

CITY OF JORDAN
JORDAN, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF JORDAN, MINNESOTA
ANNUAL FINANCIAL REPORT
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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, 2013

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Shaw	Mayor	12/31/16
Terry Stier	Council	12/31/16
Jeff Will	Council	12/31/16
Tanya Velishek	Council	12/31/16
Jeremy Goebel	Council	12/31/14
Joe Thill	Council	12/31/14
Thom Boncher	Council	12/31/14

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, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Jordan, Minnesota

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2013 financial statements and, in our report dated May 1, 2013, we expressed unmodified opinions on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

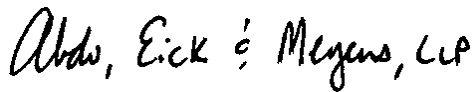
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 16, 2014 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
April 16, 2014

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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, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$31,962,497 (net position). Of this amount, \$3,296,471 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$541,949 compared to an increase of \$1,516,778 in the previous year. Decreases in capital grants and contributions and increases in overall expenses from the previous year contributed to this change from the previous year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,145,684, a decrease of \$58,520 in comparison with the prior year. This decrease is attributable to capital outlay associated with project costs during the year. Approximately 25.2 percent of ending fund balances, \$1,798,961, is available for spending at the City's discretion. The remainder of fund balance, \$5,346,723, is not available for new spending because it is either 1) restricted (\$3,679,054), 2) committed (\$189,732), or 3) assigned (\$1,477,937).
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,798,961, or 64.0 percent of total General fund expenditures.
- The City's total debt increased by \$4,833,000, or 20.6 percent during the current fiscal year. The key factor in this increase was the retirement of \$1,997,000 in long-term debt during the year and new debt issues of \$6,830,000.

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

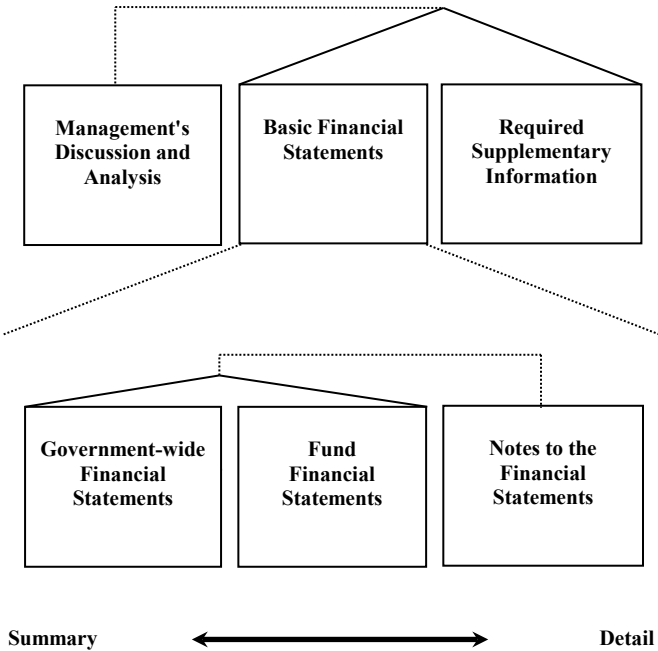


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial 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 Position • 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 Position • Statement of Revenues, Expenses and Changes in Net Position • 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 deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow 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 position* presents information on all of the City’s assets and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position 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 27 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 35 individual governmental funds, 8 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 Firehall Expansion Project fund and the 2013 Street Improvements 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 32 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 40 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 47 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 72 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$31,962,497 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73.5 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 Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Current and other assets	\$ 8,180,456	\$ 8,410,197	\$ (229,741)	\$ 8,537,767	\$ 3,871,844	\$ 4,665,923
Capital assets	14,900,684	12,883,311	2,017,373	30,016,510	30,877,484	(860,974)
Total assets	23,081,140	21,293,508	1,787,632	38,554,277	34,749,328	3,804,949
Long-term liabilities outstanding	9,497,673	8,395,073	1,102,600	19,307,842	15,464,323	3,843,519
Other liabilities	521,584	450,032	71,552	345,821	312,860	32,961
Total liabilities	10,019,257	8,845,105	1,174,152	19,653,663	15,777,183	3,876,480
Net position						
Net investment in capital assets	6,630,245	5,542,580	1,087,665	16,842,153	16,584,003	258,150
Restricted	3,135,167	2,977,838	157,329	2,058,461	2,388,142	(329,681)
Unrestricted	3,296,471	3,927,985	(631,514)	-	-	-
Total net position	\$ 13,061,883	\$ 12,448,403	\$ 613,480	\$ 18,900,614	\$ 18,972,145	\$ (71,531)

An additional portion of the City's net position (16.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (10.3 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 position for the City as a whole.

The City's total net position increased by \$541,949 compared to an increase of \$1,516,778 in the previous year. Decreases in capital grants and contributions and increases in overall expenses from the previous year contributed to this change from the previous year.

Governmental activities. Governmental activities increased the City's net position by \$613,480. Key elements of this increase are as follows:

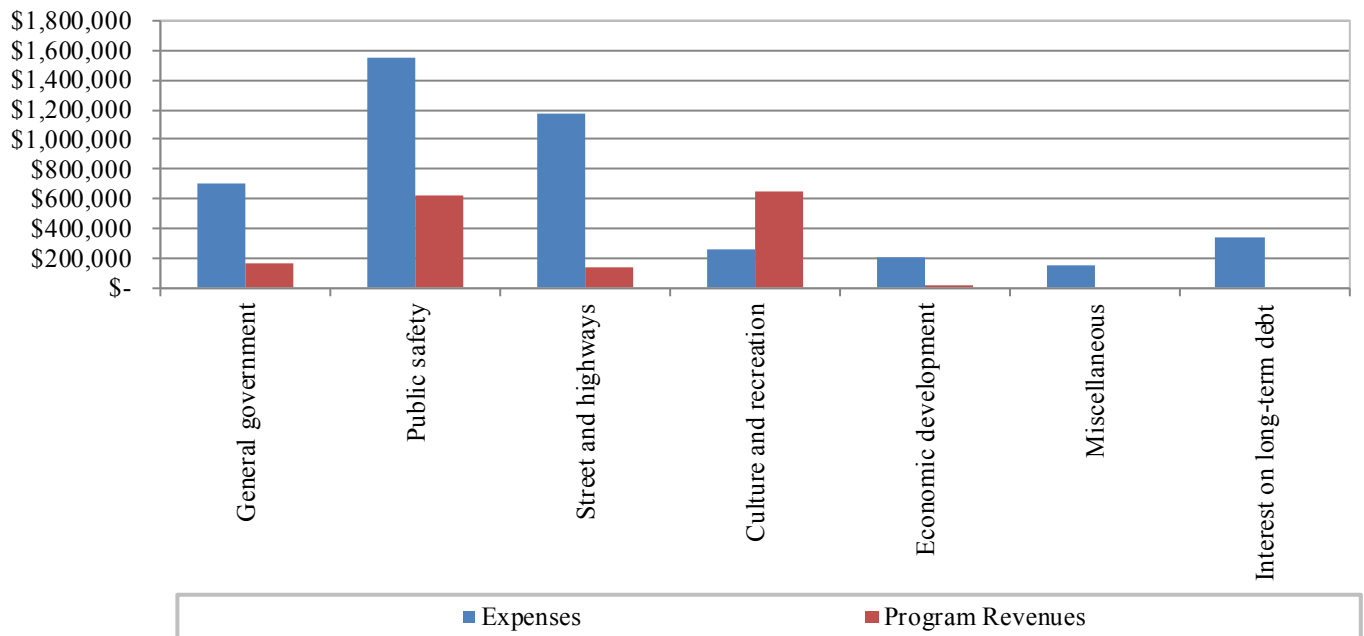
City of Jordan's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 670,959	\$ 651,800	\$ 19,159	\$ 2,198,823	\$ 2,109,227	\$ 89,596
Operating grants and contributions	172,278	267,021	(94,743)	-	-	-
Capital grants and contributions	753,053	1,143,803	(390,750)	361,061	407,867	(46,806)
General revenues						
Property taxes/franchise taxes/tax increments	3,286,799	3,268,792	18,007	-	-	-
Other taxes	62,969	58,079	4,890	-	-	-
Grants and contributions not restricted to specific programs	1,963	14,373	(12,410)	-	-	-
Unrestricted investment earnings	22,276	135,439	(113,163)	4,369	42,628	(38,259)
Gain on sale of capital assets and other	14,634	16,919	(2,285)	80,227	80,293	(66)
Total revenues	4,984,931	5,556,226	(571,295)	2,644,480	2,640,015	4,465
Expenses						
General government	701,242	674,556	26,686	-	-	-
Public safety	1,555,740	1,478,052	77,688	-	-	-
Streets and highways	1,178,801	1,145,678	33,123	-	-	-
Culture and recreation	262,094	261,942	152	-	-	-
Economic development	201,513	105,019	96,494	-	-	-
Miscellaneous	155,830	105,420	50,410	-	-	-
Interest on long-term debt	336,231	308,603	27,628	-	-	-
Water	-	-	-	1,336,003	1,235,191	100,812
Sewer	-	-	-	1,118,097	1,112,758	5,339
Storm sewer	-	-	-	241,911	252,244	(10,333)
Total expenses	4,391,451	4,079,270	312,181	2,696,011	2,600,193	95,818
Change in net position before transfers	593,480	1,476,956	(883,476)	(51,531)	39,822	(91,353)
Transfers	20,000	-	20,000	(20,000)	-	(20,000)
Change in net position	613,480	1,476,956	(863,476)	(71,531)	39,822	(111,353)
Net position - January 1	12,448,403	10,971,447	1,476,956	18,972,145	18,932,323	39,822
Net position - December 31	<u>\$ 13,061,883</u>	<u>\$ 12,448,403</u>	<u>\$ 613,480</u>	<u>\$ 18,900,614</u>	<u>\$ 18,972,145</u>	<u>\$ (71,531)</u>

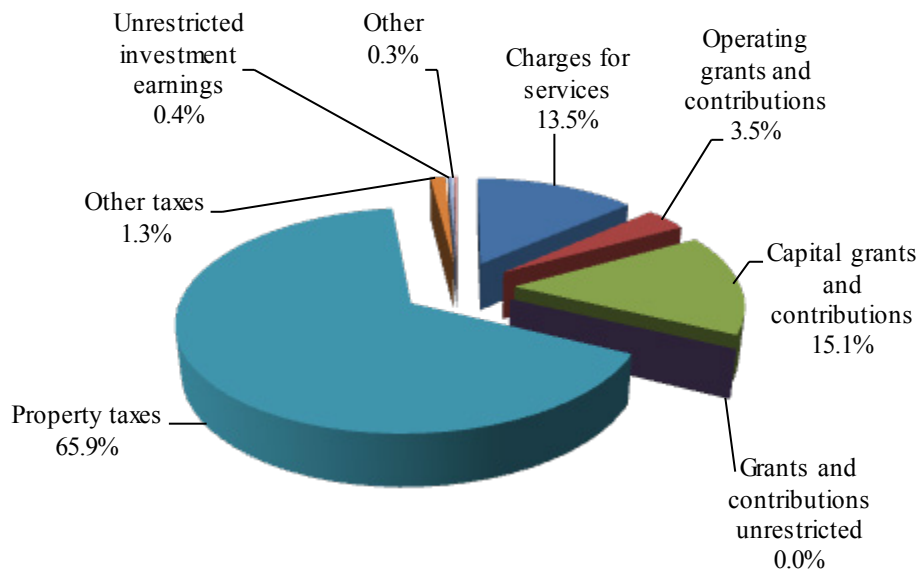
Total property tax levies did not change during 2013. Levies for debt service decreased by \$154,713 while general levies were increased by \$154,713.

