

Annual Financial Report

City of Jordan

Jordan, Minnesota

For the Year Ended

December 31, 2016

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CITY OF JORDAN, MINNESOTA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Page No.</u>
INTRODUCTORY SECTION	
Elected and Appointed Officials	7
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds	
Balance Sheet	34
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	40
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	41
Proprietary Funds	
Statements of Net Position	42
Statements of Revenues, Expenses and Changes in Net Position	44
Statements of Cash Flows	46
Notes to the Financial Statements	49
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	82
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	82
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	83
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	83
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	84
Schedule of Employer's Fire Relief Association Contributions	85
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	89
Nonmajor Special Revenue Funds	
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92
Nonmajor Capital Projects Funds	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96
General Fund	
Comparative Balance Sheets	99
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	100
Debt Service Funds	
Combining Balance Sheet	104
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	106
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	108

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CITY OF JORDAN, MINNESOTA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Page No.</u>
OTHER REQUIRED REPORTS	
Independent Auditor's Report on Minnesota Legal Compliance	111
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 <i>Government Auditing Standards</i>	112
Schedule of Findings and Responses	114

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INTRODUCTORY SECTION

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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CITY OF JORDAN, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2016

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tanya Velishek (Interim)	Mayor	12/31/16
Terry Stier	Council	12/31/16
Jeff Will	Council	12/31/16
Dale Oldenberg (Appointed)	Council	12/31/16
Jeremy Goebel	Council	12/31/18
Mike Franklin	Council	12/31/18
Brenda Lieske	Council	12/31/18

APPOINTED

Tom Nikunen	Administrator/Clerk/Treasurer
Morey Schaefer	Finance Director

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FINANCIAL SECTION

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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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, 2016, 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. 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 presentation of the financial statements.

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, 2016, 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 accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Report on Summarized Comparative Information

We have previously audited the City's 2015 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in our report dated May 25, 2016. In our opinion, the summarized comparative information presented herein for the respective proprietary fund financial statements as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 82 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

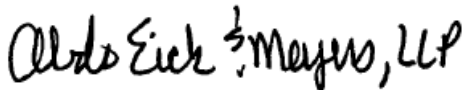
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis 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 May 19, 2017 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
May 19, 2017

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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, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,414,167 (net position). Of this amount, (\$1,011,903) (unrestricted net position) represents a net position deficit.
- The City's total net position increased by \$484,702 compared to an increase of \$1,659,043 in the previous year. Decreases in capital grants and contributions from the previous year contributed to this change.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,604,007, an increase of \$400,962 in comparison with the prior year. This increase is attributable to bond proceeds and MSA funding received for project costs during the year. Approximately 10.9 percent of ending fund balances, \$720,618, is available for spending at the City's discretion. The remainder of fund balance, \$5,883,389, is not available for new spending because it is either 1) restricted (\$3,918,688), 2) committed (\$704,781), or 3) assigned (\$1,259,920).

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

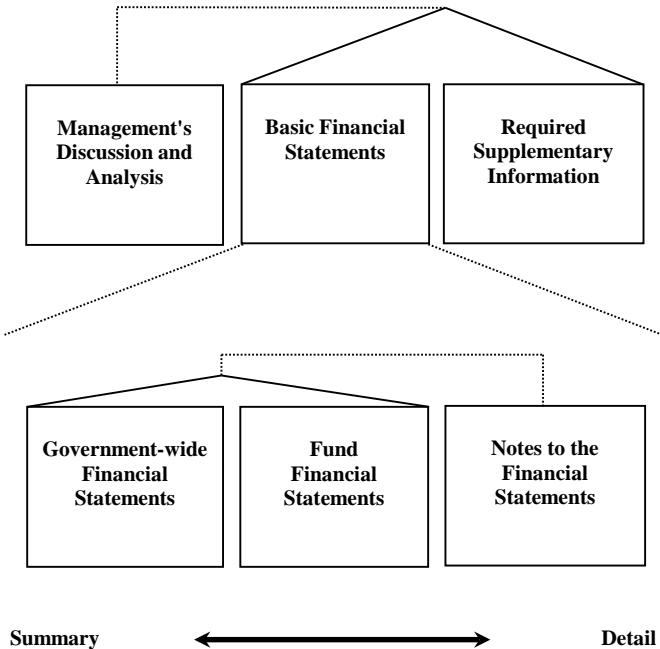


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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 deferred outflows of resources and liabilities and deferred inflows of resources 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 29 of this report.

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

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

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

The City maintains 42 individual governmental funds, 11 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 fund, the 2015 Street Improvements fund, the 2016 Street Improvements fund and the City Capital Facilities fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 34 of this report.

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

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

The basic proprietary fund financial statements can be found starting on page 42 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 49 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jordan's share of net pension liabilities for defined benefit plans and schedules of contributions. Required supplementary information can be found starting on page 82 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 88 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,414,167 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (88.3 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		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Current and other assets	\$ 8,984,427	\$ 8,154,071	\$ 830,356	\$ 6,412,619	\$ 6,267,616	\$ 145,003
Capital assets	18,569,905	15,465,245	3,104,660	29,539,787	29,198,872	340,915
Total assets	27,554,332	23,619,316	3,935,016	35,952,406	35,466,488	485,918
Deferred outflows of resources	2,235,617	338,713	1,896,904	237,361	58,008	179,353
Long-term liabilities outstanding	13,788,052	8,922,252	4,865,800	16,105,070	15,530,288	574,782
Other liabilities	1,286,920	616,127	670,793	381,476	307,616	73,860
Total liabilities	15,074,972	9,538,379	5,536,593	16,486,546	15,837,904	648,642
Deferred inflows of resources	953,952	1,123,551	(169,599)	50,079	53,226	(3,147)
Net position						
Net investment in capital assets	10,546,221	7,776,272	2,769,949	18,957,615	18,518,792	438,823
Restricted	2,253,835	2,712,541	(458,706)	2,668,399	2,368,630	299,769
Unrestricted	960,969	2,807,286	(1,846,317)	(1,972,872)	(1,254,056)	(718,816)
Total net position	\$ 13,761,025	\$ 13,296,099	\$ 464,926	\$ 19,653,142	\$ 19,633,366	\$ 19,776

An additional portion of the City's net position (14.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (negative 3.0 percent) is now a deficit, mainly due to business-type activities.

Governmental activities. Governmental activities increased the City's net position by \$464,926. Key elements of this increase are as follows:

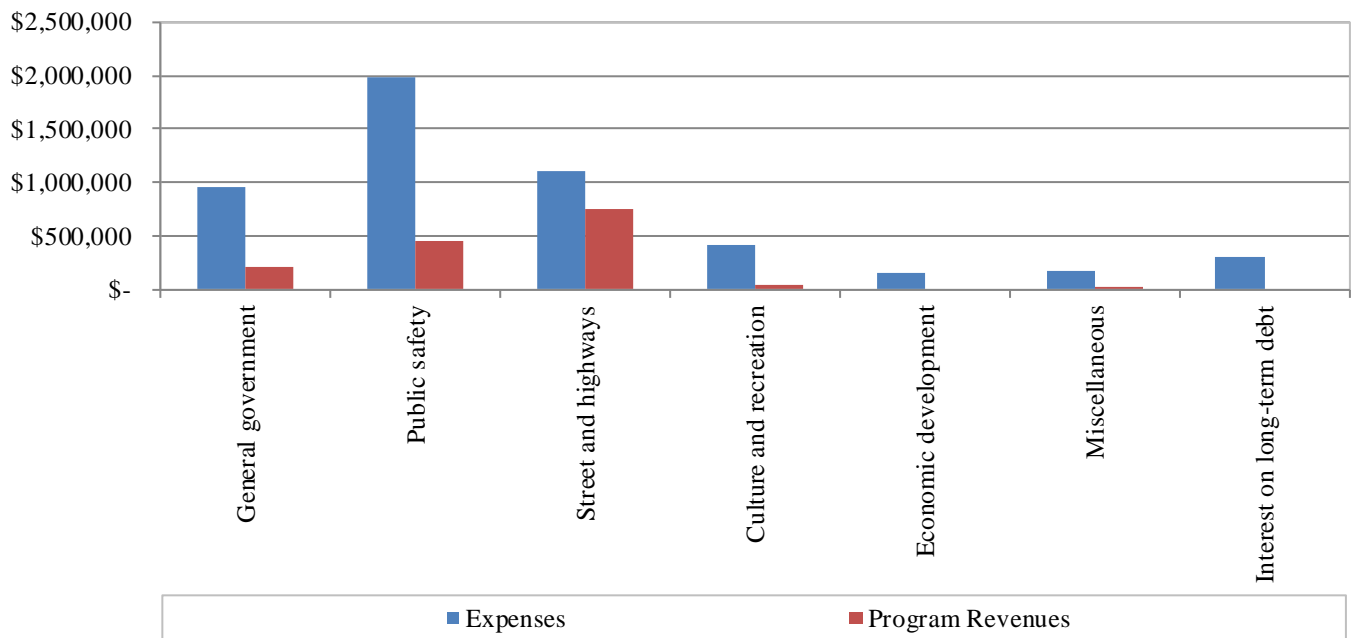
City of Jordan's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 571,785	\$ 827,160	\$ (255,375)	\$ 2,250,118	\$ 2,150,316	\$ 99,802
Operating grants and contributions	131,281	187,083	(55,802)	2,348	-	2,348
Capital grants and contributions	761,972	886,949	(124,977)	380,351	463,846	(83,495)
General revenues						
Property taxes/franchise taxes/tax increments	3,637,456	3,473,760	163,696	-	-	-
Other taxes	69,513	65,636	3,877	-	-	-
Grants and contributions not restricted to specific programs	288,871	277,753	11,118	-	-	-
Unrestricted investment earnings	63,391	62,931	460	63,014	50,025	12,989
Gain on sale of capital assets and other	34,065	48,997	(14,932)	67,027	70,345	(3,318)
Total revenues	5,558,334	5,830,269	(271,935)	2,762,858	2,734,532	28,326
Expenses						
General government	954,554	584,371	370,183	-	-	-
Public safety	1,985,310	1,470,263	515,047	-	-	-
Streets and highways	1,107,056	1,174,045	(66,989)	-	-	-
Culture and recreation	422,190	546,192	(124,002)	-	-	-
Economic development	163,150	192,053	(28,903)	-	-	-
Miscellaneous	170,839	178,709	(7,870)	-	-	-
Interest on long-term debt	310,309	218,683	91,626	-	-	-
Water	-	-	-	1,219,731	1,218,874	857
Sewer	-	-	-	1,073,367	1,080,057	(6,690)
Storm sewer	-	-	-	429,984	242,511	187,473
Total expenses	5,113,408	4,364,316	749,092	2,723,082	2,541,442	181,640
Change in net position before transfers	444,926	1,465,953	(1,021,027)	39,776	193,090	(153,314)
Transfers	20,000	(384,573)	404,573	(20,000)	384,573	(404,573)
Change in net position	464,926	1,081,380	(616,454)	19,776	577,663	(557,887)
Net position - January 1	13,296,099	12,214,719	1,081,380	19,633,366	19,055,703	577,663
Net position - December 31	\$ 13,761,025	\$ 13,296,099	\$ 464,926	\$ 19,653,142	\$ 19,633,366	\$ 19,776

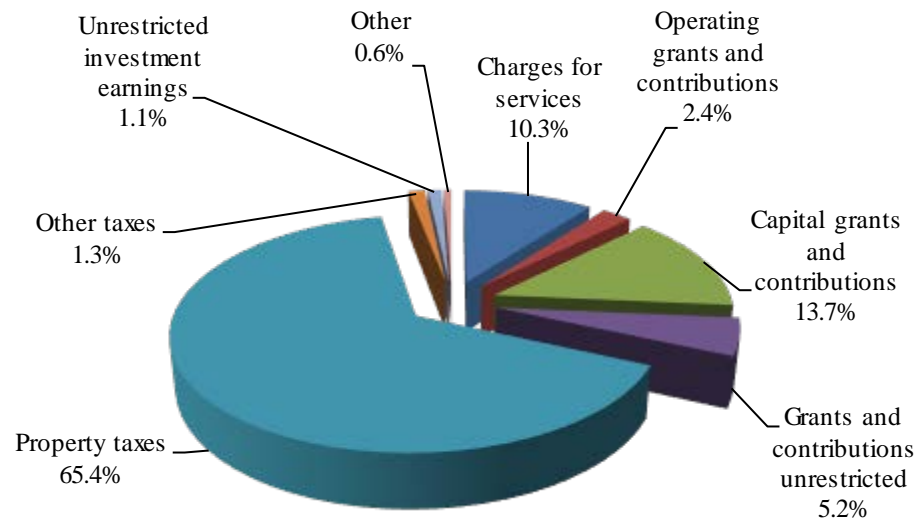
Total property tax levies increased 4.7 percent during 2016. Levies for debt service decreased by \$61,089 while general levies were increased by \$211,275.

