

CITY OF JORDAN
JORDAN, MINNESOTA

ANNUAL FINANCIAL REPORT

YEAR ENDED
DECEMBER 31, 2007

CITY OF JORDAN, MINNESOTA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2007
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INTRODUCTORY SECTION

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007

CITY OF JORDAN, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2007

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ronald Jabs	Mayor	12/31/08
Sally Schultz	Council	12/31/08
Mike Shaw	Council	12/31/08
Barry Ullman	Council	12/31/08
Jeremy Goebel	Council	12/31/10
David Hanson	Council	12/31/10
Jeanne Marnoff	Council	12/31/10

APPOINTED

Edward Shukle	Administrator/Clerk/Treasurer
Tom Nikunen	Finance Director

FINANCIAL SECTION

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007



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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Jordan
Jordan, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, Minnesota (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison schedule for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages IV through XV is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008 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 read in conjunction with this report in considering the results of our audit.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 11, 2008
Mankato, Minnesota

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

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, 2007.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$29,709,140 (net assets). Of this amount, \$3,956,312 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2,427,670 compared to an increase of \$7,036,965 in the previous year. Almost all of this increase for the current year is attributable to capital grants and contributions totaling \$2,455,942.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,735,092, a decrease of \$1,058,602 in comparison with the prior year. Approximately 28.4 percent of this total amount, \$2,193,572, is available for spending at the City's discretion, but has been designated for specific purposes.
- At the end of the current fiscal year, unreserved fund balance for the General fund was \$931,289, or 32.8 percent of total General fund expenditures. While these funds are not legally reserved, they are designated for future purposes.
- The City's total debt increased by \$6,425,060, or 26.8 percent during the current fiscal year. The key factor in this increase was the issuance of \$8,610,000 in G.O. Utility Revenue Bonds of 2007A and \$375,000 in G.O. Equipment Certificates offset by the retirement of \$2,559,940 in long-term debt during the year.

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

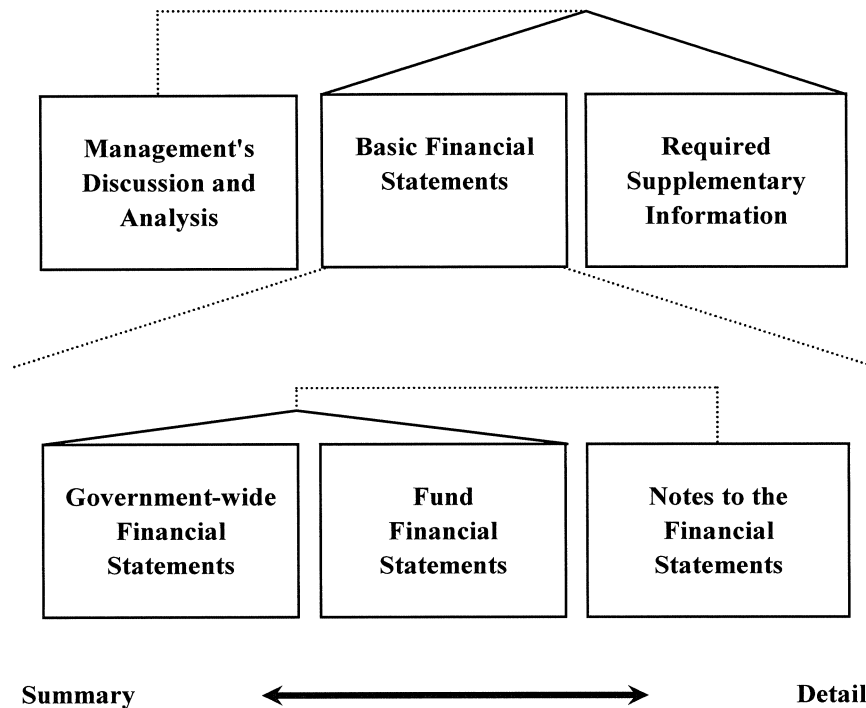


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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 Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses and Changes in Fund Net Assets • Statement of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The City maintains 39 individual governmental funds, 12 of which are Debt Service funds, which are reported as one fund for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Debt Service funds, the 2006-2007 Improvement Projects fund, and the 2004 Improvement Projects fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 43 - 67 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$29,709,140 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (66.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 9,825,794	\$ 11,328,444	\$ 11,930,614	\$ 3,886,878	\$ 21,756,408	\$ 15,215,322
Capital assets	11,819,651	10,333,986	28,111,743	26,850,523	39,931,394	37,184,509
Total assets	21,645,445	21,662,430	40,042,357	30,737,401	61,687,802	52,399,831
Long-term liabilities outstanding	9,264,547	10,082,066	18,613,742	11,343,041	27,878,289	21,425,107
Other liabilities	2,340,707	2,962,377	1,759,666	730,877	4,100,373	3,693,254
Total liabilities	11,605,254	13,044,443	20,373,408	12,073,918	31,978,662	25,118,361
Invested in capital assets, net of related debt	3,368,848	1,762,038	16,238,519	15,105,390	19,607,367	16,867,428
Restricted	4,458,383	4,347,796	1,687,078	2,013,298	6,145,461	6,361,094
Unrestricted	2,212,960	2,508,153	1,743,352	1,544,795	3,956,312	4,052,948
Total net assets	<u>\$ 10,040,191</u>	<u>\$ 8,617,987</u>	<u>\$ 19,668,949</u>	<u>\$ 18,663,483</u>	<u>\$ 29,709,140</u>	<u>\$ 27,281,470</u>

An additional portion of the City's net assets (20.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (13.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

The City's net assets increased by \$2,427,670 during the current fiscal year. Almost all of this increase is attributable to capital grants and contributions totaling \$2,455,942.