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

Expenses and Program Revenues - Governmental Activities



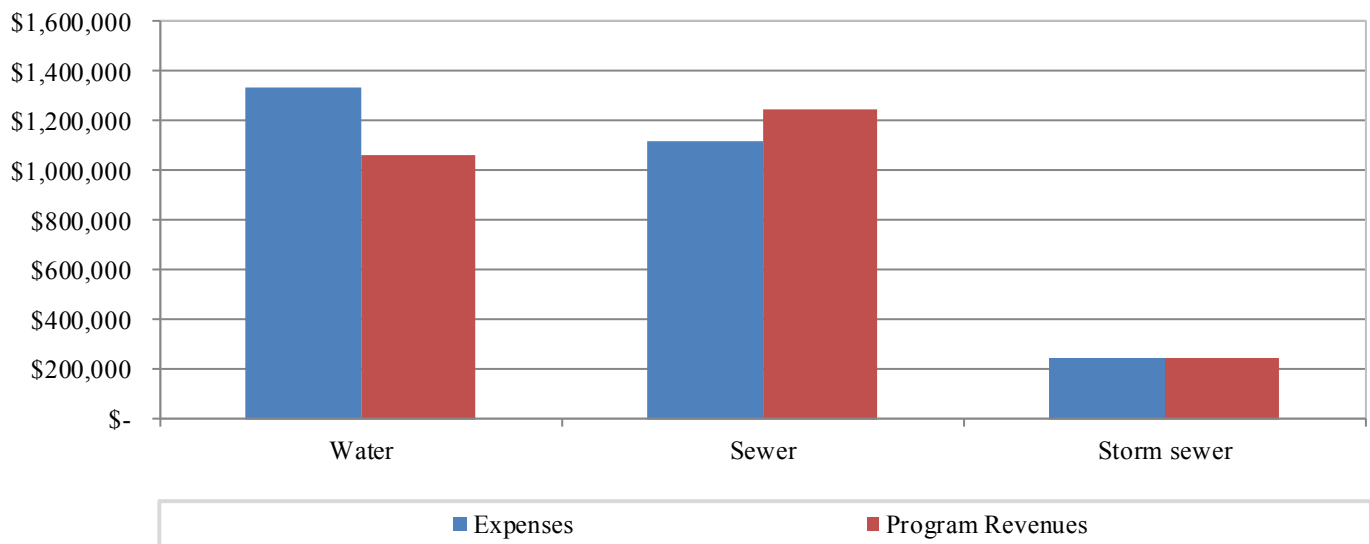
Revenues by Source - Governmental Activities



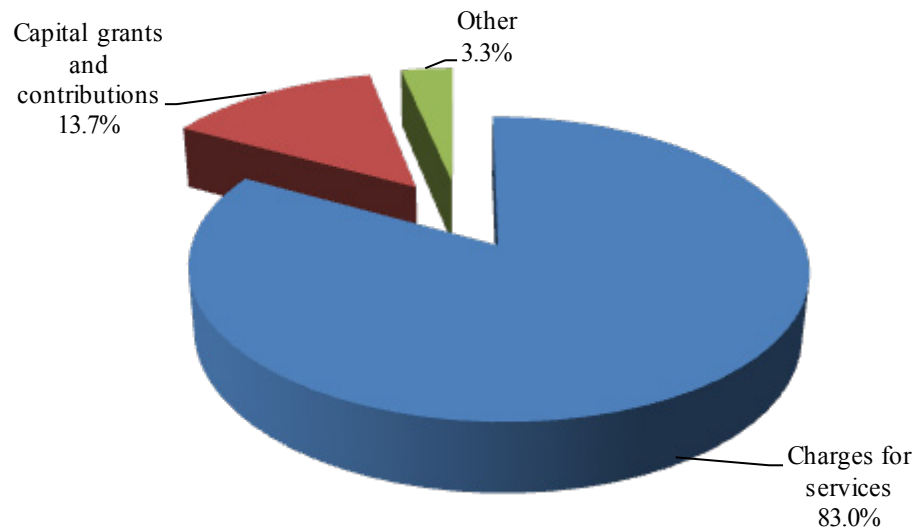
Business-type activities. Business-type activities decreased the City’s net position by \$71,531. Key elements of this decrease are as follows:

- Charges for services for business-type activities increased by \$89,596 or 4.2 percent, while operating expenses decreased by \$7,751 or 0.4 percent from the prior year.
- Connection fees and capital charges decreased from \$406,767 in 2012 to \$361,061 in 2013.
- Interest, fiscal fees and bond issuance costs totaled \$670,862 in 2013, an increase of \$103,569 over 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,145,684, an increase of \$58,520 in comparison with the prior year. The main reason for the increase was due to issuance of \$2,085,000 of refunding bonds less payments to retire bonds via the 2011 refunding issue. Approximately 25.2 percent of ending fund balances, \$1,798,961, is available for spending at the City's discretion. The remainder of fund balance, \$5,346,723, is not available for new spending because it is either 1) restricted (\$3,679,054), 2) committed (\$189,732), or 3) assigned (\$1,477,937).

The *General fund* is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General fund was \$1,798,961. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 64.0 percent of fund expenditures.

The fund balance of the City's General fund increased by \$85,934 during the current fiscal year. This increase is mainly attributable to an increase in property taxes collected during the year.

The *Debt Service fund* has a total fund balance of \$3,021,218, almost all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$172,457. The majority of this increase is due to net transfers into the fund of \$83,768.

The *Fire Hall Expansion Project fund* began in 2007 with expenditures in the current year totaling \$2,728. This project is being funded with a \$1,805,000 bond issue. The fund balance at year end totaled \$0.

The *2013 Street Improvements fund* was a new fund in 2013. The fund issued debt of \$1,388,142 during the year and accumulated project costs of \$1,206,706. The fund balance at year end totaled \$167,460.

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 position of the enterprise funds at the end of the year amounted to \$0. The total decrease in net position for the funds was \$71,531. 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 was balanced for 2013. Revenues fell below expectations by \$10,687 and expenditures were under budget by \$40,276. Net transfers were \$56,345 under budget resulting in an actual increase in fund balance of \$85,934 in 2013.

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, 2013, amounts to \$44,917,194 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 2.6 percent (a 15.7 percent increase for governmental activities and a 2.8 percent decrease for business-type activities).

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

- 2013 street improvements began during the year accumulation project costs of \$1,204,730.
- The Rice Street bridge project was completed during the year totaling \$1,292,217.
- The Trail project furthered towards completion totaling \$173,399.
- Purchase of a fire truck and related equipment for \$544,849.
- Holzer Park improvements including bathroom renovations totaled \$118,004.

Additional information on the City's capital assets can be found in Note 3B starting on page 58 of this report.

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

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	\$ 738,279	\$ 738,279	\$ -	\$ 570,184	\$ 570,184	\$ -
Buildings	3,645,469	3,208,001	437,468	-	-	-
Improvement other than building	-	-	-	9,796,185	10,172,924	(376,739)
Machinery and equipment	121,131	114,211	6,920	173,183	182,707	(9,524)
Vehicles	928,240	493,929	434,311	-	-	-
Infrastructure	7,890,244	7,263,089	627,155	19,476,958	19,951,669	(474,711)
Construction in progress	1,577,321	1,065,802	511,519	-	-	-
Total	<u>\$ 14,900,684</u>	<u>\$ 12,883,311</u>	<u>\$ 2,017,373</u>	<u>\$ 30,016,510</u>	<u>\$ 30,877,484</u>	<u>\$ (860,974)</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$28,328,000. Of this amount, \$4,410,000 is general obligation debt, \$7,365,000 is special assessment debt and \$16,553,000 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		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
General obligation bonds	\$ 4,410,000	\$ 2,610,000	\$ 1,800,000	\$ -	\$ -	\$ -
G.O. improvement bonds	4,834,605	5,541,379	(706,774)	2,530,395	2,703,621	(173,226)
General obligation revenue bonds	-	-	-	16,553,000	12,640,000	3,913,000
Total	<u>\$ 9,244,605</u>	<u>\$ 8,151,379</u>	<u>\$ 1,093,226</u>	<u>\$ 19,083,395</u>	<u>\$ 15,343,621</u>	<u>\$ 3,739,774</u>

The City's total debt increased by \$4,833,000, or 20.6 percent during the current fiscal year. The key factor in this increase was the retirement of \$1,997,000 in long-term debt during the year and new debt issues of \$6,830,000.

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 \$9,567,301 (net of debt service restrictions), which is significantly in excess of the City's outstanding general obligation debt of \$4,410,000.

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 3D starting on page 61 of this report.

Economic Factors and Next Year's Budgets and Rates

- The December 2013 unemployment rate for Scott County was 4.2 percent, which is a decrease from a rate of 5.1 percent a year ago. This compares favorably to the State's average unemployment rate of 4.7 percent and the national average rate of 6.5 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 2014 fiscal year.

Property tax levy increased by 2.2% from 2013 to 2014. The debt levy was increased by \$78,831 and taxes for operations were decreased by \$10,871.

The utility fund rates have been studied by staff and City Council every year for the past eight years as part of the annual budget process. The focus of our utility rate study has been to track the fund balances with current utility rates and actual collections. The need for our rate studies was the economy the past 7-8 years and the great slowdown in new housing starts which would pay a large amount of capital and area charges. As part of the 2013 study, the City increased the water, sewer and storm water rates all by 2 percent. After years of working on progressive rate increases at the end of 2013, our study of the Sewer and Storm Water funds showed rates were sufficient to support operations, pay debt and save for future capital projects. The Water Utility fund historically has had a much larger cash balance so increases to its rates by design have been slower to produce cash balance increases. The Water fund still was projected to increase rates by 1 percent for 2014. Also, the City Council at the end of 2013 approved staff going out for RFP's for an outside utility rate study being done as there are some large capital projects in the near future.

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, 2013

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CITY OF JORDAN, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 6,145,804	\$ 2,036,629	\$ 8,182,433
Cash held with fiscal agent	1,211,965	6,054,449	7,266,414
Receivables			
Delinquent taxes	76,781	-	76,781
Accounts	37,265	327,545	364,810
Special assessments	594,706	12,312	607,018
Intergovernmental	113,935	106,832	220,767
Capital assets			
Nondepreciable	2,315,600	570,184	2,885,784
Depreciable, net of accumulated depreciation	12,585,084	29,446,326	42,031,410
TOTAL ASSETS	<u>23,081,140</u>	<u>38,554,277</u>	<u>61,635,417</u>
LIABILITIES			
Accounts and contracts payable	341,151	33,974	375,125
Due to other governments	1,352	300	1,652
Accrued interest payable	158,397	261,720	420,117
Accrued salaries payable	20,684	20,055	40,739
Unearned revenue	-	29,772	29,772
Noncurrent liabilities			
Due within one year	1,860,359	3,162,591	5,022,950
Due in more than one year	7,637,314	16,145,251	23,782,565
TOTAL LIABILITIES	<u>10,019,257</u>	<u>19,653,663</u>	<u>29,672,920</u>
NET POSITION			
Net investment in capital assets	6,630,245	16,842,153	23,472,398
Restricted			
Debt service	2,649,788	1,489,298	4,139,086
Capital outlay/connections	-	569,163	569,163
Economic development	458,736	-	458,736
Tax increment activity	26,643	-	26,643
Unrestricted	3,296,471	-	3,296,471
TOTAL NET POSITION	<u>\$ 13,061,883</u>	<u>\$ 18,900,614</u>	<u>\$ 31,962,497</u>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 701,242	\$ 166,749	\$ -	\$ -
Public safety	1,555,740	462,983	157,278	-
Streets and highways	1,178,801	36,507	-	104,978
Culture and recreation	262,094	4,720	-	648,075
Economic development	201,513	-	15,000	-
Miscellaneous	155,830	-	-	-
Interest and other costs	336,231	-	-	-
Total governmental activities	4,391,451	670,959	172,278	753,053
Business-type activities				
Water	1,336,003	943,469	-	121,370
Sewer	1,118,097	1,083,427	-	163,266
Storm sewer	241,911	171,927	-	76,425
Total business-type activities	2,696,011	2,198,823	-	361,061
Totals	<u>\$ 7,087,462</u>	<u>\$ 2,869,782</u>	<u>\$ 172,278</u>	<u>\$ 1,114,114</u>

