,238</u>
Total depreciation expense - governmental activities	
	<u>\$ 878,238</u>
<b>Business-type activities:</b>	
Water	\$ 247,339
Sewer	367,276
Storm sewer	117,454
	<u>732,069</u>
Total depreciation expense - business-type activities	
	<u>\$ 732,069</u>

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**Construction Commitments**

The City has active construction projects as of December 31, 2009. The projects include TH282 Reconstruction, Water Treatment Plant, Fire Hall Expansion, Mill Pond Rehabilitation, and a Safe Routes to School Trail Project. At year end, the City's commitments with contractors are as follows:

Project	Spent to date	Remaining Commitment
TH 282 Reconstruction Project	\$ 1,783,323	\$ 303,584
Water Treatment Plant	3,986,132	104,868
Fire Hall Expansion	1,272,894	32,490
Mill Pond Rehabilitation	793,958	46,617
2009 Safe Routes to School Trail Project	249,171	8,588
Total	<u>\$ 8,085,478</u>	<u>\$ 496,147</u>

**D. Interfund Transfers**

The composition of interfund transfers for the year ended December 31, 2009 is as follows:

	Transfer in:			
	General Fund	Debt Service Fund	2008 Improvement Projects	Nonmajor Governmental Funds
Transfer out:				
General fund	\$ -	\$ -	\$ -	\$ 119,769
Debt Service fund	493,782	66,900	-	-
Nonmajor governmental funds	-	-	175,000	-
Total transfers out	<u>\$ 493,782</u>	<u>\$ 66,900</u>	<u>\$ 175,000</u>	<u>\$ 119,769</u>

	Transfer in:		
	Water Utility Fund	Sewer Utility Fund	Total
Transfer out:			
General fund	\$ -	\$ -	\$ 119,769
Debt Service fund	512,939	270,085	1,343,706
Nonmajor governmental funds	-	-	175,000
Total transfers out	<u>\$ 512,939</u>	<u>\$ 270,085</u>	<u>\$ 1,638,475</u>

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

In the year ended December 31, 2009 the City made the following transfers:

- \$66,900 was transferred within the Debt Service funds related to excess bond funds from capital projects.
- \$1,276,806 was transferred from the Debt Service funds to the General fund, and Water and Sewer Utility funds related to excess bond funds from capital projects.
- \$18,000 was transferred from the General fund to the Fire Vehicle nonmajor governmental fund for future capital expenditures.
- \$101,769 was transferred from the General fund to the Municipal State Aid nonmajor governmental fund related to State funding received.
- \$175,000 was transferred from the Park Dedication nonmajor governmental fund to the 2008 Improvement Project fund related to park dedication funds contributed toward capital project expenditures.

**E. Long-term Debt**

**General Obligation Bonds.** The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificates of 2007	\$ 375,000	4.25 %	03/27/07	12/01/12	<u>\$ 225,000</u>

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**G.O. Special Assessment (Improvement) Bonds**

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals the 105 percent amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds of 2002B	\$ 615,000 *	2.00 - 3.80 %	12/01/02	12/01/11	\$ 123,493
G.O. Refunding Bonds of 2003	350,000	1.50 - 3.90	10/01/03	12/01/10	50,000
G.O. Improvement Refunding Bonds of 2004B	2,740,000	4.10 - 5.00	10/01/04	02/01/20	2,570,000
G.O. Improvement Bonds of 2004A	4,935,000 *	3.20 - 4.35	05/01/04	02/01/20	1,775,766
G.O. Capital Improvement Bonds of 2008A	1,805,000	3.00 - 4.00	6/1/2008	02/01/29	1,805,000
G.O. O. Imp. Refunding Bonds of 2008A	1,630,000	2.30 - 3.50	05/01/08	02/01/18	1,355,000
G.O. Improvement Bonds of 2008B	1,275,000	2.50 - 4.40	08/01/08	02/01/24	<u>1,275,000</u>
Total G.O. Special Assessment Bonds					<u>\$ 8,954,259</u>

\* Total amount of issuance, outstanding portions reported under G.O. Revenue and G.O. Special Assessment.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**G.O. Revenue Bonds**

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
PFA Loan Payable of 1998	\$ 307,917	3.54 %	11/02/98	08/20/18	\$ 171,000
PFA Loan Payable of 2000	6,849,212	2.20	05/30/00	08/20/21	4,558,000
PFA Loan Payable of 2003	1,068,000	2.82	06/30/03	08/20/23	799,000
G.O. Refunding					
Bonds of 2002B	615,000 *	2.00 - 3.80	12/01/02	12/01/11	16,507
G.O. Improvement					
Bonds of 2004A	4,935,000 *	3.20 - 4.35	05/01/04	02/01/20	2,069,234
G.O. Water Revenue					
Bonds of 2005A	1,140,000	2.75 - 4.30	05/01/05	02/01/21	955,000
G.O PIR Bonds					
of 2008B/Sewer	210,000	2.50 - 4.40	08/01/08	02/01/24	210,000
G.O PIR Bonds					
of 2008B/Water	230,000	2.50 - 4.40	08/01/08	02/01/24	230,000
G.O PIR Bonds					
of 2008B/Storm	315,000	2.50 - 4.40	08/01/08	02/01/24	315,000
G.O. Utility Revenue					
Bonds of 2007A	8,610,000	4.00 - 4.25	09/01/07	02/01/23	<u>8,330,000</u>
Total G.O. Revenue Bonds					<u>\$ 17,653,741</u>

\* Total amount of issuance, outstanding portions reported under G.O. Revenue and G.O. Special Assessment.