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

Expenses and Program Revenues - Governmental Activities



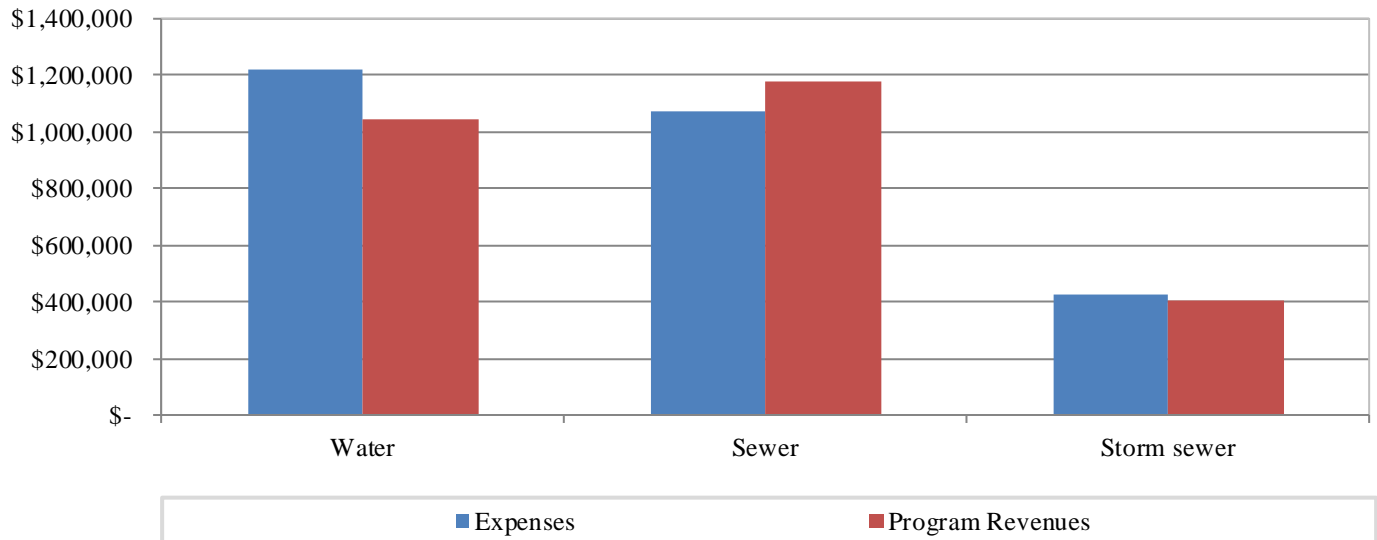
Revenues by Source - Governmental Activities



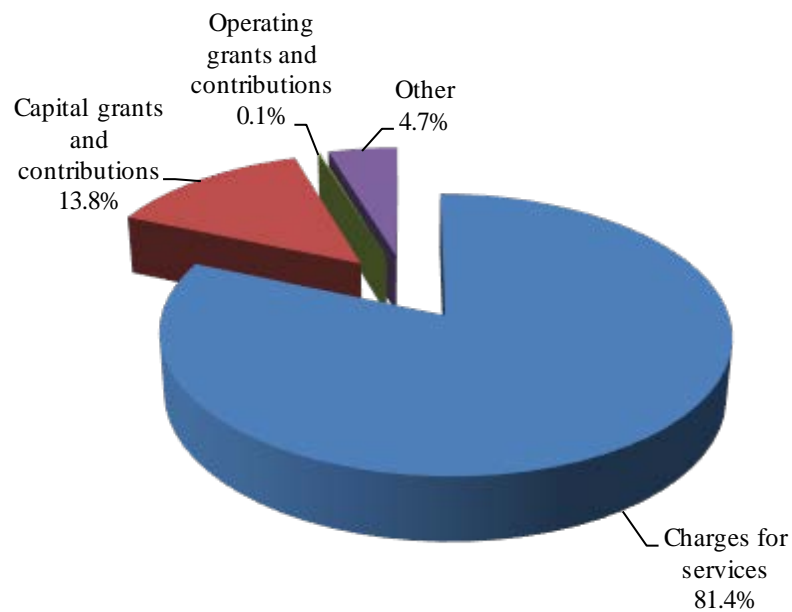
Business-type activities. Business-type activities increased the City’s net position by \$19,776. Key elements of this increase are as follows:

- Connection fees and capital charges decreased from \$347,297 in 2015 to \$280,351 in 2016.
- Transfers to governmental funds totaled \$20,000.

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.

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 \$2,251,559. 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 69.8 percent of fund expenditures.

The fund balance of the City's General fund increased by \$140,600 during the current fiscal year. This increase is mainly attributable to increases in tax revenues and building permits during the year.

The *Debt Service fund* has a total fund balance of \$2,276,084, 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 \$1,621,682. The majority of this increase is due to the issuance of the 2016B Refunding Bonds.

The *2015 Street Improvements fund* accounts for the City's 2015 downtown improvement project and is being funded by a \$1,155,000 bond issue and MSA funding. The fund incurred a fund balance deficit at year of \$457,836 which will be funded by the recognition of deferred MSA dollars becoming earned.

The *2016 Street Improvements fund* accounts for the City's 2016 street improvement project and is being funded by a \$1,862,835 bond issue. Ending fund balance totaled \$170,925 with bond proceeds exceeding project costs.

The *City Facilities Capital fund* accounts for the City's police building and museum projects and is being funded by existing reserves. The fund incurred a fund balance deficit at year of \$645,751 which will be funded by future transfers from other funds.

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 a deficit of \$1,972,872. The total increase in net position for the funds was \$19,776. 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 2016. Revenues and expenditures were both below expectations by \$134,747 and \$214,334, respectively. Other financing sources (uses) were \$61,013 over budget resulting in an actual increase in fund balance of \$140,600 in 2016.

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, 2016, amounts to \$48,109,692 (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 7.7 percent (a 20.1 percent increase for governmental activities and a 1.2 percent increase for business-type activities).

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

- 2015 street and utility improvements were completed and capitalized at \$2,550,581.
- 2016 street and utility improvements in progress totaled \$2,807,937.
- 2017 street and utility improvements in progress totaled \$411,968.
- Police building land swap and improvements in progress totaled \$1,398,417.
- Construction of a new park shelter totaled \$96,361.
- The Historical Center project was completed and capitalized at \$550,206.
- Purchase of a Ford squad car and related equipment for \$41,542.
- Purchase of a Ford F150 of \$33,176 for the fire department.

Additional information on the City's capital assets can be found in Note 3C starting on page 61 of this report.

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

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Land	\$ 901,874	\$ 738,279	\$ 163,595	\$ 570,184	\$ 570,184	\$ -
Buildings	4,362,758	3,756,605	606,153	-	-	-
Improvements other than building	-	-	-	8,672,615	9,044,319	(371,704)
Machinery and equipment	149,478	150,853	(1,375)	128,170	160,413	(32,243)
Vehicles	738,186	848,246	(110,060)	-	-	-
Infrastructure	8,971,599	8,015,039	956,560	18,840,984	18,527,534	313,450
Construction in progress	3,446,010	1,956,223	1,489,787	1,327,834	896,422	431,412
Total	<u>\$ 18,569,905</u>	<u>\$ 15,465,245</u>	<u>\$ 3,104,660</u>	<u>\$ 29,539,787</u>	<u>\$ 29,198,872</u>	<u>\$ 340,915</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$25,487,000. Of this amount, \$6,738,000 is general obligation debt, \$4,230,000 is special assessment debt and \$14,519,000 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		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
General obligation bonds	\$ 6,738,000	\$ 3,948,000	\$ 2,790,000	\$ -	\$ -	\$ -
G.O. improvement bonds	3,470,145	3,637,565	(167,420)	759,855	942,435	(182,580)
General obligation revenue bonds	-	-	-	14,519,000	14,013,000	506,000
Total	<u>\$ 10,208,145</u>	<u>\$ 7,585,565</u>	<u>\$ 2,622,580</u>	<u>\$ 15,278,855</u>	<u>\$ 14,955,435</u>	<u>\$ 323,420</u>

The City's total debt increased by \$2,946,000, or 13.1 percent during the current fiscal year. The key factor in this increase was the retirement of \$2,414,000 in long-term debt during the year along with \$5,360,000 in new debt issues during the year.

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 \$8,742,747 (net of debt service restrictions), which is in excess of the City's outstanding general obligation debt of \$6,738,000.

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 3E starting on page 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The December 2016 unemployment rate for Scott County was 3.4 percent, an increase from 3.0 percent a year ago. This compares favorably to the State's average unemployment rate of 4.1 percent and the national average rate of 4.5 percent.
- Property valuations within the City remain strong.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

Property tax levy increased by 3.4 percent from 2016 to 2017. The debt levy was decreased by \$33,824 and taxes for operations were increased by \$386,124.

The utility fund rates have been studied by staff and City Council annually as part of the budget process with the focus being tracking the cash balances with current utility rates and actual collections. The need for the annual review of utility rates was triggered by the economic downturn of recent years, and the resulting slowdown in new housing starts and the associated capital and area charges. As part of the 2016 study, the City increased the water rates by 15 percent and sewer and storm sewer rates by 2 percent. During 2016, the Water and Sewer Utility funds experienced positive income from operations while Water and Storm Sewer ended the year with decreases in cash balance while the Sewer fund had a small increase.. Adequate levels of available cash balance are important to cover operations, treatment, debt service, and maintenance of the various utility systems. Debt financing is used primarily for expansion of these systems to service a growing population and for the replacement of aging system infrastructure necessary to provide quality service to citizens.

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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CITY OF JORDAN, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 6,358,397	\$ 1,265,793	\$ 7,624,190
Cash held with fiscal agent	1,873,026	4,570,818	6,443,844
Receivables			
Interest	13,245	-	13,245
Delinquent taxes	37,168	-	37,168
Accounts	27,370	496,322	523,692
Notes	17,757	-	17,757
Special assessments	592,627	12,312	604,939
Intergovernmental	27,899	67,374	95,273
Pension asset	36,938	-	36,938
Capital assets			
Nondepreciable	4,347,884	1,898,018	6,245,902
Depreciable, net of accumulated depreciation	14,222,021	27,641,769	41,863,790
TOTAL ASSETS	27,554,332	35,952,406	63,506,738
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension resources	2,235,617	237,361	2,472,978
LIABILITIES			
Accounts and contracts payable	1,041,852	174,172	1,216,024
Due to other governments	21,727	1,972	23,699
Accrued interest payable	116,354	167,108	283,462
Accrued salaries payable	75,187	28,010	103,197
Unearned revenue	31,800	10,214	42,014
Noncurrent liabilities			
Due within one year	820,424	5,637,361	6,457,785
Due in more than one year	12,967,628	10,467,709	23,435,337
TOTAL LIABILITIES	15,074,972	16,486,546	31,561,518
DEFERRED INFLOWS OF RESOURCES			
Intergovernmental	543,121	-	543,121
Deferred pension resources	410,831	50,079	460,910
TOTAL DEFERRED INFLOWS OF RESOURCES	953,952	50,079	1,004,031
NET POSITION			
Net investment in capital assets	10,546,221	18,957,615	29,503,836
Restricted			
Debt service	2,178,315	-	2,178,315
Capital outlay/connections	-	2,668,399	2,668,399
Tax increment activity	75,520	-	75,520
Unrestricted	960,969	(1,972,872)	(1,011,903)
TOTAL NET POSITION	\$ 13,761,025	\$ 19,653,142	\$ 33,414,167

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 954,554	\$ 200,770	\$ 3,771	\$ -
Public safety	1,985,310	323,872	127,510	-
Streets and highways	1,107,056	43,685	-	714,711
Culture and recreation	422,190	3,445	-	47,261
Economic development	163,150	-	-	-
Miscellaneous	170,839	13	-	-
Interest and other costs	310,309	-	-	-
Total governmental activities	5,113,408	571,785	131,281	761,972
Business-type activities				
Water utility	1,219,731	977,819	1,123	68,001
Sewer utility	1,073,367	1,092,338	1,225	86,382
Storm sewer utility	429,984	179,961	-	225,968
Total business-type activities	2,723,082	2,250,118	2,348	380,351
Totals	\$ 7,836,490	\$ 2,821,903	\$ 133,629	\$ 1,142,323

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 assets

Transfers

Total general revenues and transfers

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
\$ (750,013)		\$ (750,013)
(1,533,928)		(1,533,928)
(348,660)		(348,660)
(371,484)		(371,484)
(163,150)		(163,150)
(170,826)		(170,826)
(310,309)		(310,309)
<u>(3,648,370)</u>		<u>(3,648,370)</u>
	\$ (172,788)	(172,788)
	106,578	106,578
	<u>(24,055)</u>	<u>(24,055)</u>
	<u>(90,265)</u>	<u>(90,265)</u>
<u>(3,648,370)</u>	<u>(90,265)</u>	<u>(3,738,635)</u>
2,593,207	-	2,593,207
885,082	-	885,082
159,167	-	159,167
69,513	-	69,513
288,871	-	288,871
63,391	63,014	126,405
30,075	67,027	97,102
3,990	-	3,990
<u>20,000</u>	<u>(20,000)</u>	<u>-</u>
<u>4,113,296</u>	<u>110,041</u>	<u>4,223,337</u>
464,926	19,776	484,702
<u>13,296,099</u>	<u>19,633,366</u>	<u>32,929,465</u>
<u>\$ 13,761,025</u>	<u>\$ 19,653,142</u>	<u>\$ 33,414,167</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