Governmental activities. Governmental activities increased the City's net assets by \$1,422,204, thereby accounting for 58.6 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 913,372	\$ 779,090	\$ 1,601,071	\$ 1,507,973	\$ 2,514,443	\$ 2,287,063
Operating grants and contributions	177,979	139,220	-	-	177,979	139,220
Capital grants and contributions	1,197,617	4,141,104	1,258,325	3,360,669	2,455,942	7,501,773
General revenues:						
Property taxes/ tax increments	2,282,297	2,032,010	-	-	2,282,297	2,032,010
Other taxes	30,579	30,579	-	-	30,579	30,579
Grants and contributions not restricted to specific programs	383,064	401,946	-	-	383,064	401,946
Unrestricted investment earnings	297,891	318,218	287,292	154,077	585,183	472,295
Gain on sale of capital assets and other	31,598	7,757	83,969	66,507	115,567	74,264
Total revenues	5,314,397	7,849,924	3,230,657	5,089,226	8,545,054	12,939,150

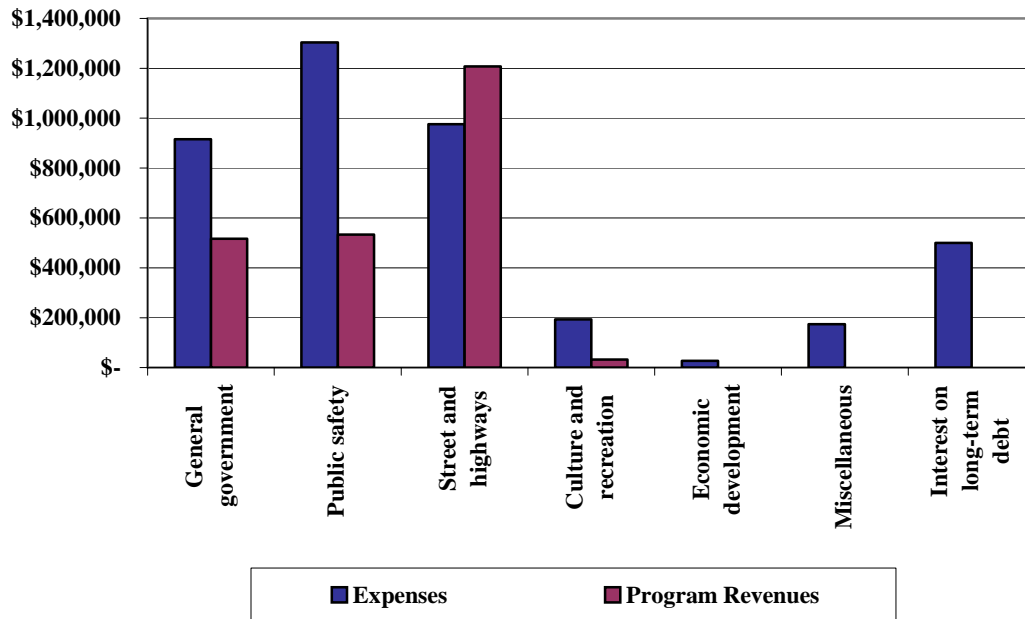
Changes in Net Assets – Continued

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Expenses						
General government	\$ 915,111	\$ 847,474	\$ -	\$ -	\$ 915,111	\$ 847,474
Public safety	1,304,251	1,253,200	-	-	1,304,251	1,253,200
Streets and highways	975,114	1,234,843	-	-	975,114	1,234,843
Culture and recreation	194,174	134,440	-	-	194,174	134,440
Economic development	27,051	20,400	-	-	27,051	20,400
Miscellaneous	174,516	93,525	-	-	174,516	93,525
Interest on long-term debt	500,587	764,179	-	-	500,587	764,179
Water	-	-	804,541	569,951	804,541	569,951
Sewer	-	-	1,039,114	894,503	1,039,114	894,503
Storm sewer	-	-	182,925	89,670	182,925	89,670
Total expenses	<u>4,090,804</u>	<u>4,348,061</u>	<u>2,026,580</u>	<u>1,554,124</u>	<u>6,117,384</u>	<u>5,902,185</u>
Increase in net assets before transfers	1,223,593	3,501,863	1,204,077	3,535,102	2,427,670	7,036,965
Transfers	<u>198,611</u>	<u>604,364</u>	<u>(198,611)</u>	<u>(604,364)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,422,204	4,106,227	1,005,466	2,930,738	2,427,670	7,036,965
Net assets - January 1	<u>8,617,987</u>	<u>2,606,883</u>	<u>18,663,483</u>	<u>17,637,622</u>	<u>27,281,470</u>	<u>20,244,505</u>
Prior period adjustment (Note 7)	<u>-</u>	<u>1,904,877</u>	<u>-</u>	<u>(1,904,877)</u>	<u>-</u>	<u>-</u>
Net assets - December 31	<u>\$ 10,040,191</u>	<u>\$ 8,617,987</u>	<u>\$ 19,668,949</u>	<u>\$ 18,663,483</u>	<u>\$ 29,709,140</u>	<u>\$ 27,281,470</u>

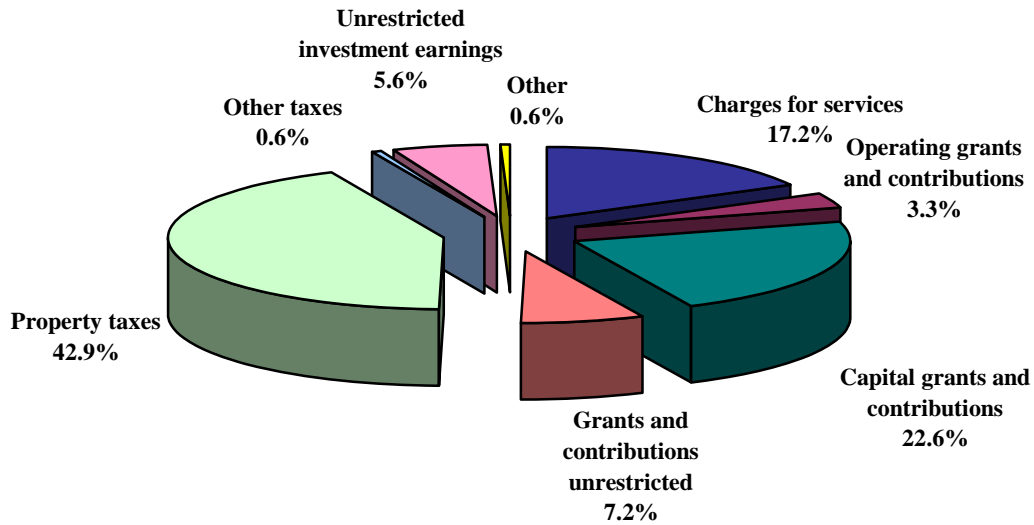
Property tax levies increased by \$226,994 (10.8 percent) during the year. The increase is the product of increased expenses in the General fund resulting in \$155,941 in property taxes for governmental services and an increase of \$71,053 for debt service.