Annual requirement to maturity for long-term liabilities is as follows:

Year Ending December 31,	<b>General Obligation Bonds</b>			<b>G.O. Special Assessment Bonds</b>		
	Governmental Activities			Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 75,000	\$ 8,885	\$ 83,885	\$ 916,075	\$ 325,780	\$ 1,241,855
2011	75,000	5,653	80,653	954,757	292,197	1,246,954
2012	75,000	2,430	77,430	867,403	257,268	1,124,671
2013	-	-	-	781,774	226,676	1,008,450
2014	-	-	-	706,608	200,096	906,704
2015 - 2019	-	-	-	2,873,553	633,822	3,507,375
2020 - 2024	-	-	-	1,254,089	234,211	1,488,300
2025 - 2029	-	-	-	600,000	62,000	662,000
Total	<u>\$ 225,000</u>	<u>\$ 16,968</u>	<u>\$ 241,968</u>	<u>\$ 8,954,259</u>	<u>\$ 2,232,050</u>	<u>\$ 11,186,309</u>

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

<u>Year Ending December 31,</u>	<b>G.O. Revenue Bonds</b>		
	<b>Business-type Activities</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,100,925	\$ 612,658	\$ 1,713,583
2011	1,143,243	575,367	1,718,610
2012	1,185,597	536,044	1,721,641
2013	1,220,226	494,997	1,715,223
2014	1,266,392	452,071	1,718,463
2015 - 2019	6,997,448	1,548,990	8,546,438
2020 - 2024	4,739,910	342,408	5,082,318
2025 - 2029	-	-	-
<b>Total</b>	<b><u>\$ 17,653,741</u></b>	<b><u>\$ 4,562,535</u></b>	<b><u>\$ 22,216,276</u></b>

<u>Year Ending December 31,</u>	<b>Total</b>			<b>Total</b>		
	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 991,075	\$ 334,665	\$ 1,325,740	\$ 1,100,925	\$ 612,658	\$ 1,713,583
2011	1,029,757	297,850	1,327,607	1,143,243	575,367	1,718,610
2012	942,403	259,698	1,202,101	1,185,597	536,044	1,721,641
2013	781,774	226,676	1,008,450	1,220,226	494,997	1,715,223
2014	706,608	200,096	906,704	1,266,392	452,071	1,718,463
2015 - 2019	2,873,553	633,822	3,507,375	6,997,448	1,548,990	8,546,438
2020 - 2024	1,254,089	234,211	1,488,300	4,739,910	342,408	5,082,318
2025 - 2029	600,000	62,000	662,000	-	-	-
<b>Total</b>	<b><u>\$ 9,179,259</u></b>	<b><u>\$ 2,249,018</u></b>	<b><u>\$ 11,428,277</u></b>	<b><u>\$ 17,653,741</u></b>	<b><u>\$ 4,562,535</u></b>	<b><u>\$ 22,216,276</u></b>

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Transfers/ Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable					
General obligation bonds	\$ 300,000	\$ -	\$ (75,000)	\$ 225,000	\$ 75,000
General obligation special assessment bonds	<u>13,428,258</u>	<u>(755,000)</u>	<u>(3,718,999)</u>	<u>8,954,259</u>	<u>916,075</u>
Total bonds payable	13,728,258	(755,000)	(3,793,999)	9,179,259	991,075
Compensated absences payable	<u>106,634</u>	<u>115,900</u>	<u>(115,444)</u>	<u>107,090</u>	<u>70,568</u>
Governmental activity long-term liabilities	<u>\$ 13,834,892</u>	<u>\$ (639,100)</u>	<u>\$ (3,909,443)</u>	<u>\$ 9,286,349</u>	<u>\$ 1,061,643</u>
<b>Business-type activities:</b>					
Bonds payable					
General obligation revenue bonds	\$ 18,613,742	\$ 755,000	\$ (1,715,001)	\$ 17,653,741	\$ 1,100,925
Compensated absences payable	<u>19,135</u>	<u>46,673</u>	<u>(44,362)</u>	<u>21,446</u>	<u>21,446</u>
Business-type activity long-term liabilities	<u>\$ 18,632,877</u>	<u>\$ 801,673</u>	<u>\$ (1,759,363)</u>	<u>\$ 17,675,187</u>	<u>\$ 1,122,371</u>

**Crossover Refundings**

On October 1, 2004, the City issued General Obligation Improvement Refunding Bonds, Series 2004 for \$2,740,000. The Refunding Bonds were issued with a net interest cost of 3.6601766 percent to refund the 2005 through 2020 maturities of the City's General Obligation Improvement Bonds, Series 1999, 2000, and 2001. The refunded bonds earned an average coupon rate of 4.0168313 percent. Funds have been placed in escrow to refund the 1999, 2000 and 2001 bonds on February 1, 2007, 2008 and 2009, respectively. It is estimated that the City will reduce its aggregate debt service payments by approximately \$559,430 over the sixteen years and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$219,490.

On May 1, 2008, the City issued General Obligation Improvement Refunding Bonds, Series 2008 for \$1,630,000. The Refunding Bonds were issued with a net interest cost of 3.0517315 percent to refund the 2009 through 2018 maturities of the City's General Obligation Improvement Bonds, Series 1998A and 2002A. The refunded bonds earned an average coupon rate of 2.9361423 percent. Funds have been placed in escrow to refund the 1998 and 2002 bonds on June 1 and August 1, 2009. It is estimated that the City will reduce its aggregate debt service payments by approximately \$642,562 over the ten years and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$178,772.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE**

**A. Plan Description**

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service.

For all PEPFF members and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

**B. Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.0 percent, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.4 percent of their annual covered salary in 2009. The City is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members, 6.75 percent for Coordinated Plan PERF members, and 14.1 percent for PEPFF members. Employer contribution rates in the Coordinated Plan increased to 7.00 percent, effective January 1, 2010. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2009, 2008 and 2007 were \$55,948, \$54,720, and \$48,113, respectively. The City's contributions to the PEPFF for the years ending December 31, 2009, 2008 and 2007 were \$79,154, \$69,309, and \$59,537, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

**C. Defined Contribution Plan**

Elected officials of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The REDCP is a tax qualified plan under section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota statutes, chapter 353D.03, specify the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent of the assets in each member's account annually.

The City's contributions to the PEDCP for the years ended December 31, 2009, 2008 and 2007 were \$724, \$556, and \$600, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statutes.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION**

**A. Plan Description**

All members of the Jordan Fire Department, (the Department) are covered by a defined benefit plan administered by the Jordan Firefighters' Relief Association, (the Association). The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

The Association issues a publicly available financial report. The report may be obtained by writing to Jordan Firefighters' Relief Association, Jordan, Minnesota 55352.

