

CITY OF JORDAN
JORDAN, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

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ANNUAL FINANCIAL REPORT
DECEMBER 31, 2010
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INTRODUCTORY SECTION

CITY OF JORDAN
JORDAN, MINNESOTA

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CITY OF JORDAN, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2010

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Peter Ewals	Mayor	12/31/12
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

FOR THE YEAR ENDED
DECEMBER 31, 2010

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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 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 and supplementary information 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 and schedules 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 and supplementary information have 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 them.

May 25, 2011
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, 2010.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$29,673,485 (net assets). Of this amount, \$4,010,658 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$764,921 compared to an increase of \$176,246 in the previous year. Reductions in investment earnings, governmental capital grants and business-type charges for services 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 \$5,123,114, an increase of \$535,197 in comparison with the prior year. The majority of this increase is due to a transfer from the Water fund related to project administration. Approximately 69.1 percent of ending fund balances, \$3,538,455, 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 \$1,667,383, or 65.0 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 \$2,092,000, or 7.8 percent during the current fiscal year. The key factor in this decrease was the retirement of \$2,092,000 in long-term debt during the year. No new debt was issued in 2010.

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**

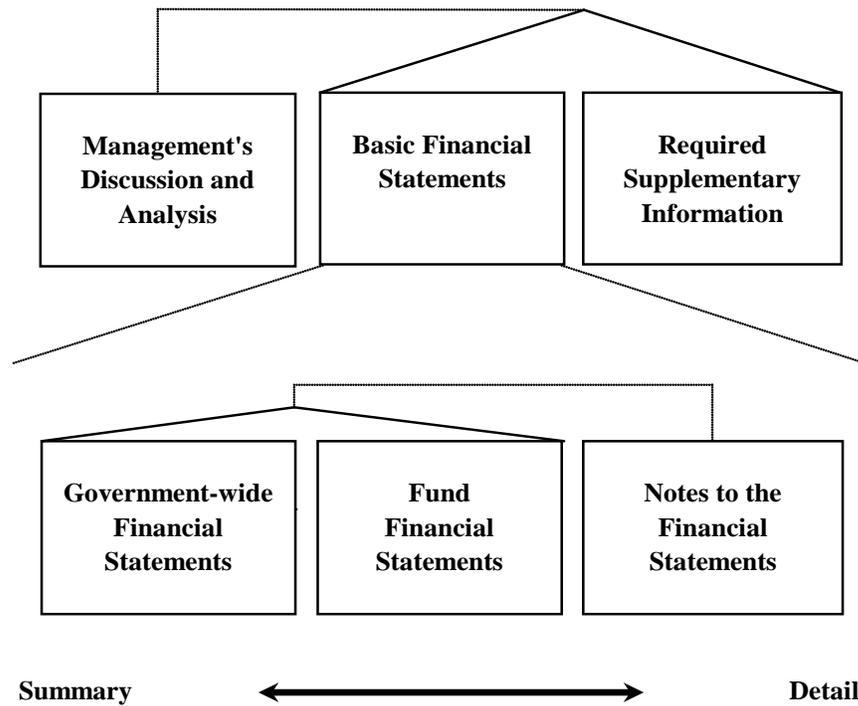


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
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"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and Changes in Fund Net Assets • Statement of Cash Flows
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 starting on page 29 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, 7 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 starting on page 34 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 starting on page 42 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 starting on page 51 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 starting on page 78 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 \$29,673,485 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (68.2 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.

City of Jordan's Summary of Net Assets

	Governmental Activities			Business-type Activities		
	2010	(Restated) 2009	Increase (Decrease)	2010	(Restated) 2009	Increase (Decrease)
Current and othe assets	\$ 6,809,308	\$ 6,680,514	\$ 128,794	\$ 3,657,623	\$ 5,068,864	\$ (1,411,241)
Capital assets	12,398,028	13,258,911	(860,883)	32,453,252	33,410,232	(956,980)
Total assets	19,207,336	19,939,425	(732,089)	36,110,875	38,479,096	(2,368,221)
Long-term liabilities						
outstanding	7,188,397	8,224,706	(1,036,309)	15,409,573	16,579,848	(1,170,275)
Other liabilities	1,509,588	1,643,759	(134,171)	1,537,168	1,531,802	5,366
Total liabilities	8,697,985	9,868,465	(1,170,480)	16,946,741	18,111,650	(1,164,909)
Invested in capital assets, net of related debt	4,269,761	4,193,091	76,670	15,970,343	17,094,947	(1,124,604)
Restricted	2,633,489	2,695,349	(61,860)	2,789,234	2,143,372	645,862
Unrestricted	3,606,101	3,182,520	423,581	404,557	1,129,127	(724,570)
Total net assets	\$ 10,509,351	\$ 10,070,960	438,391	\$ 19,164,134	\$ 20,367,446	\$ (1,203,312)

An additional portion of the City's net assets (18.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (13.5 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 decreased by \$764,921 during the current fiscal year. The decrease in the current year compared to the prior year was due mainly to decreases in investment earnings, governmental capital grants, and business-type charges for services in the current year.

Governmental Activities. Governmental activities increased the City's net assets by \$438,391. Key elements of this increase are as follows:

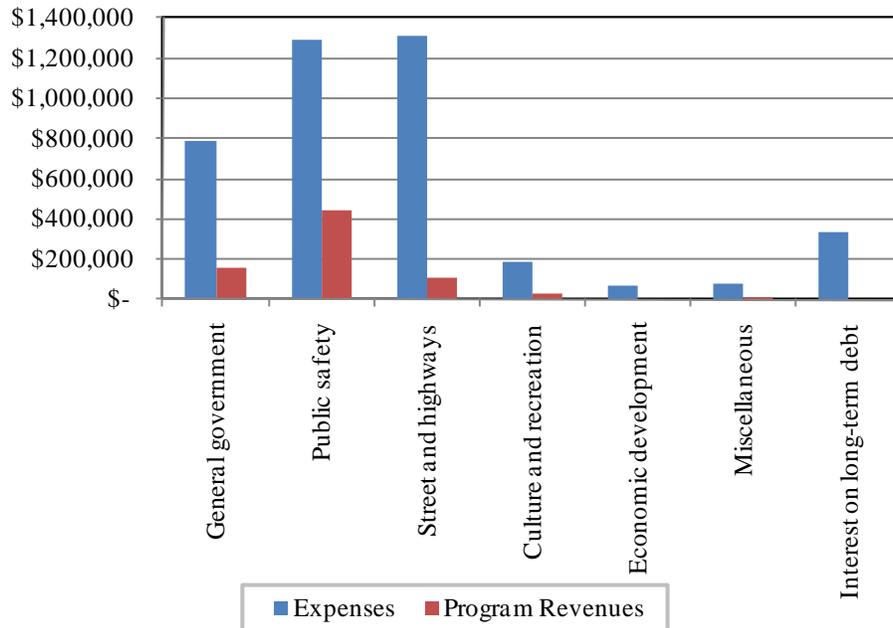
City of Jordan's Changes in Net Assets

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Revenues						
Program revenues:						
Charges for services	\$ 494,078	\$ 566,323	\$ (72,245)	\$ 1,619,044	\$ 1,989,231	\$ (370,187)
Operating grants and contributions	138,962	161,127	(22,165)	-	-	-
Capital grants and contributions	105,146	870,922	(765,776)	178,638	67,158	111,480
General revenues:						
Property taxes/franchise taxes/tax increments	3,126,170	2,929,596	196,574	-	-	-
Other taxes	46,935	44,685	2,250	-	-	-
Grants and contributions not restricted to specific programs	20,325	245,073	(224,748)	-	-	-
Unrestricted investment earnings	108,839	286,565	(177,726)	83,890	215,154	(131,264)
Gain on sale of capital assets and other	22,229	11,105	11,124	71,206	72,344	(1,138)
Total revenues	4,062,684	5,115,396	(1,052,712)	1,952,778	2,343,887	(391,109)
Expenses						
General government	784,403	744,597	39,806	-	-	-
Public safety	1,295,861	1,358,389	(62,528)	-	-	-
Streets and highways	1,312,630	1,872,261	(559,631)	-	-	-
Culture and recreation	188,172	190,965	(2,793)	-	-	-
Economic development	65,756	62,750	3,006	-	-	-
Miscellaneous	82,554	130,937	(48,383)	-	-	-
Interest on long-term debt	338,034	409,989	(71,955)	-	-	-
Water	-	-	-	1,290,046	1,169,008	121,038
Sewer	-	-	-	1,184,418	1,127,528	56,890
Storm sewer	-	-	-	238,509	216,613	21,896
Total expenses	4,067,410	4,769,888	(702,478)	2,712,973	2,513,149	199,824
Change in net assets before transfers	(4,726)	345,508	(350,234)	(760,195)	(169,262)	(590,933)
Transfers	443,117	(783,024)	1,226,141	(443,117)	783,024	(1,226,141)
Change in net assets	438,391	(437,516)	875,907	(1,203,312)	613,762	(1,817,074)
Net assets - January 1 (restated per Note 7)	10,070,960	10,508,476	(437,516)	20,367,446	19,753,684	613,762
Net assets - December 31	\$ 10,509,351	\$ 10,070,960	\$ 438,391	\$ 19,164,134	\$ 20,367,446	\$ (1,203,312)

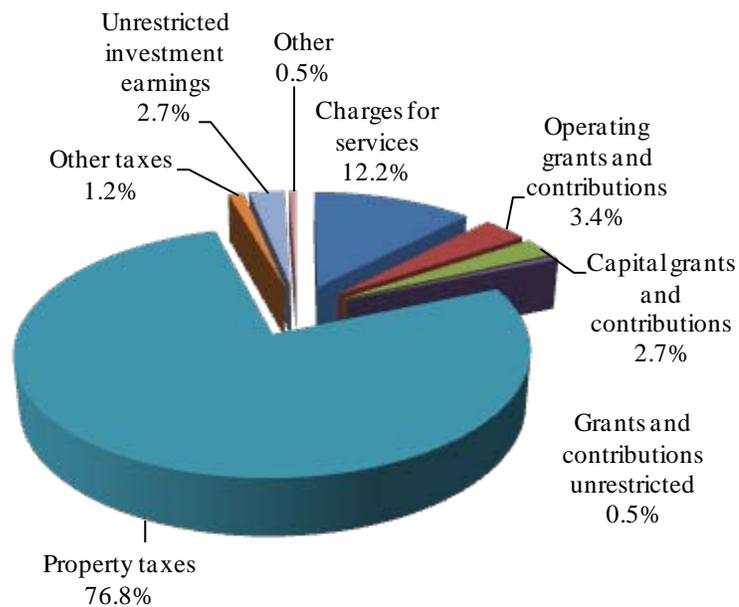
Property tax levies increased by \$86,506 (2.9 percent) during the year. Levies for debt service decreased by \$165,494 while general levies were increased by \$252,000.