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

Expenses and Program Revenues - Governmental Activities



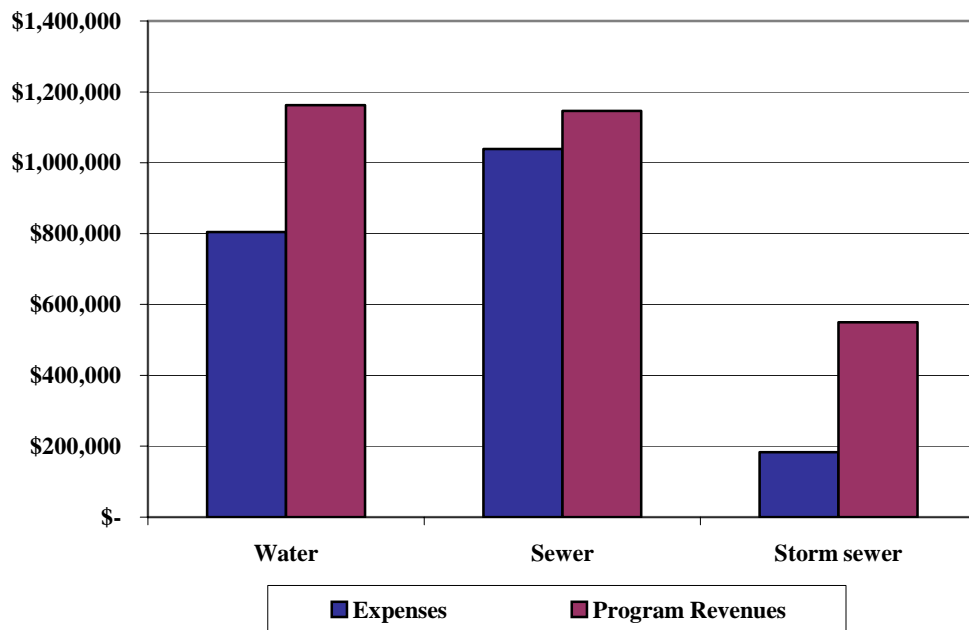
Revenues by Source - Governmental Activities



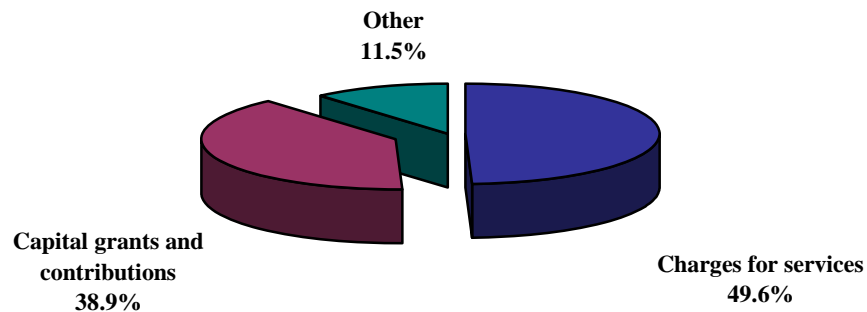
Business-type activities. Business-type activities increased the City's net assets by \$1,005,466, accounting for 41.4 percent of the total growth in the City's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$93,098 or 6.2 percent, while operating expenses increased by \$204,993 or 15.1 percent from the prior year.
- Capital contributions were a major revenue source for the utility funds during the current fiscal year, producing \$1,258,325 in revenue. This increase is the direct result of capital contributions from customers for plant infrastructure and connection fees. In addition, a contribution of capital assets from developers of \$889,347 increased net assets.
- Transfers to governmental activities, to cover a fund balance deficit in the 2004 Improvement Projects fund related to cost over-runs, were \$198,611 in 2007.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,735,092, a decrease of \$1,058,602 in comparison with the prior year. Approximately 28.4 percent of this total amount \$2,193,572 constitutes *unreserved fund balance*, which is available for spending at the City's discretion.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$931,289. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 32.8 percent of fund expenditures.

The fund balance of the City's General fund decreased by \$228,249 during the current fiscal year. The decrease in fund balance is due to a reduction in revenues from permits, fees and charges. Part of this is due to the City receiving less than half of its budgeted building permit revenues in 2007. The building permit revenue has been adjusted to a more conservative number for 2008. The City will continue to watch building growth cautiously and adjust its budget to ensure general fund reserve growth and stability.

The Debt Service fund has a total fund balance of \$5,507,529, almost all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$795,153.

The 2006-2007 Improvement Projects fund has been closed as of year end. Capital contributions from developers consisting of streets and sidewalks in the amount of \$1,200,958 were reported in this fund during 2007.

The 2004 Improvement Projects fund has been closed as of year end upon completion of the project. The net increase in fund balance during the current year in the fund was \$217,504 which related to transfers in for cost over-runs.

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

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$1,743,352. The total growth in net assets for the funds was \$1,005,466. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. The budget called for a break-even year. Revenues fell short of expectations by \$251,333, expenditures were under budget by \$92,503 and transfers were \$69,419 under budget, resulting in an actual decrease in fund balance of \$228,249 in 2007.

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, 2007, amounts to \$39,931,394 (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 7.4 percent (a 14.4 percent increase for governmental activities and a 4.7 percent increase for business-type activities).

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

- Continuation of 2006-2007 Improvement Projects
- Purchase of Aerial Ladder truck
- Various developer contributed infrastructure projects were capitalized.