**Funding Policy**

The financial requirements of the Special fund are determined in accordance with section 69.772 of the Minnesota statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service, and 10 years of Association membership or upon death. The City's annual pension cost for the current year and related information for the plan is as follows:

Annual pension cost	\$	64,593
Contributions made		
City (required)		16,899
City (voluntary)		18,101
State aid		29,593
Actuarial valuation date		12/31/09
Actuarial cost method		Entry age normal
Amortization method		Level dollar closed
Remaining amortization period		
Normal cost		20 years
Prior service cost		10 years
Asset valuation method		Market
Actuarial assumptions		
Investment rate of return		5%
Projected salary increases		N/A
Inflation rate		N/A
Cost of living adjustments		None

**Three Year Trend Information**

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 64,593	100.0 %	\$ -
12/31/08	108,511	100.0	-
12/31/07	113,181	100.0	-

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION - CONTINUED**

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of Unfunded Liability	Funded Rate	Pension Benefit Per Year of Service
12/31/09	\$ 657,465	\$ 812,235	\$ (154,770)	80.9 %	\$ 1,900
12/31/08	771,629	960,628	(188,999)	80.3	1,900
12/31/07	738,991	910,218	(171,227)	81.2	1,750

**Note 6: OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**C. Legal Debt Margin**

The City's statutory debt limit is three percent of estimated market value within the City of \$457,290,700. The City currently has \$225,000 of debt subject to this limit, leaving a debt margin of \$14,976,635. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by Minnesota statute.

CITY OF JORDAN, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 6: OTHER INFORMATION - CONTINUED**

**D. Joint Venture**

The City is a member of a joint powers agreement consisting of seven member cities. Other members include the cities of Shakopee, Savage, Prior Lake, Elko, New Market, New Prague, and Belle Plaine. Each City shall appoint one individual to serve on the Scott Joint Prosecution Association Board (the Board) and the cities of New Market and Elko may each appoint a representative to serve on the Board with each of the representatives having one-half vote. Each member city contributes funds to cover their city's proportionate share of the costs of performing prosecution services. Contributions made by member cities for 2009 were as follows:

<u>City of</u>	<u>Amount Contributed</u>	<u>Percent</u>
Savage	\$ 159,596	17.1 %
Shakopee	409,137	43.6
Prior Lake	172,730	18.5
Jordan	59,280	6.3
Belle Plaine	57,764	6.2
New Prague	57,574	6.2
Elko New Market	<u>19,851</u>	<u>2.1</u>
Total	<u>\$ 935,932</u>	<u>100.0 %</u>

**E. Tax Increment Districts**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF JORDAN  
JORDAN, MINNESOTA

YEAR ENDED  
DECEMBER 31, 2009

CITY OF JORDAN, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2009

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 250,704	\$ 371,973	\$ 622,677
Investments	114,653	720,371	835,024
<b>TOTAL ASSETS</b>	<u>\$ 365,357</u>	<u>\$ 1,092,344</u>	<u>\$ 1,457,701</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 1,089</u>	<u>\$ 53,906</u>	<u>\$ 54,995</u>
<b>FUND BALANCES (DEFICITS)</b>			
Unreserved			
Designated for:			
Economic development	141,183	-	141,183
Capital outlay	-	1,040,985	1,040,985
Undesignated, reported in:			
Special revenue funds	223,085	-	223,085
Capital projects funds	-	(2,547)	(2,547)
<b>TOTAL FUND BALANCES</b>	<u>364,268</u>	<u>1,038,438</u>	<u>1,402,706</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 365,357</u>	<u>\$ 1,092,344</u>	<u>\$ 1,457,701</u>

CITY OF JORDAN, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2009

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
REVENUES			
Taxes	\$ 59,215	\$ 47,336	\$ 106,551
Intergovernmental	-	4,000	4,000
Charges for services	-	1,457	1,457
Fines and forfeits	1,152	-	1,152
Investment earnings	11,401	41,921	53,322
Miscellaneous	28,396	5,409	33,805
TOTAL REVENUES	100,164	100,123	200,287
EXPENDITURES			
Current			
Public safety	34,613	-	34,613
Streets and highways	81,230	-	81,230
Economic development	17,632	26,757	44,389
Capital outlay			
Public safety	4,000	6,798	10,798
Culture and recreation	-	48,407	48,407
Economic development	-	18,361	18,361
TOTAL EXPENDITURES	137,475	100,323	237,798
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(37,311)	(200)	(37,511)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	40	5,500	5,540
Transfers in	101,769	18,000	119,769
Transfers out	-	(175,000)	(175,000)
TOTAL OTHER FINANCING SOURCES (USES)	101,809	(151,500)	(49,691)
NET CHANGE IN FUND BALANCES	64,498	(151,700)	(87,202)
FUND BALANCES, JANUARY 1	299,770	1,190,138	1,489,908
FUND BALANCES, DECEMBER 31	\$ 364,268	\$ 1,038,438	\$ 1,402,706

CITY OF JORDAN, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2009

	<b>603</b>	<b>204</b>	<b>215</b>	<b>216</b>
	Economic Development Authority	Contributions and Donations	Police Forfeiture	Police Dare Program
<b>ASSETS</b>				
Cash and cash equivalents	\$ 183,908	\$ 25,724	\$ 7,317	\$ 4,526
Investments	<u>114,653</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 298,561</u></u>	<u><u>\$ 25,724</u></u>	<u><u>\$ 7,317</u></u>	<u><u>\$ 4,526</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089</u>
<b>FUND BALANCES</b>				
Unreserved				
Designated for housing and redevelopment	141,183	-	-	-
Undesignated	<u>157,378</u>	<u>25,724</u>	<u>7,317</u>	<u>3,437</u>
<b>TOTAL FUND BALANCES</b>	<u><u>298,561</u></u>	<u><u>25,724</u></u>	<u><u>7,317</u></u>	<u><u>3,437</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 298,561</u></u>	<u><u>\$ 25,724</u></u>	<u><u>\$ 7,317</u></u>	<u><u>\$ 4,526</u></u>

217	230	212	232	
Police Car Seat	Emergency Siren	Municipal State Aid	Historical Fund	Totals
\$ 3,773	\$ 1,873	\$ 22,768	\$ 815	\$ 250,704
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,653</u>
<u>\$ 3,773</u>	<u>\$ 1,873</u>	<u>\$ 22,768</u>	<u>\$ 815</u>	<u>\$ 365,357</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089</u>
-	-	-	-	141,183
<u>3,773</u>	<u>1,873</u>	<u>22,768</u>	<u>815</u>	<u>223,085</u>
<u>3,773</u>	<u>1,873</u>	<u>22,768</u>	<u>815</u>	<u>364,268</u>
<u>\$ 3,773</u>	<u>\$ 1,873</u>	<u>\$ 22,768</u>	<u>\$ 815</u>	<u>\$ 365,357</u>