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

Expenses and Program Revenues - Governmental Activities



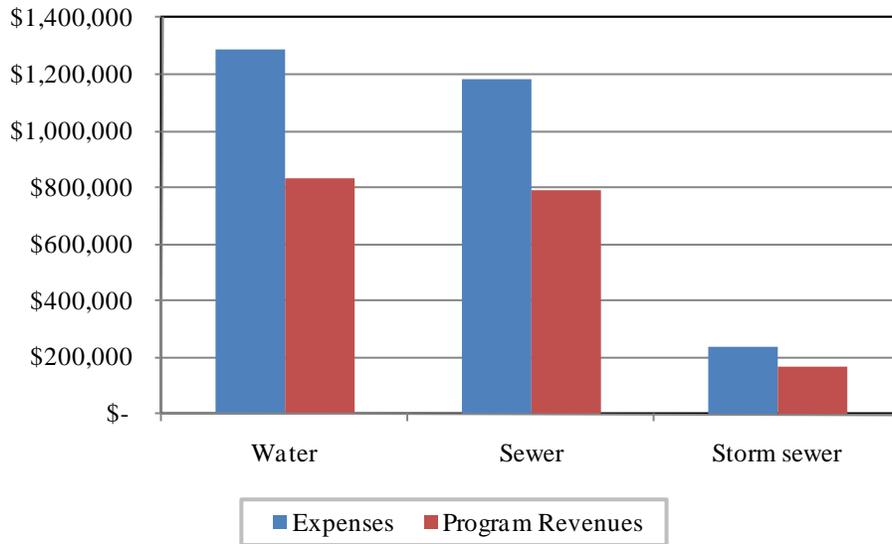
Revenues by Source - Governmental Activities



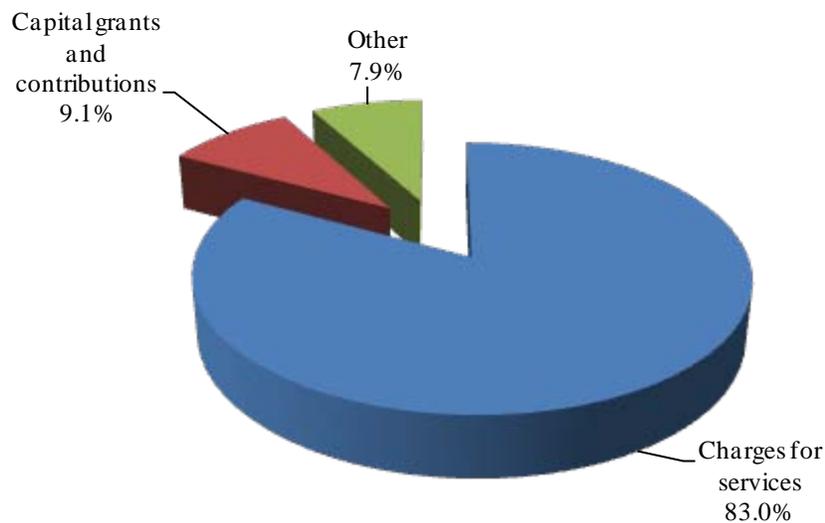
Business-type activities. Business-type activities decreased the City’s net assets by \$1,203,312. Key elements of this decrease are as follows:

- Charges for services for business-type activities decreased by \$370,187 or 18.6 percent, while operating expenses increased by \$234,849 or 12.7 percent from the prior year.

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 \$5,123,114, an increase of \$535,197 in comparison with the prior year. The majority of this increase is due to a transfer from the Water Utility related to project administration. Approximately 69.1 percent of this total amount \$3,538,455 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 unreserved fund balance of the General fund was \$1,667,383. 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 65.0 percent of fund expenditures.

The fund balance of the City's General fund increased by \$236,207 during the current fiscal year. The increase in fund balance is due a transfer from the Water Utility of \$443,117 related to project administration. Also, the General fund transferred \$343,390 to nonmajor capital projects funds per the City's fund balance policy to maintain the General fund balance at 55 percent. 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 \$1,562,590, almost all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$79,676. The majority of this increase is due to assessment and tax receipts in excess of the current year's maturities.

The 2006-07 Improvement Projects fund had a decrease in fund balance during the current year of \$16,870. Fund balance remains in deficit by \$36,130.

The Fire Hall Expansion Project began in 2007 with expenditures in the current year totaling \$18,204. This project is being funded with a \$1,805,000 bond issue. The fund balance at year end totaled \$47,579.

The 2008 Improvement Project began in 2007 with expenditures in the current year totaling \$126,311. This project is being funded with a \$2,030,000 bond issue together with State construction aids. The fund balance at year end totaled \$78,771.

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 \$404,557. The total decline in net assets for the funds was \$1,203,312. 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 \$76,933. Revenues fell short of expectations by \$145,869, expenditures were under budget by \$240,656 and net transfers were \$64,487 over budget, resulting in an actual increase in fund balance of \$236,207 in 2010.

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, 2010, amounts to \$44,851,280 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 3.9 percent (a 6.5 percent decrease for governmental activities and a 2.9 percent decrease for business-type activities).

- Several projects were completed and moved from Construction in Progress to Buildings or Infrastructure during 2010 included the TH 282 reconstruction, the Safe routes to Schools project, and improvements to the Water treatment plant.

Additional information on the City's capital assets can be found in Note 3C starting on page 63 of this report.

City of Jordan's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Land	\$ 738,279	\$ 738,279	\$ -	\$ 570,184	\$ 570,184	\$ -
Buildings	2,318,763	606,806	1,711,957	-	-	-
Improvement other than building	-	-	-	10,914,984	11,297,559	(382,575)
Machinery and equipment	217,086	291,186	(74,100)	66,988	86,382	(19,394)
Vehicles	546,898	671,364	(124,466)	-	-	-
Infrastructure	8,577,002	7,665,687	911,315	20,901,096	13,737,614	7,163,482
Construction in progress	-	3,285,589	(3,285,589)	-	7,718,493	(7,718,493)
Total	\$ 12,398,028	\$ 13,258,911	\$ (860,883)	\$ 32,453,252	\$ 33,410,232	\$ (956,980)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,741,000. Of this amount, \$150,000 is general obligation debt, \$9,960,000 is special assessment debt and \$14,631,000 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.

City of Jordan's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
General obligation bonds	\$ 150,000	\$ 225,000	\$ (75,000)	\$ -	\$ -	\$ -
G.O. improvement bonds	8,038,184	8,954,259	(916,075)	1,921,816	2,085,741	(163,925)
General obligation revenue bonds	-	-	-	14,631,000	15,568,000	(937,000)
Total	\$ 8,188,184	\$ 9,179,259	\$ (991,075)	\$ 16,552,816	\$ 17,653,741	\$ (1,100,925)

The City's total debt decreased by \$2,092,000, or 7.8 percent during the current fiscal year. The key factor in this decrease was the retirement of \$2,092,000 in long-term debt during the year. No new debt was issued in 2010.

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 \$13,680,586 (net of debt service reserves), which is significantly in excess of the City's outstanding general obligation debt.

The City's bond rating was A1 as of the end of the year.

Additional information on the City's long-term debt can be found in Note 3E starting on page 66 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 2011 fiscal year.

Property taxes will increase in 2011 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 2010.

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 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

FOR THE YEAR ENDED
DECEMBER 31, 2010

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CITY OF JORDAN, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 5,117,458	\$ 3,049,309	\$ 8,166,767
Receivables:			
Delinquent taxes	106,223	-	106,223
Accounts	53,602	307,461	361,063
Notes	6,979	-	6,979
Special assessments	1,213,638	13,550	1,227,188
Intergovernmental	181,658	192,822	374,480
Prepaid items	21,875	-	21,875
Unamortized bond discount and issue costs	107,875	94,481	202,356
Capital assets:			
Nondepreciable	738,279	570,184	1,308,463
Depreciable, net of accumulated depreciation	11,659,749	31,883,068	43,542,817
TOTAL ASSETS	19,207,336	36,110,875	55,318,211
LIABILITIES			
Accounts and contracts payable	223,432	35,025	258,457
Due to other governments	8,425	11,023	19,448
Accrued interest payable	115,907	238,673	354,580
Accrued salaries payable	23,897	10,819	34,716
Deposits payable	2,304	-	2,304
Unearned revenue	-	24,876	24,876
Unamortized bond premium	47,958	24,574	72,532
Noncurrent liabilities:			
Due within one year	1,087,665	1,192,178	2,279,843
Due in more than one year	7,188,397	15,409,573	22,597,970
TOTAL LIABILITIES	8,697,985	16,946,741	25,644,726
NET ASSETS			
Invested in capital assets, net of related debt	4,269,761	15,970,343	20,240,104
Restricted for:			
Debt service	2,633,489	1,457,417	4,090,906
Capital outlay/connections	-	1,331,817	1,331,817
Unrestricted	3,606,101	404,557	4,010,658
TOTAL NET ASSETS	\$ 10,509,351	\$ 19,164,134	\$ 29,673,485

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

CITY OF JORDAN, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 784,403	\$ 128,734	\$ 24,140	\$ -
Public safety	1,295,861	329,302	114,822	-
Streets and highways	1,312,630	34,730	-	75,367
Culture and recreation	188,172	1,070	-	29,779
Economic development	65,756	-	-	-
Miscellaneous	82,554	242	-	-
Interest on long-term debt	338,034	-	-	-
Total governmental activities	4,067,410	494,078	138,962	105,146
Business-type activities:				
Water	1,290,046	774,537	-	60,843
Sewer	1,184,418	712,771	-	80,475
Storm sewer	238,509	131,736	-	37,320
Total business-type activities	2,712,973	1,619,044	-	178,638
Totals	\$ 6,780,383	\$ 2,113,122	\$ 138,962	\$ 283,784

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

Transfers

Total general revenues and transfers

Change in net assets

Net assets, January 1 (restated per Note 7)

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
\$ (631,529)		\$ (631,529)
(851,737)		(851,737)
(1,202,533)		(1,202,533)
(157,323)		(157,323)
(65,756)		(65,756)
(82,312)		(82,312)
<u>(338,034)</u>		<u>(338,034)</u>
<u>(3,329,224)</u>		<u>(3,329,224)</u>
	\$ (454,666)	(454,666)
	(391,172)	(391,172)
	<u>(69,453)</u>	<u>(69,453)</u>
	<u>(915,291)</u>	<u>(915,291)</u>
<u>(3,329,224)</u>	<u>(915,291)</u>	<u>(4,244,515)</u>
2,033,514	-	2,033,514
1,025,633	-	1,025,633
67,023	-	67,023
46,935	-	46,935
20,325	-	20,325
108,839	83,890	192,729
22,229	71,206	93,435
<u>443,117</u>	<u>(443,117)</u>	<u>-</u>
<u>3,767,615</u>	<u>(288,021)</u>	<u>3,479,594</u>
438,391	(1,203,312)	(764,921)
<u>10,070,960</u>	<u>20,367,446</u>	<u>30,438,406</u>
<u>\$ 10,509,351</u>	<u>\$ 19,164,134</u>	<u>\$ 29,673,485</u>