General revenues

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

Transfers

Total general revenues

Change in net position

Net position, January 1

Net position, December 31

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (534,493)		\$ (534,493)
(935,479)		(935,479)
(1,037,316)		(1,037,316)
390,701		390,701
(186,513)		(186,513)
(155,830)		(155,830)
(336,231)		(336,231)
<u>(2,795,161)</u>		<u>(2,795,161)</u>
	\$ (271,164)	(271,164)
	128,596	128,596
	<u>6,441</u>	<u>6,441</u>
	<u>(136,127)</u>	<u>(136,127)</u>
<u>(2,795,161)</u>	<u>(136,127)</u>	<u>(2,931,288)</u>
2,271,082	-	2,271,082
891,627	-	891,627
124,090	-	124,090
62,969	-	62,969
1,963	-	1,963
22,276	4,369	26,645
14,040	80,227	94,267
594	-	594
<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
<u>3,408,641</u>	<u>64,596</u>	<u>3,473,237</u>
613,480	(71,531)	541,949
<u>12,448,403</u>	<u>18,972,145</u>	<u>31,420,548</u>
<u>\$ 13,061,883</u>	<u>\$ 18,900,614</u>	<u>\$ 31,962,497</u>

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FUND FINANCIAL STATEMENTS

CITY OF JORDAN
JORDAN, MINNEOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF JORDAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Debt Service	Firehall Expansion Project	2013 Street Improvements
ASSETS				
Cash and temporary investments	\$ 1,980,047	\$ 1,981,808	\$ -	\$ 227,694
Cash held with fiscal agent	-	1,211,965	-	-
Receivables				
Delinquent taxes	76,781	-	-	-
Accounts	37,265	-	-	-
Special assessments	14,939	579,767	-	-
Intergovernmental	23,803	-	-	-
TOTAL ASSETS	\$ 2,132,835	\$ 3,773,540	\$ -	\$ 227,694
LIABILITIES				
Accounts payable	\$ 220,460	\$ -	\$ -	\$ 60,234
Due to other governments	1,352	-	-	-
Accrued interest	-	98	-	-
Accrued salaries payable	20,342	-	-	-
TOTAL LIABILITIES	242,154	98	-	60,234
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Taxes	76,781	-	-	-
Special assessments	14,939	579,767	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	91,720	579,767	-	-
FUND BALANCES				
Restricted				
Debt service	-	3,193,675	-	-
Economic development	-	-	-	-
Tax increment activity	-	-	-	-
Capital outlay	-	-	-	167,460
Committed				
Special projects	-	-	-	-
Drug and alcohol enforcement	-	-	-	-
DARE program	-	-	-	-
Car seat program	-	-	-	-
Assigned				
Economic development	-	-	-	-
Drug and alcohol enforcement	-	-	-	-
DARE program	-	-	-	-
Capital outlay	-	-	-	-
Unassigned	1,798,961	-	-	-
TOTAL FUND BALANCES	1,798,961	3,193,675	-	167,460
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,132,835	\$ 3,773,540	\$ -	\$ 227,694

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

Other Governmental Funds	Total Governmental Funds
\$ 1,956,255	\$ 6,145,804
-	1,211,965
-	76,781
-	37,265
-	594,706
90,132	113,935
<u>\$ 2,046,387</u>	<u>\$ 8,180,456</u>
\$ 60,457	\$ 341,151
-	1,352
-	98
342	20,684
<u>60,799</u>	<u>363,285</u>
-	76,781
-	594,706
<u>-</u>	<u>671,487</u>
-	3,193,675
253,469	253,469
26,643	26,643
37,807	205,267
176,597	176,597
9,290	9,290
2,003	2,003
1,842	1,842
163,601	163,601
242	242
4,794	4,794
1,250,681	1,250,681
-	1,798,961
<u>1,985,588</u>	<u>7,145,684</u>
<u>\$ 2,046,387</u>	<u>\$ 8,180,456</u>

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CITY OF JORDAN, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Total fund balances - governmental funds	\$ 7,145,684
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	14,900,684
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	(94,419)
Bonds payable	(9,244,605)
Premium on bonds issued, net of accumulated amortization	(158,649)
Long-term assets are not available to pay current-period expenditures and therefore are unavailable in the funds.	
Delinquent property taxes receivable	76,781
Special assessments receivable	594,706
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(158,299)</u>
Total net position - governmental activities	<u><u>\$ 13,061,883</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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Debt Service	Firehall Expansion Project	2013 Street Improvements
REVENUES				
Taxes	\$ 2,326,394	\$ 891,627	\$ -	\$ -
Special assessments	5,848	178,103	-	-
Licenses and permits	183,235	-	-	-
Intergovernmental	195,746	-	-	-
Charges for services	342,020	-	-	-
Fines and forfeits	64,597	-	-	-
Investment earnings (loss)	(28,877)	23,083	27	1,580
Miscellaneous	14,040	-	-	-
TOTAL REVENUES	3,103,003	1,092,813	27	1,580
EXPENDITURES				
Current				
General government	720,549	-	-	-
Public safety	1,305,565	-	-	-
Streets and highways	408,656	-	-	-
Culture and recreation	138,899	-	-	-
Economic development	-	-	-	-
Miscellaneous	150,229	-	-	-
Capital outlay				
General government	15,476	-	-	-
Public safety	40,072	-	2,728	-
Streets and highways	-	-	-	1,206,706
Culture and recreation	26,867	-	-	-
Economic development	-	-	-	-
Miscellaneous	5,601	-	-	-
Debt service				
Principal	-	776,774	-	-
Interest and other costs	-	246,385	-	-
Bond issuance costs	-	5,118	-	33,464
TOTAL EXPENDITURES	2,811,914	1,028,277	2,728	1,240,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	291,089	64,536	(2,701)	(1,238,590)
OTHER FINANCING SOURCES (USES)				
Sale of assets	594	-	-	-
Transfers in	8,638	733,942	-	-
Bonds issued	-	21,858	-	1,388,142
Premium on bonds issued	-	-	-	17,908
Transfers out	(214,387)	(647,879)	(2,295)	-
TOTAL OTHER FINANCING SOURCES (USES)	(205,155)	107,921	(2,295)	1,406,050
NET CHANGE IN FUND BALANCES	85,934	172,457	(4,996)	167,460
FUND BALANCES, JANUARY 1	1,713,027	3,021,218	4,996	-
FUND BALANCES, DECEMBER 31	\$ 1,798,961	\$ 3,193,675	\$ -	\$ 167,460

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

Other Governmental Funds	Totals
\$ 169,055	\$ 3,387,076
-	183,951
-	183,235
278,327	474,073
77,870	419,890
11,168	75,765
26,463	22,276
114,969	129,009
<u>677,852</u>	<u>4,875,275</u>
-	720,549
36,590	1,342,155
39,238	447,894
137,791	276,690
192,913	192,913
-	150,229
51,317	66,793
568,963	611,763
169,589	1,376,295
533,375	560,242
1,100	1,100
-	5,601
-	776,774
-	246,385
28,332	66,914
<u>1,759,208</u>	<u>6,842,297</u>
<u>(1,081,356)</u>	<u>(1,967,022)</u>
-	594
490,862	1,233,442
460,000	1,870,000
-	17,908
(348,881)	(1,213,442)
<u>601,981</u>	<u>1,908,502</u>
(479,375)	(58,520)
<u>2,464,963</u>	<u>7,204,204</u>
<u>\$ 1,985,588</u>	<u>\$ 7,145,684</u>

CITY OF JORDAN, MINNESOTA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - governmental funds \$ (58,520)

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

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

Capital outlay	2,673,267
Depreciation expense	(963,331)
Capital assets contributed by County	307,437

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 position. 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	776,774
Debt issued	(1,870,000)
Premium on bonds issued, net of amortization	(3,942)

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.

(36,898)

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	(37,308)
Special assessments	(161,067)

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.

Loans written off	(7,500)
Compensated absences	(5,432)

Change in net position - governmental activities	\$ 613,480
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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
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 2,167,760	\$ 2,167,760	\$ 2,326,394	\$ 158,634
Special assessments	16,000	16,000	5,848	(10,152)
Licenses and permits	43,802	43,802	183,235	139,433
Intergovernmental	373,999	373,999	195,746	(178,253)
Charges for services	358,877	358,877	342,020	(16,857)
Fines and forfeits	93,000	93,000	64,597	(28,403)
Investment earnings	35,000	35,000	(28,877)	(63,877)
Miscellaneous	25,252	25,252	14,040	(11,212)
TOTAL REVENUES	3,113,690	3,113,690	3,103,003	(10,687)
EXPENDITURES				
Current				
General government	665,345	665,345	720,549	(55,204)
Public safety	1,295,040	1,295,040	1,305,565	(10,525)
Streets and highways	401,934	401,934	408,656	(6,722)
Culture and recreation	146,351	146,351	138,899	7,452
Miscellaneous	168,589	168,589	150,229	18,360
Capital outlay				
General government	9,000	9,000	15,476	(6,476)
Public safety	38,000	38,000	40,072	(2,072)
Streets and highways	35,000	35,000	-	35,000
Culture and recreation	10,000	10,000	26,867	(16,867)
Miscellaneous	5,500	5,500	5,601	(101)
Debt service				
Principal	75,000	75,000	-	75,000
Interest and other costs	2,431	2,431	-	2,431
TOTAL EXPENDITURES	2,852,190	2,852,190	2,811,914	40,276
EXCESS OF REVENUES OVER EXPENDITURES	261,500	261,500	291,089	29,589
OTHER FINANCING SOURCES (USES)				
Sale of assets	1,500	1,500	594	(906)
Transfers in	-	-	8,638	8,638
Transfers out	(263,000)	(263,000)	(214,387)	48,613
TOTAL OTHER FINANCING SOURCES (USES)	(261,500)	(261,500)	(205,155)	56,345
NET CHANGE IN FUND BALANCES	-	-	85,934	85,934
FUND BALANCES, JANUARY 1	1,713,027	1,713,027	1,713,027	-
FUND BALANCES, DECEMBER 31	\$ 1,713,027	\$ 1,713,027	\$ 1,798,961	\$ 85,934

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

CITY OF JORDAN, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2013	2012	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 1,026,695	\$ 1,331,881	\$ 654,702	\$ 609,125
Cash held with fiscal agent	4,552,352	158,914	457,228	330,542
Receivables				
Accounts	130,219	124,705	168,592	170,625
Intergovernmental	54,114	48,517	52,718	48,206
TOTAL CURRENT ASSETS	5,763,380	1,664,017	1,333,240	1,158,498
NONCURRENT ASSETS				
Special assessments receivable - noncurrent	6,156	6,156	6,156	6,156
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	5,541,538	5,541,538	11,369,176	11,369,176
Infrastructure	11,850,083	11,850,083	5,139,756	5,139,756
Machinery and equipment	321,165	314,004	255,230	246,694
Less accumulated depreciation	(4,335,048)	(3,958,947)	(6,230,357)	(5,865,981)
Total capital assets (net of accumulated depreciation)	13,421,731	13,790,671	10,580,324	10,936,164
TOTAL NONCURRENT ASSETS	13,427,887	13,796,827	10,586,480	10,942,320
TOTAL ASSETS	19,191,267	15,460,844	11,919,720	12,100,818
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	14,069	14,671	19,905	25,183
Due to other governments	300	1,110	-	-
Accrued interest payable	178,799	134,904	44,022	48,163
Accrued salaries payable	9,898	7,369	10,157	9,650
Compensated absences payable - current	21,243	18,611	32,597	32,586
Unearned revenue	29,772	26,688	-	-
Bonds payable - current	1,429,505	618,252	805,118	433,236
TOTAL CURRENT LIABILITIES	1,683,586	821,605	911,799	548,818
NONCURRENT LIABILITIES				
Bonds payable - noncurrent	10,628,938	7,552,595	3,634,857	4,303,558
TOTAL LIABILITIES	12,312,524	8,374,200	4,546,656	4,852,376
NET POSITION				
Net investment in capital assets	5,935,343	5,776,199	6,599,529	6,524,630
Restricted				
Debt service	875,753	935,181	491,120	561,288
Capital outlay/connections	67,647	375,264	282,415	162,524
TOTAL NET POSITION	\$ 6,878,743	\$ 7,086,644	\$ 7,373,064	\$ 7,248,442