CITY OF JORDAN, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2009

	<b>603</b> Economic Development Authority	<b>204</b> Contributions and Donations	<b>215</b> Police Forfeiture	<b>216</b> Police Dare Program
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 59,215	\$ -	\$ -	\$ -
Fines and forfeits	-	-	924	228
Investment earnings	9,253	945	330	167
Miscellaneous				
Contributions and donations	-	28,101	-	-
<b>TOTAL REVENUES</b>	<b>68,468</b>	<b>29,046</b>	<b>1,254</b>	<b>395</b>
<b>EXPENDITURES</b>				
Current				
Public safety	-	27,431	4,965	2,137
Streets and highways	-	-	-	-
Economic development	17,632	-	-	-
Capital outlay				
Public safety	-	4,000	-	-
<b>TOTAL EXPENDITURES</b>	<b>17,632</b>	<b>31,431</b>	<b>4,965</b>	<b>2,137</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>50,836</b>	<b>(2,385)</b>	<b>(3,711)</b>	<b>(1,742)</b>
<b>OTHER FINANCING SOURCES</b>				
Sale of assets	-	-	-	-
Transfers in	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>50,836</b>	<b>(2,385)</b>	<b>(3,711)</b>	<b>(1,742)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>247,725</b>	<b>28,109</b>	<b>11,028</b>	<b>5,179</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 298,561</b>	<b>\$ 25,724</b>	<b>\$ 7,317</b>	<b>\$ 3,437</b>

217	230	212	232	
Police Car Seat	Emergency Siren	Municipal State Aid	Historical Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 59,215
-	-	-	-	1,152
127	65	487	27	11,401
<u>295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,396</u>
<u>422</u>	<u>65</u>	<u>487</u>	<u>27</u>	<u>100,164</u>
80	-	-	-	34,613
-	-	81,230	-	81,230
-	-	-	-	17,632
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
<u>80</u>	<u>-</u>	<u>81,230</u>	<u>-</u>	<u>137,475</u>
<u>342</u>	<u>65</u>	<u>(80,743)</u>	<u>27</u>	<u>(37,311)</u>
-	-	-	40	40
<u>-</u>	<u>-</u>	<u>101,769</u>	<u>-</u>	<u>101,769</u>
<u>-</u>	<u>-</u>	<u>101,769</u>	<u>40</u>	<u>101,809</u>
342	65	21,026	67	64,498
<u>3,431</u>	<u>1,808</u>	<u>1,742</u>	<u>748</u>	<u>299,770</u>
<u>\$ 3,773</u>	<u>\$ 1,873</u>	<u>\$ 22,768</u>	<u>\$ 815</u>	<u>\$ 364,268</u>

CITY OF JORDAN, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2009

	<b>425</b>	<b>450</b>	<b>423</b>	<b>427</b>	<b>464</b>
	Fire Vehicle	Development District No. 1	190th Street Construction Project	Broadway Market TIF Project	Street Equipment Fee
<b>ASSETS</b>					
Cash and cash equivalents	\$ 45,604	\$ 6,897	\$ 22,491	\$ 3,709	\$ 21,327
Investments	-	-	122,688	-	-
<b>TOTAL ASSETS</b>	<b>\$ 45,604</b>	<b>\$ 6,897</b>	<b>\$ 145,179</b>	<b>\$ 3,709</b>	<b>\$ 21,327</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 5,782	\$ -
<b>FUND BALANCES (DEFICITS)</b>					
Unreserved					
Designated for capital outlay	45,604	6,897	145,179	-	21,327
Undesignated	-	-	-	(2,073)	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>45,604</b>	<b>6,897</b>	<b>145,179</b>	<b>(2,073)</b>	<b>21,327</b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 45,604</b>	<b>\$ 6,897</b>	<b>\$ 145,179</b>	<b>\$ 3,709</b>	<b>\$ 21,327</b>

<b>424</b>	<b>442</b>	<b>454</b>	<b>452</b>	<b>453</b>	<b>443</b>	
CR 61 and CR 66 Construction	Jordan Center TIF Project	Park Equipment Improvement	Park Improvement	Park Capital	Jordan Valley Townhomes TIF	Totals
\$ 55,661	\$ 9,788	\$ 25,317	\$ 174,943	\$ 371	\$ 5,865	\$ 371,973
<u>471,000</u>	<u>-</u>	<u>45,302</u>	<u>81,381</u>	<u>-</u>	<u>-</u>	<u>720,371</u>
<u>\$ 526,661</u>	<u>\$ 9,788</u>	<u>\$ 70,619</u>	<u>\$ 256,324</u>	<u>\$ 371</u>	<u>\$ 5,865</u>	<u>\$ 1,092,344</u>
\$ -	\$ 9,180	\$ -	\$ 32,605	\$ -	\$ 6,339	\$ 53,906
526,661	608	70,619	223,719	371	-	1,040,985
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(474)</u>	<u>(2,547)</u>
<u>526,661</u>	<u>608</u>	<u>70,619</u>	<u>223,719</u>	<u>371</u>	<u>(474)</u>	<u>1,038,438</u>
<u>\$ 526,661</u>	<u>\$ 9,788</u>	<u>\$ 70,619</u>	<u>\$ 256,324</u>	<u>\$ 371</u>	<u>\$ 5,865</u>	<u>\$ 1,092,344</u>

CITY OF JORDAN, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
YEAR ENDED DECEMBER 31, 2009

	425	450	423	427	464
	Fire Vehicle	Development District No. 1	190th Street Construction Project	Broadway Market TIF Project	Street Equipment Fee
<b>REVENUES</b>					
Taxes					
Tax increments	\$ -	\$ -	\$ -	\$ 12,849	\$ -
Intergovernmental					
State	4,000	-	-	-	-
Charges for services					
Streets and highways	-	-	-	-	1,457
Investment earnings	949	239	4,955	-	556
Miscellaneous					
Contributions and donations	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>4,949</u>	<u>239</u>	<u>4,955</u>	<u>12,849</u>	<u>2,013</u>
<b>EXPENDITURES</b>					
Current					
Economic development	-	-	-	12,172	-
Capital outlay					
Public safety	6,798	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>6,798</u>	<u>-</u>	<u>-</u>	<u>12,172</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,849)</u>	<u>239</u>	<u>4,955</u>	<u>677</u>	<u>2,013</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	5,500	-	-	-	-
Transfers in	18,000	-	-	-	-
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>23,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	21,651	239	4,955	677	2,013
<b>FUND BALANCES (DEFICITS), JANUARY 1</b>	<u>23,953</u>	<u>6,658</u>	<u>140,224</u>	<u>(2,750)</u>	<u>19,314</u>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<u>\$ 45,604</u>	<u>\$ 6,897</u>	<u>\$ 145,179</u>	<u>\$ (2,073)</u>	<u>\$ 21,327</u>