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FUND FINANCIAL STATEMENTS

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

CITY OF JORDAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Debt Service	2006-2007 Improvement Projects
ASSETS			
Cash and temporary investments (deficits)	\$ 1,794,384	\$ 1,567,121	\$ (36,130)
Receivables			
Delinquent taxes	106,223	-	-
Accounts	53,602	-	-
Notes	-	-	-
Special assessments	26,832	1,186,806	-
Intergovernmental	39,318	776	-
Prepaid items	21,875	-	-
TOTAL ASSETS	\$ 2,042,234	\$ 2,754,703	\$ (36,130)
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ 191,874	\$ 5,307	\$ -
Due to other governments	8,425	-	-
Accrued salaries payable	23,897	-	-
Deposits payable	2,304	-	-
Deferred revenue	126,476	1,186,806	-
TOTAL LIABILITIES	352,976	1,192,113	-
FUND BALANCES (DEFICITS)			
Reserved for:			
Prepaid items	21,875	-	-
Debt service	-	1,562,784	-
Unreserved			
Designated for:			
Economic development	-	-	-
Capital outlay	-	-	-
Working capital	1,667,383	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	(36,130)
Debt service fund	-	(194)	-
TOTAL FUND BALANCES (DEFICITS)	1,689,258	1,562,590	(36,130)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 2,042,234	\$ 2,754,703	\$ (36,130)

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

<u>2008 Improvement Projects</u>	<u>Firehall Expansion Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ (55,212)	\$ 50,755	\$ 1,796,540	\$ 5,117,458
-	-	-	106,223
-	-	-	53,602
-	-	6,979	6,979
-	-	-	1,213,638
141,564	-	-	181,658
-	-	-	21,875
<u>\$ 86,352</u>	<u>\$ 50,755</u>	<u>\$ 1,803,519</u>	<u>\$ 6,701,433</u>
\$ 7,581	\$ 3,176	\$ 15,494	\$ 223,432
-	-	-	8,425
-	-	-	23,897
-	-	-	2,304
-	-	6,979	1,320,261
<u>7,581</u>	<u>3,176</u>	<u>22,473</u>	<u>1,578,319</u>
-	-	-	21,875
-	-	-	1,562,784
-	-	259,613	259,613
78,771	47,579	1,324,133	1,450,483
-	-	-	1,667,383
-	-	198,765	198,765
-	-	(1,465)	(37,595)
-	-	-	(194)
<u>78,771</u>	<u>47,579</u>	<u>1,781,046</u>	<u>5,123,114</u>
<u>\$ 86,352</u>	<u>\$ 50,755</u>	<u>\$ 1,803,519</u>	<u>\$ 6,701,433</u>

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CITY OF JORDAN, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

Total fund balances - governmental funds	\$ 5,123,114
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.	12,398,028
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	(87,878)
Bonds payable	(8,188,184)
Bond discounts/issue costs, net of accumulated amortization	107,875
Premium on bonds issued, net of accumulated amortization	(47,958)
Long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes receivable	106,223
Loans receivable	6,979
Special assessments receivable	1,207,059
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(115,907)</u>
Total net assets - governmental activities	<u><u>\$ 10,509,351</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
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Debt Service	2006-2007 Improvement Projects
REVENUES			
Taxes	\$ 2,028,655	\$ 1,025,633	\$ -
Special assessments	11,747	251,080	-
Licenses and permits	102,669	-	-
Intergovernmental	172,570	-	-
Charges for services	309,821	-	-
Fines and forfeits	76,669	-	-
Investment earnings	40,192	36,417	-
Miscellaneous	46,369	-	-
	<u>2,788,692</u>	<u>1,313,130</u>	<u>-</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	765,820	-	-
Public safety	1,100,002	-	-
Streets and highways	380,160	-	-
Culture and recreation	143,587	-	-
Economic development	-	-	-
Miscellaneous	82,554	-	-
Capital outlay			
General government	5,234	-	-
Public safety	-	-	-
Streets and highways	-	-	16,870
Culture and recreation	3,000	-	-
Debt service			
Principal	75,000	916,075	-
Interest and other	11,115	329,921	-
	<u>2,566,472</u>	<u>1,245,996</u>	<u>16,870</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>222,220</u>	<u>67,134</u>	<u>(16,870)</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	-	-
Transfers in	443,995	13,420	-
Transfers out	(430,008)	(878)	-
	<u>13,987</u>	<u>12,542</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	236,207	79,676	(16,870)
FUND BALANCES (DEFICITS), JANUARY 1	<u>1,453,051</u>	<u>1,482,914</u>	<u>(19,260)</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 1,689,258</u>	<u>\$ 1,562,590</u>	<u>\$ (36,130)</u>

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

2008 Improvement Projects	Firehall Expansion Project	Other Governmental Funds	Totals
\$ -	\$ -	\$ 126,238	\$ 3,180,526
200	-	-	263,027
-	-	-	102,669
-	-	-	172,570
-	-	5,912	315,733
-	-	4,899	81,568
317	1,842	30,071	108,839
-	-	47,554	93,923
<u>517</u>	<u>1,842</u>	<u>214,674</u>	<u>4,318,855</u>
-	-	-	765,820
-	-	24,678	1,124,680
-	-	13,355	393,515
-	-	100	143,687
-	-	72,735	72,735
-	-	-	82,554
-	-	-	5,234
-	18,204	27,243	45,447
126,311	-	13,333	156,514
-	-	101,498	104,498
-	-	-	991,075
-	-	-	341,036
<u>126,311</u>	<u>18,204</u>	<u>252,942</u>	<u>4,226,795</u>
<u>(125,794)</u>	<u>(16,362)</u>	<u>(38,268)</u>	<u>92,060</u>
-	-	20	20
-	-	416,588	874,003
-	-	-	(430,886)
-	-	416,608	443,137
(125,794)	(16,362)	378,340	535,197
<u>204,565</u>	<u>63,941</u>	<u>1,402,706</u>	<u>4,587,917</u>
<u>\$ 78,771</u>	<u>\$ 47,579</u>	<u>\$ 1,781,046</u>	<u>\$ 5,123,114</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
FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - governmental funds \$ 535,197

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	47,640
Depreciation expense	(908,523)

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	991,075
Discount on bonds issued, net of amortization expense	(6,827)

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.

9,829

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.

Property taxes	(7,421)
Special assessments	(248,770)

Some expenditures reported in the governmental funds are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Loans made	6,979
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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	19,212
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Change in net assets - governmental activities	\$ 438,391
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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, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,988,870	\$ 1,988,870	\$ 2,028,655	\$ 39,785
Special assessments	3,500	3,500	11,747	8,247
Licenses and permits	36,541	36,541	102,669	66,128
Intergovernmental	368,196	368,196	172,570	(195,626)
Charges for services	394,958	394,958	309,821	(85,137)
Fines and forfeits	65,000	65,000	76,669	11,669
Investment earnings	40,000	40,000	40,192	192
Miscellaneous	37,496	37,496	46,369	8,873
	<u>2,934,561</u>	<u>2,934,561</u>	<u>2,788,692</u>	<u>(145,869)</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	654,077	654,077	765,820	(111,743)
Public safety	1,179,767	1,179,767	1,100,002	79,765
Streets and highways	375,173	375,173	380,160	(4,987)
Culture and recreation	141,959	141,959	143,587	(1,628)
Miscellaneous	210,687	210,687	82,554	128,133
Capital outlay				
General government	11,000	11,000	5,234	5,766
Culture and recreation	3,000	3,000	3,000	-
Miscellaneous	5,500	5,500	-	5,500
Debt service				
Principal	148,000	148,000	75,000	73,000
Interest and other	77,965	77,965	11,115	66,850
	<u>2,807,128</u>	<u>2,807,128</u>	<u>2,566,472</u>	<u>240,656</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES	<u>127,433</u>	<u>127,433</u>	<u>222,220</u>	<u>94,787</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	1,500	1,500	-	(1,500)
Transfers in	175,000	175,000	443,995	268,995
Transfers out	(227,000)	(227,000)	(430,008)	(203,008)
	<u>(50,500)</u>	<u>(50,500)</u>	<u>13,987</u>	<u>64,487</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	76,933	76,933	236,207	159,274
FUND BALANCES, JANUARY 1	<u>1,453,051</u>	<u>1,453,051</u>	<u>1,453,051</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,529,984</u>	<u>\$ 1,529,984</u>	<u>\$ 1,689,258</u>	<u>\$ 159,274</u>

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, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2010	(Restated) 2009	2010	(Restated) 2009
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 1,960,471	\$ 3,807,287	\$ 758,202	\$ 309,870
Receivables				
Accounts	133,169	276,374	147,986	224,481
Intergovernmental	96,411	92,792	96,411	92,792
TOTAL CURRENT ASSETS	2,190,051	4,176,453	1,002,599	627,143
NONCURRENT ASSETS				
Special assessments receivable - deferred	6,775	7,365	6,775	7,365
Unamortized bond discount	62,874	68,110	10,517	11,488
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	5,524,353	11,369,176	11,369,176
Infrastructure	11,850,083	5,667,593	5,139,756	4,715,093
Machinery and equipment	184,956	184,956	219,911	219,911
Construction in progress	-	6,262,145	-	509,018
Less: accumulated depreciation	(3,220,499)	(2,914,325)	(5,128,035)	(4,759,794)
Total capital assets (net of accumulated depreciation)	14,382,886	14,768,715	11,647,327	12,099,923
TOTAL NONCURRENT ASSETS	14,452,535	14,844,190	11,664,619	12,118,776
TOTAL ASSETS	16,642,586	19,020,643	12,667,218	12,745,919
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	15,408	92,645	15,277	26,352
Due to other governments	11,023	4,095	-	-
Accrued interest payable	151,746	160,301	51,486	55,446
Accrued salaries payable	3,951	3,608	6,868	3,685
Compensated absences payable - current	21,872	7,037	27,063	14,409
Unearned revenue	24,876	23,248	-	-
Bonds payable - current	568,660	549,813	413,938	399,184
TOTAL CURRENT LIABILITIES	797,536	840,747	514,632	499,076
NONCURRENT LIABILITIES				
Unamortized bond premium	3,441	3,785	7,126	7,839
Bonds payable - noncurrent	8,606,220	9,174,880	4,814,956	5,228,894
TOTAL NONCURRENT LIABILITIES	8,609,661	9,178,665	4,822,082	5,236,733
TOTAL LIABILITIES	9,407,197	10,019,412	5,336,714	5,735,809
NET ASSETS				
Invested in capital assets, net of related debt	5,267,439	6,371,202	6,421,824	6,475,494
Restricted for:				
Debt service	926,212	929,207	531,205	534,616
Capital outlay/connections	637,181	571,695	377,475	-
Unrestricted	404,557	1,129,127	-	-
TOTAL NET ASSETS	\$ 7,235,389	\$ 9,001,231	\$ 7,330,504	\$ 7,010,110