CITY OF JORDAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	Debt Service	Capital Projects 2015 Street Improvements
ASSETS			
Cash and temporary investments	\$ 2,539,982	\$ 1,971,542	\$ 85,285
Cash held with fiscal agent	-	1,873,026	-
Receivables			
Accrued interest	13,245	-	-
Delinquent taxes	37,168	-	-
Accounts	27,370	-	-
Notes	-	-	-
Special assessments	38,882	551,501	-
Intergovernmental	27,583	-	-
TOTAL ASSETS	\$ 2,684,230	\$ 4,396,069	\$ 85,285
LIABILITIES			
Accounts payable	\$ 264,215	\$ 1,400	\$ -
Due to other governments	17,219	-	-
Accrued salaries payable	75,187	-	-
Unearned revenue	-	-	-
TOTAL LIABILITIES	356,621	1,400	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			
Taxes	37,168	-	-
Special assessments	38,882	551,501	-
Intergovernmental	-	-	543,121
TOTAL DEFERRED INFLOWS OF RESOURCES	76,050	551,501	543,121
FUND BALANCES			
Restricted			
Debt service	-	3,843,168	-
Tax increment activity	-	-	-
Committed			
Special projects	-	-	-
Drug and alcohol enforcement	-	-	-
DARE program	-	-	-
Car seat program	-	-	-
Capital outlay	-	-	-
Assigned			
Economic development	-	-	-
Special projects	-	-	-
Capital outlay	-	-	-
Unassigned	2,251,559	-	(457,836)
TOTAL FUND BALANCES	2,251,559	3,843,168	(457,836)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,684,230	\$ 4,396,069	\$ 85,285

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

Capital Projects			
2016 Street Improvements	City Facilities Capital	Other Governmental Funds	Total Governmental Funds
\$ 298,810	\$ (200,190)	\$ 1,662,968	\$ 6,358,397
-	-	-	1,873,026
-	-	-	13,245
-	-	-	37,168
-	-	-	27,370
-	-	17,757	17,757
-	2,244	-	592,627
-	-	316	27,899
<u>\$ 298,810</u>	<u>\$ (197,946)</u>	<u>\$ 1,681,041</u>	<u>\$ 8,947,489</u>
\$ 127,885	\$ 445,561	\$ 202,791	\$ 1,041,852
-	-	4,508	21,727
-	-	-	75,187
-	-	31,800	31,800
<u>127,885</u>	<u>445,561</u>	<u>239,099</u>	<u>1,170,566</u>
-	-	-	37,168
-	2,244	-	592,627
-	-	-	543,121
<u>-</u>	<u>2,244</u>	<u>-</u>	<u>1,172,916</u>
-	-	-	3,843,168
-	-	75,520	75,520
-	-	291,145	291,145
-	-	9,547	9,547
-	-	4,430	4,430
-	-	1,440	1,440
170,925	-	227,294	398,219
-	-	273,356	273,356
-	-	58,083	58,083
-	-	928,481	928,481
-	(645,751)	(427,354)	720,618
<u>170,925</u>	<u>(645,751)</u>	<u>1,441,942</u>	<u>6,604,007</u>
<u>\$ 298,810</u>	<u>\$ (197,946)</u>	<u>\$ 1,681,041</u>	<u>\$ 8,947,489</u>

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

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CITY OF JORDAN, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

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

Total fund balances - governmental funds	\$ 6,604,007
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	36,938
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	18,569,905
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	(121,447)
Bonds payable	(10,208,145)
Pension liability	(3,280,329)
Premium on bonds issued, net of accumulated amortization	(178,131)
Long-term assets are not available to pay current-period expenditures and therefore are unavailable in the funds.	
Delinquent property taxes receivable	37,168
Special assessments receivable	592,627
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	2,235,617
Deferred inflows of pension resources	(410,831)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(116,354)</u>
Total net position - governmental activities	<u><u>\$ 13,761,025</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, 2016

			Capital Projects 2015 Street Improvements
	General	Debt Service	
REVENUES			
Taxes	\$ 2,612,757	\$ 885,082	\$ -
Special assessments	5,686	288,437	-
Licenses and permits	158,085	-	-
Intergovernmental	474,793	-	267,336
Charges for services	403,444	-	-
Fines and forfeits	2,582	-	-
Investment earnings	21,538	20,383	2,236
Miscellaneous	31,701	-	-
TOTAL REVENUES	3,710,586	1,193,902	269,572
EXPENDITURES			
Current			
General government	874,955	-	-
Public safety	1,456,611	-	-
Streets and highways	379,043	-	-
Culture and recreation	236,389	-	-
Economic development	-	-	-
Miscellaneous	170,839	-	-
Capital outlay			
General government	59,624	-	-
Public safety	39,378	-	-
Streets and highways	4,590	-	82,119
Culture and recreation	3,250	-	-
Debt service			
Principal	-	1,057,420	-
Interest and other costs	-	264,528	-
TOTAL EXPENDITURES	3,224,679	1,321,948	82,119
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	485,907	(128,046)	187,453
OTHER FINANCING SOURCES (USES)			
Sale of assets	3,990	-	-
Transfers in	140,850	117,820	-
Bonds issued	-	1,817,165	-
Premium on bonds issued	-	57,267	-
Transfers out	(490,147)	(242,524)	(45,000)
TOTAL OTHER FINANCING SOURCES (USES)	(345,307)	1,749,728	(45,000)
NET CHANGE IN FUND BALANCES	140,600	1,621,682	142,453
FUND BALANCES, JANUARY 1	2,110,959	2,221,486	(600,289)
FUND BALANCES, DECEMBER 31	\$ 2,251,559	\$ 3,843,168	\$ (457,836)

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

Capital Projects		Other Governmental Funds	Totals
2016 Street Improvements	City Facilities Capital		
\$ -	\$ -	\$ 231,940	\$ 3,729,779
-	-	-	294,123
-	-	-	158,085
-	-	58,150	800,279
-	-	11,041	414,485
-	-	3,508	6,090
1,503	-	17,731	63,391
-	4,717	51,184	87,602
1,503	4,717	373,554	5,553,834
-	-	-	874,955
-	-	29,898	1,486,509
-	-	-	379,043
-	-	812	237,201
-	-	163,150	163,150
-	-	-	170,839
-	-	-	59,624
-	1,505,968	45,866	1,591,212
1,466,257	-	456,149	2,009,115
-	420,431	179,476	603,157
-	-	-	1,057,420
51,167	-	-	315,695
1,517,424	1,926,399	875,351	8,947,920
(1,515,921)	(1,921,682)	(501,797)	(3,394,086)
-	-	-	3,990
-	796,365	255,438	1,310,473
1,862,835	-	-	3,680,000
33,791	-	-	91,058
(95,850)	-	(416,952)	(1,290,473)
1,800,776	796,365	(161,514)	3,795,048
284,855	(1,125,317)	(663,311)	400,962
(113,930)	479,566	2,105,253	6,203,045
\$ 170,925	\$ (645,751)	\$ 1,441,942	\$ 6,604,007

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

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, 2016

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

Net change in fund balances - governmental funds	\$ 400,962
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	4,296,927
Depreciation expense	(1,194,385)
The net effect of various miscellaneous transactions involving capital assets	
Trade-in of capital assets	2,118
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	1,057,420
Debt issued	(3,680,000)
Premium on bonds issued, net of amortization	(74,723)
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.	(10,949)
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	(22,810)
Special assessments	14,789
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	(24,565)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(308,389)
Direct aid contributions	8,531
Change in net position - governmental activities	<u>\$ 464,926</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
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 2,490,430	\$ 2,490,430	\$ 2,612,757	\$ 122,327
Special assessments	6,000	6,000	5,686	(314)
Licenses and permits	167,884	167,884	158,085	(9,799)
Intergovernmental	646,600	646,600	474,793	(171,807)
Charges for services	470,608	470,608	403,444	(67,164)
Fines and forfeits	-	-	2,582	2,582
Investment earnings	15,000	15,000	21,538	6,538
Miscellaneous	48,811	48,811	31,701	(17,110)
TOTAL REVENUES	3,845,333	3,845,333	3,710,586	(134,747)
EXPENDITURES				
Current				
General government	770,592	770,592	874,955	(104,363)
Public safety	1,477,681	1,477,681	1,456,611	21,070
Streets and highways	421,782	421,782	379,043	42,739
Culture and recreation	261,590	261,590	236,389	25,201
Miscellaneous	197,662	197,662	170,839	26,823
Capital outlay				
General government	178,045	178,045	59,624	118,421
Public safety	42,000	42,000	39,378	2,622
Streets and highways	40,000	40,000	4,590	35,410
Culture and recreation	17,000	17,000	3,250	13,750
Miscellaneous	32,661	32,661	-	32,661
TOTAL EXPENDITURES	3,439,013	3,439,013	3,224,679	214,334
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	406,320	406,320	485,907	79,587
OTHER FINANCING SOURCES (USES)				
Sale of assets	1,500	1,500	3,990	2,490
Transfers in	-	-	140,850	140,850
Transfers out	(407,820)	(407,820)	(490,147)	(82,327)
TOTAL OTHER FINANCING SOURCES (USES)	(406,320)	(406,320)	(345,307)	61,013
NET CHANGE IN FUND BALANCES	-	-	140,600	140,600
FUND BALANCES, JANUARY 1	2,110,959	2,110,959	2,110,959	-
FUND BALANCES, DECEMBER 31	\$ 2,110,959	\$ 2,110,959	\$ 2,251,559	\$ 140,600

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, 2016 AND 2015

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2016	2015	2016	2015
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 53,326	\$ 382,813	\$ 745,806	\$ 727,022
Cash held with fiscal agent	3,852,859	3,769,930	209,957	105,400
Receivables				
Accounts	151,681	153,372	201,200	192,706
Intergovernmental	33,687	53,174	33,687	53,173
TOTAL CURRENT ASSETS	4,091,553	4,359,289	1,190,650	1,078,301
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	12,116,156	11,850,083	5,452,038	5,139,756
Machinery and equipment	339,744	338,486	290,365	289,106
Construction in progress	503,836	266,073	376,974	412,582
Less accumulated depreciation	(5,471,929)	(5,092,155)	(7,337,110)	(6,966,119)
Total capital assets (net of accumulated depreciation)	13,073,338	12,948,018	10,197,962	10,291,020
TOTAL NONCURRENT ASSETS	13,079,494	12,954,174	10,204,118	10,297,176
TOTAL ASSETS	17,171,047	17,313,463	11,394,768	11,375,477
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension resources	113,535	27,816	123,826	30,192
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	17,275	31,254	7,115	48,100
Due to other governments	1,972	2,619	-	-
Accrued interest payable	114,379	119,143	29,153	30,474
Accrued salaries payable	12,839	12,317	15,171	12,938
Compensated absences payable - current	21,072	21,857	30,024	30,270
Unearned revenue	10,214	30,262	-	-
Bonds payable - current	4,394,875	706,500	615,820	471,040
TOTAL CURRENT LIABILITIES	4,572,626	923,952	697,283	592,822
NONCURRENT LIABILITIES				
Bonds payable - noncurrent	5,598,130	9,335,163	2,607,630	2,821,106
Pension liability	288,650	183,042	314,812	198,681
TOTAL NONCURRENT LIABILITIES	5,886,780	9,518,205	2,922,442	3,019,787
TOTAL LIABILITIES	10,459,406	10,442,157	3,619,725	3,612,609
DEFERRED INFLOWS OF RESOURCES				
Deferred pension resources	23,954	25,523	26,125	27,703
NET POSITION				
Net investment in capital assets	7,106,377	6,778,393	7,213,432	7,132,794
Restricted				
Capital outlay/connections	1,021,136	948,456	1,047,543	951,556
Unrestricted	(1,326,291)	(853,250)	(388,231)	(318,993)
TOTAL NET POSITION	\$ 6,801,222	\$ 6,873,599	\$ 7,872,744	\$ 7,765,357

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2016	2015	2016	2015
\$ 466,661	\$ 431,821	\$ 1,265,793	\$ 1,541,656
508,002	352,740	4,570,818	4,228,070
143,441	33,153	496,322	379,231
-	-	67,374	106,347
1,118,104	817,714	6,400,307	6,255,304
-	-	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
6,963,503	6,745,736	24,531,697	23,735,575
-	-	630,109	627,592
447,024	217,767	1,327,834	896,422
(1,721,080)	(1,582,709)	(14,530,119)	(13,640,983)
6,268,487	5,959,834	29,539,787	29,198,872
6,268,487	5,959,834	29,552,099	29,211,184
7,386,591	6,777,548	35,952,406	35,466,488
-	-	237,361	58,008
149,782	-	174,172	79,354
-	-	1,972	2,619
23,576	20,509	167,108	170,126
-	-	28,010	25,255
-	-	51,096	52,127
-	-	10,214	30,262
575,570	179,040	5,586,265	1,356,580
748,928	199,549	6,018,837	1,716,323
1,658,487	1,583,589	9,864,247	13,739,858
-	-	603,462	381,723
1,658,487	1,583,589	10,467,709	14,121,581
2,407,415	1,783,138	16,486,546	15,837,904
-	-	50,079	53,226
4,637,806	4,607,605	18,957,615	18,518,792
599,720	468,618	2,668,399	2,368,630
(258,350)	(81,813)	(1,972,872)	(1,254,056)
<u>\$ 4,979,176</u>	<u>\$ 4,994,410</u>	<u>\$ 19,653,142</u>	<u>\$ 19,633,366</u>