<u>424</u>	<u>442</u>	<u>454</u>	<u>452</u>	<u>453</u>	<u>443</u>	
<u>CR 61</u>	<u>Jordan</u>	<u>Park</u>	<u>Park</u>	<u>Park</u>	<u>Jordan</u>	<u>Totals</u>
<u>and CR 66</u>	<u>Center</u>	<u>Equipment</u>	<u>Improvement</u>	<u>Capital</u>	<u>Valley</u>	
<u>Construction</u>	<u>TIF</u>	<u>Improvement</u>			<u>Townhomes TIF</u>	
	<u>Project</u>					
\$ -	\$ 20,401	\$ -	\$ -	\$ -	\$ 14,086	\$ 47,336
-	-	-	-	-	-	4,000
-	-	-	-	-	-	1,457
18,280	-	2,359	14,570	13	-	41,921
-	-	5,409	-	-	-	5,409
<u>18,280</u>	<u>20,401</u>	<u>7,768</u>	<u>14,570</u>	<u>13</u>	<u>14,086</u>	<u>100,123</u>
-	608	-	-	-	13,977	26,757
-	-	-	-	-	-	6,798
-	-	484	47,923	-	-	48,407
-	18,361	-	-	-	-	18,361
-	18,969	484	47,923	-	13,977	100,323
<u>18,280</u>	<u>1,432</u>	<u>7,284</u>	<u>(33,353)</u>	<u>13</u>	<u>109</u>	<u>(200)</u>
-	-	-	-	-	-	5,500
-	-	-	-	-	-	18,000
-	-	-	(175,000)	-	-	(175,000)
-	-	-	(175,000)	-	-	(151,500)
18,280	1,432	7,284	(208,353)	13	109	(151,700)
<u>508,381</u>	<u>(824)</u>	<u>63,335</u>	<u>432,072</u>	<u>358</u>	<u>(583)</u>	<u>1,190,138</u>
<u>\$ 526,661</u>	<u>\$ 608</u>	<u>\$ 70,619</u>	<u>\$ 223,719</u>	<u>\$ 371</u>	<u>\$ (474)</u>	<u>\$ 1,038,438</u>

CITY OF JORDAN, MINNESOTA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
DECEMBER 31, 2009 AND 2008

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 242,611	\$ 32,974
Investments	1,286,754	1,118,542
Receivables		
Delinquent taxes	113,644	84,230
Accounts	78,592	99,266
Special assessments		
Delinquent	63,450	2,481
Deferred	14,981	46,965
Intergovernmental	36,275	62,956
Prepaid items	21,000	53,762
<b>TOTAL ASSETS</b>	<b>\$ 1,857,307</b>	<b>\$ 1,501,176</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 191,159	\$ 190,101
Accrued salaries payable	20,271	49,454
Due to other governments	7,719	7,521
Deposits payable	500	500
Deferred revenue	184,607	133,676
<b>TOTAL LIABILITIES</b>	<b>404,256</b>	<b>381,252</b>
<b>FUND BALANCES</b>		
Reserved for prepaid items	21,000	53,762
Unreserved		
Designated for working capital	1,432,051	1,066,162
<b>TOTAL FUND BALANCES</b>	<b>1,453,051</b>	<b>1,119,924</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,857,307</b>	<b>\$ 1,501,176</b>

CITY OF JORDAN, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES  
YEAR ENDED DECEMBER 31, 2009  
With Comparative Actual Amounts for Year Ended December 31, 2008

	2009			Variance with Final Budget - Positive (Negative)	2008
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 1,635,970	\$ 1,635,970	\$ 1,605,897	\$ (30,073)	\$ 1,837,469
Cable franchise fees	39,500	39,500	44,685	5,185	50,703
Total taxes	<u>1,675,470</u>	<u>1,675,470</u>	<u>1,650,582</u>	<u>(24,888)</u>	<u>1,888,172</u>
Special assessments	<u>9,500</u>	<u>9,500</u>	<u>5,039</u>	<u>(4,461)</u>	<u>8,060</u>
Licenses and permits					
Business	22,950	22,950	14,275	(8,675)	19,775
Nonbusiness	<u>106,400</u>	<u>106,400</u>	<u>46,697</u>	<u>(59,703)</u>	<u>67,546</u>
Total licenses and permits	<u>129,350</u>	<u>129,350</u>	<u>60,972</u>	<u>(68,378)</u>	<u>87,321</u>
Intergovernmental					
Federal					
FEMA grant	<u>41,500</u>	<u>41,500</u>	<u>-</u>	<u>(41,500)</u>	<u>-</u>
State					
Local government aid	239,171	239,171	133,287	(105,884)	95,881
Property tax credits and aids	-	-	106,090	106,090	84,714
Fire aid	43,500	43,500	29,593	(13,907)	31,210
Police aid	47,000	47,000	3,568	(43,432)	50,806
Municipal state aid - streets	225,000	225,000	52,105	(172,895)	51,314
Other state aids	<u>11,196</u>	<u>11,196</u>	<u>97,940</u>	<u>86,744</u>	<u>23,931</u>
Total State	<u>565,867</u>	<u>565,867</u>	<u>422,583</u>	<u>(143,284)</u>	<u>337,856</u>
Local					
School liaison officer	<u>31,000</u>	<u>31,000</u>	<u>3,326</u>	<u>(27,674)</u>	<u>31,000</u>
Total intergovernmental	<u>638,367</u>	<u>638,367</u>	<u>425,909</u>	<u>(212,458)</u>	<u>368,856</u>
Charges for services					
General government	221,424	221,424	221,714	290	334,107
Public safety	180,000	180,000	139,342	(40,658)	162,508
Streets and highways	43,329	43,329	38,627	(4,702)	33,815
Sanitation	-	-	-	-	2,273
Culture and recreation	-	-	500	500	1,000
Other	<u>600</u>	<u>600</u>	<u>55</u>	<u>(545)</u>	<u>670</u>
Total charges for services	<u>445,353</u>	<u>445,353</u>	<u>400,238</u>	<u>(45,115)</u>	<u>534,373</u>
Fines and forfeits	<u>65,000</u>	<u>65,000</u>	<u>54,889</u>	<u>(10,111)</u>	<u>48,012</u>
Investment earnings	<u>55,000</u>	<u>55,000</u>	<u>40,333</u>	<u>(14,667)</u>	<u>70,035</u>
Miscellaneous					
Other	1,000	1,000	-	(1,000)	(338)
Rents	12,900	12,900	6,580	(6,320)	8,981
Refunds and reimbursements	-	-	(1,099)	(1,099)	(5)
Sale of assets	1,500	1,500	124	(1,376)	61
TIF development revenue	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Total miscellaneous	<u>25,400</u>	<u>25,400</u>	<u>5,605</u>	<u>(19,795)</u>	<u>8,699</u>
TOTAL REVENUES	<u>3,043,440</u>	<u>3,043,440</u>	<u>2,643,567</u>	<u>(399,873)</u>	<u>3,013,528</u>