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

Business-type Activities - Enterprise Funds

651/465			
Storm Sewer Utility		Totals	
	(Restated)		(Restated)
2010	2009	2010	2009
\$ 330,636	\$ 122,748	\$ 3,049,309	\$ 4,239,905
26,306	25,157	307,461	526,012
-	-	192,822	185,584
<u>356,942</u>	<u>147,905</u>	<u>3,549,592</u>	<u>4,951,501</u>
-	-	13,550	14,730
<u>21,090</u>	<u>23,035</u>	<u>94,481</u>	<u>102,633</u>
535,637	535,637	570,184	570,184
-	-	55,965	55,965
43,403	43,403	16,936,932	16,936,932
6,745,736	5,790,321	23,735,575	16,173,007
-	-	404,867	404,867
-	947,330	-	7,718,493
<u>(901,737)</u>	<u>(775,097)</u>	<u>(9,250,271)</u>	<u>(8,449,216)</u>
<u>6,423,039</u>	<u>6,541,594</u>	<u>32,453,252</u>	<u>33,410,232</u>
<u>6,444,129</u>	<u>6,564,629</u>	<u>32,561,283</u>	<u>33,527,595</u>
<u>6,801,071</u>	<u>6,712,534</u>	<u>36,110,875</u>	<u>38,479,096</u>
4,340	2,500	35,025	121,497
-	-	11,023	4,095
35,441	37,551	238,673	253,298
-	-	10,819	7,293
-	-	48,935	21,446
-	-	24,876	23,248
<u>160,645</u>	<u>151,928</u>	<u>1,143,243</u>	<u>1,100,925</u>
<u>200,426</u>	<u>191,979</u>	<u>1,512,594</u>	<u>1,531,802</u>
14,007	15,408	24,574	27,032
<u>1,988,397</u>	<u>2,149,042</u>	<u>15,409,573</u>	<u>16,552,816</u>
<u>2,002,404</u>	<u>2,164,450</u>	<u>15,434,147</u>	<u>16,579,848</u>
<u>2,202,830</u>	<u>2,356,429</u>	<u>16,946,741</u>	<u>18,111,650</u>
4,281,080	4,248,251	15,970,343	17,094,947
-	-	1,457,417	1,463,823
317,161	107,854	1,331,817	679,549
-	-	404,557	1,129,127
<u>\$ 4,598,241</u>	<u>\$ 4,356,105</u>	<u>\$ 19,164,134</u>	<u>\$ 20,367,446</u>

CITY OF JORDAN, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601/460/461 Water Utility		602/462/463 Sewer Utility	
	2010	(Restated) 2009	2010	(Restated) 2009
OPERATING REVENUES				
Charges for services	\$ 774,537	\$ 1,053,250	\$ 712,771	\$ 842,821
OPERATING EXPENSES				
Personal services	316,285	304,019	262,076	308,755
Supplies	60,117	65,925	124,465	125,916
Other services and charges	155,439	70,125	196,221	94,427
Insurance	10,426	15,700	13,753	6,494
Utilities	63,655	60,471	78,216	70,594
Depreciation	306,174	247,339	368,241	367,276
TOTAL OPERATING EXPENSES	912,096	763,579	1,042,972	973,462
OPERATING INCOME (LOSS)	(137,559)	289,671	(330,201)	(130,641)
NONOPERATING REVENUES (EXPENSES)				
Investment income	60,785	174,799	16,261	26,186
Rental income	71,156	72,344	-	-
Special assessments	60	88	60	88
Connection fees	36,352	13,302	49,104	16,890
Capital charges	24,431	13,012	31,311	18,054
Other revenues	-	-	50	-
Interest expense	(373,058)	(402,852)	(141,188)	(155,921)
Amortization expense	(4,892)	(2,577)	(258)	1,855
TOTAL NONOPERATING REVENUES (EXPENSES)	(185,166)	(131,884)	(44,660)	(92,848)
INCOME (LOSS) BEFORE TRANSFERS	(322,725)	157,787	(374,861)	(223,489)
TRANSFERS IN	-	512,939	700,000	270,085
TRANSFERS OUT	(1,443,117)	-	(4,745)	-
CHANGE IN NET ASSETS	(1,765,842)	670,726	320,394	46,596
NET ASSETS, JANUARY 1 (RESTATED PER NOTE 7)	9,001,231	8,330,505	7,010,110	6,963,514
NET ASSETS, DECEMBER 31	\$ 7,235,389	\$ 9,001,231	\$ 7,330,504	\$ 7,010,110

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

Business-type Activities - Enterprise Funds

651/465			
Storm Sewer Utility		Totals	
	(Restated)		(Restated)
2010	2009	2010	2009
\$ 131,736	\$ 93,160	\$ 1,619,044	\$ 1,989,231
-	-	578,361	612,774
-	-	184,582	191,841
25,320	17,684	376,980	182,236
-	-	24,179	22,194
-	-	141,871	131,065
126,640	117,454	801,055	732,069
151,960	135,138	2,107,028	1,872,179
(20,224)	(41,978)	(487,984)	117,052
6,844	14,169	83,890	215,154
-	-	71,156	72,344
-	-	120	176
-	-	85,456	30,192
37,320	5,724	93,062	36,790
-	-	50	-
(86,005)	(84,101)	(600,251)	(642,874)
(544)	2,626	(5,694)	1,904
(42,385)	(61,582)	(272,211)	(286,314)
(62,609)	(103,560)	(760,195)	(169,262)
304,745	-	1,004,745	783,024
-	-	(1,447,862)	-
242,136	(103,560)	(1,203,312)	613,762
4,356,105	4,459,665	20,367,446	19,753,684
<u>\$ 4,598,241</u>	<u>\$ 4,356,105</u>	<u>\$ 19,164,134</u>	<u>\$ 20,367,446</u>

CITY OF JORDAN, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 917,742	\$ 928,230	\$ 789,266	\$ 753,754
Payments to suppliers and vendors	(200,482)	(263,080)	(340,000)	(329,751)
Payments to and on behalf of employees	(301,107)	(310,605)	(246,239)	(310,488)
Other receipts	72,844	73,385	110	88
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>488,997</u>	<u>427,930</u>	<u>203,137</u>	<u>113,603</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,443,117)	-	(4,745)	-
Transfers from other funds	-	512,939	700,000	270,085
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(1,443,117)</u>	<u>512,939</u>	<u>695,255</u>	<u>270,085</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(83,428)	(2,145,836)	(2,994)	(85,023)
Connection fees received	36,942	13,864	49,694	17,452
Capital charges received	24,431	13,012	31,311	18,054
Principal paid on long-term debt	(549,813)	(924,631)	(399,184)	(672,160)
Interest and fees paid on long-term debt	(381,613)	(410,918)	(145,148)	(157,687)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(953,481)</u>	<u>(3,454,509)</u>	<u>(466,321)</u>	<u>(879,364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	60,785	174,799	16,261	26,186
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,846,816)	(2,338,841)	448,332	(469,490)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>3,807,287</u>	<u>6,146,128</u>	<u>309,870</u>	<u>779,360</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 1,960,471</u></u>	<u><u>\$ 3,807,287</u></u>	<u><u>\$ 758,202</u></u>	<u><u>\$ 309,870</u></u>

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

Business-type Activities - Enterprise Funds

651/465

Storm Sewer Utility		Totals	
2010	2009	2010	2009
\$ 130,587	\$ 85,150	\$ 1,837,595	\$ 1,767,134
(20,980)	(17,684)	(561,462)	(610,515)
-	-	(547,346)	(621,093)
-	-	72,954	73,473
<u>109,607</u>	<u>67,466</u>	<u>801,741</u>	<u>608,999</u>
-	-	(1,447,862)	-
<u>304,745</u>	<u>-</u>	<u>1,004,745</u>	<u>783,024</u>
<u>304,745</u>	<u>-</u>	<u>(443,117)</u>	<u>783,024</u>
(10,585)	(216,982)	(97,007)	(2,447,841)
-	-	86,636	31,316
37,320	5,724	93,062	36,790
(151,928)	(118,210)	(1,100,925)	(1,715,001)
<u>(88,115)</u>	<u>(80,643)</u>	<u>(614,876)</u>	<u>(649,248)</u>
<u>(213,308)</u>	<u>(410,111)</u>	<u>(1,633,110)</u>	<u>(4,743,984)</u>
<u>6,844</u>	<u>14,169</u>	<u>83,890</u>	<u>215,154</u>
207,888	(328,476)	(1,190,596)	(3,136,807)
<u>122,748</u>	<u>451,224</u>	<u>4,239,905</u>	<u>7,376,712</u>
<u>\$ 330,636</u>	<u>\$ 122,748</u>	<u>\$ 3,049,309</u>	<u>\$ 4,239,905</u>

CITY OF JORDAN, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2010	2009	2010	2009
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (137,559)	\$ 289,671	\$ (330,201)	\$ (130,641)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Other income related to operations	71,216	72,432	110	88
Depreciation	306,174	247,339	368,241	367,276
(Increase) decrease in assets:				
Accounts receivable	143,205	(125,020)	76,495	(89,067)
Due from other governments	(3,619)	(39,479)	(3,619)	(39,478)
Write-off of construction in progress	79,428	-	87,349	-
Increase (decrease) in liabilities:				
Accounts payable	6,418	33	(11,075)	7,158
Due to other governments	6,928	(11,413)	-	-
Accrued wages payable	343	(5,303)	3,183	(5,327)
Compensated absences payable	14,835	(1,283)	12,654	3,594
Unearned revenue	1,628	953	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 488,997</u>	<u>\$ 427,930</u>	<u>\$ 203,137</u>	<u>\$ 113,603</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Bond discount amortization	\$ 5,236	\$ 2,921	\$ -	\$ -
Capital assets acquired on account	-	83,655	-	-
Capital assets transferred from governmental funds	-	230,000	-	210,000
Debt transferred from governmental funds	-	230,000	-	210,000
Prior year construction in progress written off	79,428	-	87,349	-

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

Business-type Activities - Enterprise Funds

651/465			
Storm Sewer Utility		Totals	
2010	2009	2010	2009
\$ (20,224)	\$ (41,978)	\$ (487,984)	\$ 117,052
-	-	71,326	72,520
126,640	117,454	801,055	732,069
(1,149)	(8,010)	218,551	(222,097)
-	-	(7,238)	(78,957)
-	-	166,777	-
4,340	-	(317)	7,191
-	-	6,928	(11,413)
-	-	3,526	(10,630)
-	-	27,489	2,311
-	-	1,628	953
<u>\$ 109,607</u>	<u>\$ 67,466</u>	<u>\$ 801,741</u>	<u>\$ 608,999</u>
\$ -	\$ -	\$ 5,236	\$ 2,921
-	2,500	-	86,155
-	315,000	-	755,000
-	315,000	-	755,000
-	-	166,777	-

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CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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, 2010

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.

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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 (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.

The Minnesota Municipal Money Market Fund and broker money market investment pools operate in accordance with appropriate State laws and regulations. The 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 value of the pool is the same as the fair value of the pool share. Financial statements of the 4M Fund can be obtained by contracting Voyageur Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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 2010. 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."

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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, 2010

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 percent 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, 2010

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, 2010:

<u>Fund</u>	<u>Amount</u>
Capital projects	
Broadway Market TIF project	\$ 1,465
2006-2007 Capital project	36,130
Debt Service	
2003A G.O. Refunding Bonds	194

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 \$5,641,366 and the bank balance was \$5,665,142. Of the bank balance, \$4,752,218 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

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, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

As of December 31, 2010, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

<u>Types of Investments</u>	<u>Credit Quality/ Ratings (1)</u>	<u>Segmented Time Distribution (2)</u>	<u>Fair Value and Carrying Amount</u>
Pooled investments:			
Minnesota Municipal Money Market (4M) Fund	Not rated	less than 6 months	\$ 22,789
Broker Money Market Accounts	Not rated	less than 6 months	<u>1,513,130</u>
Total Pooled Investments			<u>1,535,919</u>
Non-pooled investments:			
Government Securities	Aaa	more than 3 years	496,801
Municipal Bonds	A1	1-3 years	418,222
Municipal Bonds	AA2	1-3 years	<u>74,459</u>
Total Non-pooled Investments			<u>989,482</u>
Total investments			<u>\$ 2,525,401</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A N/A indicates not applicable or available.