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

CITY OF JORDAN, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2016	2015	2016	2015
OPERATING REVENUES				
Charges for services	\$ 977,819	\$ 903,299	\$ 1,092,338	\$ 1,073,232
Pension revenue	1,123	-	1,225	-
TOTAL OPERATING REVENUES	978,942	903,299	1,093,563	1,073,232
OPERATING EXPENSES				
Personal services	321,882	291,668	350,177	313,682
Supplies	56,955	80,620	93,481	111,786
Other services and charges	102,624	70,419	98,400	97,450
Insurance	5,084	23,775	2,680	21,070
Utilities	64,702	77,086	70,264	83,437
Depreciation	379,774	379,021	370,991	369,514
TOTAL OPERATING EXPENSES	931,021	922,589	985,993	996,939
OPERATING INCOME (LOSS)	47,921	(19,290)	107,570	76,293
NONOPERATING REVENUES (EXPENSES)				
Investment income	43,384	34,855	10,809	8,457
Rental income	67,027	70,345	-	-
Interest and other costs	(289,677)	(299,316)	(89,386)	(89,406)
Amortization expense	967	3,031	2,012	6,288
TOTAL NONOPERATING REVENUES (EXPENSES)	(178,299)	(191,085)	(76,565)	(74,661)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(130,378)	(210,375)	31,005	1,632
CAPITAL CONTRIBUTIONS				
Contributions from other funds	-	166,073	-	187,282
Connection fees	41,699	38,828	52,111	51,499
Capital charges	26,302	130,164	34,271	92,795
State and other grants	-	-	-	30,000
TRANSFERS OUT	(10,000)	(15,000)	(10,000)	(15,000)
CHANGE IN NET POSITION	(72,377)	109,690	107,387	348,208
NET POSITION, JANUARY 1	6,873,599	6,763,909	7,765,357	7,417,149
NET POSITION, DECEMBER 31	\$ 6,801,222	\$ 6,873,599	\$ 7,872,744	\$ 7,765,357

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

Business-type Activities - Enterprise Funds

651/465

Storm Sewer Utility		Totals	
2016	2015	2016	2015
\$ 179,961	\$ 173,785	\$ 2,250,118	\$ 2,150,316
-	-	2,348	-
179,961	173,785	2,252,466	2,150,316
-	-	672,059	605,350
-	-	150,436	192,406
230,509	67,830	431,533	235,699
-	-	7,764	44,845
-	-	134,966	160,523
138,371	136,194	889,136	884,729
368,880	204,024	2,285,894	2,123,552
(188,919)	(30,239)	(33,428)	26,764
8,821	6,713	63,014	50,025
-	-	67,027	70,345
(65,049)	(50,837)	(444,112)	(439,559)
3,945	12,350	6,924	21,669
(52,283)	(31,774)	(307,147)	(297,520)
(241,202)	(62,013)	(340,575)	(270,756)
-	61,218	-	414,573
-	-	93,810	90,327
125,968	34,011	186,541	256,970
100,000	86,549	100,000	116,549
-	-	(20,000)	(30,000)
(15,234)	119,765	19,776	577,663
4,994,410	4,874,645	19,633,366	19,055,703
<u>\$ 4,979,176</u>	<u>\$ 4,994,410</u>	<u>\$ 19,653,142</u>	<u>\$ 19,633,366</u>

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

CITY OF JORDAN, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 998,129	\$ 911,895	\$ 1,102,463	\$ 1,071,984
Payments to suppliers and vendors	(243,991)	(236,169)	(273,975)	(319,597)
Payments to and on behalf of employees	(302,702)	(286,057)	(326,046)	(309,473)
Other receipts	47,847	70,355	867	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>499,283</u>	<u>460,024</u>	<u>503,309</u>	<u>442,914</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(10,000)	(15,000)	(10,000)	(15,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(505,094)	(100,000)	(309,768)	(193,465)
Net proceeds from issuance of debt	658,809	101,010	404,356	126,180
Connection fees received	41,699	38,828	52,111	51,499
Capital charges received	26,302	130,164	34,271	92,795
Other Federal and State grants	-	-	-	30,000
Principal paid on long-term debt	(706,500)	(683,750)	(471,040)	(455,480)
Interest paid on long-term debt	(294,441)	(308,501)	(90,707)	(91,693)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(779,225)</u>	<u>(822,249)</u>	<u>(380,777)</u>	<u>(440,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	43,384	34,855	10,809	8,457
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(246,558)	(342,370)	123,341	(3,793)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>4,152,743</u>	<u>4,495,113</u>	<u>832,422</u>	<u>836,215</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 3,906,185</u></u>	<u><u>\$ 4,152,743</u></u>	<u><u>\$ 955,763</u></u>	<u><u>\$ 832,422</u></u>
RECONCILIATION OF CASH AND TEMPORARY INVESTMENTS				
Cash and temporary investments	\$ 53,326	\$ 382,813	\$ 745,806	\$ 727,022
Cash held with fiscal agent	3,852,859	3,769,930	209,957	105,400
TOTAL CASH AND TEMPORARY INVESTMENTS	<u><u>\$ 3,906,185</u></u>	<u><u>\$ 4,152,743</u></u>	<u><u>\$ 955,763</u></u>	<u><u>\$ 832,422</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 47,921	\$ (19,290)	\$ 107,570	\$ 76,293
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities				
Other income related to operations	67,027	70,345	-	-
Depreciation	379,774	379,021	370,991	369,514
(Increase) decrease in assets				
Accounts receivable	1,691	14,811	(8,494)	5,637
Intergovernmental	19,487	(6,886)	19,486	(6,885)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	(85,719)	(1,107)	(93,634)	(991)
Increase (decrease) in liabilities				
Accounts payable	(13,979)	15,253	(9,150)	(5,854)
Due to other governments	(647)	478	-	-
Accrued wages payable	522	2,183	2,233	2,348
Compensated absences payable	(785)	3,362	(246)	3,204
Unearned revenue	(20,048)	681	-	-
Pension liability	105,608	19,767	116,131	20,176
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(1,569)	(18,594)	(1,578)	(20,528)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 499,283</u></u>	<u><u>\$ 460,024</u></u>	<u><u>\$ 503,309</u></u>	<u><u>\$ 442,914</u></u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital assets transferred from governmental funds	\$ -	\$ 166,073	\$ -	\$ 187,282
Capital assets acquired on account	\$ -	\$ -	\$ -	\$ 31,835
Amortization of bond (premium) discount	\$ (967)	\$ (3,031)	\$ (2,012)	\$ (6,288)
Bond proceeds deposited in escrow, net of issue costs	\$ 114,105	\$ -	\$ 108,901	\$ -

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2016	2015	2016	2015
\$ 69,673	\$ 174,338	\$ 2,170,265	\$ 2,158,217
(225,233)	(76,693)	(743,199)	(632,459)
-	-	(628,748)	(595,530)
-	-	48,714	70,355
(155,560)	97,645	847,032	1,000,583
-	-	(20,000)	(30,000)
(302,518)	(156,549)	(1,117,380)	(450,014)
654,413	70,636	1,717,578	297,826
-	-	93,810	90,327
125,968	34,011	186,541	256,970
100,000	86,549	100,000	116,549
(179,040)	(170,980)	(1,356,580)	(1,310,210)
(61,982)	(51,939)	(447,130)	(452,133)
336,841	(188,272)	(823,161)	(1,450,685)
8,821	6,713	63,014	50,025
190,102	(83,914)	66,885	(430,077)
784,561	868,475	5,769,726	6,199,803
<u>\$ 974,663</u>	<u>\$ 784,561</u>	<u>\$ 5,836,611</u>	<u>\$ 5,769,726</u>
\$ 466,661	\$ 431,821	\$ 1,265,793	\$ 1,541,656
508,002	352,740	4,570,818	4,228,070
<u>\$ 974,663</u>	<u>\$ 784,561</u>	<u>\$ 5,836,611</u>	<u>\$ 5,769,726</u>
\$ (188,919)	\$ (30,239)	\$ (33,428)	\$ 26,764
-	-	67,027	70,345
138,371	136,194	889,136	884,729
(110,288)	553	(117,091)	21,001
-	-	38,973	(13,771)
-	-	(179,353)	(2,098)
5,276	(8,863)	(17,853)	536
-	-	(647)	478
-	-	2,755	4,531
-	-	(1,031)	6,566
-	-	(20,048)	681
-	-	221,739	39,943
-	-	(3,147)	(39,122)
<u>\$ (155,560)</u>	<u>\$ 97,645</u>	<u>\$ 847,032</u>	<u>\$ 1,000,583</u>
\$ -	\$ 61,218	\$ -	\$ 414,573
\$ 144,506	\$ -	\$ 144,506	\$ 31,835
\$ (3,945)	\$ (12,350)	\$ (6,924)	\$ (21,669)
<u>\$ 160,720</u>	<u>\$ -</u>	<u>\$ 383,726</u>	<u>\$ -</u>

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

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CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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, 2016

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 *2015 Street Improvements fund* accounts for costs related to the street improvements during the year.

The *2016 Street Improvements fund* accounts for costs related to the street improvements during the year.

The *City Facilities Capital fund* accounts for costs related to police building and museum building projects 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. 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, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, deferred outflows of resources, 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. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

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. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. 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.
8. 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.
9. 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.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City has the following recurring fair value measurements as of December 31, 2016:

- U.S. Treasury securities of \$245,273 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$5,668,557 are valued using a matrix pricing model (Level 2 inputs)

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 is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. The City's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. 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.

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 fall due to changes in general interest rates.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 2016. 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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

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

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition 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

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated absences

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

Postemployment benefits other than pensions

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

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2009. Statement No. 45 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. During 2016, the City calculated its OPEB liability using the alternative measurement method and determined that the calculated liability was immaterial. At this point, the City anticipates it will not incur material future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the Jordan Firefighters' Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred inflows of resources

In addition to liabilities, the statement of net 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 City 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 three sources: property taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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.

Net position

Net position represents the difference between assets and deferred outflows of resources 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".

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Comparative data/reclassifications

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

In August of each year, all departments of the City submit requests for appropriations to the Administrator/Clerk/Treasurer so that a budget may be prepared. Before September 30, 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.

B. Deficit fund equity

The following funds had a fund equity deficit at December 31, 2016:

<u>Fund</u>	<u>Amount</u>
Capital projects	
2015 Street Improvements	\$ 457,836
City Facilities Capital	645,751
General Capital	36,153
Varner Bridge Project	35,383
2017 Sewer and Valley View Project	355,818

The above deficits will be eliminated through future bond issues and transfers from other funds.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, bonds or irrevocable standby letters of credit from Federal Home Loan Banks.

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 \$642,676 and the bank balance was \$694,331. Of the bank balance, \$500,000 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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

As of December 31, 2016, 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)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled investments at amortized costs						
4M Fund	N/A	less than 6 months	\$ 288,419			
Non-pooled investments at amortized costs						
Money Market Funds	N/A	less than 6 months	7,223,109			
Non-pooled investments at fair value						
Government Securities	Aa2	1 to 3 years	245,273	\$ 245,273	\$ -	\$ -
Negotiable certificates of deposit	N/A	less than 6 months	2,302,870	-	2,302,870	-
Negotiable certificates of deposit	N/A	6 months to 1 year	547,940	-	547,940	-
Negotiable certificates of deposit	N/A	1 to 3 years	1,332,187	-	1,332,187	-
Negotiable certificates of deposit	N/A	more than 3 years	1,485,560	-	1,485,560	-
Total investments			\$ 13,425,358	\$ 245,273	\$ 5,668,557	\$ -

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

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

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	\$ 642,676
Investments	<u>13,425,358</u>
Total	<u>\$ 14,068,034</u>
Cash and temporary investments	\$ 7,624,190
Cash held with fiscal agent	<u>6,443,844</u>
Total	<u>\$ 14,068,034</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Loans receivable

The City currently has loans to various local businesses totaling \$17,757 at December 31, 2016. The loans are non-interest bearing and are forgivable after one year providing the business remains open.

C. Capital assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 738,279	\$ 163,595	\$ -	\$ 901,874
Construction in progress	1,956,223	3,942,721	(2,452,934)	3,446,010
Total capital assets not being depreciated	2,694,502	4,106,316	(2,452,934)	4,347,884
Capital assets being depreciated				
Buildings and improvements	4,805,211	763,518	-	5,568,729
Infrastructure and improvements	16,471,936	1,754,459	-	18,226,395
Machinery and equipment	960,360	36,308	-	996,668
Vehicles	3,023,375	93,496	(12,708)	3,104,163
Total capital assets being depreciated	25,260,882	2,647,781	(12,708)	27,895,955
Less accumulated depreciation for				
Buildings and improvements	(1,048,606)	(157,365)	-	(1,205,971)
Infrastructure and improvements	(8,456,897)	(797,899)	-	(9,254,796)
Machinery and equipment	(809,507)	(37,683)	-	(847,190)
Vehicles	(2,175,129)	(201,438)	10,590	(2,365,977)
Total accumulated depreciation	(12,490,139)	(1,194,385)	10,590	(13,673,934)
Total capital assets being depreciated, net	12,770,743	1,453,396	(2,118)	14,222,021
Governmental activities capital assets, net	<u>\$ 15,465,245</u>	<u>\$ 5,559,712</u>	<u>\$ (2,455,052)</u>	<u>\$ 18,569,905</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 570,184	\$ -	\$ -	\$ 570,184
Construction in progress	896,422	1,227,534	(796,122)	1,327,834
	<u>1,466,606</u>	<u>1,227,534</u>	<u>(796,122)</u>	<u>1,898,018</u>
Total capital assets not being depreciated				
Capital assets being depreciated				
Buildings	55,965	-	-	55,965
Improvements other than buildings	16,954,117	-	-	16,954,117
Infrastructure	23,735,575	796,122	-	24,531,697
Machinery and equipment	627,592	2,517	-	630,109
	<u>41,373,249</u>	<u>798,639</u>	<u>-</u>	<u>42,171,888</u>
Total capital assets being depreciated				
Less accumulated depreciation for				
Buildings	(55,965)	-	-	(55,965)
Improvements other than buildings	(7,909,798)	(371,704)	-	(8,281,502)
Infrastructure	(5,208,041)	(482,672)	-	(5,690,713)
Machinery and equipment	(467,179)	(34,760)	-	(501,939)
	<u>(13,640,983)</u>	<u>(889,136)</u>	<u>-</u>	<u>(14,530,119)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>27,732,266</u>	<u>(90,497)</u>	<u>-</u>	<u>27,641,769</u>
Business-type activities capital assets, net	<u>\$ 29,198,872</u>	<u>\$ 1,137,037</u>	<u>\$ (796,122)</u>	<u>\$ 29,539,787</u>