CITY OF JORDAN, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2009  
With Comparative Actual Amounts for Year Ended December 31, 2008

	2009			Variance with Final Budget - Positive (Negative)	2008
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES</b>					
Current					
General government					
Mayor and Council					
Personal services	\$ 29,270	\$ 29,270	\$ 28,528	\$ 742	\$ 28,777
Supplies	350	350	494	(144)	340
Other services and charges	24,850	24,850	20,994	3,856	27,089
Total Mayor and Council	54,470	54,470	50,016	4,454	56,206
City administration					
Personal services	75,621	75,621	76,026	(405)	165,532
Supplies	2,350	2,350	1,712	638	1,762
Other services and charges	12,300	12,300	10,514	1,786	9,513
Total city administration	90,271	90,271	88,252	2,019	176,807
Elections					
Personal services	-	-	-	-	2,486
Supplies	-	-	-	-	810
Other services	-	-	-	-	1,113
Total elections	-	-	-	-	4,409
Financial administration					
Personal services	38,931	38,931	39,898	(967)	75,797
Supplies	2,450	2,450	293	2,157	779
Other services and charges	58,775	58,775	56,639	2,136	53,840
Total financial administration	100,156	100,156	96,830	3,326	130,416
Legal					
Other services	95,000	95,000	158,880	(63,880)	112,896
Deputy registrar					
Personal services	85,320	85,320	90,921	(5,601)	84,206
Supplies	650	650	139	511	685
Other services and charges	3,750	3,750	2,278	1,472	2,248
Total deputy registrar	89,720	89,720	93,338	(3,618)	87,139
Planning and zoning					
Personal services	78,999	78,999	97,250	(18,251)	142,770
Supplies	650	650	18	632	281
Other services and charges	54,375	54,375	79,869	(25,494)	47,731
Total planning and zoning	134,024	134,024	177,137	(43,113)	190,782

CITY OF JORDAN, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2009  
With Comparative Actual Amounts for Year Ended December 31, 2008

	2009			Variance with Final Budget - Positive (Negative)	2008
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current - Continued					
General government - Continued					
General government building					
Supplies	\$ 1,950	\$ 1,950	\$ 1,852	\$ 98	\$ 911
Other services and charges	34,500	34,500	26,702	7,798	28,960
Total general government building	36,450	36,450	28,554	7,896	29,871
Total general government	600,091	600,091	693,007	(92,916)	788,526
Public safety					
Police					
Personal services	846,375	846,375	865,091	(18,716)	836,192
Supplies	47,200	47,200	30,277	16,923	41,215
Other services and charges	39,000	39,000	32,937	6,063	37,348
Total police	932,575	932,575	928,305	4,270	914,755
Fire					
Personal services	128,055	128,055	110,488	17,567	165,859
Supplies	33,050	33,050	26,347	6,703	28,888
Other services and charges	80,700	80,700	80,186	514	73,668
Total fire	241,805	241,805	217,021	24,784	268,415
Building inspection					
Supplies	200	200	-	200	-
Other services	60,000	60,000	21,208	38,792	53,827
Total building inspection	60,200	60,200	21,208	38,992	53,827
Civil defense					
Other services and charges	9,000	9,000	6,918	2,082	3,990
Animal control					
Supplies	150	150	188	(38)	144
Other services	12,000	12,000	11,817	183	11,790
Total animal control	12,150	12,150	12,005	145	11,934
Total public safety	1,255,730	1,255,730	1,185,457	70,273	1,252,921
Streets and highways					
Street maintenance					
Personal services	175,387	175,387	175,121	266	167,687
Supplies	79,000	79,000	58,329	20,671	70,868
Other services and charges	174,200	174,200	150,065	24,135	136,447
Total streets and highways	428,587	428,587	383,515	45,072	375,002

CITY OF JORDAN, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2009  
With Comparative Actual Amounts for Year Ended December 31, 2008

	2009			Variance with Final Budget - Positive (Negative)	2008
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current - Continued					
Culture and recreation					
Parks					
Personal services	\$ 47,478	\$ 47,478	\$ 43,654	\$ 3,824	\$ 47,730
Supplies	33,000	33,000	16,803	16,197	26,034
Other services and charges	52,200	52,200	54,122	(1,922)	46,529
Total parks	132,678	132,678	114,579	18,099	120,293
Recreation					
Other charges	20,510	20,510	20,510	-	20,820
Library					
Supplies	300	300	571	(271)	16
Other services and charges	10,200	10,200	25,458	(15,258)	10,919
Total library	10,500	10,500	26,029	(15,529)	10,935
Total culture and recreation	163,688	163,688	161,118	2,570	152,048
Miscellaneous					
Unallocated					
Personal services	-	-	2,009	(2,009)	-
Supplies	7,600	7,600	5,502	2,098	6,855
Other services and charges	191,314	191,314	123,083	68,231	119,434
Total miscellaneous	198,914	198,914	130,594	68,320	126,289
Total current	2,647,010	2,647,010	2,553,691	93,319	2,694,786
Capital outlay					
General government	11,000	11,000	944	10,056	8,053
Public safety	42,000	42,000	34,988	7,012	80,229
Streets and highways	-	-	4,503	(4,503)	32,619
Miscellaneous	5,500	5,500	3,123	2,377	4,568
Total capital outlay	58,500	58,500	43,558	14,942	125,469
Debt service					
Principal	99,473	99,473	75,000	24,473	75,000
Interest	-	-	12,204	(12,204)	25,972
Total debt service	99,473	99,473	87,204	12,269	100,972
<b>TOTAL EXPENDITURES</b>	<b>2,804,983</b>	<b>2,804,983</b>	<b>2,684,453</b>	<b>120,530</b>	<b>2,921,227</b>