CITY OF JORDAN, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash and investments summary

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

Deposits	\$ 5,641,366
Investments	<u>2,525,401</u>
Total	<u><u>\$ 8,166,767</u></u>

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:

Fund	Unavailable
Delinquent taxes receivable	
General	\$ 106,223
Special assessments receivable	
General	20,253
Special assessments receivable	
Debt Service	1,186,806
Loans receivable	
Nonmajor governmental	<u>6,979</u>
Total	<u><u>\$ 1,320,261</u></u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 738,279	\$ -	\$ -	\$ 738,279
Construction in progress	3,285,589	-	(3,285,589)	-
Total capital assets not being depreciated	4,023,868	-	(3,285,589)	738,279
Capital assets being depreciated:				
Buildings and improvements	1,042,242	1,767,042	-	2,809,284
Infrastructure and improvements	12,031,209	1,548,187	-	13,579,396
Machinery and equipment	778,981	-	-	778,981
Vehicles	2,071,753	18,000	-	2,089,753
Total capital assets being depreciated	15,924,185	3,333,229	-	19,257,414
Less accumulated depreciation for:				
Buildings and improvements	(435,436)	(55,085)	-	(490,521)
Infrastructure and improvements	(4,365,522)	(636,872)	-	(5,002,394)
Machinery and equipment	(487,795)	(74,100)	-	(561,895)
Vehicles	(1,400,389)	(142,466)	-	(1,542,855)
Total accumulated depreciation	(6,689,142)	(908,523)	-	(7,597,665)
Total capital assets being depreciated, net	9,235,043	2,424,706	-	11,659,749
Governmental activities capital assets, net	\$ 13,258,911	\$ 2,424,706	\$ (3,285,589)	\$ 12,398,028

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 570,184	\$ -	\$ -	\$ 570,184
Construction in progress	7,718,493	10,853	(7,729,346)	-
Total capital assets not being depreciated	<u>8,288,677</u>	<u>10,853</u>	<u>(7,729,346)</u>	<u>570,184</u>
Capital assets being depreciated:				
Buildings	55,965	-	-	55,965
Improvements other than buildings	16,936,932	-	-	16,936,932
Infrastructure	16,173,007	7,562,568	-	23,735,575
Machinery and equipment	404,867	-	-	404,867
Total capital assets being depreciated	<u>33,570,771</u>	<u>7,562,568</u>	<u>-</u>	<u>41,133,339</u>
Less accumulated depreciation for:				
Buildings	(55,965)	-	-	(55,965)
Improvements other than buildings	(5,639,373)	(382,575)	-	(6,021,948)
Infrastructure	(2,435,393)	(399,086)	-	(2,834,479)
Machinery and equipment	(318,485)	(19,394)	-	(337,879)
Total accumulated depreciation	<u>(8,449,216)</u>	<u>(801,055)</u>	<u>-</u>	<u>(9,250,271)</u>
Total capital assets being depreciated, net	<u>25,121,555</u>	<u>6,761,513</u>	<u>-</u>	<u>31,883,068</u>
Business-type activities capital assets, net	<u>\$ 33,410,232</u>	<u>\$ 6,772,366</u>	<u>\$ (7,729,346)</u>	<u>\$ 32,453,252</u>

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

Governmental activities:		
General government		\$ 29,421
Public safety		164,968
Streets and highways		673,713
Culture and recreation		40,421
Total depreciation expense - governmental activities		<u>\$ 908,523</u>
Business-type activities:		
Water		\$ 306,174
Sewer		368,241
Storm sewer		126,640
Total depreciation expense - business-type activities		<u>\$ 801,055</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Interfund transfers

The composition of interfund transfers for the year ended December 31, 2010 is as follows:

	Transfer in:		
	General Fund	Debt Service Fund	Nonmajor Governmental Funds
Transfer out:			
General fund	\$ -	\$ 13,420	\$ 416,588
Debt Service fund	878	-	-
Water Utility fund	443,117	-	-
Sewer Utility fund	-	-	-
Total transfers out	<u>\$ 443,995</u>	<u>\$ 13,420</u>	<u>\$ 416,588</u>

	Transfer in:		
	Sewer Utility Fund	Storm Sewer Utility Fund	Total
Transfer out:			
General fund	\$ -	\$ -	\$ 430,008
Debt Service fund	-	-	878
Water Utility fund	700,000	300,000	1,443,117
Sewer Utility fund	-	4,745	4,745
Total transfers out	<u>\$ 700,000</u>	<u>\$ 304,745</u>	<u>\$ 1,878,748</u>

For the year ended December 31, 2010 the City made the following transfers:

- \$878 was transferred from Debt Service to the General fund to close one of the funds.
- \$18,000 was transferred from the General fund to the Fire Vehicle nonmajor governmental fund for future capital expenditures.
- \$55,198 was transferred from the General fund to the Municipal State Aid nonmajor governmental fund related to State funding received.
- \$13,420 was transferred from the General fund to the Debt Service fund to eliminate fund deficits.
- \$343,390 was transferred from the General fund to nonmajor capital projects funds per the City's fund balance policy to maintain the General fund balance at 55 percent.
- \$443,117 was transferred from the Water Utility fund to the General fund related to administration of capital projects
- \$700,000 and \$300,000 were transferred from the Water Utility fund to the Sewer and Storm Sewer Utility funds respectively for operations.
- \$4,745 was transferred from the Sewer Utility fund to the Storm Sewer Utility fund to correct charges between funds in prior years.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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>\$ 150,000</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending December 31,</u>	General Obligation Bonds		
	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 75,000	\$ 5,653	\$ 80,653
2012	75,000	2,430	77,430
Total	<u>\$ 150,000</u>	<u>\$ 8,083</u>	<u>\$ 158,083</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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
Governmental					
G.O. Refunding Bonds of 2002B	\$ 615,000 *	2.00 - 3.80 %	12/01/02	12/01/11	\$ 61,612
G.O. Improvement Refunding Bonds of 2004B	2,740,000	4.10 - 5.00	10/01/04	02/01/20	2,290,000
G.O. Improvement Bonds of 2004A	4,935,000 *	3.20 - 4.35	05/01/04	02/01/20	1,641,572
G.O. Capital Improvement Bonds of 2008A	1,805,000	3.00 - 4.00	6/1/2008	02/01/29	1,740,000
G.O. O. Imp. Refunding Bonds of 2008A	1,630,000	2.30 - 3.50	05/01/08	02/01/18	1,075,000
G.O. Improvement Bonds of 2008B	1,275,000	2.50 - 4.40	08/01/08	02/01/24	<u>1,230,000</u>
Total Governmental					<u>8,038,184</u>
Business - type					
G.O. Refunding Bonds of 2002B	615,000 *	2.00 - 3.80	12/01/02	12/01/11	8,388
G.O. Improvement Bonds of 2004A	4,935,000 *	3.20 - 4.35	05/01/04	02/01/20	<u>1,913,428</u>
Total business - type					<u>1,921,816</u>
Total G.O. Special Assessment Bonds					<u>\$ 9,960,000</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, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

The annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31,	G.O. Special Assessment Bonds Governmental Activities			G.O. Special Assessment Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 954,757	\$ 292,197	\$ 1,246,954	\$ 170,243	\$ 71,597	\$ 241,840
2012	867,403	257,268	1,124,671	167,597	65,753	233,350
2013	781,774	226,676	1,008,450	173,226	59,783	233,009
2014	706,608	200,096	906,704	178,392	53,448	231,840
2015	733,185	174,497	907,682	186,815	46,684	233,499
2016 - 2020	2,584,457	526,756	3,111,213	1,045,543	113,644	1,159,187
2021 - 2025	920,000	188,579	1,108,579	-	-	-
2026 - 2029	490,000	40,200	530,200	-	-	-
		-			-	
Total	<u>\$ 8,038,184</u>	<u>\$ 1,906,269</u>	<u>\$ 9,944,453</u>	<u>\$ 1,921,816</u>	<u>\$ 410,909</u>	<u>\$ 2,332,725</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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	\$ 155,000
PFA Loan Payable of 2000	6,849,212	2.20	05/30/00	08/20/21	4,224,000
PFA Loan Payable of 2003	1,068,000	2.82	06/30/03	08/20/23	752,000
G.O. Water Revenue Bonds of 2005A	1,140,000	2.75 - 4.30	05/01/05	02/01/21	890,000
G.O PIR Bonds of 2008B/Sewer	210,000	2.50 - 4.40	08/01/08	02/01/24	205,000
G.O PIR Bonds of 2008B/Water	230,000	2.50 - 4.40	08/01/08	02/01/24	220,000
G.O PIR Bonds of 2008B/Storm	315,000	2.50 - 4.40	08/01/08	02/01/24	305,000
G.O. Utility Revenue Bonds of 2007A	8,610,000	4.00 - 4.25	09/01/07	02/01/23	<u>7,880,000</u>
Total G.O. Revenue Bonds					<u><u>\$ 14,631,000</u></u>

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

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2011	\$ 973,000	\$ 503,770	\$ 1,476,770
2012	1,018,000	470,291	1,488,291
2013	1,047,000	435,214	1,482,214
2014	1,088,000	398,623	1,486,623
2015	1,118,000	360,550	1,478,550
2016 - 2020	6,185,000	1,183,678	7,368,678
2021 - 2024	<u>3,202,000</u>	<u>186,843</u>	<u>3,388,843</u>
Total	<u><u>\$ 14,631,000</u></u>	<u><u>\$ 3,538,969</u></u>	<u><u>\$ 18,169,969</u></u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Transfers/ Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 225,000	\$ -	\$ (75,000)	\$ 150,000	\$ 75,000
General obligation special assessment bonds	<u>8,954,259</u>	<u>-</u>	<u>(916,075)</u>	<u>8,038,184</u>	<u>954,757</u>
Total bonds payable	9,179,259	-	(991,075)	8,188,184	1,029,757
Compensated absences payable					
	<u>107,090</u>	<u>63,428</u>	<u>(82,640)</u>	<u>87,878</u>	<u>57,908</u>
Governmental activity long-term liabilities	<u>\$ 9,286,349</u>	<u>\$ 63,428</u>	<u>\$ (1,073,715)</u>	<u>\$ 8,276,062</u>	<u>\$ 1,087,665</u>
Business-type activities:					
Bonds payable					
General obligation revenue bonds	\$ 15,568,000	\$ -	\$ (937,000)	\$ 14,631,000	\$ 973,000
General obligation special assessment bonds	<u>2,085,741</u>	<u>-</u>	<u>(163,925)</u>	<u>1,921,816</u>	<u>170,243</u>
Total bonds payable	17,653,741	-	(1,100,925)	16,552,816	1,143,243
Compensated absences payable					
	<u>21,446</u>	<u>35,320</u>	<u>(7,831)</u>	<u>48,935</u>	<u>48,935</u>
Business-type activity long-term liabilities	<u>\$ 17,675,187</u>	<u>\$ 35,320</u>	<u>\$ (1,108,756)</u>	<u>\$ 16,601,751</u>	<u>\$ 1,192,178</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 General Employees Retirement Fund (GERF) 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.