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

Governmental activities

General government	\$ 25,570
Public safety	214,802
Streets and highways	802,571
Culture and recreation	151,442
	<u>1,194,385</u>
Total depreciation expense - governmental activities	<u>\$ 1,194,385</u>

Business-type activities

Water utility	\$ 379,774
Sewer utility	370,991
Storm sewer utility	138,371
	<u>889,136</u>
Total depreciation expense - business-type activities	<u>\$ 889,136</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

The City has active construction projects as of December 31, 2016. The projects include improvements related in the areas of street and building improvements. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2016 Improvement Project	\$ 2,167,125	\$ 231,647
Police Building	893,108	615,325
Total	<u>\$ 3,060,233</u>	<u>\$ 846,972</u>

D. Interfund transfers

The composition of interfund transfers for the year ended December 31, 2016, is as follows:

Fund	Transfers in				Total
	General	Debt Service	City Facilities Capital	Nonmajor Governmental	
Transfers out					
General	\$ -	\$ 117,820	\$ 168,555	\$ 203,772	\$ 490,147
Debt Service	-	-	242,524	-	242,524
2015 Street Improvements	45,000	-	-	-	45,000
2016 Street Improvements	95,850	-	-	-	95,850
Nonmajor governmental	-	-	385,286	31,666	416,952
Water Utility	-	-	-	10,000	10,000
Sewer Utility	-	-	-	10,000	10,000
Total transfers out	<u>\$ 140,850</u>	<u>\$ 117,820</u>	<u>\$ 796,365</u>	<u>\$ 255,438</u>	<u>\$ 1,310,473</u>

For the year ended December 31, 2016, the City made the following transfers:

- The General fund transferred a total of \$203,772 to nonmajor governmental funds for MSA street projects (\$71,272), future capital items related to the Downtown Master Plan fund (\$25,000), the Fire Capital fund (\$45,000), the Equipment Reserve fund (\$20,000), the Emergency Siren fund (\$2,500) and the Economic Development Authority (\$40,000). Additionally, the General fund transferred \$117,820 to the Debt Service fund to cover debt payments and \$168,555 to the City Facilities Capital fund to cover project costs.
- The City Facilities Capital fund received dollars for project costs from the Debt Service, EDA and Downtown Master Plan Improvements funds in the amounts of \$242,524, \$335,286 and \$50,000, respectively.
- The EDA transferred \$25,000 to the Downtown Master Plan fund for future capital items. This \$25,000 along with the \$25,000 transferred from the General fund to the Downtown Master Plan fund was subsequently transferred to the City Facilities Capital fund to cover project costs.
- The 2015 Street Improvements fund and 2016 Street Improvement fund each transferred dollars to the General fund to cover bond administration costs in the amounts of \$45,000 and \$95,850, respectively.
- \$10,000 from each of the Water Utility and Sewer Utility funds to the Equipment Reserve fund for future equipment purchases.
- \$6,666 was transferred from the Oak Terrace Senior Housing nonmajor governmental fund to the CR 61 and CR 66 Construction nonmajor governmental fund for administrative costs.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Long-term debt

General obligation bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement Bonds of 2008A	\$ 1,805,000	3.00 - 4.00 %	06/01/08	02/01/18	\$ 1,320,000
G.O. Taxable Library Note of 2012	1,000,000	3.07	05/08/12	02/01/32	838,000
G.O. Bonds of 2013A	460,000	.45 - 1.45	03/07/13	02/01/18	230,000
G.O. Street Reconstruction of 2013C	1,410,000	2.00 - 3.05	07/01/13	08/01/29	1,250,000
G.O. Bonds of 2016A	1,885,000	2.00 - 2.40	07/07/16	02/01/32	1,885,000
G.O. Improvement Bonds of 2016B	1,795,000 *	2.00	10/20/16	02/01/29	<u>1,215,000</u>
Total G.O. Bonds					<u><u>\$ 6,738,000</u></u>

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

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
2017	\$ 321,000	\$ 170,358	\$ 491,358
2018	1,593,000	141,748	1,734,748
2019	309,000	110,433	419,433
2020	330,000	103,582	433,582
2021	357,000	96,205	453,205
2022 - 2026	1,956,000	352,231	2,308,231
2027 - 2031	1,662,000	118,882	1,780,882
2032	<u>210,000</u>	<u>3,736</u>	<u>213,736</u>
Total	<u><u>\$ 6,738,000</u></u>	<u><u>\$ 1,097,175</u></u>	<u><u>\$ 7,835,175</u></u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 2008B	\$ 1,275,000	2.50 - 4.40 %	08/01/08	02/01/18	\$ 780,000
G.O. Refunding Bonds of 2011A	3,635,000	2.50 - 3.00	08/01/12	02/01/20	300,000
G.O. Crossover Refunding Bonds of 2012A	2,085,000 *	2.00	04/01/12	02/01/20	655,145
G.O Improvement Bonds of 2015A	1,155,000	1.75 - 3.00	06/17/15	02/01/31	1,155,000
G.O Refunding Bonds of 2016B	2,165,000 *	2.00	10/20/16	02/01/29	<u>580,000</u>
Total governmental					3,470,145
Business-type					
G.O. Crossover Refunding Bonds of 2012A	2,085,000 *	2.00	04/01/12	02/01/20	<u>759,855</u>
Total G.O. Special Assessment Bonds					<u>\$ 4,230,000</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
2017	\$ 439,735	\$ 84,889	\$ 524,624	\$ 185,265	\$ 13,344	\$ 198,609
2018	982,050	63,968	1,046,018	187,950	9,612	197,562
2019	379,365	42,474	421,839	190,635	5,826	196,461
2020	393,995	34,627	428,622	196,005	1,961	197,966
2021	165,000	29,062	194,062	-	-	-
2022 - 2026	675,000	97,550	772,550	-	-	-
2027 - 2031	<u>435,000</u>	<u>33,675</u>	<u>468,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,470,145</u>	<u>\$ 386,245</u>	<u>\$ 3,856,390</u>	<u>\$ 759,855</u>	<u>\$ 30,743</u>	<u>\$ 790,598</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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	\$ 43,000
PFA Loan Payable of 2000	6,849,212	2.20	05/30/00	08/20/21	2,047,000
PFA Loan Payable of 2003	1,068,000	2.82	06/30/03	08/20/23	439,000
G.O PIR Bonds					
of 2008B/Sewer	210,000	2.50 - 4.40	08/01/08	02/01/24	130,000
G.O PIR Bonds					
of 2008B/Water	230,000	2.50 - 4.40	08/01/08	02/01/24	135,000
G.O. PIR Bonds					
of 2008B/Storm	315,000	2.50 - 4.40	08/01/08	02/01/24	190,000
G.O. Utility Revenue					
Bonds of 2007A	8,610,000	4.00 - 4.25	09/01/07	02/01/17	4,780,000
G.O. Bonds					
of 2013A	640,000	0.45 - 1.45	03/07/13	02/01/21	460,000
G.O. Refunding					
Bonds of 2013B	4,320,000	1.00 - 2.25	03/07/13	02/01/23	4,320,000
G.O Utility Revenue Bonds					
of 2015A	295,000	1.75-3.00	06/17/15	02/01/31	295,000
G.O Utility Revenue Bonds					
of 2016A	1,310,000	2.00 - 2.40	07/07/16	02/01/32	1,310,000
G.O. Refunding					
Bonds of 2016B	2,165,000 *	2.00	10/20/16	02/01/24	370,000
Total G.O. Revenue Bonds					<u>\$ 14,519,000</u>

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

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
2017	\$ 5,401,000	\$ 294,209	\$ 5,695,209
2018	1,767,000	169,956	1,936,956
2019	1,421,000	138,510	1,559,510
2020	1,437,000	113,514	1,550,514
2021	1,454,000	86,230	1,540,230
2022 - 2026	2,354,000	151,764	2,505,764
2027 - 2031	590,000	46,510	636,510
2032	95,000	1,140	96,140
Total	<u>\$ 14,519,000</u>	<u>\$ 1,001,833</u>	<u>\$ 15,520,833</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Annual revenues from charges for services, principal and interest payments and percentage of revenue required to cover principal and interest payments are as follows:

	Water Utility	Sewer Utility	Storm Sewer Utility
Revenues	\$ 977,819	\$ 1,092,338	\$ 179,961
Principal and interest	939,116	559,554	234,302
Percentage of revenues	96.0%	51.2%	130.2%

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Transfers/ Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 3,948,000	\$ 3,100,000	\$ (310,000)	\$ 6,738,000	\$ 321,000
General obligation special assessment bonds	3,637,565	580,000	(747,420)	3,470,145	439,735
Bond premium	103,408	91,058	(16,335)	178,131	-
Total bonds payable	7,688,973	3,771,058	(1,073,755)	10,386,276	760,735
Compensated absences payable	96,882	84,253	(59,688)	121,447	59,689
Pension liability					
GERF	431,932	320,040	(40,074)	711,898	-
PEPFF	704,465	1,969,608	(105,642)	2,568,431	-
Total pension liability	1,136,397	2,289,648	(145,716)	3,280,329	-
Governmental activity long-term liabilities	<u>\$ 8,922,252</u>	<u>\$ 6,144,959</u>	<u>\$ (1,279,159)</u>	<u>\$ 13,788,052</u>	<u>\$ 820,424</u>
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 14,013,000	\$ 1,680,000	\$ (1,174,000)	\$ 14,519,000	\$ 5,401,000
General obligation special assessment bonds	942,435	-	(182,580)	759,855	185,265
Bond premium	141,003	37,578	(6,924)	171,657	-
Total bonds payable	15,096,438	1,717,578	(1,363,504)	15,450,512	5,586,265
Compensated absences payable	52,127	35,448	(36,479)	51,096	51,096
Pension liability					
GERF	381,723	270,788	(49,049)	603,462	-
Business-type activity long-term liabilities	<u>\$ 15,530,288</u>	<u>\$ 2,023,814</u>	<u>\$ (1,449,032)</u>	<u>\$ 16,105,070</u>	<u>\$ 5,637,361</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Crossover refundings

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.

On October 20, 2016, the City issued General Obligation Refunding Bonds, Series 2016B for \$2,165,000. The Refunding Bonds were issued with a net interest cost of 1.5217596 percent to refund the maturities of the City's General Obligation Capital Improvement Plan Bonds, Series 2008A and the City's General Obligation Public Improvement Bonds, Series 2008 on February 1, 2018. 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 \$197,304.

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following 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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

GERF benefits

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 a 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 ten 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 ten 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 members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

PEPFF benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2016. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the years ending December 31, 2016, 2015 and 2014 were \$79,087, \$73,196 and \$60,244, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2016. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2016. The City's contributions to the PEPFF for the years ending December 31, 2016, 2015 and 2014 were \$104,209, \$96,953 and \$91,107, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

D. Pension costs

GERF pension costs

At December 31, 2016, the City reported a liability of \$1,315,360 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$17,167. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportionate share was 0.0162 percent which was a 0.0005 percent increase from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$182,766 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$5,119 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF. At December 31, 2016, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,764	\$ 109,155
Changes in actuarial assumptions	284,130	-
Net difference between projected and actual earnings on plan investments	149,044	-
Changes in proportion	39,691	-
Contributions to GERF subsequent to the measurement date	40,744	-
Total	<u>\$ 517,373</u>	<u>\$ 109,155</u>

Deferred outflows of resources totaling \$40,744 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2017	\$ 107,728
2018	78,619
2019	133,614
2020	47,513
2021	-
Thereafter	-

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

PEPFF pension costs

At December 31, 2016, the City reported a liability of \$2,568,431 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportionate share was 0.0640 percent which was a 0.0020 percent increase from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$385,841 for its proportionate share of PEPFF's pension expense. The City also recognized \$5,760 for the year ended December 31, 2016 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2016, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 636	\$ 298,095
Changes in actuarial assumptions	1,517,344	-
Net difference between projected and actual earnings on plan investments	223,988	-
Changes in proportion	21,752	53,660
Contributions to PEPFF subsequent to the measurement date	54,436	-
Total	<u>\$ 1,818,156</u>	<u>\$ 351,755</u>

Deferred outflows of resources totaling \$54,436 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2017	\$ 266,045
2018	266,045
2019	348,648
2020	284,234
2021	246,993
Thereafter	-

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

E. Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the GERS and RP-2000 tables for the PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for GERS and PEPFF.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERS was completed in 2015. The experience study for PEPFF was for the period July 1, 2004 through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

GERS

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

PEPFF

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent.
- The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	2.00	0.50
Total	<u>100.00 %</u>	

F. Discount rate

The discount rate used to measure the total pension liability was 7.50 percent a reduction from the 7.90 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal year ended June 30, 2057 for the PEPFF, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent after.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

G. Pension liability sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	\$ 1,868,201	\$ 1,315,360	\$ 859,969
	1 Percent Decrease (4.60%)	Current (5.60%)	1 Percent Increase (6.60%)
PEPFF	\$ 3,595,463	\$ 2,568,431	\$ 1,729,268

H. Pension plan fiduciary net position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 5: DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION

A. Plan description

All members of the Jordan Fire Department (the Department) are covered by a defined benefit plan administered by the Jordan Firefighters' Relief Association (the Association). As of December 31, 2015, the plan covered 35 active firefighters and no vested terminated fire fighters whose pension benefits are deferred. 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.