CITY OF JORDAN, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2009  
With Comparative Actual Amounts for Year Ended December 31, 2008

	2009			Variance with Final Budget - Positive (Negative)	2008
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 238,457	\$ 238,457	\$ (40,886)	\$ (279,343)	\$ 92,301
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	60,000	493,782	433,782	134,334
Transfers out	(224,000)	(224,000)	(119,769)	104,231	(38,000)
TOTAL OTHER FINANCING SOURCES (USES)	(164,000)	(164,000)	374,013	538,013	96,334
NET CHANGE IN FUND BALANCES	74,457	74,457	333,127	258,670	188,635
FUND BALANCES, JANUARY 1	1,119,924	1,119,924	1,119,924	-	931,289
FUND BALANCES, DECEMBER 31	<u>\$ 1,194,381</u>	<u>\$ 1,194,381</u>	<u>\$ 1,453,051</u>	<u>\$ 258,670</u>	<u>\$ 1,119,924</u>

CITY OF JORDAN, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2009  
With Comparative Totals for December 31, 2008

	317	318	320	322
	2001A G.O. Refunding Bonds	2001C G.O. Refunding Bonds	2002B G.O. Refunding Bonds	2003A G.O. Refunding Bonds
<b>ASSETS</b>				
Cash and cash equivalents (deficits)	\$ -	\$ -	\$ 37,967	\$ (1,993)
Investments	-	-	-	-
Receivables				
Special assessments				
Delinquent	-	-	9,222	-
Deferred	-	-	62,298	8,229
Intergovernmental	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,487</u>	<u>\$ 6,236</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 431	\$ -
Accrued interest payable	-	-	-	-
Deferred revenue	-	-	71,520	8,229
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>71,951</u>	<u>8,229</u>
<b>FUND BALANCES (DEFICITS)</b>				
Reserved for debt service	-	-	37,536	-
Unreserved, undesignated	-	-	-	(1,993)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>-</u>	<u>-</u>	<u>37,536</u>	<u>(1,993)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,487</u>	<u>\$ 6,236</u>

<b>324</b>	<b>325</b>	<b>327</b>	<b>328</b>	<b>329</b> 2008 G.O. Capital	<u>Totals</u>	
2004A G.O. Improvement Bonds	2004B G.O. Refunding Bonds	2008 G.O. Improvement Bonds	2008 G.O. Refunding Bonds	Improvement Bonds	2009	2008
\$ 99,612	\$ 44,325	\$ 135,433	\$ 38,061	\$ 63,418	\$ 416,823	\$ 1,126,649
525,000	300,000	-	226,486	-	1,051,486	4,260,452
6,904	8,354	31	1,239	-	25,750	7,752
668,012	487,040	98,399	35,138	-	1,359,116	1,543,691
-	17,536	-	-	-	17,536	1,379
<u>\$ 1,299,528</u>	<u>\$ 857,255</u>	<u>\$ 233,863</u>	<u>\$ 300,924</u>	<u>\$ 63,418</u>	<u>\$ 2,870,711</u>	<u>\$ 6,939,923</u>
\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,931	\$ 2,499
-	-	-	-	-	-	4,779
674,916	495,394	98,430	36,377	-	1,384,866	1,551,443
674,916	497,894	98,430	36,377	-	1,387,797	1,558,721
624,612	359,361	135,433	264,547	63,418	1,484,907	5,435,630
-	-	-	-	-	(1,993)	(54,428)
624,612	359,361	135,433	264,547	63,418	1,482,914	5,381,202
<u>\$ 1,299,528</u>	<u>\$ 857,255</u>	<u>\$ 233,863</u>	<u>\$ 300,924</u>	<u>\$ 63,418</u>	<u>\$ 2,870,711</u>	<u>\$ 6,939,923</u>

CITY OF JORDAN, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
YEAR ENDED DECEMBER 31, 2009  
With Comparative Totals for Year Ended December 31, 2008

	<b>317</b> 2001A G.O. Refunding Bonds	<b>318</b> 2001C G.O. Refunding Bonds	<b>320</b> 2002B G.O. Refunding Bonds	<b>322</b> 2003A G.O. Refunding Bonds
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 35,992	\$ 90,874	\$ 75,000	\$ 47,769
Special assessments	-	6,858	19,444	(590)
Investment earnings	18,489	21,989	-	677
<b>TOTAL REVENUES</b>	<u>54,481</u>	<u>119,721</u>	<u>94,444</u>	<u>47,856</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	78,974	282,624	62,142	55,000
Interest and other	5,086	15,579	7,238	3,848
<b>TOTAL EXPENDITURES</b>	<u>84,060</u>	<u>298,203</u>	<u>69,380</u>	<u>58,848</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(29,579)</u>	<u>(178,482)</u>	<u>25,064</u>	<u>(10,992)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	66,900	-
Bonds issued	-	-	-	-
Transfers out	(746,416)	(597,290)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(746,416)</u>	<u>(597,290)</u>	<u>66,900</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(775,995)	(775,772)	91,964	(10,992)
<b>FUND BALANCES (DEFICITS), JANUARY 1</b>	<u>775,995</u>	<u>775,772</u>	<u>(54,428)</u>	<u>8,999</u>
<b>FUND BALANCES (DEFICITS), DECEMBER 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,536</u>	<u>\$ (1,993)</u>