GERF 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 GERF 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 GERF and PEPFF. That report may be obtained on the Internet at 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, 2010

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. GERF 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 2010. PEPFF members were required to contribute 9.4 percent of their annual covered salary in 2010. In 2010, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.00 percent for Coordinated Plan GERF members, and 14.1 percent for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 7.25 percent and 14.40 percent, respectively, effective January 1, 2011. The City's contributions to the General Employees Retirement Fund for the years ending December 31, 2010, 2009 and 2008 were \$53,595, \$55,948, and \$54,720, respectively. The City's contributions to the PEPFF for the years ending December 31, 2010, 2009 and 2008 were \$67,675, \$79,154, and \$69,309, 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, 2010, 2009 and 2008 were \$700, \$724, and \$556, 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, 2010

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	\$	73,529
Contributions made		
City (required)		42,944
State aid		30,585
Actuarial valuation date		12/31/10
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
12/31/10	\$ 73,529	100.0 %	\$ -
12/31/09	64,593	100.0	-
12/31/08	108,511	100.0	-

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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
12/31/10	\$ 645,295	\$ 748,429	(103,134)	86.2 %	\$ 1,900
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

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 \$408,933,200. The City currently has \$150,000 of debt subject to this limit, leaving a debt margin of \$13,680,586 (net of debt service reserves). 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, 2010

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 2010 were as follows:

City of	Amount Contributed	Percent
Savage	\$ 170,979	17.1 %
Shakopee	443,039	43.6
Prior Lake	118,675	18.5
Jordan	67,209	6.3
Belle Plaine	79,989	6.2
New Prague	61,357	6.2
Elko New Market	9,608	2.1
Total	\$ 950,856	100.0 %

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.

Note 7: PRIOR PERIOD RESTATEMENT

Data presented for 2009 has been restated to reflect an overstatement of accrued interest payable and interest expense in the prior year's audit report. In the government wide financial statements this decreased the amount of accrued interest payable and interest expense reported in the governmental activities by \$46,695. In the business type activities, the effect of this restatement totaled \$59,723. In the fund financial statements this restatement is reflected in the Water Utility, Sewer Utility and Storm Sewer Utility funds in the amount of \$33,955, \$18,010, and \$7,758 respectively.

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

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
ASSETS			
Cash and temporary investments	\$ 459,536	\$ 1,337,004	\$ 1,796,540
Receivables			
Notes	6,979	-	6,979
TOTAL ASSETS	\$ 466,515	\$ 1,337,004	\$ 1,803,519
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,158	\$ 14,336	\$ 15,494
Deferred revenue	6,979	-	6,979
TOTAL LIABILITIES	8,137	14,336	22,473
FUND BALANCES (DEFICITS)			
Unreserved			
Designated for:			
Economic development	259,613	-	259,613
Capital outlay	-	1,324,133	1,324,133
Undesignated, reported in:			
Special revenue funds	198,765	-	198,765
Capital projects funds	-	(1,465)	(1,465)
TOTAL FUND BALANCES	458,378	1,322,668	1,781,046
TOTAL LIABILITIES AND FUND BALANCES	\$ 466,515	\$ 1,337,004	\$ 1,803,519

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
REVENUES			
Taxes	\$ 59,215	\$ 67,023	\$ 126,238
Charges for services	-	5,912	5,912
Fines and forfeits	4,899	-	4,899
Investment earnings	10,741	19,330	30,071
Miscellaneous	17,775	29,779	47,554
TOTAL REVENUES	92,630	122,044	214,674
EXPENDITURES			
Current			
Public safety	24,678	-	24,678
Streets and highways	13,355	-	13,355
Culture and recreation	100	-	100
Economic development	10,722	62,013	72,735
Capital outlay			
Public safety	4,883	22,360	27,243
Streets and highways	-	13,333	13,333
Culture and recreation	-	101,498	101,498
TOTAL EXPENDITURES	53,738	199,204	252,942
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	38,892	(77,160)	(38,268)
OTHER FINANCING SOURCES			
Sale of capital assets	20	-	20
Transfers in	55,198	361,390	416,588
TOTAL OTHER FINANCING SOURCES	55,218	361,390	416,608
NET CHANGE IN FUND BALANCES	94,110	284,230	378,340
FUND BALANCES, JANUARY 1	364,268	1,038,438	1,402,706
FUND BALANCES, DECEMBER 31	\$ 458,378	\$ 1,322,668	\$ 1,781,046

CITY OF JORDAN, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	603	204	215	216
	Economic Development Authority	Contributions and Donations	Police Forfeiture	Police Dare Program
ASSETS				
Cash and temporary investments	\$ 355,429	\$ 22,935	\$ 4,557	\$ 4,237
Receivables				
Notes	6,979	-	-	-
TOTAL ASSETS	<u>\$ 362,408</u>	<u>\$ 22,935</u>	<u>\$ 4,557</u>	<u>\$ 4,237</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,158	\$ -
Deferred revenue	6,979	-	-	-
TOTAL LIABILITIES	<u>6,979</u>	<u>-</u>	<u>1,158</u>	<u>-</u>
FUND BALANCES				
Unreserved				
Designated for housing and redevelopment	259,613	-	-	-
Undesignated	95,816	22,935	3,399	4,237
TOTAL FUND BALANCES	<u>355,429</u>	<u>22,935</u>	<u>3,399</u>	<u>4,237</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 362,408</u>	<u>\$ 22,935</u>	<u>\$ 4,557</u>	<u>\$ 4,237</u>

217	230	212	232	
Police Car Seat	Emergency Siren	Municipal State Aid	Historical Fund	Totals
\$ 3,883	\$ 1,907	\$ 65,727	\$ 861	\$ 459,536
-	-	-	-	6,979
<u>\$ 3,883</u>	<u>\$ 1,907</u>	<u>\$ 65,727</u>	<u>\$ 861</u>	<u>\$ 466,515</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,158
-	-	-	-	6,979
-	-	-	-	8,137
-	-	-	-	259,613
<u>3,883</u>	<u>1,907</u>	<u>65,727</u>	<u>861</u>	<u>198,765</u>
<u>3,883</u>	<u>1,907</u>	<u>65,727</u>	<u>861</u>	<u>458,378</u>
<u>\$ 3,883</u>	<u>\$ 1,907</u>	<u>\$ 65,727</u>	<u>\$ 861</u>	<u>\$ 466,515</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	603 Economic Development Authority	204 Contributions and Donations	215 Police Forfeiture	216 Police Dare Program
REVENUES				
Taxes				
Property taxes	\$ 59,215	\$ -	\$ -	\$ -
Fines and forfeits	-	151	4,748	-
Investment earnings	8,375	760	199	115
Miscellaneous				
Contributions and donations	-	17,500	-	275
TOTAL REVENUES	67,590	18,411	4,947	390
EXPENDITURES				
Current				
Public safety	-	16,217	8,865	(410)
Streets and highways	-	-	-	-
Culture and recreation	-	100	-	-
Economic development	10,722	-	-	-
Capital outlay				
Public safety	-	4,883	-	-
TOTAL EXPENDITURES	10,722	21,200	8,865	(410)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	56,868	(2,789)	(3,918)	800
OTHER FINANCING SOURCES				
Sale of assets	-	-	-	-
Transfers in	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCES	56,868	(2,789)	(3,918)	800
FUND BALANCES, JANUARY 1	298,561	25,724	7,317	3,437
FUND BALANCES, DECEMBER 31	\$ 355,429	\$ 22,935	\$ 3,399	\$ 4,237

217	230	212	232	
Police Car Seat	Emergency Siren	Municipal State Aid	Historical Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 59,215
-	-	-	-	4,899
116	34	1,116	26	10,741
-	-	-	-	17,775
<u>116</u>	<u>34</u>	<u>1,116</u>	<u>26</u>	<u>92,630</u>
6	-	-	-	24,678
-	-	13,355	-	13,355
-	-	-	-	100
-	-	-	-	10,722
-	-	-	-	4,883
<u>6</u>	<u>-</u>	<u>13,355</u>	<u>-</u>	<u>53,738</u>
<u>110</u>	<u>34</u>	<u>(12,239)</u>	<u>26</u>	<u>38,892</u>
-	-	-	20	20
-	-	55,198	-	55,198
-	-	55,198	20	55,218
110	34	42,959	46	94,110
<u>3,773</u>	<u>1,873</u>	<u>22,768</u>	<u>815</u>	<u>364,268</u>
<u>\$ 3,883</u>	<u>\$ 1,907</u>	<u>\$ 65,727</u>	<u>\$ 861</u>	<u>\$ 458,378</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	401	425	450	423	427
	Capital Projects Revolving	Fire Vehicle	Development District No. 1	190th Street Construction Project	Broadway Market TIF Project
ASSETS					
Cash and temporary investments (deficits)	<u>\$ 274,712</u>	<u>\$ 41,865</u>	<u>\$ 7,019</u>	<u>\$ 147,748</u>	<u>\$ (1,465)</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES (DEFICITS)					
Unreserved					
Designated for capital outlay	274,712	41,865	7,019	147,748	-
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,465)</u>
TOTAL FUND BALANCES (DEFICITS)	<u>274,712</u>	<u>41,865</u>	<u>7,019</u>	<u>147,748</u>	<u>(1,465)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 274,712</u>	<u>\$ 41,865</u>	<u>\$ 7,019</u>	<u>\$ 147,748</u>	<u>\$ (1,465)</u>

464	424	442	454	452	453	443	455	
Street Equipment Fee	CR 61 and CR 66 Construction	Jordan Center TIF Project	Park Equipment Improvement	Park Improvement	Park Capital	Jordan Valley Townhomes TIF	2010 Basketball Court	Totals
<u>\$ 27,994</u>	<u>\$ 526,273</u>	<u>\$ 2,524</u>	<u>\$ 87,256</u>	<u>\$ 137,837</u>	<u>\$ 69,055</u>	<u>\$ 2,196</u>	<u>\$ 13,990</u>	<u>\$ 1,337,004</u>
<u>\$ -</u>	<u>\$ 3,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,336</u>
27,994	522,562	2,524	87,256	127,212	69,055	2,196	13,990	1,324,133
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,465)</u>
<u>27,994</u>	<u>522,562</u>	<u>2,524</u>	<u>87,256</u>	<u>127,212</u>	<u>69,055</u>	<u>2,196</u>	<u>13,990</u>	<u>1,322,668</u>
<u>\$ 27,994</u>	<u>\$ 526,273</u>	<u>\$ 2,524</u>	<u>\$ 87,256</u>	<u>\$ 137,837</u>	<u>\$ 69,055</u>	<u>\$ 2,196</u>	<u>\$ 13,990</u>	<u>\$ 1,337,004</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
FOR THE YEAR ENDED DECEMBER 31, 2010