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

Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 738,279	\$ 738,279	\$ 570,184	\$ 570,184	\$ 1,308,463	\$ 1,308,463
Buildings	655,886	598,199	-	-	655,886	598,199
Improvement other than building	-	-	12,012,656	12,393,741	12,012,656	12,393,741
Machinery and equipment	249,304	169,033	96,363	78,568	345,667	247,601
Vehicles	883,459	461,994	-	-	883,459	461,994
Infrastructure	8,868,805	6,598,523	14,151,869	10,050,462	23,020,674	16,648,985
Construction in progress	423,918	1,767,958	1,280,671	3,757,568	1,704,589	5,525,526
Total	<u>\$ 11,819,651</u>	<u>\$ 10,333,986</u>	<u>\$ 28,111,743</u>	<u>\$ 26,850,523</u>	<u>\$ 39,931,394</u>	<u>\$ 37,184,509</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,357,000. Of this amount, \$10,536,734 is special assessment debt and \$19,445,266 is general obligation revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 375,000	\$ -	\$ -	\$ -	\$ 375,000	\$ -
G.O. improvement bonds	10,536,734	12,247,968	-	-	10,536,734	12,247,968
General obligation revenue bonds	-	-	19,445,266	11,683,972	19,445,266	11,683,972
Total	\$ 10,911,734	\$ 12,247,968	\$ 19,445,266	\$ 11,683,972	\$ 30,357,000	\$ 23,931,940

The City's total debt increased by \$6,425,060, or 26.8 percent during the current fiscal year. The key factor in this increase was the issuance of \$8,610,000 in G.O. Utility Revenue Bonds of 2007A and \$375,000 in G.O. Equipment Certificates offset by the retirement of \$2,559,940 in long-term debt during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 2 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 \$8,728,798, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3F on pages 33 - 36 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Scott County is currently 4.6 percent, which is an increase from a rate of 3.9 percent a year ago. This compares to the State's average unemployment rate of 4.6 percent and the national average rate of 4.6 percent.
- Property valuations within the City remain strong and growing.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2008 fiscal year.

Property taxes will increase in 2008 by approximately 18.3 percent. The tax increase will provide an additional \$427,311 for the operations and debt responsibilities of the City.

Water and sewer rates have been increased slowly over the years to meet improvements demanded. A 2.0 percent rate increase was approved for sanitary sewer and storm sewer utilities and a 5.0 percent increase for water utilities from 2007 to 2008. The City has a policy of studying the rates yearly as part of its budget process and with each improvement project to ensure the rates will support the budget along with any new debt. The rate increases are expected to provide for repayment of debt issues for the projects and to cover costs of additional operating expenses.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007

CITY OF JORDAN, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 774,423	\$ 157,288	\$ 931,711
Investments	4,770,174	11,196,400	15,966,574
Receivables:			
Delinquent taxes	72,133	-	72,133
Accounts	120,686	409,580	530,266
Special assessments	1,593,296	28,430	1,621,726
Intergovernmental	87,923	31,031	118,954
Unamortized bond discount and issue costs	68,277	107,885	176,162
Restricted assets	2,338,882	-	2,338,882
Capital assets not being depreciated:			
Land	738,279	570,184	1,308,463
Construction in progress	423,918	1,280,671	1,704,589
Capital assets net of accumulated depreciation:			
Buildings	655,886	-	655,886
Improvements other than buildings	-	12,012,656	12,012,656
Infrastructure	8,868,805	14,151,869	23,020,674
Machinery and equipment	249,304	96,363	345,667
Vehicles	883,459	-	883,459
TOTAL ASSETS	21,645,445	40,042,357	61,687,802
LIABILITIES			
Accounts and contracts payable	331,866	592,544	924,410
Due to other governments	6,751	11,582	18,333
Accrued interest payable	182,432	238,214	420,646
Accrued salaries payable	2,522	13,899	16,421
Unearned revenue	15,857	25,355	41,212
Unamortized bond premium	62,346	31,948	94,294
Noncurrent liabilities:			
Due within one year	1,738,933	846,124	2,585,057
Due in more than one year	9,264,547	18,613,742	27,878,289
TOTAL LIABILITIES	11,605,254	20,373,408	31,978,662
NET ASSETS			
Invested in capital assets, net of related debt	3,368,848	16,238,519	19,607,367
Restricted for:			
Debt service	4,458,383	610,605	5,068,988
Capital outlay/connections	-	1,076,473	1,076,473
Unrestricted	2,212,960	1,743,352	3,956,312
TOTAL NET ASSETS	\$ 10,040,191	\$ 19,668,949	\$ 29,709,140

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

CITY OF JORDAN, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 915,111	\$ 516,196	\$ -	\$ -
Public safety	1,304,251	353,263	177,979	1,723
Streets and highways	975,114	42,933	-	1,165,140
Culture and recreation	194,174	660	-	30,754
Economic development	27,051	-	-	-
Miscellaneous	174,516	320	-	-
Interest on long-term debt	500,587	-	-	-
Total governmental activities	4,090,804	913,372	177,979	1,197,617
Business-type activities:				
Water	804,541	843,988	-	319,018
Sewer	1,039,114	679,574	-	466,993
Storm sewer	182,925	77,509	-	472,314
Total business-type activities	2,026,580	1,601,071	-	1,258,325
Totals	\$ 6,117,384	\$ 2,514,443	\$ 177,979	\$ 2,455,942

General revenues:

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

Total general revenues and transfers

Change in net assets

Net assets, January 1

Prior period adjustment (Note 7)

Net assets, December 31

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

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (398,915)		\$ (398,915)
(771,286)		(771,286)
232,959		232,959
(162,760)		(162,760)
(27,051)		(27,051)
(174,196)		(174,196)
(500,587)		(500,587)
<u>(1,801,836)</u>		<u>(1,801,836)</u>
	\$ 358,465	358,465
	107,453	107,453
	<u>366,898</u>	<u>366,898</u>
	<u>832,816</u>	<u>832,816</u>
<u>(1,801,836)</u>	<u>832,816</u>	<u>(969,020)</u>
1,665,971	-	1,665,971
592,711	-	592,711
23,615	-	23,615
30,579	-	30,579
383,064	-	383,064
297,891	287,292	585,183
25,622	83,709	109,331
5,976	260	6,236
198,611	(198,611)	-
<u>3,224,040</u>	<u>172,650</u>	<u>3,396,690</u>
1,422,204	1,005,466	2,427,670
6,713,110	20,568,360	27,281,470
<u>1,904,877</u>	<u>(1,904,877)</u>	<u>-</u>
<u>\$ 10,040,191</u>	<u>\$ 19,668,949</u>	<u>\$ 29,709,140</u>