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2013	2012	2013	2012
\$ 355,232	\$ 359,872	\$ 2,036,629	\$ 2,300,878
1,044,869	648,371	6,054,449	1,137,827
28,734	28,774	327,545	324,104
-	-	106,832	96,723
1,428,835	1,037,017	8,525,455	3,859,532
-	-	12,312	12,312
535,637	535,637	570,184	570,184
-	-	55,965	55,965
43,403	43,403	16,954,117	16,954,117
6,745,736	6,745,736	23,735,575	23,735,575
-	-	576,395	560,698
(1,310,321)	(1,174,127)	(11,875,726)	(10,999,055)
6,014,455	6,150,649	30,016,510	30,877,484
6,014,455	6,150,649	30,028,822	30,889,796
7,443,290	7,187,666	38,554,277	34,749,328
-	5,500	33,974	45,354
-	-	300	1,110
38,899	39,622	261,720	222,689
-	-	20,055	17,019
-	-	53,840	51,197
-	-	29,772	26,688
874,128	168,738	3,108,751	1,220,226
913,027	213,860	3,508,412	1,584,283
1,881,456	2,336,747	16,145,251	14,192,900
2,794,483	2,550,607	19,653,663	15,777,183
4,307,281	4,283,174	16,842,153	16,584,003
122,425	266,792	1,489,298	1,763,261
219,101	87,093	569,163	624,881
<u>\$ 4,648,807</u>	<u>\$ 4,637,059</u>	<u>\$ 18,900,614</u>	<u>\$ 18,972,145</u>

CITY OF JORDAN, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2013	2012	2013	2012
OPERATING REVENUES				
Charges for services	\$ 943,469	\$ 956,590	\$ 1,083,427	\$ 985,347
OPERATING EXPENSES				
Personal services	283,819	267,686	298,198	288,464
Supplies	89,722	87,144	148,830	135,123
Other services and charges	50,831	100,242	92,849	104,530
Insurance	15,119	17,862	12,501	14,769
Utilities	67,850	63,097	89,951	68,121
Depreciation	376,101	371,289	364,376	367,041
TOTAL OPERATING EXPENSES	883,442	907,320	1,006,705	978,048
OPERATING INCOME (LOSS)	60,027	49,270	76,722	7,299
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	(6,964)	22,264	6,026	12,000
Rental income	80,227	80,293	-	-
Special assessments	-	550	-	550
Interest and other costs	(369,238)	(323,792)	(110,038)	(126,224)
Bond issuance costs	(83,667)	(4,423)	(2,067)	(9,199)
Amortization expense	344	344	713	713
TOTAL NONOPERATING REVENUES (EXPENSES)	(379,298)	(224,764)	(105,366)	(122,160)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(319,271)	(175,494)	(28,644)	(114,861)
CAPITAL CONTRIBUTIONS				
Connection fees	63,837	90,984	86,205	135,054
Capital charges	57,533	30,222	77,061	45,238
TRANSFERS OUT	(10,000)	-	(10,000)	-
CHANGE IN NET POSITION	(207,901)	(54,288)	124,622	65,431
NET POSITION, JANUARY 1	7,086,644	7,140,932	7,248,442	7,183,011
NET POSITION, DECEMBER 31	\$ 6,878,743	\$ 7,086,644	\$ 7,373,064	\$ 7,248,442

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

Business-type Activities - Enterprise Funds

651/465

Storm Sewer Utility		Totals	
2013	2012	2013	2012
\$ 171,927	\$ 167,290	\$ 2,198,823	\$ 2,109,227
-	-	582,017	556,150
-	-	238,552	222,267
1,266	13,796	144,946	218,568
-	-	27,620	32,631
-	-	157,801	131,218
136,194	136,194	876,671	874,524
137,460	149,990	2,027,607	2,035,358
34,467	17,300	171,216	73,869
5,307	8,364	4,369	42,628
-	-	80,227	80,293
-	-	-	1,100
(99,547)	(85,612)	(578,823)	(535,628)
(6,305)	(18,043)	(92,039)	(31,665)
1,401	1,401	2,458	2,458
(99,144)	(93,890)	(583,808)	(440,814)
(64,677)	(76,590)	(412,592)	(366,945)
-	-	150,042	226,038
76,425	105,269	211,019	180,729
-	-	(20,000)	-
11,748	28,679	(71,531)	39,822
4,637,059	4,608,380	18,972,145	18,932,323
\$ 4,648,807	\$ 4,637,059	\$ 18,900,614	\$ 18,972,145

CITY OF JORDAN, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 933,898	\$ 966,390	\$ 1,080,948	\$ 964,820
Payments to suppliers and vendors	(224,934)	(268,443)	(349,409)	(321,860)
Payments to and on behalf of employees	(278,658)	(269,491)	(297,680)	(285,711)
Other receipts	81,771	80,332	-	550
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	512,077	508,788	433,859	357,799
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(10,000)	-	(10,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(7,161)	(124,979)	(8,536)	(19,521)
Net proceeds from issuance of debt	4,506,192	163,337	137,130	339,741
Connection fees received	63,837	90,984	86,205	135,054
Capital charges received	57,533	30,222	77,061	45,238
Principal paid on long-term debt	(618,252)	(601,463)	(433,236)	(423,603)
Interest paid on long-term debt	(325,343)	(331,438)	(114,179)	(125,697)
Bond issue costs paid	(83,667)	(4,423)	(2,067)	(9,199)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	3,593,139	(777,760)	(257,622)	(57,987)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid) on investments	(6,964)	22,264	6,026	12,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,088,252	(246,708)	172,263	311,812
CASH AND CASH EQUIVALENTS, JANUARY 1	1,490,795	1,737,503	939,667	627,855
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 5,579,047	\$ 1,490,795	\$ 1,111,930	\$ 939,667
RECONCILIATION OF CASH AND TEMPORARY INVESTMENTS				
Cash and temporary investmnts	\$ 1,026,695	\$ 1,331,881	\$ 654,702	\$ 609,125
Cash held with fiscal agent	4,552,352	158,914	457,228	330,542
TOTAL CASH AND TEMPORARY INVESTMENTS	\$ 5,579,047	\$ 1,490,795	\$ 1,111,930	\$ 939,667
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 60,027	\$ 49,270	\$ 76,722	\$ 7,299
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities				
Other income related to operations	80,227	80,843	-	550
Depreciation	376,101	371,289	364,376	367,041
(Increase) decrease in assets				
Accounts receivable	(5,514)	15,254	2,033	(15,094)
Due from other governments	(5,597)	(5,765)	(4,512)	(5,433)
Increase (decrease) in liabilities				
Accounts payable	(602)	(1,208)	(5,278)	683
Due to other governments	(810)	1,110	-	-
Accrued wages payable	2,529	2,306	507	2,061
Compensated absences payable	2,632	(4,111)	11	692
Unearned revenue	3,084	(200)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 512,077	\$ 508,788	\$ 433,859	\$ 357,799
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Bond discount (premium) amortization	\$ (344)	\$ (344)	\$ (713)	\$ (713)

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2013	2012	2013	2012
\$ 171,967	\$ 166,230	\$ 2,186,813	\$ 2,097,440
(6,766)	(8,296)	(581,109)	(598,599)
-	-	(576,338)	(555,202)
-	-	81,771	80,882
165,201	157,934	1,111,137	1,024,521
-	-	(20,000)	-
-	-	(15,697)	(144,500)
420,238	666,414	5,063,560	1,169,492
-	-	150,042	226,038
76,425	105,269	211,019	180,729
(168,738)	(160,531)	(1,220,226)	(1,185,597)
(100,270)	(79,180)	(539,792)	(536,315)
(6,305)	(18,043)	(92,039)	(31,665)
221,350	513,929	3,556,867	(321,818)
5,307	8,364	4,369	42,628
391,858	680,227	4,652,373	745,331
1,008,243	328,016	3,438,705	2,693,374
<u>\$ 1,400,101</u>	<u>\$ 1,008,243</u>	<u>\$ 8,091,078</u>	<u>\$ 3,438,705</u>
\$ 355,232	\$ 359,872	\$ 2,036,629	\$ 2,300,878
1,044,869	648,371	6,054,449	1,137,827
<u>\$ 1,400,101</u>	<u>\$ 1,008,243</u>	<u>\$ 8,091,078</u>	<u>\$ 3,438,705</u>
\$ 34,467	\$ 17,300	\$ 171,216	\$ 73,869
-	-	80,227	81,393
136,194	136,194	876,671	874,524
40	(1,127)	(3,441)	(967)
-	67	(10,109)	(11,131)
(5,500)	5,500	(11,380)	4,975
-	-	(810)	1,110
-	-	3,036	4,367
-	-	2,643	(3,419)
-	-	3,084	(200)
<u>\$ 165,201</u>	<u>\$ 157,934</u>	<u>\$ 1,111,137</u>	<u>\$ 1,024,521</u>
<u>\$ (1,401)</u>	<u>\$ (1,401)</u>	<u>\$ (2,458)</u>	<u>\$ (2,458)</u>

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CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 seven member Board consists of two Council members and five other Council approved members, 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. The EDA is presented as a blended component unit as the entity cannot exercise any of its powers without prior approval by the City Council.

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 position 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, 2013

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.

Unearned 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 unearned revenue.

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, 2013

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

The *2013 Street Improvements fund* accounts for costs related to the street improvements during the year.

The City reports the following major proprietary funds:

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

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.

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, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, liabilities, deferred inflows of resources, and net position/fund balance

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 contacting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 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.

The investment in the Minnesota Municipal Money Market Mutual Fund is not subject to the custodial credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes receivable have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental 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 2013. 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 inflow of resources in the fund financial statements.

Interfund receivables and payables

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

Restricted assets

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

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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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:

Asset	Threshold
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:

Assets	Years
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

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 2013, 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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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.

Deferred inflows of resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

Fund balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 55 percent of budgeted operating expenditures for cash-flow timing needs.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances 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 position - All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”.

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

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. The City did not make any budget amendments during the year.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$5,237,612 and the bank balance was \$5,245,308. Of the bank balance, \$5,245,308 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, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

As of December 31, 2013, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Pooled investments			
Minnesota Municipal Money Market (4M) Fund	Not rated	less than 6 months	\$ 22,801
Broker Money Market Accounts	Not rated	less than 6 months	<u>2,238,564</u>
Total pooled investments			<u>2,261,365</u>
Non-pooled investments			
Government Securities	AAA	6 months to 1 year	614,761
Government Securities	AAA	1-3 years	60,934
Government Securities	Not rated	1-3 years	2,324,090
Government Securities	AA+	more than 3 years	4,266,613
Municipal Bonds	Not rated	1-3 years	199,210
Municipal Bonds	AA-	1-3 years	126,619
Municipal Bonds	AA2	1-3 years	<u>357,627</u>
Total non-pooled investments			<u>7,949,854</u>
Total investments			<u><u>\$ 10,211,219</u></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.