	401	425	450	423	427
	Capital Projects Revolving	Fire Vehicle	Development District No. 1	190th Street Construction Project	Broadway Market TIF Project
REVENUES					
Taxes					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 11,504
Charges for services					
Streets and highways	-	-	-	-	-
Investment earnings	-	621	122	2,569	16
Miscellaneous					
Contributions and donations	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>621</u>	<u>122</u>	<u>2,569</u>	<u>11,520</u>
EXPENDITURES					
Current					
Economic development	-	-	-	-	10,912
Capital outlay					
Public safety	-	22,360	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>22,360</u>	<u>-</u>	<u>-</u>	<u>10,912</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(21,739)	122	2,569	608
OTHER FINANCING SOURCES					
Transfers in	<u>274,712</u>	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	274,712	(3,739)	122	2,569	608
FUND BALANCES (DEFICITS), JANUARY 1	<u>-</u>	<u>45,604</u>	<u>6,897</u>	<u>145,179</u>	<u>(2,073)</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 274,712</u>	<u>\$ 41,865</u>	<u>\$ 7,019</u>	<u>\$ 147,748</u>	<u>\$ (1,465)</u>

464	424	442	454	452	453	443	455	
Street Equipment Fee	CR 61 and CR 66 Construction	Jordan Center TIF Project	Park Equipment Improvement	Park Improvement	Park Capital	Jordan Valley Townhomes TIF	2010 Basketball Court	Totals
\$ -	\$ -	\$ 23,924	\$ -	\$ -	\$ -	\$ 31,595	\$ -	\$ 67,023
5,912	-	-	-	-	-	-	-	5,912
755	9,234	82	1,794	3,927	6	86	118	19,330
-	-	-	15,907	-	-	-	13,872	29,779
6,667	9,234	24,006	17,701	3,927	6	31,681	13,990	122,044
-	-	22,090	-	-	-	29,011	-	62,013
-	-	-	-	-	-	-	-	22,360
-	13,333	-	-	-	-	-	-	13,333
-	-	-	1,064	100,434	-	-	-	101,498
-	13,333	22,090	1,064	100,434	-	29,011	-	199,204
6,667	(4,099)	1,916	16,637	(96,507)	6	2,670	13,990	(77,160)
-	-	-	-	-	68,678	-	-	361,390
6,667	(4,099)	1,916	16,637	(96,507)	68,684	2,670	13,990	284,230
21,327	526,661	608	70,619	223,719	371	(474)	-	1,038,438
<u>\$ 27,994</u>	<u>\$ 522,562</u>	<u>\$ 2,524</u>	<u>\$ 87,256</u>	<u>\$ 127,212</u>	<u>\$ 69,055</u>	<u>\$ 2,196</u>	<u>\$ 13,990</u>	<u>\$ 1,322,668</u>

CITY OF JORDAN, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Cash and temporary investments	\$ 1,794,384	\$ 1,529,365
Receivables		
Delinquent taxes	106,223	113,644
Accounts	53,602	78,592
Special assessments		
Delinquent	7,725	63,450
Deferred	19,107	14,981
Intergovernmental	39,318	36,275
Prepaid items	21,875	21,000
TOTAL ASSETS	\$ 2,042,234	\$ 1,857,307
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 191,874	\$ 191,159
Accrued salaries payable	23,897	20,271
Due to other governments	8,425	7,719
Deposits payable	2,304	500
Deferred revenue	126,476	184,607
TOTAL LIABILITIES	352,976	404,256
FUND BALANCES		
Reserved for prepaid items	21,875	21,000
Unreserved		
Designated for working capital	1,667,383	1,432,051
TOTAL FUND BALANCES	1,689,258	1,453,051
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,042,234	\$ 1,857,307

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010			2009	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 1,948,377	\$ 1,948,377	\$ 1,981,720	\$ 33,343	\$ 1,605,897
Cable franchise fees	40,493	40,493	46,935	6,442	44,685
Total taxes	<u>1,988,870</u>	<u>1,988,870</u>	<u>2,028,655</u>	<u>39,785</u>	<u>1,650,582</u>
Special assessments	<u>3,500</u>	<u>3,500</u>	<u>11,747</u>	<u>8,247</u>	<u>5,039</u>
Licenses and permits					
Business	21,550	21,550	18,555	(2,995)	14,275
Nonbusiness	<u>14,991</u>	<u>14,991</u>	<u>84,114</u>	<u>69,123</u>	<u>46,697</u>
Total licenses and permits	<u>36,541</u>	<u>36,541</u>	<u>102,669</u>	<u>66,128</u>	<u>60,972</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	-	-	-	-	133,287
Property tax credits and aids	-	-	8,629	8,629	106,090
Fire aid	33,500	33,500	30,585	(2,915)	29,593
Police aid	57,000	57,000	52,947	(4,053)	3,568
Municipal state aid - streets	225,000	225,000	55,198	(169,802)	52,105
Other state aids	<u>11,196</u>	<u>11,196</u>	<u>25,211</u>	<u>14,015</u>	<u>97,940</u>
Total State	<u>326,696</u>	<u>326,696</u>	<u>172,570</u>	<u>(154,126)</u>	<u>422,583</u>
Local					
School liaison officer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,326</u>
Total intergovernmental	<u>368,196</u>	<u>368,196</u>	<u>172,570</u>	<u>(195,626)</u>	<u>425,909</u>
Charges for services					
General government	168,450	168,450	106,469	(61,981)	221,714
Public safety	181,140	181,140	167,330	(13,810)	139,342
Streets and highways	44,768	44,768	34,730	(10,038)	38,627
Culture and recreation	-	-	1,050	1,050	500
Other	<u>600</u>	<u>600</u>	<u>242</u>	<u>(358)</u>	<u>55</u>
Total charges for services	<u>394,958</u>	<u>394,958</u>	<u>309,821</u>	<u>(85,137)</u>	<u>400,238</u>
Fines and forfeits	<u>65,000</u>	<u>65,000</u>	<u>76,669</u>	<u>11,669</u>	<u>54,889</u>
Investment earnings	<u>40,000</u>	<u>40,000</u>	<u>40,192</u>	<u>192</u>	<u>40,333</u>
Miscellaneous					
Other	14,596	14,596	1,223	(13,373)	-
Rents	12,900	12,900	7,900	(5,000)	6,580
Contributions and donations	-	-	24,140	24,140	-
Refunds and reimbursements	-	-	106	106	(1,099)
TIF development revenue	<u>10,000</u>	<u>10,000</u>	<u>13,000</u>	<u>3,000</u>	<u>-</u>
Total miscellaneous	<u>37,496</u>	<u>37,496</u>	<u>46,369</u>	<u>8,873</u>	<u>5,481</u>
TOTAL REVENUES	<u>2,934,561</u>	<u>2,934,561</u>	<u>2,788,692</u>	<u>(145,869)</u>	<u>2,643,443</u>

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personal services	\$ 29,270	\$ 29,270	\$ 29,112	\$ 158	\$ 28,528
Supplies	350	350	167	183	494
Other services and charges	23,850	23,850	21,874	1,976	20,994
Total Mayor and Council	53,470	53,470	51,153	2,317	50,016
City administration					
Personal services	77,295	77,295	77,322	(27)	76,026
Supplies	2,350	2,350	977	1,373	1,712
Other services and charges	11,600	11,600	7,064	4,536	10,514
Total city administration	91,245	91,245	85,363	5,882	88,252
Elections					
Personal services	3,575	3,575	2,719	856	-
Supplies	675	675	52	623	-
Other services	1,000	1,000	816	184	-
Total elections	5,250	5,250	3,587	1,663	-
Financial administration					
Personal services	39,480	39,480	40,092	(612)	39,898
Supplies	1,850	1,850	985	865	293
Other services and charges	57,875	57,875	59,024	(1,149)	56,639
Total financial administration	99,205	99,205	100,101	(896)	96,830
Legal					
Other services	138,000	138,000	228,986	(90,986)	158,880
Deputy registrar					
Personal services	90,093	90,093	88,564	1,529	90,921
Supplies	650	650	259	391	139
Other services and charges	2,750	2,750	2,510	240	2,278
Total deputy registrar	93,493	93,493	91,333	2,160	93,338
Planning and zoning					
Personal services	80,889	80,889	81,875	(986)	97,250
Supplies	600	600	-	600	18
Other services and charges	57,975	57,975	95,842	(37,867)	79,869
Total planning and zoning	139,464	139,464	177,717	(38,253)	177,137

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
General government - Continued					
General government building					
Supplies	\$ 1,950	\$ 1,950	\$ 1,540	\$ 410	\$ 1,852
Other services and charges	32,000	32,000	26,040	5,960	26,702
Total general government building	33,950	33,950	27,580	6,370	28,554
Total general government	654,077	654,077	765,820	(111,743)	693,007
Public safety					
Police					
Personal services	783,912	783,912	756,849	27,063	865,091
Supplies	42,200	42,200	36,992	5,208	30,277
Other services and charges	37,500	37,500	35,166	2,334	32,937
Total police	863,612	863,612	829,007	34,605	928,305
Fire					
Personal services	128,055	128,055	127,825	230	110,488
Supplies	31,050	31,050	33,207	(2,157)	26,347
Other services and charges	80,700	80,700	77,542	3,158	80,186
Total fire	239,805	239,805	238,574	1,231	217,021
Building inspection					
Supplies	200	200	-	200	-
Other services	55,000	55,000	13,810	41,190	21,208
Total building inspection	55,200	55,200	13,810	41,390	21,208
Civil defense					
Other services and charges	9,000	9,000	6,998	2,002	6,918
Animal control					
Supplies	150	150	97	53	188
Other services	12,000	12,000	11,516	484	11,817
Total animal control	12,150	12,150	11,613	537	12,005
Total public safety	1,179,767	1,179,767	1,100,002	79,765	1,185,457
Streets and highways					
Street maintenance					
Personal services	174,473	174,473	176,073	(1,600)	175,121
Supplies	73,500	73,500	76,453	(2,953)	58,329
Other services and charges	127,200	127,200	127,634	(434)	150,065
Total streets and highways	375,173	375,173	380,160	(4,987)	383,515

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
Culture and recreation					
Parks					
Personal services	\$ 42,929	\$ 42,929	\$ 41,438	\$ 1,491	\$ 43,654
Supplies	25,000	25,000	19,307	5,693	16,803
Other services and charges	42,700	42,700	47,097	(4,397)	54,122
Total parks	<u>110,629</u>	<u>110,629</u>	<u>107,842</u>	<u>2,787</u>	<u>114,579</u>
Recreation					
Other charges	20,830	20,830	25,566	(4,736)	20,510
Library					
Supplies	300	300	331	(31)	571
Other services and charges	10,200	10,200	9,848	352	25,458
Total library	<u>10,500</u>	<u>10,500</u>	<u>10,179</u>	<u>321</u>	<u>26,029</u>
Total culture and recreation	<u>141,959</u>	<u>141,959</u>	<u>143,587</u>	<u>(1,628)</u>	<u>161,118</u>
Miscellaneous					
Unallocated					
Personal services	-	-	-	-	2,009
Supplies	7,600	7,600	13,485	(5,885)	5,502
Other services and charges	203,087	203,087	69,069	134,018	123,083
Total miscellaneous	<u>210,687</u>	<u>210,687</u>	<u>82,554</u>	<u>128,133</u>	<u>130,594</u>
Total current	<u>2,561,663</u>	<u>2,561,663</u>	<u>2,472,123</u>	<u>89,540</u>	<u>2,553,691</u>
Capital outlay					
General government	11,000	11,000	5,234	5,766	944
Public safety	-	-	-	-	34,988
Streets and highways	-	-	-	-	4,503
Miscellaneous	5,500	5,500	-	5,500	3,123
Total capital outlay	<u>19,500</u>	<u>19,500</u>	<u>8,234</u>	<u>11,266</u>	<u>43,558</u>
Debt service					
Principal	148,000	148,000	75,000	73,000	75,000
Interest	77,965	77,965	11,115	66,850	12,204
Total debt service	<u>225,965</u>	<u>225,965</u>	<u>86,115</u>	<u>139,850</u>	<u>87,204</u>
TOTAL EXPENDITURES	<u>2,807,128</u>	<u>2,807,128</u>	<u>2,566,472</u>	<u>240,656</u>	<u>2,684,453</u>