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FUND FINANCIAL STATEMENTS

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007

GOVERNMENTAL FUNDS

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007

CITY OF JORDAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>General</u>	<u>Debt Service</u>	<u>2006-2007 Improvement Projects</u>
ASSETS			
Cash and cash equivalents (deficit)	\$ 333,323	\$ 407,115	\$ (36,130)
Investments	731,724	5,092,379	-
Receivables			
Delinquent taxes	72,133	-	-
Accounts	84,556	-	36,130
Special assessments	3,422	1,588,286	-
Intergovernmental	76,526	11,397	-
	<u>\$ 1,301,684</u>	<u>\$ 7,099,177</u>	<u>\$ -</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 269,710	\$ 3,362	\$ -
Due to other governments	6,751	-	-
Accrued wages payable	2,522	-	-
Deferred revenue	91,412	1,588,286	-
	<u>370,395</u>	<u>1,591,648</u>	<u>-</u>
TOTAL LIABILITIES			
FUND BALANCES (DEFICITS)			
Reserved for:			
Debt service	-	5,541,520	-
Unreserved			
Designated for:			
Economic development	-	-	-
Capital outlay	-	-	-
Working capital	931,289	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service fund	-	(33,991)	-
	<u>931,289</u>	<u>5,507,529</u>	<u>-</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES AND FUND BALANCES			
	<u>\$ 1,301,684</u>	<u>\$ 7,099,177</u>	<u>\$ -</u>

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

2004 Improvement Projects	Other Governmental Funds	Total Governmental Funds
\$ 42,767	\$ 27,348	\$ 774,423
172	1,284,781	7,109,056
-	-	72,133
-	-	120,686
-	1,588	1,593,296
-	-	87,923
<u>\$ 42,939</u>	<u>\$ 1,313,717</u>	<u>\$ 9,757,517</u>
\$ 42,939	\$ 15,855	\$ 331,866
-	-	6,751
-	-	2,522
-	1,588	1,681,286
<u>42,939</u>	<u>17,443</u>	<u>2,022,425</u>
-	-	5,541,520
-	83,754	83,754
-	1,318,897	1,318,897
-	-	931,289
-	143,211	143,211
-	(249,588)	(249,588)
-	-	(33,991)
<u>-</u>	<u>1,296,274</u>	<u>7,735,092</u>
<u>\$ 42,939</u>	<u>\$ 1,313,717</u>	<u>\$ 9,757,517</u>

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CITY OF JORDAN, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

Total fund balances - governmental funds	\$ 7,735,092
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	11,819,651
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	(91,746)
Bonds payable	(10,911,734)
Bond discounts/issue costs, net of accumulated amortization	68,277
Premium on bonds issued, net of accumulated amortization	(62,346)
Long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes receivable	72,133
Special assessments receivable	1,593,296
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(182,432)</u>
Total net assets - governmental activities	<u><u>\$ 10,040,191</u></u>

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

CITY OF JORDAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2007

	General	Debt Service	2006-2007 Improvement Projects
REVENUES			
Taxes	\$ 1,426,534	\$ 813,874	\$ -
Special assessments	6,145	438,117	-
Licenses and permits	172,651	-	-
Intergovernmental	567,322	-	-
Charges for services	404,620	-	-
Fines and forfeits	56,392	-	-
Investment earnings	50,272	193,278	-
Miscellaneous	26,187	-	1,207,558
TOTAL REVENUES	<u>2,710,123</u>	<u>1,445,269</u>	<u>1,207,558</u>
EXPENDITURES			
Current			
General government	828,164	-	-
Public safety	1,174,023	-	-
Streets and highways	335,529	-	-
Culture and recreation	136,428	-	-
Economic development	-	-	-
Miscellaneous	62,231	-	-
Capital outlay			-
General government	18,875	-	-
Public safety	105,665	-	-
Streets and highways	36,754	-	1,207,558
Culture and recreation	29,999	-	-
Economic development	-	-	-
Miscellaneous	112,285	-	-
Debt service			
Principal	-	1,711,234	-
Interest and other	-	529,188	-
TOTAL EXPENDITURES	<u>2,839,953</u>	<u>2,240,422</u>	<u>1,207,558</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,830)</u>	<u>(795,153)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	106,761	-
Sale of assets	-	-	-
Debt issued	-	-	-
Transfers out	(98,419)	(106,761)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(98,419)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(228,249)	(795,153)	-
FUND BALANCES (DEFICITS), JANUARY 1	1,159,538	6,315,794	(275,648)
PRIOR PERIOD ADJUSTMENT (NOTE 7)	-	(13,112)	275,648
FUND BALANCES, DECEMBER 31	<u>\$ 931,289</u>	<u>\$ 5,507,529</u>	<u>\$ -</u>

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

2004 Improvement Projects	Other Governmental Funds	Totals
\$ -	\$ 82,830	\$ 2,323,238
-	652	444,914
-	-	172,651
-	-	567,322
-	11,908	416,528
-	10,053	66,445
-	54,342	297,892
-	126,711	1,360,456
-	286,496	5,649,446
-	-	828,164
-	53,146	1,227,169
-	-	335,529
-	-	136,428
-	14,097	14,097
-	-	62,231
-	-	18,875
-	545,716	651,381
51,107	240,391	1,535,810
-	82,386	112,385
-	12,954	12,954
-	-	112,285
-	-	1,711,234
-	-	529,188
51,107	948,690	7,287,730
(51,107)	(662,194)	(1,638,284)
268,611	128,419	503,791
-	6,071	6,071
-	375,000	375,000
-	(100,000)	(305,180)
268,611	409,490	579,682
217,504	(252,704)	(1,058,602)
(217,504)	1,548,978	8,531,158
-	-	262,536
\$ -	\$ 1,296,274	\$ 7,735,092

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CITY OF JORDAN, MINNESOTA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - governmental funds \$ (1,058,602)

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

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

Capital outlay	2,228,901
Depreciation expense	(743,236)

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

Principal repayments	1,711,234
Debt issued or incurred	(375,000)
Discount on bonds issued, net of amortization expense	(220)
Bond issuance costs, net of amortization expense	3,070

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.