Cash and investments summary

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

Deposits	\$ 5,237,628
Investments	<u>10,211,219</u>
Total	<u><u>\$ 15,448,847</u></u>
Cash and temporary investments	\$ 8,182,433
Escrowed investments	<u>7,266,414</u>
Total	<u><u>\$ 15,448,847</u></u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 738,279	\$ -	\$ -	\$ 738,279
Construction in progress	1,065,802	1,803,736	(1,292,217)	1,577,321
Total capital assets not being depreciated	1,804,081	1,803,736	(1,292,217)	2,315,600
Capital assets being depreciated				
Buildings and improvements	3,869,449	551,666	-	4,421,115
Infrastructure and improvements	13,579,396	1,292,217	-	14,871,613
Machinery and equipment	815,819	46,777	-	862,596
Vehicles	2,212,262	578,525	-	2,790,787
Total capital assets being depreciated	20,476,926	2,469,185	-	22,946,111
Less accumulated depreciation for				
Buildings and improvements	(661,448)	(114,198)	-	(775,646)
Infrastructure and improvements	(6,316,307)	(665,062)	-	(6,981,369)
Machinery and equipment	(701,608)	(39,857)	-	(741,465)
Vehicles	(1,718,333)	(144,214)	-	(1,862,547)
Total accumulated depreciation	(9,397,696)	(963,331)	-	(10,361,027)
Total capital assets being depreciated, net	11,079,230	1,505,854	-	12,585,084
Governmental activities capital assets, net	<u>\$ 12,883,311</u>	<u>\$ 3,309,590</u>	<u>\$ (1,292,217)</u>	<u>\$ 14,900,684</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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
Capital assets being depreciated				
Buildings	55,965	-	-	55,965
Improvements other than buildings	16,954,117	-	-	16,954,117
Infrastructure	23,735,575	-	-	23,735,575
Machinery and equipment	560,698	15,697	-	576,395
Total capital assets being depreciated	41,306,355	15,697	-	41,322,052
Less accumulated depreciation for				
Buildings	(55,965)	-	-	(55,965)
Improvements other than buildings	(6,781,193)	(376,739)	-	(7,157,932)
Infrastructure	(3,783,906)	(474,711)	-	(4,258,617)
Machinery and equipment	(377,991)	(25,221)	-	(403,212)
Total accumulated depreciation	(10,999,055)	(876,671)	-	(11,875,726)
Total capital assets being depreciated, net	30,307,300	(860,974)	-	29,446,326
Business-type activities capital assets, net	\$ 30,877,484	\$ (860,974)	\$ -	\$ 30,016,510

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

Governmental activities	
General government	\$ 11,065
Public safety	190,510
Streets and highways	671,706
Culture and recreation	90,050
Total depreciation expense - governmental activities	\$ 963,331
Business-type activities	
Water	\$ 376,101
Sewer	364,376
Storm sewer	136,194
Total depreciation expense - business-type activities	\$ 876,671

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

The City has active construction projects as of December 31, 2013. The projects include improvements related in the areas of street and trail construction. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
CR 66 Trail Improvements	\$ 145,185	\$ 16,956
2013 Street Improvements	921,332	138,638
Total	<u>\$ 1,066,517</u>	<u>\$ 155,594</u>

C. Interfund transfers

The composition of interfund transfers for the year ended December 31, 2013 is as follows:

Fund	Transfers in			
	General	Debt Service	Nonmajor Governmental	Total
Transfers out				
General	\$ -	\$ -	\$ 214,387	\$ 214,387
Debt Service	-	647,879	-	647,879
Nonmajor governmental	8,638	83,768	256,475	348,881
Water Utility	-	-	10,000	10,000
Sewer Utility	-	-	10,000	10,000
Total transfers out	<u>\$ 8,638</u>	<u>\$ 731,647</u>	<u>\$ 490,862</u>	<u>\$ 1,231,147</u>

For the year ended December 31, 2013 the City made the following transfers:

- The General fund transferred a total of \$214,387 to nonmajor governmental funds for a fire truck purchase (\$95,431), to help with a road reclaim project (\$20,000), to alleviate a cash deficit (\$63,956), and for future equipment purchases (\$35,000).
- \$8,638 was transferred into the General fund from nonmajor governmental funds to transfer excess fund balances for future capital outlay needs.
- Transfer of \$647,879 between Debt Service funds to close fund 324 to fund 331.
- \$83,768 transfer from Capital Project funds to Debt Service funds for trail project costs.
- \$38,977 between nonmajor governmental funds to transfer MSA funds for the Rice Street bridge project.
- \$147,498 of other miscellaneous transfers to close out fund balances in other nonmajor governmental funds.
- \$35,000 from each the Park Improvement and Park Equipment Improvement funds to the Veterans Park fund for future service projects.
- \$10,000 from each of the Water Utility and Sewer Utility funds to the Street Equipment Fee fund for future equipment purchases.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. 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. Capital Improvement Bonds of 2008A	\$ 1,805,000	3.00 - 4.00 %	06/01/08	02/01/29	\$ 1,540,000
G.O. Taxable Library Note of 2012	1,000,000	3.07	05/08/12	02/01/32	1,000,000
G.O. Bonds of 2013A	460,000	.45 - 1.45	03/07/13	02/01/21	460,000
G.O. Street Reconstruction of 2013C	1,410,000	2.00 - 3.05	07/01/13	08/01/29	1,410,000
Total G.O. Bonds					<u>\$ 4,410,000</u>

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

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2014	\$ 153,000	\$ 153,718	\$ 306,718
2015	309,000	122,251	431,251
2016	310,000	116,131	426,131
2017	321,000	109,668	430,668
2018	323,000	102,860	425,860
2019 - 2023	1,144,000	411,688	1,555,688
2024 - 2028	1,362,000	206,022	1,568,022
2029 - 2032	488,000	23,620	511,620
Total	<u>\$ 4,410,000</u>	<u>\$ 1,245,958</u>	<u>\$ 5,655,958</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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. Improvement					
Bonds of 2004A	\$ 4,935,000 *	3.20 - 4.35 %	05/01/04	02/01/14	\$ 1,214,250
G.O. Imp Refunding					
Bonds of 2008A	1,630,000	2.30 - 3.50	05/01/08	02/01/18	315,000
G.O. Improvement Bonds of 2008B	1,275,000	2.50 - 4.40	08/01/08	02/01/24	1,015,000
G.O. Refunding					
Bonds of 2011A	3,635,000	2.50 - 3.00	08/01/12	02/01/20	1,325,000
G.O. Crossover Refunding					
Bonds of 2012A	2,085,000 *	2.00	04/01/12	02/01/20	965,355
Total governmental					<u>4,834,605</u>
Business-type					
G.O. Improvement					
Bonds of 2004A	4,935,000 *	3.20 - 4.35 %	05/01/04	02/01/14	1,410,750
G.O. Crossover Refunding					
Bonds of 2012A	2,085,000 *	2.00	04/01/12	02/01/20	1,119,645
Total business-type					<u>2,530,395</u>
Total G.O. Special Assessment Bonds					<u>\$ 7,365,000</u>

* Total amount of issuance, outstanding portions reported under governmental and business-type.

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
2014	\$ 1,704,250	\$ 149,864	\$ 1,854,114	\$ 1,410,751	\$ 75,841	\$ 1,486,592
2015	647,790	86,938	734,728	177,210	20,621	197,831
2016	662,420	68,177	730,597	182,580	17,023	199,603
2017	459,735	51,841	511,576	185,265	13,344	198,609
2018	307,050	39,488	346,538	187,950	9,612	197,562
2019 - 2023	938,360	89,386	1,027,746	386,639	7,787	394,426
2024	115,000	2,530	117,530	-	-	-
Total	<u>\$ 4,834,605</u>	<u>\$ 488,224</u>	<u>\$ 5,322,829</u>	<u>\$ 2,530,395</u>	<u>\$ 144,228</u>	<u>\$ 2,674,623</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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	\$ 102,000
PFA Loan Payable of 2000	6,849,212	2.20	05/30/00	08/20/21	3,174,000
PFA Loan Payable of 2003	1,068,000	2.82	06/30/03	08/20/23	602,000
G.O. Water Revenue Bonds of 2005A	1,140,000	2.75 - 4.30	05/01/05	02/01/21	685,000
G.O PIR Bonds of 2008B/Sewer	210,000	2.50 - 4.40	08/01/08	02/01/24	175,000
G.O PIR Bonds of 2008B/Water	230,000	2.50 - 4.40	08/01/08	02/01/24	180,000
G.O. PIR Bonds of 2008B/Storm	315,000	2.50 - 4.40	08/01/08	02/01/24	250,000
G.O. Utility Revenue Bonds of 2007A	8,610,000	4.00 - 4.25	09/01/07	02/01/23	6,425,000
G.O. Bonds of 2013A	640,000	0.45 - 1.45	03/07/13	02/01/21	640,000
G.O. Refunding Bonds of 2013B	4,320,000	1.00 - 2.25	03/07/13	02/01/23	<u>4,320,000</u>
Total G.O. Revenue Bonds					<u><u>\$ 16,553,000</u></u>

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
2014	\$ 1,698,000	\$ 493,351	\$ 2,191,351
2015	1,133,000	413,118	1,546,118
2016	1,174,000	376,188	1,550,188
2017	5,391,000	252,437	5,643,437
2018	1,322,000	136,910	1,458,910
2019 - 2023	5,770,000	318,271	6,088,271
2024	65,000	1,430	66,430
Total	<u><u>\$ 16,553,000</u></u>	<u><u>\$ 1,991,705</u></u>	<u><u>\$ 18,544,705</u></u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Transfers/ Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 2,610,000	\$ 1,870,000	\$ (70,000)	\$ 4,410,000	\$ 153,000
General obligation special assessment bonds	5,541,379	-	(706,774)	4,834,605	1,704,250
Bond premium	154,707	17,908	(13,966)	158,649	-
Total bonds payable	8,306,086	1,887,908	(790,740)	9,403,254	1,857,250
Compensated absences payable	88,987	66,588	(61,156)	94,419	3,109
Governmental activity long-term liabilities	<u>\$ 8,395,073</u>	<u>\$ 1,954,496</u>	<u>\$ (851,896)</u>	<u>\$ 9,497,673</u>	<u>\$ 1,860,359</u>
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 12,640,000	\$ 4,960,000	\$ (1,047,000)	\$ 16,553,000	\$ 1,698,000
General obligation special assessment bonds	2,703,621	-	(173,226)	2,530,395	1,410,751
Bond premium	69,505	103,560	(2,458)	170,607	-
Total bonds payable	15,413,126	5,063,560	(1,222,684)	19,254,002	3,108,751
Compensated absences payable	51,197	37,970	(35,327)	53,840	53,840
Business-type activity long-term liabilities	<u>\$ 15,464,323</u>	<u>\$ 5,101,530</u>	<u>\$ (1,258,011)</u>	<u>\$ 19,307,842</u>	<u>\$ 3,162,591</u>

Crossover refunding

On April 1, 2012, the City issued General Obligation Improvement Refunding Bonds, Series 2012A for \$2,085,000. The Refunding Bonds were issued with a net interest cost of 1.1230912 percent to refund the maturities of the City's Crossover Refunding Bond, Series 2004A on February 1, 2014. The refunded bonds earned an average coupon rate of 2.0041335 percent. The savings information on the refunding bonds shows a net present value benefit for the City of \$139,516.