B. Benefits provided

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.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$47,630 in fire state aid to the plan on behalf of the Jordan Fire Department for the year ended December 31, 2015, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2016 were \$35,000. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

D. Pension costs

At December 31, 2016, the City reported a net pension liability (asset) of (\$36,938) for the plan. The net pension liability (asset) was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department as of December 31, 2015. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance January 1, 2015	\$ 643,908	\$ 689,459	\$ (45,551)
Changes for the year			
Service cost	31,237	-	31,237
Interest on pension liability (asset)	35,415	-	35,415
Projected investment return	-	40,124	(40,124)
Contributions (employer)	-	35,000	(35,000)
Nonemployer contributions	-	46,642	(46,642)
(Gain)/loss	-	(62,207)	62,207
Administrative expenses	-	(1,520)	1,520
Total net changes	66,652	58,039	8,613
Ending balance December 31, 2015	\$ 710,560	\$ 747,498	\$ (36,938)

For the year ended December 31, 2016, the City recognized pension expense of \$42,175.

At December 31, 2016, the City reported deferred outflows of resources and its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 54,819
Contributions to plan subsequent to the measurement date	82,630
Total	\$ 137,449

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

Deferred outflows of resources totaling \$82,630 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2017	\$ 14,127
2018	14,127
2019	14,126
2020	12,439

F. Actuarial assumptions

The total pension liability at December 31, 2015 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at age 50 with 20 years of service	
Salary increases	2.50% per year
Cost of living increases	0.00%
Investment rate of return	5.50%
20 year municipal bond yield	3.50%

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	56.00 %	7.50 %
Cash	23.00	2.00
Fixed income	19.00	4.00
Other	2.00	6.00
Total	<u>100.00 %</u>	

G. Discount rate

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

H. Pension liability sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
Defined benefit plan	\$ (20,967)	\$ (36,938)	\$ (52,115)

I. Pension plan fiduciary net position

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

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.

The City is a defendant in a pending lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City's counsel that resolution of this matter will not have a material adverse effect on the financial condition of the City.

C. Legal debt margin

The City's statutory debt limit is three percent of estimated market value within the City of \$387,919,300. The City currently has \$6,738,000 of debt subject to this limit, leaving a debt margin of \$8,742,747 (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. 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, 2016

Note 7: TAX ABATEMENTS

As of December 31, 2016, the City has seven agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement in 2007 with a company in which the business incurred costs for the construction of a building. The agreement has a maximum return to the developer of \$75,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 12 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement in 2011 with a company in which the business incurred costs for the construction of a building. The agreement has a maximum return to the developer of \$122,889 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 12 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement in 2014 with a company in which the business incurred costs for the construction of a building. The agreement has a maximum return to the developer of \$49,215 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 12 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-7) on November 1, 1999, with a developer in which the developer incurred costs for the construction of a convenience store. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2027. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-8) on August 18, 2003, with a developer in which the developer incurred costs for a downtown redevelopment project. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2030. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-9) on February 20, 2007, with a developer in which the developer incurred costs for the construction of townhomes. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2033. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-11) on December 6, 2010, with a developer in which the developer incurred costs for the construction of a senior housing development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2038. The calculation of taxes abated during the fiscal year is noted in the chart below.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 7: TAX ABATEMENTS - CONTINUED

Lost revenue as it relates to tax abatements for the year ended December 31, 2016, was as follows:

	<u>City Tax Rate (Year of Establishment)</u>	<u>Captured Tax Capacity</u>	<u>Amount of Taxes Abated During the Year</u>
Tax Abatement Agreements			
Elite Waste			\$ 3,008
Dynatech			13,445
Hearth and Home			1,455
Tax Increment Districts (PAYGO)			
Broadway Market Project (District 1-7)	50.639%	\$ 9,035	4,575
Jordan Center Project (District 1-8)	60.684%	17,071	10,359
Jordan Valley Townhomes (District 1-9)	47.287%	27,760	13,127
Oak Terrace Senior Housing (District 1-11)	60.840%	78,437	47,721
Total			<u>\$ 93,690</u>

Note 8: SUBSEQUENT EVENTS

On May 1, 2017 the City issued \$6,835,000 General Obligation Bonds, Series 2017A. These bonds closed on May 31, 2017. The bond proceeds will be used to finance the City's Valley View Drive/Sanitary Sewer Interceptor project. These bonds will carry an interest rate of approximately 2.875 to 3.25 percent and are payable over 20 years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

CITY OF JORDAN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of employer's share of PERA net pension liability - General Employees Retirement Fund

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/16	0.0162 %	\$ 1,315,360	\$ 17,167	\$ 1,332,527	\$ 1,004,887	130.9 %	68.9 %
06/30/15	0.0157	813,655	-	813,655	921,392	88.3	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of employer's PERA contributions - General Employees Retirement Fund

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/16	\$ 79,087	\$ 79,087	\$ -	\$ 1,054,496	7.5 %
12/31/15	73,196	73,196	-	975,940	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

CITY OF JORDAN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of employer's share of PERA net pension liability - Public Employees Police and Fire Fund

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/16	0.0640 %	\$ 2,568,431	\$ -	\$ 2,568,431	\$ 616,175	416.8 %	63.9 %
06/30/15	0.0620	704,465	-	704,465	570,482	123.5	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of employer's PERA contributions - Public Employees Police and Fire Fund

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/16	\$ 104,209	\$ 104,209	\$ -	\$ 643,267	16.2 %
12/31/15	96,953	96,953	-	598,478	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

CITY OF JORDAN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total pension liability		
Service cost	\$ 31,237	\$ 30,476
Interest	35,415	36,133
Benefit payments	-	(85,331)
Net change in total pension liability	66,652	(18,722)
Total pension liability - January 1	643,908	662,630
 Total pension liability - December 31 (a)	 <u><u>\$ 710,560</u></u>	 <u><u>\$ 643,908</u></u>
 Plan fiduciary net position		
Municipal contributions	35,000	47,795
Nonemployer contributions	46,642	46,569
Projected investment return	40,124	36,322
Gain (loss)	(62,207)	(8,424)
Benefit payments, including refunds of employee contributions	-	(85,331)
Administrative expenses	(1,520)	(6,704)
Net change in plan fiduciary net position	58,039	30,227
 Plan fiduciary net position - January 1	 689,459	 659,232
 Plan fiduciary net position - December 31 (b)	 <u><u>\$ 747,498</u></u>	 <u><u>\$ 689,459</u></u>
 Fire Relief's net pension liability (asset) - December 31 (a-b)	 <u><u>\$ (36,938)</u></u>	 <u><u>\$ (45,551)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability (b/a)	 105.20%	 107.07%
 Covered-employee payroll	 N/A	 N/A
 Fire Relief's net pension liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A

Notes to Schedule:

Benefit changes. None in 2016.

Changes of assumptions. None in 2016.

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

CITY OF JORDAN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Required Supplementary Information		
	Actuarial Determined Contribution	Actual Contributions Paid	Contribution Deficiency (Excess)
	(a)	(b)	(a-b)
12/31/16 *	\$ -	\$ -	\$ -
12/31/15	88,381	88,381	-
12/31/14	94,364	94,364	-

* Information not available at time of audit.

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

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

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
ASSETS			
Cash and temporary investments	\$ 700,656	\$ 962,312	\$ 1,662,968
Receivables			
Notes	17,757	-	17,757
Intergovernmental	316	-	316
	<u>718,729</u>	<u>962,312</u>	<u>1,681,041</u>
TOTAL ASSETS	<u>\$ 718,729</u>	<u>\$ 962,312</u>	<u>\$ 1,681,041</u>
LIABILITIES			
Accounts payable	\$ 700	\$ 202,091	\$ 202,791
Due to other governments	4,508	-	4,508
Unearned revenue	-	31,800	31,800
	<u>5,208</u>	<u>233,891</u>	<u>239,099</u>
TOTAL LIABILITIES	<u>5,208</u>	<u>233,891</u>	<u>239,099</u>
FUND BALANCES			
Restricted			
Tax increment activity	75,520	-	75,520
Committed			
Special projects	291,145	-	291,145
Drug and alcohol enforcement	9,547	-	9,547
DARE program	4,430	-	4,430
Car seat program	1,440	-	1,440
Capital outlay	-	227,294	227,294
Assigned			
Economic development	273,356	-	273,356
Special projects	58,083	-	58,083
Capital outlay	-	928,481	928,481
Unassigned	-	(427,354)	(427,354)
	<u>713,521</u>	<u>728,421</u>	<u>1,441,942</u>
TOTAL FUND BALANCES	<u>713,521</u>	<u>728,421</u>	<u>1,441,942</u>
	<u>\$ 718,729</u>	<u>\$ 962,312</u>	<u>\$ 1,681,041</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 718,729</u>	<u>\$ 962,312</u>	<u>\$ 1,681,041</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
REVENUES			
Taxes	\$ 231,940	\$ -	\$ 231,940
Intergovernmental	2,000	56,150	58,150
Charges for services	-	11,041	11,041
Fines and forfeits	3,508	-	3,508
Investment earnings	6,352	11,379	17,731
Miscellaneous	10,440	40,744	51,184
TOTAL REVENUES	254,240	119,314	373,554
EXPENDITURES			
Current			
Public safety	29,898	-	29,898
Culture and recreation	812	-	812
Economic development	163,150	-	163,150
Capital outlay			
Public safety	5,859	40,007	45,866
Streets and highways	-	456,149	456,149
Culture and recreation	4,150	175,326	179,476
TOTAL EXPENDITURES	203,869	671,482	875,351
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50,371	(552,168)	(501,797)
OTHER FINANCING SOURCES (USES)			
Transfers in	111,272	144,166	255,438
Transfers out	(366,952)	(50,000)	(416,952)
TOTAL OTHER FINANCING SOURCES (USES)	(255,680)	94,166	(161,514)
NET CHANGE IN FUND BALANCES	(205,309)	(458,002)	(663,311)
FUND BALANCES, JANUARY 1	918,830	1,186,423	2,105,253
FUND BALANCES, DECEMBER 31	\$ 713,521	\$ 728,421	\$ 1,441,942

CITY OF JORDAN, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	204	212	215	216	217
	Contributions and Donations	Municipal State Aid	Police Forfeiture	Police Dare Program	Police Car Seat
ASSETS					
Cash and temporary investments	\$ 83,796	\$ 161,208	\$ 14,055	\$ 4,430	\$ 1,440
Receivables					
Notes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
TOTAL ASSETS	<u>\$ 83,796</u>	<u>\$ 161,208</u>	<u>\$ 14,055</u>	<u>\$ 4,430</u>	<u>\$ 1,440</u>
LIABILITIES					
Accounts payable	\$ 480	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	4,508	-	-
TOTAL LIABILITIES	<u>480</u>	<u>-</u>	<u>4,508</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted					
Tax increment activity	-	-	-	-	-
Committed					
Special projects	83,316	161,208	-	-	-
Drug and alcohol enforcement	-	-	9,547	-	-
DARE program	-	-	-	4,430	-
Car seat program	-	-	-	-	1,440
Assigned					
Economic development	-	-	-	-	-
Special projects	-	-	-	-	-
TOTAL FUND BALANCES	<u>83,316</u>	<u>161,208</u>	<u>9,547</u>	<u>4,430</u>	<u>1,440</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 83,796</u>	<u>\$ 161,208</u>	<u>\$ 14,055</u>	<u>\$ 4,430</u>	<u>\$ 1,440</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
\$ 3,118	\$ 101,586	\$ 3,805	\$ 15,432	\$ 19,838	\$ 36,445	\$ 255,503	\$ 700,656
-	-	-	-	-	-	17,757	17,757
-	-	-	-	-	-	316	316
<u>\$ 3,118</u>	<u>\$ 101,586</u>	<u>\$ 3,805</u>	<u>\$ 15,432</u>	<u>\$ 19,838</u>	<u>\$ 36,445</u>	<u>\$ 273,576</u>	<u>\$ 718,729</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220	\$ 700
-	-	-	-	-	-	-	4,508
-	-	-	-	-	-	220	5,208
-	-	3,805	15,432	19,838	36,445	-	75,520
-	46,621	-	-	-	-	-	291,145
-	-	-	-	-	-	-	9,547
-	-	-	-	-	-	-	4,430
-	-	-	-	-	-	-	1,440
-	-	-	-	-	-	273,356	273,356
3,118	54,965	-	-	-	-	-	58,083
<u>3,118</u>	<u>101,586</u>	<u>3,805</u>	<u>15,432</u>	<u>19,838</u>	<u>36,445</u>	<u>273,356</u>	<u>713,521</u>
<u>\$ 3,118</u>	<u>\$ 101,586</u>	<u>\$ 3,805</u>	<u>\$ 15,432</u>	<u>\$ 19,838</u>	<u>\$ 36,445</u>	<u>\$ 273,576</u>	<u>\$ 718,729</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, 2016