25,751

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

Property taxes	(10,362)
----------------	----------

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

Special assessments	(330,757)
---------------------	-----------

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	(28,575)
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Change in net assets - governmental activities	\$ 1,422,204
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The notes to the financial statements are an integral part of this statement.

CITY OF JORDAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,443,947	\$ 1,443,947	\$ 1,426,534	\$ (17,413)
Special assessments	9,500	9,500	6,145	(3,355)
Licenses and permits	398,465	398,465	172,651	(225,814)
Intergovernmental	592,365	592,365	567,322	(25,043)
Charges for services	360,679	360,679	404,620	43,941
Fines and forfeits	105,000	105,000	56,392	(48,608)
Investment earnings	42,000	42,000	50,272	8,272
Miscellaneous	9,500	9,500	26,187	16,687
TOTAL REVENUES	<u>2,961,456</u>	<u>2,961,456</u>	<u>2,710,123</u>	<u>(251,333)</u>
EXPENDITURES				
Current				
General government	765,249	765,249	828,164	(62,915)
Public safety	1,263,068	1,263,068	1,174,023	89,045
Streets and highways	352,009	352,009	335,529	16,480
Culture and recreation	143,861	143,861	136,428	7,433
Miscellaneous	112,150	112,150	62,231	49,919
Capital outlay				
General government	19,850	19,850	18,875	975
Public safety	123,500	123,500	105,665	17,835
Streets and highways	37,619	37,619	36,754	865
Culture and recreation	30,000	30,000	29,999	1
Miscellaneous	77,150	77,150	112,285	(35,135)
Debt service				
Principal	8,000	8,000	-	8,000
TOTAL EXPENDITURES	<u>2,932,456</u>	<u>2,932,456</u>	<u>2,839,953</u>	<u>92,503</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,000</u>	<u>29,000</u>	<u>(129,830)</u>	<u>(158,830)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	-	(200,000)
Transfers out	(229,000)	(229,000)	(98,419)	130,581
TOTAL OTHER FINANCING SOURCES (USES)	<u>(29,000)</u>	<u>(29,000)</u>	<u>(98,419)</u>	<u>(69,419)</u>
NET CHANGE IN FUND BALANCES	-	-	(228,249)	(228,249)
FUND BALANCES, JANUARY 1	<u>1,159,538</u>	<u>1,159,538</u>	<u>1,159,538</u>	-
FUND BALANCES, DECEMBER 31	<u>\$ 1,159,538</u>	<u>\$ 1,159,538</u>	<u>\$ 931,289</u>	<u>\$ (228,249)</u>

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

PROPRIETARY FUNDS

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007

CITY OF JORDAN, MINNESOTA
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007 AND 2006

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2007	2006	2007	2006
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 130,511	\$ 35,120	\$ 9,819	\$ 32,019
Investments	9,118,895	2,065,521	1,268,910	1,301,661
Receivables				
Accounts	212,595	160,462	179,360	142,394
Special assessments	5,753	7,541	5,753	7,541
Intergovernmental	1,655	910	1,387	910
TOTAL CURRENT ASSETS	9,469,409	2,269,554	1,465,229	1,484,525
NONCURRENT ASSETS				
Special assessments receivable - deferred	8,462	6,156	8,462	11,788
Unamortized bond discount	73,519	31,920	11,091	-
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	5,474,203	5,474,203	11,369,176	11,369,176
Infrastructure	5,600,329	4,886,043	4,641,762	3,340,587
Machinery and equipment	164,956	143,189	199,786	177,954
Construction in progress	1,034,715	105,328	121,529	140,998
Less: accumulated depreciation	(2,421,993)	(2,185,581)	(4,024,948)	(3,671,618)
Total capital assets (net of accumulated depreciation)	9,896,203	8,467,175	12,353,824	11,403,616
TOTAL NONCURRENT ASSETS	9,978,184	8,505,251	12,373,377	11,415,404
TOTAL ASSETS	19,447,593	10,774,805	13,838,606	12,899,929
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	475,316	51,268	49,470	10,869
Due to other governments	11,582	10,936	-	-
Accrued interest payable	145,883	19,131	60,006	46,081
Accrued wages payable	6,874	6,529	7,025	6,766
Compensated absences payable - current	8,025	771	6,575	3,206
Unearned revenue	25,355	22,336	-	-
Bonds payable - current	298,616	60,000	441,529	352,000
TOTAL CURRENT LIABILITIES	971,651	170,971	564,605	418,922
NONCURRENT LIABILITIES				
Compensated absences payable - noncurrent	-	8,096	-	1,812
Unamortized bond premium	4,473	-	9,265	-
Bonds payable - noncurrent	10,419,324	1,080,000	6,090,238	5,205,000
TOTAL NONCURRENT LIABILITIES	10,423,797	1,088,096	6,099,503	5,206,812
TOTAL LIABILITIES	11,395,448	1,259,067	6,664,108	5,625,734
NET ASSETS				
Invested in capital assets, net of related debt	5,817,022	7,359,095	6,059,702	5,846,616
Restricted for:				
Debt service	-	-	610,605	479,179
Capital outlay/connections	491,771	381,232	504,191	948,400
Unrestricted	1,743,352	1,775,411	-	-
TOTAL NET ASSETS	\$ 8,052,145	\$ 9,515,738	\$ 7,174,498	\$ 7,274,195