On March 7, 2013, the City issued General Obligation Improvement Refunding Bonds, Series 2013B for \$4,320,000. The Refunding Bonds were issued with a net interest cost of 1.5016521 percent to refund the maturities of the City's Crossover Refunding Bond, Series 2007A on February 1, 2017. The refunded bonds earned an average coupon rate of 1.7361689 percent. The savings information on the refunding bonds shows a net present value benefit for the City of \$188,563.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. Plan description

All full-time and certain part-time employees of the City of Jordan 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, 2013

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 Minnesota statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2013. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2013. In 2013, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERP members, 7.25 percent for Coordinated Plan GERP members, and 14.40 percent for PEPFF members. The City's contributions to the GERP for the years ending December 31, 2013, 2012 and 2011 were \$57,867, \$54,917, and \$56,669, respectively. The City's contributions to the PEPFF for the years ending December 31, 2013, 2012 and 2011 were \$82,823, \$79,326, and \$70,709, 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 PEDCP 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, 2013, 2012 and 2011 were \$1,140, \$960, and \$960, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION

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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

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	\$ 95,499
Contributions made	
City (required)	39,051
City (voluntary)	9,359
State aid	47,089
Actuarial valuation date	12/31/13
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
12/31/13	\$ 95,499	100.0 %	\$ -
12/31/12	78,867	100.0	-
12/31/11	72,509	100.0	-

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
12/31/13	\$ - *	\$ - *	-	- %	\$ 2,050
12/31/12	516,616	658,756	(142,140)	78.4	2,050
12/31/11	611,609	719,194	(107,585)	85.0	1,900

* Information not available at the time of the audit.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$359,454,200. The City currently has \$4,410,000 of debt subject to this limit, leaving a debt margin of \$9,567,301 (net of debt service restrictions). Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by Minnesota statute.

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 2013 were as follows:

<u>City of</u>	<u>Amount Contributed</u>	<u>Percent</u>
Savage	\$ 61,269	7.0 %
Shakopee	19,781	2.3
Prior Lake	51,903	5.9
Jordan	63,719	7.3
Belle Plaine	171,902	19.6
New Prague	164,025	18.7
Elko New Market	342,667	39.2
Total	<u>\$ 875,266</u>	<u>100.0 %</u>

E. Tax increment districts

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7: CHANGE IN ACCOUNTING STANDARD

During fiscal year 2013, the City implemented accounting pronouncement Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" issued by the Government Accounting Standards Board (GASB). Changes related to these standards are reflected in the financial statements and schedules and related note disclosures. The City did not have any items which required a restatement.

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

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
ASSETS			
Cash and temporary investments	\$ 727,420	\$ 1,228,835	\$ 1,956,255
Receivables			
Intergovernmental	314	89,818	90,132
 TOTAL ASSETS	 <u>\$ 727,734</u>	 <u>\$ 1,318,653</u>	 <u>\$ 2,046,387</u>
LIABILITIES			
Accounts payable	\$ 30,292	\$ 30,165	\$ 60,457
Accrued salaries payable	342	-	342
 TOTAL LIABILITIES	 <u>30,634</u>	 <u>30,165</u>	 <u>60,799</u>
FUND BALANCES			
Restricted			
Economic development	253,469	-	253,469
Tax increment activity	26,643	-	26,643
Capital outlay	-	37,807	37,807
Committed			
Special projects	176,597	-	176,597
Drug and alcohol enforcement	9,290	-	9,290
DARE program	2,003	-	2,003
Car seat program	1,842	-	1,842
Assigned			
Economic development	163,601	-	163,601
Special projects	58,619	-	58,619
Drug and alcohol enforcement	242	-	242
DARE program	4,794	-	4,794
Capital outlay	-	1,250,681	1,250,681
 TOTAL FUND BALANCES	 <u>697,100</u>	 <u>1,288,488</u>	 <u>1,985,588</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 727,734</u>	 <u>\$ 1,318,653</u>	 <u>\$ 2,046,387</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
REVENUES			
Taxes	\$ 169,055	\$ -	\$ 169,055
Intergovernmental	15,000	263,327	278,327
Charges for services	-	77,870	77,870
Fines and forfeits	11,168	-	11,168
Investment earnings	7,777	18,686	26,463
Miscellaneous	83,314	31,655	114,969
	<u>286,314</u>	<u>391,538</u>	<u>677,852</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Public safety	36,590	-	36,590
Streets and highways	38,977	261	39,238
Culture and recreation	137,791	-	137,791
Economic development	192,913	-	192,913
Capital outlay			
General government	-	51,317	51,317
Public safety	-	568,963	568,963
Streets and highways	-	169,589	169,589
Culture and recreation	7,288	526,087	533,375
Economic development	1,100	-	1,100
Debt service			
Bond issuance costs	-	28,332	28,332
	<u>414,659</u>	<u>1,344,549</u>	<u>1,759,208</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(128,345)</u>	<u>(953,011)</u>	<u>(1,081,356)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	187,933	302,929	490,862
Bonds issued	-	460,000	460,000
Transfers out	(1,942)	(346,939)	(348,881)
	<u>185,991</u>	<u>415,990</u>	<u>601,981</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	57,646	(537,021)	(479,375)
FUND BALANCES, JANUARY 1	<u>639,454</u>	<u>1,825,509</u>	<u>2,464,963</u>
FUND BALANCES, DECEMBER 31	<u>\$ 697,100</u>	<u>\$ 1,288,488</u>	<u>\$ 1,985,588</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	204	212	215	216	217
	Contributions and Donations	Municipal State Aid	Police Forfeiture	Police Dare Program	Police Car Seat
ASSETS					
Cash and temporary investments	\$ 84,478	\$ 63,956	\$ 13,869	\$ 6,797	\$ 1,842
Receivables					
Intergovernmental	-	-	-	-	-
TOTAL ASSETS	<u>\$ 84,478</u>	<u>\$ 63,956</u>	<u>\$ 13,869</u>	<u>\$ 6,797</u>	<u>\$ 1,842</u>
LIABILITIES					
Accounts payable	\$ 23,861	\$ -	\$ 4,337	\$ -	\$ -
Accrued salaries payable	-	-	-	-	-
TOTAL LIABILITIES	<u>23,861</u>	<u>-</u>	<u>4,337</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted					
Economic development	-	-	-	-	-
Tax increment activity	-	-	-	-	-
Committed					
Special projects	60,617	63,956	-	-	-
Drug and alcohol enforcement	-	-	9,290	-	-
DARE program	-	-	-	2,003	-
Car seat program	-	-	-	-	1,842
Assigned					
Economic development	-	-	-	-	-
Special projects	-	-	-	-	-
Drug and alcohol enforcement	-	-	242	-	-
DARE program	-	-	-	4,794	-
TOTAL FUND BALANCES	<u>60,617</u>	<u>63,956</u>	<u>9,532</u>	<u>6,797</u>	<u>1,842</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 84,478</u>	<u>\$ 63,956</u>	<u>\$ 13,869</u>	<u>\$ 6,797</u>	<u>\$ 1,842</u>

218	219	427	442	443	445	603	
Police Reserves	Veterans Park	Broadway Market TIF Project	Jordan Center TIF Project	Jordan Valley Townhomes TIF	Oak Terrance Senior Housing	Economic Development Authority	Totals
\$ 5,438	\$ 105,662	\$ 1,442	\$ 9,796	\$ 11,617	\$ 4,550	\$ 417,973	\$ 727,420
-	-					314	314
<u>\$ 5,438</u>	<u>\$ 105,662</u>	<u>\$ 1,442</u>	<u>\$ 9,796</u>	<u>\$ 11,617</u>	<u>\$ 4,550</u>	<u>\$ 418,287</u>	<u>\$ 727,734</u>
\$ -	\$ 457	\$ -	\$ -	\$ -	\$ 762	\$ 875	\$ 30,292
-	-	-	-	-	-	342	342
-	457	-	-	-	762	1,217	30,634
-	-	-	-	-	-	253,469	253,469
-	-	1,442	9,796	11,617	3,788	-	26,643
1,784	50,240	-	-	-	-	-	176,597
-	-	-	-	-	-	-	9,290
-	-	-	-	-	-	-	2,003
-	-	-	-	-	-	-	1,842
-	-	-	-	-	-	163,601	163,601
3,654	54,965	-	-	-	-	-	58,619
-	-	-	-	-	-	-	242
-	-	-	-	-	-	-	4,794
<u>5,438</u>	<u>105,205</u>	<u>1,442</u>	<u>9,796</u>	<u>11,617</u>	<u>3,788</u>	<u>417,070</u>	<u>697,100</u>
<u>\$ 5,438</u>	<u>\$ 105,662</u>	<u>\$ 1,442</u>	<u>\$ 9,796</u>	<u>\$ 11,617</u>	<u>\$ 4,550</u>	<u>\$ 418,287</u>	<u>\$ 727,734</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, 2013

	204	212	215	216	217
	Contributions and Donations	Municipal State Aid	Police Forfeiture	Police Dare Program	Police Car Seat
REVENUES					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeits	-	-	11,168	-	-
Investment earnings	1,425	-	173	74	21
Miscellaneous					
Contributions and donations	21,101	-	-	-	-
Other	-	-	-	2,003	-
TOTAL REVENUES	22,526	-	11,341	2,077	21
EXPENDITURES					
Current					
Public safety	17,054	-	14,741	-	229
Streets and highways	-	38,977	-	-	-
Culture and recreation	134,375	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay					
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
TOTAL EXPENDITURES	151,429	38,977	14,741	-	229
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(128,903)	(38,977)	(3,400)	2,077	(208)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	102,933	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	102,933	-	-	-
NET CHANGE IN FUND BALANCES	(128,903)	63,956	(3,400)	2,077	(208)
FUND BALANCES, JANUARY 1	189,520	-	12,932	4,720	2,050
FUND BALANCES, DECEMBER 31	\$ 60,617	\$ 63,956	\$ 9,532	\$ 6,797	\$ 1,842

218	219	427	442	443	445	603	
Police Reserves	Veterans Park	Broadway Market TIF Project	Jordan Center TIF Project	Jordan Valley Townhomes TIF	Oak Terrace Senior Housing	Economic Development Authority	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,839	\$ 59,839
-	-	10,915	23,481	29,134	45,686	-	109,216
-	-	-	-	-	-	15,000	15,000
-	-	-	-	-	-	-	11,168
34	669	39	158	190	145	4,849	7,777
6,350	50,240	-	-	-	-	-	77,691
3,620	-	-	-	-	-	-	5,623
<u>10,004</u>	<u>50,909</u>	<u>10,954</u>	<u>23,639</u>	<u>29,324</u>	<u>45,831</u>	<u>79,688</u>	<u>286,314</u>
4,566	-	-	-	-	-	-	36,590
-	-	-	-	-	-	-	38,977
-	3,416	-	-	-	-	-	137,791
-	-	9,987	21,295	26,401	40,101	95,129	192,913
-	7,288	-	-	-	-	-	7,288
-	-	-	-	-	-	1,100	1,100
<u>4,566</u>	<u>10,704</u>	<u>9,987</u>	<u>21,295</u>	<u>26,401</u>	<u>40,101</u>	<u>96,229</u>	<u>414,659</u>
<u>5,438</u>	<u>40,205</u>	<u>967</u>	<u>2,344</u>	<u>2,923</u>	<u>5,730</u>	<u>(16,541)</u>	<u>(128,345)</u>
-	65,000	-	-	-	-	20,000	187,933
-	-	-	-	-	(1,942)	-	(1,942)
-	65,000	-	-	-	(1,942)	20,000	185,991
5,438	105,205	967	2,344	2,923	3,788	3,459	57,646
-	-	475	7,452	8,694	-	413,611	639,454
<u>\$ 5,438</u>	<u>\$ 105,205</u>	<u>\$ 1,442</u>	<u>\$ 9,796</u>	<u>\$ 11,617</u>	<u>\$ 3,788</u>	<u>\$ 417,070</u>	<u>\$ 697,100</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	230	401	423	424	425
	Emergency Siren	Capital Projects Revolving	190th Street Construction Project	CR 61 and CR 66 Construction	Fire Vehicle
ASSETS					
Cash and temporary investments	\$ 2,018	\$ 34,393	\$ 156,341	\$ 212,164	\$ 55,581
Receivables					
Intergovernmental	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,018</u>	<u>\$ 34,393</u>	<u>\$ 156,341</u>	<u>\$ 212,164</u>	<u>\$ 55,581</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 12,391	\$ 17,774
FUND BALANCES					
Restricted					
Capital outlay	-	-	-	-	37,807
Assigned					
Capital outlay	2,018	34,393	156,341	199,773	-
TOTAL FUND BALANCES	<u>2,018</u>	<u>34,393</u>	<u>156,341</u>	<u>199,773</u>	<u>37,807</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,018</u>	<u>\$ 34,393</u>	<u>\$ 156,341</u>	<u>\$ 212,164</u>	<u>\$ 55,581</u>