	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	2,000	-	-	-	-
Fines and forfeits	-	-	3,508	-	-
Investment earnings	861	842	290	45	6
Miscellaneous					
Contributions and donations	5,000	-	-	100	-
Other	-	-	-	868	-
TOTAL REVENUES	<u>7,861</u>	<u>842</u>	<u>3,798</u>	<u>1,013</u>	<u>6</u>
EXPENDITURES					
Current					
Public safety	13,965	-	13,601	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay					
Public safety	5,859	-	-	-	-
Culture and recreation	-	-	-	-	-
TOTAL EXPENDITURES	<u>19,824</u>	<u>-</u>	<u>13,601</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(11,963)</u>	<u>842</u>	<u>(9,803)</u>	<u>1,013</u>	<u>6</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	71,272	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>71,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(11,963)	72,114	(9,803)	1,013	6
FUND BALANCES, JANUARY 1	<u>95,279</u>	<u>89,094</u>	<u>19,350</u>	<u>3,417</u>	<u>1,434</u>
FUND BALANCES, DECEMBER 31	<u>\$ 83,316</u>	<u>\$ 161,208</u>	<u>\$ 9,547</u>	<u>\$ 4,430</u>	<u>\$ 1,440</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 Terrace Senior Housing	Economic Development Authority	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,773	\$ 72,773
-	-	11,295	21,307	30,364	96,201	-	159,167
-	-	-	-	-	-	-	2,000
-	-	-	-	-	-	-	3,508
29	964	57	186	244	556	2,272	6,352
-	1,800	-	-	-	-	-	6,900
2,672	-	-	-	-	-	-	3,540
<u>2,701</u>	<u>2,764</u>	<u>11,352</u>	<u>21,493</u>	<u>30,608</u>	<u>96,757</u>	<u>75,045</u>	<u>254,240</u>
2,332	-	-	-	-	-	-	29,898
-	812	-	-	-	-	-	812
-	-	10,651	19,662	27,832	78,890	26,115	163,150
-	-	-	-	-	-	-	5,859
-	4,150	-	-	-	-	-	4,150
<u>2,332</u>	<u>4,962</u>	<u>10,651</u>	<u>19,662</u>	<u>27,832</u>	<u>78,890</u>	<u>26,115</u>	<u>203,869</u>
<u>369</u>	<u>(2,198)</u>	<u>701</u>	<u>1,831</u>	<u>2,776</u>	<u>17,867</u>	<u>48,930</u>	<u>50,371</u>
-	-	-	-	-	-	40,000	111,272
-	-	-	-	-	(6,666)	(360,286)	(366,952)
-	-	-	-	-	(6,666)	(320,286)	(255,680)
369	(2,198)	701	1,831	2,776	11,201	(271,356)	(205,309)
<u>2,749</u>	<u>103,784</u>	<u>3,104</u>	<u>13,601</u>	<u>17,062</u>	<u>25,244</u>	<u>544,712</u>	<u>918,830</u>
<u>\$ 3,118</u>	<u>\$ 101,586</u>	<u>\$ 3,805</u>	<u>\$ 15,432</u>	<u>\$ 19,838</u>	<u>\$ 36,445</u>	<u>\$ 273,356</u>	<u>\$ 713,521</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2016

	230	401	423	424	425	450	452
	Emergency Siren	Capital Projects Revolving	190th Street Construction Project	CR 61 and CR 66 Construction	Fire Vehicle	Development District No. 1	Park Improvement
ASSETS							
Cash and temporary investments	\$ 4,570	\$ 52,755	\$ 192,892	\$ 204,037	\$ 91,166	\$ 7,619	\$ 384,984
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,831	\$ -	\$ -
Unearned revenue	-	-	31,800	-	-	-	-
TOTAL LIABILITIES	-	-	31,800	-	6,831	-	-
FUND BALANCES							
Committed							
Capital outlay	2,500	52,755	-	-	68,206	-	15,493
Assigned							
Capital outlay	2,070	-	161,092	204,037	16,129	7,619	369,491
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	4,570	52,755	161,092	204,037	84,335	7,619	384,984
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,570	\$ 52,755	\$ 192,892	\$ 204,037	\$ 91,166	\$ 7,619	\$ 384,984

453	454	455	464	466	403	405	407	
Park Capital	Park Equipment Improvement	2010 Basketball Court	Street Equipment Fee	General Capital	Downtown Master Plan Improvements	Varner Bridge Project	2017 Sewer and Valley View Project	Total
<u>\$ 33,490</u>	<u>\$ 83,046</u>	<u>\$ 800</u>	<u>\$ 148,846</u>	<u>\$ (36,153)</u>	<u>\$ -</u>	<u>\$ (35,383)</u>	<u>\$ (170,357)</u>	<u>\$ 962,312</u>
\$ -	\$ 9,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,461	\$ 202,091
-	-	-	-	-	-	-	-	31,800
-	9,799	-	-	-	-	-	185,461	233,891
-	-	-	88,340	-	-	-	-	227,294
33,490	73,247	800	60,506	-	-	-	-	928,481
-	-	-	-	(36,153)	-	(35,383)	(355,818)	(427,354)
33,490	73,247	800	148,846	(36,153)	-	(35,383)	(355,818)	728,421
<u>\$ 33,490</u>	<u>\$ 83,046</u>	<u>\$ 800</u>	<u>\$ 148,846</u>	<u>\$ (36,153)</u>	<u>\$ -</u>	<u>\$ (35,383)</u>	<u>\$ (170,357)</u>	<u>\$ 962,312</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2016

	230	401	423	424	425	450
	Emergency Siren	Capital Projects Revolving	190th Street Construction Project	CR 61 and CR 66 Construction	Fire Vehicle	Development District No. 1
REVENUES						
Intergovernmental						
County	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services						
Streets and highways	-	-	-	-	-	-
Investment earnings	20	450	1,844	1,849	600	73
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
TOTAL REVENUES	20	450	1,844	1,849	600	73
EXPENDITURES						
Capital outlay						
Public safety	-	-	-	-	40,007	-
Streets and highways	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	40,007	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20	450	1,844	1,849	(39,407)	73
OTHER FINANCING SOURCES (USES)						
Transfers in	2,500	-	-	6,666	45,000	-
Transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,500	-	-	6,666	45,000	-
NET CHANGE IN FUND BALANCES	2,520	450	1,844	8,515	5,593	73
FUND BALANCES, JANUARY 1	2,050	52,305	159,248	195,522	78,742	7,546
FUND BALANCES, DECEMBER 31	\$ 4,570	\$ 52,755	\$ 161,092	\$ 204,037	\$ 84,335	\$ 7,619

452	453	454	455	464	466	403	405	407	
Park Improvement	Park Capital	Park Equipment Improvement	2010 Basketball Court	Street Equipment Fee	General Capital	Downtown Master Plan Improvements	Varner Bridge Project	2017 Sewer and Valley View Project	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,150	\$ 56,150
-	-	-	-	11,041	-	-	-	-	11,041
4,295	321	1,083	8	836	-	-	-	-	11,379
-	-	40,744	-	-	-	-	-	-	40,744
4,295	321	41,827	8	11,877	-	-	-	56,150	119,314
-	-	-	-	-	-	-	-	-	40,007
-	-	-	-	16,660	-	-	27,521	411,968	456,149
64,199	-	111,127	-	-	-	-	-	-	175,326
64,199	-	111,127	-	16,660	-	-	27,521	411,968	671,482
(59,904)	321	(69,300)	8	(4,783)	-	-	(27,521)	(355,818)	(552,168)
-	-	-	-	40,000	-	50,000	-	-	144,166
-	-	-	-	-	-	(50,000)	-	-	(50,000)
-	-	-	-	40,000	-	-	-	-	94,166
(59,904)	321	(69,300)	8	35,217	-	-	(27,521)	(355,818)	(458,002)
444,888	33,169	142,547	792	113,629	(36,153)	-	(7,862)	-	1,186,423
\$ 384,984	\$ 33,490	\$ 73,247	\$ 800	\$ 148,846	\$ (36,153)	\$ -	\$ (35,383)	\$ (355,818)	\$ 728,421

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CITY OF JORDAN, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and temporary investments	\$ 2,539,982	\$ 2,293,528
Receivables		
Accrued interest	13,245	18,116
Delinquent taxes	37,168	59,978
Accounts	27,370	31,764
Special assessments		
Delinquent	1,001	1,450
Noncurrent	37,881	38,939
Intergovernmental	<u>27,583</u>	<u>32,930</u>
 TOTAL ASSETS	 <u><u>\$ 2,684,230</u></u>	 <u><u>\$ 2,476,705</u></u>
LIABILITIES		
Accounts payable	\$ 264,215	\$ 194,615
Accrued salaries payable	75,187	59,862
Due to other governments	<u>17,219</u>	<u>10,902</u>
 TOTAL LIABILITIES	 <u>356,621</u>	 <u>265,379</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue		
Taxes	37,168	59,978
Special assessments	<u>38,882</u>	<u>40,389</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>76,050</u>	 <u>100,367</u>
FUND BALANCES		
Unassigned	<u>2,251,559</u>	<u>2,110,959</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 2,684,230</u></u>	 <u><u>\$ 2,476,705</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, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016			2015
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
REVENUES				
Taxes				
Property taxes	\$ 2,426,295	\$ 2,426,295	\$ 2,543,244	\$ 2,385,429
Cable franchise fees	64,135	64,135	69,513	65,636
Total taxes	2,490,430	2,490,430	2,612,757	2,451,065
Special assessments	6,000	6,000	5,686	4,444
Licenses and permits				
Business	20,100	20,100	22,220	24,675
Nonbusiness	147,784	147,784	135,865	345,186
Total licenses and permits	167,884	167,884	158,085	369,861
Intergovernmental				
Federal				
FEMA grant	-	-	1,921	-
COPS FAST grant	-	-	488	1,813
Total federal	-	-	2,409	1,813
State				
Local government aid	280,154	280,154	280,154	268,751
Property tax credits and aids	250	250	105	-
Fire aid	43,000	43,000	53,267	48,422
Police aid	60,000	60,000	63,394	60,482
Municipal State aid - streets	225,000	225,000	71,272	120,877
Other State aids	23,196	23,196	4,192	7,477
Total State	631,600	631,600	472,384	506,009
Local				
School liaison officer	15,000	15,000	-	-
Total intergovernmental	646,600	646,600	474,793	507,822
Charges for services				
General government	209,450	209,450	176,873	148,639
Public safety	209,038	209,038	179,428	166,002
Streets and highways	44,820	44,820	40,396	39,691
Sanitation	-	-	3,289	-
Culture and recreation	6,700	6,700	3,445	2,275
Other	600	600	13	30,133
Total charges for services	470,608	470,608	403,444	386,740
Fines and forfeits	-	-	2,582	300
Investment earnings	15,000	15,000	21,538	26,033
Miscellaneous				
Other	23,811	23,811	-	125
Rents	25,000	25,000	24,900	24,517
Contributions and donations	-	-	1,000	-
Refunds and reimbursements	-	-	5,801	41,440
TIF development revenue	-	-	-	6,000
Total miscellaneous	48,811	48,811	31,701	72,082
TOTAL REVENUES	3,845,333	3,845,333	3,710,586	3,818,347

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, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personal services	\$ 29,825	\$ 29,825	\$ 27,538	\$ 2,287	\$ 30,463
Supplies	350	350	1,182	(832)	4,644
Other services and charges	30,050	30,050	28,083	1,967	21,304
Total Mayor and Council	60,225	60,225	56,803	3,422	56,411
City administration					
Personal services	85,298	85,298	87,686	(2,388)	85,383
Supplies	2,285	2,285	1,381	904	989
Other services and charges	8,100	8,100	7,177	923	4,990
Total City administration	95,683	95,683	96,244	(561)	91,362
Elections					
Personal services	3,575	3,575	3,564	11	347
Supplies	250	250	259	(9)	16,950
Other services	1,425	1,425	701	724	1,313
Total elections	5,250	5,250	4,524	726	18,610
Financial administration					
Personal services	37,533	37,533	37,691	(158)	36,171
Supplies	1,700	1,700	1,498	202	2,152
Other services and charges	77,625	77,625	78,522	(897)	82,223
Total financial administration	116,858	116,858	117,711	(853)	120,546
Legal					
Other services	95,000	95,000	89,017	5,983	122,231
Deputy registrar					
Personal services	99,161	99,161	110,113	(10,952)	90,674
Supplies	650	650	524	126	799
Other services and charges	2,300	2,300	2,034	266	65
Total deputy registrar	102,111	102,111	112,671	(10,560)	91,538
Planning and zoning					
Personal services	148,840	148,840	148,466	374	131,578
Supplies	775	775	644	131	381
Other services and charges	103,900	103,900	192,283	(88,383)	129,429
Total planning and zoning	253,515	253,515	341,393	(87,878)	261,388
General government building					
Supplies	1,950	1,950	3,675	(1,725)	382
Other services and charges	40,000	40,000	52,917	(12,917)	47,046
Total general government building	41,950	41,950	56,592	(14,642)	47,428
Total general government	770,592	770,592	874,955	(104,363)	809,514