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 127,433	\$ 127,433	\$ 222,220	\$ 94,787	\$ (41,010)
OTHER FINANCING SOURCES (USES)					
Sale of assets	1,500	1,500	-	(1,500)	124
Transfers in	175,000	175,000	443,995	268,995	493,782
Transfers out	(227,000)	(227,000)	(430,008)	(203,008)	(119,769)
TOTAL OTHER FINANCING SOURCES (USES)	(50,500)	(50,500)	13,987	64,487	374,137
NET CHANGE IN FUND BALANCES	76,933	76,933	236,207	159,274	333,127
FUND BALANCES, JANUARY 1	1,453,051	1,453,051	1,453,051	-	1,119,924
FUND BALANCES, DECEMBER 31	<u>\$ 1,529,984</u>	<u>\$ 1,529,984</u>	<u>\$ 1,689,258</u>	<u>\$ 159,274</u>	<u>\$ 1,453,051</u>

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010
(With Comparative Totals for December 31, 2009)

	320	322	324	325
	2002B G.O. Refunding Bonds	2003A G.O. Refunding Bonds	2004A G.O. Improvement Bonds	2004B G.O. Refunding Bonds
ASSETS				
Cash and temporary investments (deficits)	\$ 33,526	\$ (194)	\$ 654,553	\$ 354,012
Receivables				
Special assessments				
Delinquent	9,222	-	-	6,905
Deferred	37,915	-	601,520	417,906
Intergovernmental	-	-	-	-
TOTAL ASSETS	<u>\$ 80,663</u>	<u>\$ (194)</u>	<u>\$ 1,256,073</u>	<u>\$ 778,823</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ 827	\$ -	\$ 396	\$ 2,896
Deferred revenue	47,137	-	601,520	424,811
TOTAL LIABILITIES	<u>47,964</u>	<u>-</u>	<u>601,916</u>	<u>427,707</u>
FUND BALANCES (DEFICITS)				
Reserved for debt service	32,699	-	654,157	351,116
Unreserved, undesignated	-	(194)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>32,699</u>	<u>(194)</u>	<u>654,157</u>	<u>351,116</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 80,663</u>	<u>\$ (194)</u>	<u>\$ 1,256,073</u>	<u>\$ 778,823</u>

327	328	329	Totals	
2008 G.O. Improvement Bonds	2008 G.O. Refunding Bonds	2008 G.O. Capital Improvement Bonds	2010	2009
\$ 167,603	\$ 287,565	\$ 70,056	\$ 1,567,121	\$ 1,468,309
517	530	-	17,174	25,750
83,406	28,885	-	1,169,632	1,359,116
<u>517</u>	<u>259</u>	<u>-</u>	<u>776</u>	<u>17,536</u>
<u>\$ 252,043</u>	<u>\$ 317,239</u>	<u>\$ 70,056</u>	<u>\$ 2,754,703</u>	<u>\$ 2,870,711</u>
\$ 396	\$ 396	\$ 396	\$ 5,307	\$ 2,931
83,923	29,415	-	1,186,806	1,384,866
<u>84,319</u>	<u>29,811</u>	<u>396</u>	<u>1,192,113</u>	<u>1,387,797</u>
167,724	287,428	69,660	1,562,784	1,484,907
-	-	-	(194)	(1,993)
<u>167,724</u>	<u>287,428</u>	<u>69,660</u>	<u>1,562,590</u>	<u>1,482,914</u>
<u>\$ 252,043</u>	<u>\$ 317,239</u>	<u>\$ 70,056</u>	<u>\$ 2,754,703</u>	<u>\$ 2,870,711</u>

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
FOR THE YEAR ENDED DECEMBER 31, 2010
(With Comparative Totals for the Year Ended December 31, 2009)

	320	322	324	325
	2002B G.O.	2003A G.O.	2004A G.O.	2004B G.O.
	Refunding	Refunding	Improvement	Refunding
	Bonds	Bonds	Bonds	Bonds
REVENUES				
Taxes				
Property taxes	\$ 32,890	\$ 40,526	\$ 109,481	\$ 275,896
Special assessments	28,495	-	104,439	88,685
Investment earnings	1,414	6	15,318	6,769
	<u>62,799</u>	<u>40,532</u>	<u>229,238</u>	<u>371,350</u>
TOTAL REVENUES				
EXPENDITURES				
Debt service				
Principal	61,881	50,000	134,194	280,000
Interest and other	5,755	1,275	65,499	99,595
	<u>67,636</u>	<u>51,275</u>	<u>199,693</u>	<u>379,595</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,837)</u>	<u>(10,743)</u>	<u>29,545</u>	<u>(8,245)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	13,420	-	-
Transfers out	-	(878)	-	-
	<u>-</u>	<u>12,542</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(4,837)	1,799	29,545	(8,245)
FUND BALANCES (DEFICITS), JANUARY 1	<u>37,536</u>	<u>(1,993)</u>	<u>624,612</u>	<u>359,361</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 32,699</u>	<u>\$ (194)</u>	<u>\$ 654,157</u>	<u>\$ 351,116</u>

327 2008 G.O. Improvement Bonds	328 2008 G.O. Refunding Bonds	329 2008 G.O. Capital Improvement Bonds	Totals	
			2010	2009
\$ 103,668	\$ 324,435	\$ 138,737	\$ 1,025,633	\$ 1,187,734
20,210	9,251	-	251,080	244,687
3,186	8,718	1,006	36,417	149,857
<u>127,064</u>	<u>342,404</u>	<u>139,743</u>	<u>1,313,130</u>	<u>1,582,278</u>
45,000	280,000	65,000	916,075	3,718,999
49,773	39,523	68,501	329,921	484,761
<u>94,773</u>	<u>319,523</u>	<u>133,501</u>	<u>1,245,996</u>	<u>4,203,760</u>
<u>32,291</u>	<u>22,881</u>	<u>6,242</u>	<u>67,134</u>	<u>(2,621,482)</u>
-	-	-	13,420	66,900
-	-	-	(878)	(1,343,706)
-	-	-	12,542	(1,276,806)
32,291	22,881	6,242	79,676	(3,898,288)
135,433	264,547	63,418	1,482,914	5,381,202
<u>\$ 167,724</u>	<u>\$ 287,428</u>	<u>\$ 69,660</u>	<u>\$ 1,562,590</u>	<u>\$ 1,482,914</u>

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**SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010

CITY OF JORDAN, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Total 2010	Total 2009	Percent Increase (Decrease)
REVENUES			
Taxes	\$ 3,180,526	\$ 2,749,984	15.66 %
Special assessments	263,027	346,717	(24.14)
Licenses and permits	102,669	87,321	17.58
Intergovernmental	172,570	1,394,873	(87.63)
Charges for services	315,733	539,215	(41.45)
Fines and forfeits	81,568	51,503	58.38
Investment earnings	108,839	414,755	(73.76)
Miscellaneous	93,923	77,830	20.68
	<u>\$ 4,318,855</u>	<u>\$ 5,662,198</u>	(23.72) %
TOTAL REVENUES	<u>\$ 4,318,855</u>	<u>\$ 5,662,198</u>	(23.72) %
Per Capita	\$ 799	\$ 1,045	(23.50) %
EXPENDITURES			
Current			
General government	\$ 765,820	\$ 788,526	(2.88) %
Public safety	1,124,680	1,267,894	(11.30)
Streets and highways	393,515	375,002	4.94
Culture and recreation	143,687	152,048	(5.50)
Economic development	72,735	34,463	111.05
Miscellaneous	82,554	73,016	13.06
Capital outlay			
General government	5,234	8,053	(35.01)
Public safety	45,447	1,555,191	(97.08)
Streets and highways	156,514	928,795	(83.15)
Culture and recreation	104,498	87,076	20.01
Economic development	-	15,650	(100.00)
Miscellaneous	-	57,841	(100.00)
Debt service			
Principal	991,075	2,648,476	(62.58)
Interest and other charges	341,036	576,549	(40.85)
	<u>\$ 4,226,795</u>	<u>\$ 8,568,580</u>	(50.67) %
TOTAL EXPENDITURES	<u>\$ 4,226,795</u>	<u>\$ 8,568,580</u>	(50.67) %
Per Capita	\$ 782	\$ 1,582	(50.52) %
Total Long-term Indebtedness	\$ 8,188,184	\$ 9,179,259	(10.80) %
Per Capita	1,516	1,694	(10.53)
General Fund Balance - December 31	\$ 1,689,258	\$ 1,453,051	16.26 %
Per Capita	313	268	16.60

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

FOR THE YEAR ENDED
DECEMBER 31, 2010

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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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 25, 2011.

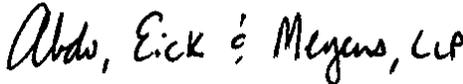
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the Minnesota Office of the State Auditor pursuant to Minnesota statute 6.65. Accordingly, 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.

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 25, 2011
Mankato, Minnesota


ABDO, EICK & MEYERS, LLP
Certified Public Accountants



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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 25, 2011. 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 2010-2 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 2010-1 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the City in a separate letter dated May 25, 2011.

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 25, 2011
Mankato, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010

Finding

Description

2010-1

Segregation of duties

Condition: During our audit we reviewed internal control procedures over payroll, disbursements, cash receipts, and investment transactions and found the City to have limited segregation of duties in these areas.

Criteria: There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.

Effect: The existence of this limited segregation of duties increases the risk of fraud.

Internal control over payroll

Cause: As a result of the small 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.

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. The Administrator now reviews bank reconciliations and signs off on them. The City no longer has payroll check stock because all checks are direct deposited.

Updated progress since prior year:

During 2010, the Administrator now reviews and approves payroll summaries and quarterly and annual payroll reports.

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
DECEMBER 31, 2010

Finding

Description

2010-2

Material audit adjustments

- Condition:* During our audit, adjustments were needed to record accounting and audit adjustments, two of which were material.
- A material audit entry was required to restate prior period amounts for accrued interest payable and related interest expense in the Water Utility fund for \$33,955, Sewer Utility fund \$18,010, Storm Sewer Utility fund \$7,758, and Governmental activities \$46,695.
 - A material audit entry was required to book additional accounts receivable in the General fund totaling \$51,054.
- 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:

The prior period adjustments noted above were discovered by City staff during the current year audit. However, they related to the prior period resulting in a restatement of the financial statements.

Updated progress since prior year:

The number of journal entries was reduced from 34 to 22 in the current year, of which 3 were made by the City staff.