450	452	453	454	455	456	464	
Development District No. 1	Park Improvement	Park Capital	Park Equipment Improvement	2010 Basketball Court	City Facilities Capital	Street Equipment Fee	Totals
\$ 7,427	\$ 269,650	\$ 74,920	\$ 57,312	\$ 780	\$ 240,710	\$ 117,539	\$ 1,228,835
-	89,818	-	-	-	-	-	89,818
<u>\$ 7,427</u>	<u>\$ 359,468</u>	<u>\$ 74,920</u>	<u>\$ 57,312</u>	<u>\$ 780</u>	<u>\$ 240,710</u>	<u>\$ 117,539</u>	<u>\$ 1,318,653</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,165</u>
-	-	-	-	-	-	-	37,807
<u>7,427</u>	<u>359,468</u>	<u>74,920</u>	<u>57,312</u>	<u>780</u>	<u>240,710</u>	<u>117,539</u>	<u>1,250,681</u>
<u>7,427</u>	<u>359,468</u>	<u>74,920</u>	<u>57,312</u>	<u>780</u>	<u>240,710</u>	<u>117,539</u>	<u>1,288,488</u>
<u>\$ 7,427</u>	<u>\$ 359,468</u>	<u>\$ 74,920</u>	<u>\$ 57,312</u>	<u>\$ 780</u>	<u>\$ 240,710</u>	<u>\$ 117,539</u>	<u>\$ 1,318,653</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	230	401	423	424	425
	Emergency Siren	Capital Projects Revolving	190th Street Construction Project	CR 61 and CR 66 Construction	Fire Vehicle
REVENUES					
Intergovernmental					
State	\$ -	\$ -	\$ -	\$ 4,584	\$ -
Charges for services					
Streets and highways	-	-	-	-	-
Public safety	-	-	-	-	64,316
Investment earnings	23	1,617	1,768	3,142	3,371
Miscellaneous					
Contributions and donations	-	-	-	-	-
TOTAL REVENUES	23	1,617	1,768	7,726	67,687
EXPENDITURES					
Current					
Streets and highways	-	-	-	261	-
Capital outlay					
General government	-	-	-	-	-
Public safety	-	-	-	-	568,963
Streets and highways	-	-	-	169,589	-
Culture and recreation	-	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	28,332
TOTAL EXPENDITURES	-	-	-	169,850	597,295
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	23	1,617	1,768	(162,124)	(529,608)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,942	95,431
Bonds issued	-	-	-	-	460,000
Transfers out	-	(192,280)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(192,280)	-	1,942	555,431
NET CHANGE IN FUND BALANCES	23	(190,663)	1,768	(160,182)	25,823
FUND BALANCES, JANUARY 1	1,995	225,056	154,573	359,955	11,984
FUND BALANCES, DECEMBER 31	<u>\$ 2,018</u>	<u>\$ 34,393</u>	<u>\$ 156,341</u>	<u>\$ 199,773</u>	<u>\$ 37,807</u>

450	452	453	454	455	456	464	
Development District No. 1	Park Improvement	Park Capital	Park Equipment Improvement	2010 Basketball Court	City Facilities Capital	Street Equipment Fee	Totals
\$ -	\$ 258,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,327
-	-	-	-	-	-	13,554	13,554
-	-	-	-	-	-	-	64,316
84	1,747	1,196	890	9	3,814	1,025	18,686
-	-	-	31,655	-	-	-	31,655
84	260,490	1,196	32,545	9	3,814	14,579	391,538
-	-	-	-	-	-	-	261
-	-	-	-	-	51,317	-	51,317
-	-	-	-	-	-	-	568,963
-	-	-	-	-	-	-	169,589
-	425,821	65,636	34,630	-	-	-	526,087
-	-	-	-	-	-	-	28,332
-	425,821	65,636	34,630	-	51,317	-	1,344,549
84	(165,331)	(64,440)	(2,085)	9	(47,503)	14,579	(953,011)
-	150,556	-	-	-	-	55,000	302,929
-	-	-	-	-	-	-	460,000
-	(32,500)	(1,728)	(32,500)	-	(87,931)	-	(346,939)
-	118,056	(1,728)	(32,500)	-	(87,931)	55,000	415,990
84	(47,275)	(66,168)	(34,585)	9	(135,434)	69,579	(537,021)
7,343	406,743	141,088	91,897	771	376,144	47,960	1,825,509
<u>\$ 7,427</u>	<u>\$ 359,468</u>	<u>\$ 74,920</u>	<u>\$ 57,312</u>	<u>\$ 780</u>	<u>\$ 240,710</u>	<u>\$ 117,539</u>	<u>\$ 1,288,488</u>

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CITY OF JORDAN, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and temporary investments	\$ 1,980,047	\$ 1,877,093
Receivables		
Delinquent taxes	76,781	114,089
Accounts	37,265	37,827
Special assessments		
Delinquent	1,988	2,190
Noncurrent	12,951	9,187
Intergovernmental	<u>23,803</u>	<u>39,594</u>
 TOTAL ASSETS	 <u><u>\$ 2,132,835</u></u>	 <u><u>\$ 2,079,980</u></u>
 LIABILITIES		
Accounts payable	\$ 220,460	\$ 218,429
Accrued salaries payable	20,342	22,240
Due to other governments	<u>1,352</u>	<u>818</u>
 TOTAL LIABILITIES	 <u>242,154</u>	 <u>241,487</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		
Taxes	76,781	114,089
Special assessments	<u>14,939</u>	<u>11,377</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>91,720</u>	 <u>125,466</u>
 FUND BALANCES		
Unassigned	<u>1,798,961</u>	<u>1,713,027</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 2,132,835</u></u>	 <u><u>\$ 2,079,980</u></u>

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, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 2,116,760	\$ 2,116,760	\$ 2,263,425	\$ 146,665	\$ 2,161,223
Cable franchise fees	51,000	51,000	62,969	11,969	58,079
Total taxes	2,167,760	2,167,760	2,326,394	158,634	2,219,302
Special assessments	16,000	16,000	5,848	(10,152)	4,985
Licenses and permits					
Business	20,050	20,050	19,851	(199)	17,383
Nonbusiness	23,752	23,752	163,384	139,632	151,192
Total licenses and permits	43,802	43,802	183,235	139,433	168,575
Intergovernmental					
Federal					
COPS fast grant	41,500	41,500	16,674	(24,826)	-
State					
Property tax credits and aids	-	-	267	267	233
Fire aid	30,000	30,000	47,089	17,089	44,784
Police aid	59,303	59,303	61,064	1,761	45,308
Municipal State aid - streets	225,000	225,000	63,956	(161,044)	424,265
Other State aids	13,196	13,196	1,696	(11,500)	9,456
Total State	327,499	327,499	174,072	(153,427)	524,046
County					
Other County aids	-	-	-	-	8,419
Local					
School liaison officer	5,000	5,000	5,000	-	-
Total intergovernmental	373,999	373,999	195,746	(178,253)	532,465
Charges for services					
General government	128,111	128,111	145,238	17,127	152,910
Public safety	184,505	184,505	155,555	(28,950)	188,876
Streets and highways	45,161	45,161	38,495	(6,666)	38,184
Sanitation	-	-	(1,988)	(1,988)	4,910
Culture and recreation	500	500	4,720	4,220	9,695
Other	600	600	-	(600)	1,000
Total charges for services	358,877	358,877	342,020	(16,857)	395,575
Fines and forfeits	93,000	93,000	64,597	(28,403)	75,903
Investment earnings (loss)	35,000	35,000	(28,877)	(63,877)	72,302
Miscellaneous					
Other	12,352	12,352	15,693	3,341	3,077
Rents	12,900	12,900	-	(12,900)	7,816
Contributions and donations	-	-	-	-	1,000
Refunds and reimbursements	-	-	(2,232)	(2,232)	(1,679)
TIF development revenue	-	-	579	579	-
Total miscellaneous	25,252	25,252	14,040	(11,212)	10,214
TOTAL REVENUES	3,113,690	3,113,690	3,103,003	(10,687)	3,479,321

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, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	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	\$ 29,501	\$ (231)	\$ 29,486
Supplies	350	350	666	(316)	394
Other services and charges	23,850	23,850	22,312	1,538	25,732
Total Mayor and Council	53,470	53,470	52,479	991	55,612
City administration					
Personal services	80,060	80,060	78,959	1,101	77,627
Supplies	2,350	2,350	2,235	115	1,386
Other services and charges	11,600	11,600	11,934	(334)	11,369
Total City administration	94,010	94,010	93,128	882	90,382
Elections					
Personal services	-	-	-	-	2,979
Supplies	-	-	-	-	197
Other services	-	-	-	-	1,392
Total elections	-	-	-	-	4,568
Financial administration					
Personal services	41,100	41,100	40,856	244	40,343
Supplies	1,700	1,700	1,327	373	1,560
Other services and charges	58,525	58,525	61,242	(2,717)	50,981
Total financial administration	101,325	101,325	103,425	(2,100)	92,884
Legal					
Other services	138,000	138,000	137,579	421	142,837
Deputy registrar					
Personal services	87,585	87,585	80,098	7,487	80,049
Supplies	650	650	1,046	(396)	777
Other services and charges	2,750	2,750	5,479	(2,729)	1,302
Total deputy registrar	90,985	90,985	86,623	4,362	82,128
Planning and zoning					
Personal services	95,805	95,805	83,395	12,410	90,212
Supplies	775	775	81	694	902
Other services and charges	59,525	59,525	126,076	(66,551)	77,917
Total planning and zoning	156,105	156,105	209,552	(53,447)	169,031
General government building					
Supplies	1,950	1,950	3,656	(1,706)	699
Other services and charges	29,500	29,500	34,107	(4,607)	23,923
Total general government building	31,450	31,450	37,763	(6,313)	24,622
Total general government	665,345	665,345	720,549	(55,204)	662,064

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, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public safety					
Police					
Personal services	\$ 867,448	\$ 867,448	\$ 847,393	\$ 20,055	\$ 806,730
Supplies	49,200	49,200	41,866	7,334	44,677
Other services and charges	56,500	56,500	77,135	(20,635)	44,761
Total police	973,148	973,148	966,394	6,754	896,168
Fire					
Personal services	134,276	134,276	166,153	(31,877)	138,606
Supplies	35,500	35,500	34,046	1,454	40,644
Other services and charges	87,266	87,266	75,259	12,007	88,141
Total fire	257,042	257,042	275,458	(18,416)	267,391
Building inspection					
Supplies	200	200	-	200	-
Other services	43,500	43,500	44,490	(990)	42,404
Total building inspection	43,700	43,700	44,490	(790)	42,404
Civil defense					
Other services and charges	9,000	9,000	7,487	1,513	10,011
Animal control					
Supplies	150	150	-	150	-
Other services	12,000	12,000	11,736	264	11,538
Total animal control	12,150	12,150	11,736	414	11,538
Total public safety	1,295,040	1,295,040	1,305,565	(10,525)	1,227,512
Streets and highways					
Street maintenance					
Personal services	180,734	180,734	179,878	856	170,577
Supplies	75,000	75,000	82,867	(7,867)	72,186
Other services and charges	146,200	146,200	145,911	289	128,366
Total streets and highways	401,934	401,934	408,656	(6,722)	371,129
Culture and recreation					
Parks					
Personal services	49,122	49,122	47,353	1,769	44,516
Supplies	25,000	25,000	24,278	722	31,627
Other services and charges	38,700	38,700	35,894	2,806	43,171
Total parks	112,822	112,822	107,525	5,297	119,314
Recreation					
Other charges	22,829	22,829	6,657	16,172	15,822