324 2004A G.O. Improvement Bonds	325 2004B G.O. Refunding Bonds	327 2008 G.O. Improvement Bonds	328 2008 G.O. Refunding Bonds	329 2008 G.O. Capital Improvement Bonds	Totals	
					2009	2008
\$ 109,244	\$ 269,597	\$ 104,439	\$ 314,035	\$ 140,784	\$ 1,187,734	\$ 773,299
91,005	93,963	25,528	8,479	-	244,687	338,173
17,069	39,808	2,894	48,844	87	149,857	216,661
<u>217,318</u>	<u>403,368</u>	<u>132,861</u>	<u>371,358</u>	<u>140,871</u>	<u>1,582,278</u>	<u>1,328,133</u>
130,259	1,650,000	-	1,460,000	-	3,718,999	2,573,476
70,422	155,527	77,700	71,838	77,523	484,761	510,984
<u>200,681</u>	<u>1,805,527</u>	<u>77,700</u>	<u>1,531,838</u>	<u>77,523</u>	<u>4,203,760</u>	<u>3,084,460</u>
<u>16,637</u>	<u>(1,402,159)</u>	<u>55,161</u>	<u>(1,160,480)</u>	<u>63,348</u>	<u>(2,621,482)</u>	<u>(1,756,327)</u>
-	-	-	-	-	66,900	-
-	-	-	-	-	-	1,630,000
-	-	-	-	-	(1,343,706)	-
-	-	-	-	-	(1,276,806)	1,630,000
16,637	(1,402,159)	55,161	(1,160,480)	63,348	(3,898,288)	(126,327)
607,975	1,761,520	80,272	1,425,027	70	5,381,202	5,507,529
<u>\$ 624,612</u>	<u>\$ 359,361</u>	<u>\$ 135,433</u>	<u>\$ 264,547</u>	<u>\$ 63,418</u>	<u>\$ 1,482,914</u>	<u>\$ 5,381,202</u>

CITY OF JORDAN, MINNESOTA  
SUMMARY FINANCIAL REPORT  
GOVERNMENTAL FUNDS  
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

	Total 2009	Total 2008	Percent Increase (Decrease)
<b>REVENUES</b>			
Taxes	\$ 2,944,867	\$ 2,749,984	7.09 %
Special assessments	249,726	346,717	(27.97)
Licenses and permits	60,972	87,321	(30.17)
Intergovernmental	1,187,362	1,394,873	(14.88)
Charges for services	401,695	539,215	(25.50)
Fines and forfeits	56,041	51,503	8.81
Investment earnings	286,565	414,755	(30.91)
Miscellaneous	39,410	77,830	(49.36)
<b>TOTAL REVENUES</b>	<b><u>\$ 5,226,638</u></b>	<b><u>\$ 5,662,198</u></b>	(7.69)
Per Capita	\$ 965	\$ 1,065	(9.43)
<b>EXPENDITURES</b>			
Current			
General government	\$ 693,007	\$ 788,526	(12.11)
Public safety	1,220,070	1,267,894	(3.77)
Streets and highways	464,745	375,002	23.93
Culture and recreation	161,118	152,048	5.97
Economic development	44,389	34,463	28.80
Miscellaneous	130,594	73,016	78.86
Capital outlay			
General government	944	8,053	(88.28)
Public safety	405,005	1,555,191	(73.96)
Streets and highways	2,420,009	928,795	160.55
Culture and recreation	302,663	87,076	247.58
Economic development	18,361	15,650	17.32
Miscellaneous	3,123	57,841	(94.60)
Debt service			
Principal	3,793,999	2,648,476	43.25
Interest and other charges	496,965	576,549	(13.80)
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 10,154,992</u></b>	<b><u>\$ 8,568,580</u></b>	18.51
Per Capita	\$ 1,874	\$ 1,612	16.28
Total Long-term Indebtedness	\$ 9,179,259	\$ 13,728,258	(33.14)
Per Capita	1,694	2,582	(34.39)
General Fund Balance - December 31	\$ 1,453,051	\$ 1,119,924	29.75
Per Capita	268	211	27.30

The purpose of this report is to provide a summary of financial information concerning the City of Jordan to interested citizens. The complete financial statements may be examined at 210 East 1st Street. Questions about this report should be directed to Tom Nikunen, Clerk-Treasurer at 952-492-2535.

**OTHER REQUIRED REPORTS**

CITY OF JORDAN  
JORDAN, MINNESOTA

YEAR ENDED  
DECEMBER 31, 2009

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

## REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Jordan  
Jordan, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, Minnesota (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 3, 2010.

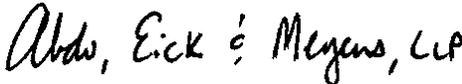
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the Minnesota Office of the State Auditor pursuant to Minnesota statute 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the City complied with the material terms and conditions of applicable legal provisions, except as described in the accompanying schedule of findings and responses as finding 2009-3.

This report is intended solely for the information and use of the members of the Council, management and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than those specified parties.

May 3, 2010  
Mankato, Minnesota

  
ABDO, EICK & MEYERS, LLP  
Certified Public Accountants



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

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

Honorable Mayor and City Council  
City of 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 City of Jordan, Minnesota (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and responses as finding 2009-2 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as finding 2009-1 to be a significant deficiency.



## 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as finding 2009-3.

We also noted certain matters that we reported to management of the City in a separate letter dated May 3, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

May 3, 2010  
Mankato, Minnesota

ABDO, EICK & MEYERS, LLP  
*Certified Public Accountants*

CITY OF JORDAN, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009

Finding

Description

**2009-1**

**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 number of staff, the Finance Director approves some time cards, approves payroll run, posts activity to general ledger, 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. Also, we recommend somebody approve the quarterly 941s.

*Updated Progress Since Prior Year*

The Administrator is now reviewing bank reconciliations and signing off on them. They no longer have payroll check stock because all checks are direct deposited.

*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.

CITY OF JORDAN, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED  
DECEMBER 31, 2009

Finding

Description

**2009-2**

**Material Audit Adjustments (Finding Since 2007)**

- Condition: During our audit, adjustments were needed to record accounting and audit adjustments, two of which were 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 thoroughly reviews the entries we prepare.

*Updated Progress Since Prior Year*

The number of journal entries was reduced from 45 to 34 in the current year, of which 12 were made by the City staff.

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CITY OF JORDAN, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED  
DECEMBER 31, 2009

Finding

Description

**2009-3**

**Collateral Coverage**

- Condition: The City had deposits in the amount of \$660,529 uncollateralized at December 31, 2009.
- Criteria: In accordance with Minnesota Statute, section 118A.03, the City is required to have pledged collateral equal to 110 percent of deposits not covered by federal deposit insurance coverage at each depository.
- Cause: The City did not accurately calculate market value of pledged collateral in relation to deposit balances at December 31, 2009.
- Effect: At year end, the City was not in compliance with the state statues regarding collateral minimums.
- Recommendation: The Finance Director should verify correct market values are being used when determining if additional collateral is necessary.

*Management Response*

The City staff will obtain sufficient collateral and monitor future needs.