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2007	2006	2007	2006
\$ 16,958	\$ 3,482	\$ 157,288	\$ 70,621
808,595	305,000	11,196,400	3,672,182
17,625	13,667	409,580	316,523
-	-	11,506	15,082
27,989	-	31,031	1,820
871,167	322,149	11,805,805	4,076,228
-	-	16,924	17,944
23,275	-	107,885	31,920
535,637	535,637	570,184	570,184
-	-	55,965	55,965
43,403	43,403	16,886,782	16,886,782
5,698,251	3,337,263	15,940,342	11,563,893
-	-	364,742	321,143
124,427	105,450	1,280,671	351,776
(540,002)	(447,813)	(6,986,943)	(6,305,012)
5,861,716	3,573,940	28,111,743	23,444,731
5,884,991	3,573,940	28,236,552	23,494,595
6,756,158	3,896,089	40,042,357	27,570,823
67,758	117,662	592,544	179,799
-	-	11,582	10,936
32,325	-	238,214	65,212
-	-	13,899	13,295
-	-	14,600	3,977
-	-	25,355	22,336
91,379	-	831,524	412,000
191,462	117,662	1,727,718	707,555
-	-	-	9,908
18,210	-	31,948	-
2,104,180	-	18,613,742	6,285,000
2,122,390	-	18,645,690	6,294,908
2,313,852	117,662	20,373,408	7,002,463
4,361,795	3,573,940	16,238,519	16,779,651
-	-	610,605	479,179
80,511	204,487	1,076,473	1,534,119
-	-	1,743,352	1,775,411
\$ 4,442,306	\$ 3,778,427	\$ 19,668,949	\$ 20,568,360

CITY OF JORDAN, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2007	2006	2007	2006
OPERATING REVENUES				
Charges for services	\$ 843,988	\$ 806,314	\$ 679,574	\$ 630,257
OPERATING EXPENSES				
Personal services	174,436	164,466	176,214	166,920
Supplies	57,087	37,517	125,188	82,082
Other services and charges	57,807	57,358	135,094	93,590
Insurance	11,965	8,776	6,172	7,267
Utilities	51,770	46,087	72,859	73,715
Depreciation	236,412	208,777	353,330	337,988
TOTAL OPERATING EXPENSES	589,477	522,981	868,857	761,562
OPERATING INCOME (LOSS)	254,511	283,333	(189,283)	(131,305)
NONOPERATING REVENUES (EXPENSES)				
Investment income	192,691	74,001	75,755	69,119
Other local grants	-	-	-	-
Rental income	83,709	66,507	-	-
Gain on sale of assets	260	-	-	-
Connection fees	47,872	68,047	92,004	128,628
Capital charges	45,054	90,999	85,073	174,942
Interest expense	(215,064)	(46,970)	(170,257)	(132,941)
TOTAL NONOPERATING REVENUES	154,522	252,584	82,575	239,748
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	409,033	535,917	(106,708)	108,443
CAPITAL CONTRIBUTIONS	226,092	865,929	289,916	823,048
TRANSFERS OUT	(53,606)	(326,974)	(48,897)	(131,280)
CHANGE IN NET ASSETS	581,519	1,074,872	134,311	800,211
NET ASSETS, JANUARY 1	7,470,626	8,440,866	7,040,187	6,473,984
PRIOR PERIOD ADJUSTMENT (NOTE 7)	(2,045,112)	-	(234,008)	-
NET ASSETS, DECEMBER 31	<u>\$ 8,052,145</u>	<u>\$ 9,515,738</u>	<u>\$ 7,174,498</u>	<u>\$ 7,274,195</u>

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2007	2006	2007	2006
\$ 77,509	\$ 71,402	\$ 1,601,071	\$ 1,507,973
-	-	350,650	331,386
-	-	182,275	119,599
28,683	21,090	221,584	172,038
-	-	18,137	16,043
-	-	124,629	119,802
92,189	68,580	681,931	615,345
120,872	89,670	1,579,206	1,374,213
(43,363)	(18,268)	21,865	133,760
18,846	10,957	287,292	154,077
27,989	-	27,989	-
-	-	83,709	66,507
-	-	260	-
-	-	139,876	196,675
70,986	142,672	201,113	408,613
(62,053)	-	(447,374)	(179,911)
55,768	153,629	292,865	645,961
12,405	135,361	314,730	779,721
373,339	1,066,404	889,347	2,755,381
(96,108)	(146,110)	(198,611)	(604,364)
289,636	1,055,655	1,005,466	2,930,738
4,152,670	2,722,772	18,663,483	17,637,622
374,243	-	(1,904,877)	-
<u>\$ 4,442,306</u>	<u>\$ 3,778,427</u>	<u>\$ 19,668,949</u>	<u>\$ 20,568,360</u>

CITY OF JORDAN, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 819,733	\$ 776,869	\$ 645,332	\$ 612,509
Payments to suppliers and vendors	(116,547)	(118,785)	(314,033)	(270,893)
Payments to and on behalf of employees	(174,933)	(160,927)	(174,398)	(169,789)
Other receipts	86,988	67,167	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	615,241	564,324	156,901	171,827
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers to other funds	(53,606)	(326,974)	(48,897)	(131,280)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(544,946)	(818,272)	(40,649)	(51,183)
Proceeds from issuance of bonds, net	7,485,951	-	268,599	-
Connection fees	45,566	68,047	95,330	122,996
Capital charges	45,054	90,999	85,073	174,942
Local grants received	-	-	-	-
Principal paid on long-term debt	(291,234)	-	(467,654)	(350,000)
Interest and fees paid on long-term debt	(112,445)	(54,407)	(170,560)	(135,926)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	6,627,946	(713,633)	(229,861)	(239,171)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	192,691	74,001	75,755	69,119
Purchase of investments	(7,053,374)	(700,000)	-	(518,366)
Sale of investments	-	-	32,751	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(6,860,683)	(625,999)	108,506	(449,247)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	328,898	(1,102,282)	(13,351)	(647,871)
CASH AND CASH EQUIVALENTS, JANUARY 1	35,120	1,137,402	32,019	679,890
PRIOR PERIOD ADJUSTMENT TO BEGINNING CASH BALANCE	(233,507)	-	(8,849)	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 130,511	\$ 35,120	\$ 9,819	\$ 32,019

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2007	2006	2007	2006
\$ 76,377	\$ 70,211	\$ 1,541,442	\$ 1,459,589
(117,913)	(25,058)	(548,493)	(414,736)
-	-	(349,331)	(330,716)
-	-	86,988	67,167
(41,536)	45,153	730,606	781,304
(96,108)	(146,110)	(198,611)	(604,364)
(77,494)	(117,500)	(663,089)	(986,955)
810,771	-	8,565,321	-
-	-	140,896	191,043
70,986	142,672	201,113	408,613
-	-	-	-
(89,818)	-	(848,706)	(350,000)
(51,866)	-	(334,871)	(190,333)
662,579	25,172	7,060,664	(927,632)
18,846	10,957	287,292	154,077
(503,595)	-	(7,556,969)	(1,218,366)
-	180,000	32,751	180,000
(484,749)	190,957	(7,236,926)	(884,289)
40,186	115,172	355,733	(1,634,981)
3,482	(111,690)	70,621	1,705,602
(26,710)	-	(269,066)	-
<u>\$ 16,958</u>	<u>\$ 3,482</u>	<u>\$ 157,288</u>	<u>\$ 70,621</u>