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, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013			2012	
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation - continued					
Library					
Supplies	\$ 300	\$ 300	\$ 630	\$ (330)	\$ 340
Other services and charges	10,400	10,400	24,087	(13,687)	10,350
Total library	10,700	10,700	24,717	(14,017)	10,690
Total culture and recreation	146,351	146,351	138,899	7,452	145,826
Miscellaneous					
Unallocated					
Supplies	13,100	13,100	12,061	1,039	3,677
Other services and charges	155,489	155,489	138,168	17,321	85,399
Total miscellaneous	168,589	168,589	150,229	18,360	89,076
Total current	2,677,259	2,677,259	2,723,898	(46,639)	2,495,607
Capital outlay					
General government	9,000	9,000	15,476	(6,476)	8,557
Public safety	38,000	38,000	40,072	(2,072)	53,600
Streets and highways	35,000	35,000	-	35,000	35,000
Culture and recreation	10,000	10,000	26,867	(16,867)	5,000
Miscellaneous	5,500	5,500	5,601	(101)	3,056
Total capital outlay	97,500	97,500	88,016	9,484	105,213
Debt service					
Principal	75,000	75,000	-	75,000	75,000
Interest and other costs	2,431	2,431	-	2,431	2,430
Total debt service	77,431	77,431	-	77,431	77,430
TOTAL EXPENDITURES	2,852,190	2,852,190	2,811,914	40,276	2,678,250
EXCESS OF REVENUES OVER EXPENDITURES	261,500	261,500	291,089	29,589	801,071
OTHER FINANCING SOURCES (USES)					
Sale of assets	1,500	1,500	594	(906)	7,705
Transfers in	-	-	8,638	8,638	-
Transfers out	(263,000)	(263,000)	(214,387)	48,613	(780,638)
TOTAL OTHER FINANCING SOURCES (USES)	(261,500)	(261,500)	(205,155)	56,345	(772,933)
NET CHANGE IN FUND BALANCES	-	-	85,934	85,934	28,138
FUND BALANCES, JANUARY 1	1,713,027	1,713,027	1,713,027	-	1,684,889
FUND BALANCES, DECEMBER 31	\$ 1,713,027	\$ 1,713,027	\$ 1,798,961	\$ 85,934	\$ 1,713,027

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	324	327	328	329
	2004A G.O. Improvement Bonds	2008B G.O. Improvement Bonds	2008 G.O. Refunding Bonds	2008A G.O. Capital Improvement Bonds
ASSETS				
Cash and temporary investments	\$ -	\$ 166,668	\$ 306,583	\$ 60,298
Cash held with fiscal agent	-	-	-	-
Receivables				
Special assessments				
Delinquent	-	-	163	-
Noncurrent	-	60,540	9,483	-
	<u>-</u>	<u>60,540</u>	<u>9,483</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 227,208</u></u>	<u><u>\$ 316,229</u></u>	<u><u>\$ 60,298</u></u>
LIABILITIES				
Accrued interest payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
Special assessments	<u>-</u>	<u>60,540</u>	<u>9,646</u>	<u>-</u>
FUND BALANCES				
Restricted				
Debt service	<u>-</u>	<u>166,668</u>	<u>306,583</u>	<u>60,298</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ 227,208</u></u>	<u><u>\$ 316,229</u></u>	<u><u>\$ 60,298</u></u>

330	331	332	335 2013C	
2011A G.O. Refunding Bonds	2012A G.O. Refunding Bonds	2012 G.O. Library Note	G.O. Street Reconstruction Bonds	Totals
\$ 788,327 -	\$ 506,948 1,211,965	\$ 131,028 -	\$ 21,956 -	\$ 1,981,808 1,211,965
327 161,141	- 348,113	- -	- -	490 579,277
<u>\$ 949,795</u>	<u>\$ 2,067,026</u>	<u>\$ 131,028</u>	<u>\$ 21,956</u>	<u>\$ 3,773,540</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 98</u>
<u>161,468</u>	<u>348,113</u>	<u>-</u>	<u>-</u>	<u>579,767</u>
<u>788,327</u>	<u>1,718,913</u>	<u>131,028</u>	<u>21,858</u>	<u>3,193,675</u>
<u>\$ 949,795</u>	<u>\$ 2,067,026</u>	<u>\$ 131,028</u>	<u>\$ 21,956</u>	<u>\$ 3,773,540</u>

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	324	327	328	329
	2004A G.O. Improvement Bonds	2008B G.O. Improvement Bonds	2008 G.O. Refunding Bonds	2008A G.O. Capital Improvement Bonds
REVENUES				
Taxes				
Property taxes	\$ -	\$ 101,945	\$ 186,758	\$ 137,162
Special assessments	73,350	12,034	8,777	-
Investment earnings	2,182	1,400	3,855	468
TOTAL REVENUES	<u>75,532</u>	<u>115,379</u>	<u>199,390</u>	<u>137,630</u>
EXPENDITURES				
Debt service				
Principal	146,774	75,000	165,000	70,000
Interest and other costs	51,409	43,315	19,296	62,789
Bond issuance costs	-	-	-	-
TOTAL EXPENDITURES	<u>198,183</u>	<u>118,315</u>	<u>184,296</u>	<u>132,789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(122,651)</u>	<u>(2,936)</u>	<u>15,094</u>	<u>4,841</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	2,295
Bonds issued	-	-	-	-
Transfers out	(647,879)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(647,879)</u>	<u>-</u>	<u>-</u>	<u>2,295</u>
NET CHANGE IN FUND BALANCES	(770,530)	(2,936)	15,094	7,136
FUND BALANCES, JANUARY 1	<u>770,530</u>	<u>169,604</u>	<u>291,489</u>	<u>53,162</u>
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ 166,668</u>	<u>\$ 306,583</u>	<u>\$ 60,298</u>

330	331	332	335 2013C	
2011A G.O. Refunding Bonds	2012A G.O. Refunding Bonds	2012 G.O. Library Note	G.O. Street Reconstruction Bonds	Totals
\$ 305,428	\$ 109,199	\$ 51,135	\$ -	\$ 891,627
83,942	-	-	-	178,103
7,958	6,812	408	-	23,083
<u>397,328</u>	<u>116,011</u>	<u>51,543</u>	<u>-</u>	<u>1,092,813</u>
320,000	-	-	-	776,774
44,296	25,280	-	-	246,385
-	991	4,127	-	5,118
<u>364,296</u>	<u>26,271</u>	<u>4,127</u>	<u>-</u>	<u>1,028,277</u>
<u>33,032</u>	<u>89,740</u>	<u>47,416</u>	<u>-</u>	<u>64,536</u>
156	647,879	83,612	-	733,942
-	-	-	21,858	21,858
-	-	-	-	(647,879)
<u>156</u>	<u>647,879</u>	<u>83,612</u>	<u>21,858</u>	<u>107,921</u>
33,188	737,619	131,028	21,858	172,457
755,139	981,294	-	-	3,021,218
<u>\$ 788,327</u>	<u>\$ 1,718,913</u>	<u>\$ 131,028</u>	<u>\$ 21,858</u>	<u>\$ 3,193,675</u>

CITY OF JORDAN, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Total 2013	Total 2012	Percent Increase (Decrease)	
REVENUES				
Taxes	\$ 3,387,076	\$ 3,308,476	2.38	%
Special assessments	183,951	333,222	(44.80)	
Licenses and permits	183,235	168,575	8.70	
Intergovernmental	474,073	1,145,337	(58.61)	
Charges for services	419,890	407,394	3.07	
Fines and forfeits	75,765	87,650	(13.56)	
Investment earnings	22,276	135,439	(83.55)	
Miscellaneous	129,009	218,954	(41.08)	
TOTAL REVENUES	\$ 4,875,275	\$ 5,805,047	(16.02)	%
Per capita	\$ 844	\$ 1,020	(17.21)	%
EXPENDITURES				
Current				
General government	\$ 720,549	\$ 662,064	8.83	%
Public safety	1,342,155	1,248,582	7.49	
Streets and highways	447,894	489,308	(8.46)	
Culture and recreation	276,690	145,826	89.74	
Economic development	192,913	93,644	106.01	
Miscellaneous	150,229	89,076	68.65	
Capital outlay				
General government	66,793	8,557	680.57	
Public safety	611,763	72,759	740.81	
Streets and highways	1,376,295	195,753	603.08	
Culture and recreation	560,242	1,778,379	(68.50)	
Economic development	1,100	-	100.00	
Miscellaneous	5,601	3,056	83.28	
Debt service				
Principal	776,774	942,403	(17.58)	
Interest and other costs	246,385	269,618	(8.62)	
Bond issuance costs	66,914	27,300	145.11	
TOTAL EXPENDITURES	\$ 6,842,297	\$ 6,026,325	13.54	%
Per capita	\$ 1,185	\$ 1,058	11.93	%
Total long-term indebtedness	\$ 9,244,605	\$ 8,151,379	13.41	%
Per capita	1,601	1,432	11.80	
General fund balance - December 31	\$ 1,798,961	\$ 1,713,027	5.02	%
Per capita	311	301	3.52	

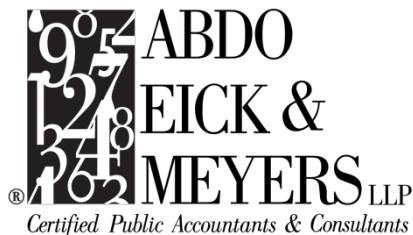
The purpose of this report is to provide a summary of financial information concerning the City of Jordan to interested citizens. The complete financial statements may be examined at 210 East 1st Street. Questions about this report should be directed to Tom Nikunen, Finance Director at 952-492-2535.

OTHER REQUIRED REPORTS

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Jordan, Minnesota

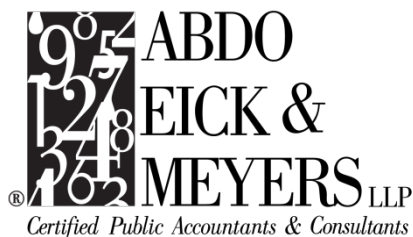
We have audited, in accordance with auditing standards generally accepted in the United States of American, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, Minnesota (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated April 16, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven 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 audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
April 16, 2014



INDEPENDENT AUDITOR'S 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, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 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 item 2013-002 to be a significant deficiency.

Compliance and Other Matters

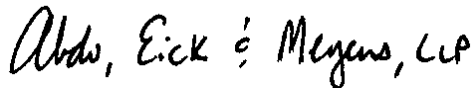
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
April 16, 2014

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Finding</u>	<u>Description</u>
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2013-001	Material audit adjustments
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<i>Condition:</i>	During our audit, adjustments were needed to record accounting and audit adjustments, four of which were material. <ul style="list-style-type: none">• A material audit entry was required to adjust tax revenue and delinquent taxes.• A material audit entry was required to adjust assessment revenue and delinquent assessments.• A material audit entry was required to adjust State aid and other intergovernmental revenue coding.• A material audit entry was required to record a contribution and capital asset addition related to the library building.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
<i>Effect:</i>	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.
<i>Recommendation:</i>	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.
<i>Management response:</i>	Management will review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.
<i>Updated progress since prior year:</i>	The number of journal entries in 2013 increased from 35 to 41.

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Finding</u>	<u>Description</u>
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2013-002	Preparation of financial statements
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<i>Condition:</i>	We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your financial software information to the amount reported in the financial statements.

Management response:

The City is aware of the control deficiency, which is an unavoidable consequence of the financial restrictions of small cities. Each year the City has a presentation from our auditor to the Council after the audit is performed. Management recognizes that it is not economically feasible to fully correct this finding; it is aware of the deficiency and is relying on oversight by management and the Council to monitor the deficiency.