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, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public safety					
Police					
Personal services	\$ 954,945	\$ 954,945	\$ 953,127	\$ 1,818	\$ 899,040
Supplies	63,600	63,600	45,315	18,285	31,644
Other services and charges	70,750	70,750	83,241	(12,491)	44,155
Total police	1,089,295	1,089,295	1,081,683	7,612	974,839
Fire					
Personal services	166,086	166,086	153,421	12,665	160,608
Supplies	41,500	41,500	29,598	11,902	38,162
Other services and charges	96,850	96,850	63,859	32,991	73,416
Total fire	304,436	304,436	246,878	57,558	272,186
Building inspection					
Supplies	200	200	-	200	-
Other services	60,000	60,000	106,778	(46,778)	38,675
Total building inspection	60,200	60,200	106,778	(46,578)	38,675
Civil defense					
Other services and charges	9,500	9,500	7,574	1,926	7,251
Animal control					
Supplies	150	150	-	150	140
Other services	14,100	14,100	13,698	402	13,646
Total animal control	14,250	14,250	13,698	552	13,786
Total public safety	1,477,681	1,477,681	1,456,611	21,070	1,306,737
Streets and highways					
Street maintenance					
Personal services	193,082	193,082	204,137	(11,055)	183,801
Supplies	75,000	75,000	54,812	20,188	60,360
Other services and charges	153,700	153,700	120,094	33,606	129,984
Total streets and highways	421,782	421,782	379,043	42,739	374,145
Culture and recreation					
Parks					
Personal services	58,624	58,624	50,008	8,616	45,092
Supplies	31,500	31,500	18,206	13,294	16,106
Other services and charges	38,700	38,700	43,658	(4,958)	43,858
Total parks	128,824	128,824	111,872	16,952	105,056
Recreation					
Other charges	102,966	102,966	94,581	8,385	25,000

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, 2016
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	2016			2015
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
EXPENDITURES - CONTINUED				
Current - continued				
Culture and recreation - continued				
Library				
Supplies	\$ 650	\$ 650	\$ 163	\$ 163
Other services and charges	29,150	29,150	29,773	29,392
Total library	29,800	29,800	29,936	29,555
Total culture and recreation	261,590	261,590	236,389	159,611
Miscellaneous				
Unallocated				
Personal services	-	-	22,750	-
Supplies	11,100	11,100	7,417	14,473
Other services and charges	186,562	186,562	140,672	164,236
Total miscellaneous	197,662	197,662	170,839	178,709
Total current	3,129,307	3,129,307	3,117,837	2,828,716
Capital outlay				
General government	178,045	178,045	59,624	147,986
Public safety	42,000	42,000	39,378	38,389
Streets and highways	40,000	40,000	4,590	-
Culture and recreation	17,000	17,000	3,250	-
Miscellaneous	32,661	32,661	-	-
Total capital outlay	309,706	309,706	106,842	186,375
TOTAL EXPENDITURES	3,439,013	3,439,013	3,224,679	3,015,091
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	406,320	406,320	485,907	803,256
OTHER FINANCING SOURCES (USES)				
Sale of assets	1,500	1,500	3,990	140
Transfers in	-	-	140,850	-
Transfers out	(407,820)	(407,820)	(490,147)	(582,903)
TOTAL OTHER FINANCING SOURCES (USES)	(406,320)	(406,320)	(345,307)	(582,763)
NET CHANGE IN FUND BALANCES	-	-	140,600	220,493
FUND BALANCES, JANUARY 1	2,110,959	2,110,959	2,110,959	1,890,466
FUND BALANCES, DECEMBER 31	\$ 2,110,959	\$ 2,110,959	\$ 2,251,559	\$ 2,110,959

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	302	327	328	329	330
	2015A G.O. Improvement Bonds	2008B G.O. Improvement Bonds	2008 G.O. Refunding Bonds	2008A G.O. Capital Improvement Bonds	2011A G.O. Refunding Bonds
ASSETS					
Cash and temporary investments	\$ 123,671	\$ 101,203	\$ -	\$ 86,504	\$ 486,871
Cash held with fiscal agent		-	-	-	-
Receivables					
Special assessments					
Delinquent	1,864	-	-	-	-
Noncurrent	185,056	43,029	-	-	18,968
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 310,591</u></u>	<u><u>\$ 144,232</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 86,504</u></u>	<u><u>\$ 505,839</u></u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 400	\$ -
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
Special assessments	186,920	43,029	-	-	18,968
FUND BALANCES					
Restricted					
Debt service	123,671	101,203	-	86,104	486,871
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 310,591</u></u>	<u><u>\$ 144,232</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 86,504</u></u>	<u><u>\$ 505,839</u></u>

331	332	333	335	306	307	
2012A G.O. Refunding Bonds	2012 G.O. Library Note	2013A G.O. Bonds	2013C G.O. Street Reconstruction Bonds	2016A G.O. Bonds	2016B G.O. Refunding Bonds	Total
\$ 564,619	\$ 3,948	\$ 200,604	\$ 283,851	\$ 134,312	\$ (14,041)	\$ 1,971,542
-	-	-	-	-	1,873,026	1,873,026
-	-	-	-	-	-	1,864
143,666	-	-	-	158,918	-	549,637
<u>\$ 708,285</u>	<u>\$ 3,948</u>	<u>\$ 200,604</u>	<u>\$ 283,851</u>	<u>\$ 293,230</u>	<u>\$ 1,858,985</u>	<u>\$ 4,396,069</u>
\$ 400	\$ -	\$ 200	\$ 200	\$ 200	\$ -	\$ 1,400
143,666	-	-	-	158,918	-	551,501
564,219	3,948	200,404	283,651	134,112	1,858,985	3,843,168
<u>\$ 708,285</u>	<u>\$ 3,948</u>	<u>\$ 200,604</u>	<u>\$ 283,851</u>	<u>\$ 293,230</u>	<u>\$ 1,858,985</u>	<u>\$ 4,396,069</u>

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	302	327	328	329	330
	2015A G.O. Improvement Bonds	2008B G.O. Improvement Bonds	2008 G.O. Refunding Bonds	2008A G.O. Capital Improvement Bonds	2011A G.O. Refunding Bonds
REVENUES					
Taxes					
Property taxes	\$ 73,609	\$ 103,423	\$ 87,649	\$ 139,288	\$ 101,515
Special assessments	23,773	7,708	4,822	-	24,377
Investment earnings	627	1,485	2,689	747	5,739
TOTAL REVENUES	<u>98,009</u>	<u>112,616</u>	<u>95,160</u>	<u>140,035</u>	<u>131,631</u>
EXPENDITURES					
Debt service					
Principal	-	85,000	165,000	75,000	340,000
Interest and other costs	<u>31,353</u>	<u>35,125</u>	<u>6,595</u>	<u>54,614</u>	<u>13,900</u>
TOTAL EXPENDITURES	<u>31,353</u>	<u>120,125</u>	<u>171,595</u>	<u>129,614</u>	<u>353,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>66,656</u>	<u>(7,509)</u>	<u>(76,435)</u>	<u>10,421</u>	<u>(222,269)</u>
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(242,524)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(50,000)</u>	<u>(242,524)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	66,656	(57,509)	(318,959)	10,421	(222,269)
FUND BALANCES, JANUARY 1	<u>57,015</u>	<u>158,712</u>	<u>318,959</u>	<u>75,683</u>	<u>709,140</u>
FUND BALANCES, DECEMBER 31	<u>\$ 123,671</u>	<u>\$ 101,203</u>	<u>\$ -</u>	<u>\$ 86,104</u>	<u>\$ 486,871</u>

331	332	333	335	306	307	
2012A G.O. Refunding Bonds	2012 G.O. Library Note	2013A G.O. Bonds	2013C G.O. Street Reconstruction Bonds	2016A G.O. Bonds	2016B G.O. Refunding Bonds	Total
\$ 99,079	\$ 70,302	\$ 87,241	\$ 122,976	\$ -	\$ -	\$ 885,082
115,458	-	-	-	112,299	-	288,437
4,727	20	923	2,669	648	109	20,383
<u>219,264</u>	<u>70,322</u>	<u>88,164</u>	<u>125,645</u>	<u>112,947</u>	<u>109</u>	<u>1,193,902</u>
157,420	40,000	115,000	80,000	-	-	1,057,420
15,632	26,955	2,643	33,320	1,000	43,391	264,528
<u>173,052</u>	<u>66,955</u>	<u>117,643</u>	<u>113,320</u>	<u>1,000</u>	<u>43,391</u>	<u>1,321,948</u>
46,212	3,367	(29,479)	12,325	111,947	(43,282)	(128,046)
-	-	-	-	22,165	1,795,000	1,817,165
-	-	-	-	-	57,267	57,267
-	-	117,820	-	-	50,000	167,820
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,524)</u>
-	-	117,820	-	22,165	1,902,267	1,749,728
46,212	3,367	88,341	12,325	134,112	1,858,985	1,621,682
518,007	581	112,063	271,326	-	-	2,221,486
<u>\$ 564,219</u>	<u>\$ 3,948</u>	<u>\$ 200,404</u>	<u>\$ 283,651</u>	<u>\$ 134,112</u>	<u>\$ 1,858,985</u>	<u>\$ 3,843,168</u>

CITY OF JORDAN, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Total 2016	Total 2015	Percent Increase (Decrease)	
REVENUES				
Taxes	\$ 3,729,779	\$ 3,548,033	5.12	%
Special assessments	294,123	165,844	77.35	
Licenses and permits	158,085	369,861	(57.26)	
Intergovernmental	800,279	813,765	(1.66)	
Charges for services	414,485	397,785	4.20	
Fines and forfeits	6,090	10,001	(39.11)	
Investment earnings	63,391	62,931	0.73	
Miscellaneous	87,602	347,322	(74.78)	
TOTAL REVENUES	<u>\$ 5,553,834</u>	<u>\$ 5,715,542</u>	(2.83)	%
Per Capita	<u>\$ 903</u>	<u>\$ 930</u>	(2.86)	%
EXPENDITURES				
Current				
General government	\$ 874,955	\$ 809,514	8.08	%
Public safety	1,486,509	1,330,136	11.76	
Streets and highways	379,043	407,117	(6.90)	
Culture and recreation	237,201	174,649	35.82	
Economic development	163,150	192,053	(15.05)	
Miscellaneous	170,839	178,709	(4.40)	
Capital outlay				
General government	59,624	147,986	(59.71)	
Public safety	1,591,212	52,595	2,925.41	
Streets and highways	2,009,115	2,107,795	(4.68)	
Culture and recreation	603,157	286,374	110.62	
Debt service				
Principal	1,057,420	956,790	10.52	
Interest and other costs	315,695	259,344	21.73	
TOTAL EXPENDITURES	<u>\$ 8,947,920</u>	<u>\$ 6,903,062</u>	29.62	%
Per Capita	<u>\$ 1,455</u>	<u>\$ 1,123</u>	29.58	%
Total long-term indebtedness	\$ 10,208,145	\$ 7,585,565	34.57	%
Per Capita	1,660	1,234	34.53	
General fund balance - December 31	\$ 2,251,559	\$ 2,110,959	6.66	%
Per Capita	366	343	6.63	

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 Morey Schaefer, Finance Director at 952-492-2535.

OTHER REQUIRED REPORTS

CITY OF JORDAN
JORDAN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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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, 2016, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2017.

The *Minnesota Legal Compliance Audit Guide for Cities*, 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 Cities*. 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
May 19, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 19, 2017.

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.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2016-001 to be a significant deficiency.

Compliance and Other Matters

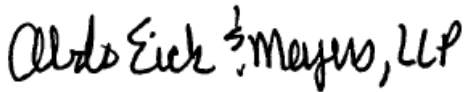
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
May 19, 2017

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Finding</u>	<u>Description</u>
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2016-001	Segregation of duties
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<i>Condition:</i>	During our audit we reviewed internal control procedures over disbursements, cash receipts, utility billing, payroll and investments and found the City to have limited segregation of duties in these areas as noted below.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<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.

Internal control over disbursements

<i>Cause:</i>	As a result of the small number of staff, the Finance Director maintains various accounts payable records, initiates wire transfers, posts transactions to the general ledger and reconciles bank accounts.
<i>Recommendation:</i>	It is important that the Council is aware of this condition and monitor all financial information. We recommend that an individual, separate from the Finance Director, review cancelled checks received with the bank statement and investigate items such as; void checks, inconsistencies in check number sequence, possible alterations and unusual payees. This individual should also review bank reconciliations for accuracy and timeliness of preparation. It is important that the Council is aware of this condition and monitor all financial information.

Management response:

No progress has been made in addressing this finding in the current year.

Internal control over cash receipts

<i>Cause:</i>	As a result of the small number of staff, the Finance Director maintains various accounts receivable records, posts transactions to the general ledger and reconciles bank accounts.
<i>Recommendation:</i>	It is important that the Council is aware of this condition and monitor all financial information. Additional controls might include obtaining and reviewing monthly receipt information.

Management response:

No progress has been made in addressing this finding in the current year.

Internal control over utility billing

<i>Cause:</i>	As a result of the small number of staff, the Finance Director maintains various accounts receivable records, posts transactions to the general ledger and reconciles bank accounts.
<i>Recommendation:</i>	It is important that the Council is aware of this condition and monitor all financial information. Additional controls could include approval of customer adjustments by someone other than the Accounting Clerk.

Management response:

No progress has been made in addressing this finding in the current year.

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016

2016-001 Segregation of duties - continued

Internal control over payroll

Cause: As a result of the small number of staff, the Finance Director maintains various payroll records, posts transactions to the general ledger, reconciles bank accounts and prepares payroll tax returns.

Recommendation: It is important that the Council is aware of this condition and monitor all financial information. We recommend that in addition to approving payroll disbursements and wage rates the City Council review payroll registers, earnings records, and payroll reports periodically, and the amounts accrued for compensated absences on an annual basis to compensate for control deficiencies with respect to payroll accruals.

Management response:

No progress has been made in addressing this finding in the current year.

Internal control over investments

Cause: As a result of the small number of staff, the Finance Director maintains various investment records, initiates investment transactions, posts transactions to the general ledger and reconciles bank accounts.

Recommendation: It is important that the Council is aware of this condition and monitor all financial information.

Management response:

No progress has been made in addressing this finding in the current year.