CITY OF JORDAN, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Business-type Activities - Enterprise Funds			
	601/460/461		602/462/463	
	Water Utility		Sewer Utility	
	2007	2006	2007	2006
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 254,511	\$ 283,333	\$ (189,283)	\$ (131,305)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other income related to operations	83,969	66,507	-	-
Depreciation	236,412	208,777	353,330	337,988
(Increase) decrease in assets:				
Accounts receivable	(26,043)	(25,112)	(36,030)	(13,415)
Special assessments	1,788	(4,333)	1,788	(4,333)
Due from other governments	(745)	(910)	(477)	(742)
Increase (decrease) in liabilities:				
Accounts payable	62,181	30,964	25,757	(13,497)
Due to other governments	646	899	-	-
Accrued wages payable	345	352	259	261
Compensated absences payable	(842)	3,187	1,557	(3,130)
Unearned revenue	3,019	660	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 615,241</u>	<u>\$ 564,324</u>	<u>\$ 156,901</u>	<u>\$ 171,827</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Discount on bonds issued	\$ (39,049)	\$ -	\$ -	\$ -
Bond discount amortization	(41,599)	2,128	-	-
Capital assets contributed by developers	226,092	865,929	289,916	823,048
Capital assets contributed by other funds	-	-	-	-
Capital assets acquired on account	341,485	-	12,112	-
Prior period adjustment to recognize bonds payable	(2,344,174)	-	(1,172,421)	-
Prior period adjustment for unamortized discount and accrued interest	(26,056)	-	(13,803)	-
Prior period adjustment for construction in progress	552,917	-	960,861	-
Prior period adjustment to beginning accounts receivable balance in fund 433	26,090	-	936	-
Prior period adjustment to beginning accounts payable balance in fund 433	(20,382)	-	(732)	-

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

Business-type Activities - Enterprise Funds			
651/465			
Storm Sewer Utility		Totals	
2007	2006	2007	2006
\$ (43,363)	\$ (18,268)	\$ 21,865	\$ 133,760
-	-	83,969	66,507
92,189	68,580	681,931	615,345
(1,132)	(1,191)	(63,205)	(39,718)
-	-	3,576	(8,666)
-	-	(1,222)	(1,652)
(89,230)	(3,968)	(1,292)	13,499
-	-	646	899
-	-	604	613
-	-	715	57
-	-	3,019	660
<u>\$ (41,536)</u>	<u>\$ 45,153</u>	<u>\$ 730,606</u>	<u>\$ 781,304</u>
\$ -	\$ -	\$ (39,049)	\$ -
-	-	(41,599)	2,128
373,339	1,066,404	889,347	2,755,381
-	(146,110)	-	(146,110)
37,118	-	390,715	-
(1,470,377)	-	(4,986,972)	-
(21,302)	-	(61,161)	-
1,892,014	-	3,405,792	-
2,826	-	29,852	-
(2,208)	-	(23,322)	-

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Unit

Jordan Economic Development Authority

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

Other Agencies

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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 are 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, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

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

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 *2004 Improvement Projects* fund accounts for costs related to major street projects with construction starting in 2004.

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

The City may also 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 whose only investments are in securities in (1) above.
3. General obligations of the State of Minnesota or any of its municipalities.
4. Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
5. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality, and maturing in 270 days or less.
6. Repurchase or reverse repurchase agreements 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.
7. Guaranteed investment contracts (GIC's) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or in the top three rating categories for long-term GIC's issued by Minnesota banks.

Investments for the City are reported at fair value. The Minnesota Municipal Money Market Fund and broker money market accounts operate in accordance with appropriate state laws and regulations. The reported values of the pools are the same as the fair values of the pool shares.

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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

- A. Safety -** Safety of principal is the foremost objective of the City. Each investment transaction shall seek to first insure that capital losses are avoided. The objective will be mitigating credit risk and interest rate risk.

Credit Risk is the risk of loss due to failure of the security issuer or backer.

Interest Rate Risk is the risk that the market value of securities in the portfolio will fail due to changes in general interest rates.

- B. 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.

- C. Yield -** The investment portfolio of the City of Jordan shall be designed to attain a market-average rate of return through budgetary and economic cycles, taking into consideration the city's investment risk constraints, cash flow characteristics of the portfolio and prudent investment principles.

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

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

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

Property Taxes

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

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2007. 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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Special Assessments

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

Interfund Receivables and Payables

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

Restricted Assets

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

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

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation 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.

Long-term Obligations

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

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

Fund Equity

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

Net Assets

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

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

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.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

B. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2007:

<u>Fund</u>	<u>Amount</u>
Capital projects	
Broadway Market TIF project	\$ 3,354
Jordan Center TIF project	2,052
2008 Improvements Project	191,138
Jordan Valley Townhomes TIF	820
Fire Hall Expansion	52,224
Debt Service	
2002B G.O. Refunding Bonds	33,991

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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.

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

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other State or local government obligations. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the City or in a financial institution other than that furnishing the collateral.

At year end, the City's carrying amount of deposits was \$4,103,308 and the bank balance was \$4,095,727. Of the bank balance, \$3,679,044 was covered by federal depository insurance. The remaining balance of \$416,683 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

As of December 31, 2007, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Fair Value and Carrying Amount	Cost	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)
Pooled investments:				
Minnesota Municipal Money				
Market (4M) Fund	\$ 22,718	\$ 22,718	Not rated	less than 6 months
Broker Money Market Accounts	366,882	366,882	Not rated	less than 6 months
Total Pooled Investments	389,600	389,600		
Non-pooled investments:				
Federal Agency Notes	1,254,701	1,246,618	AAA	1 to 3 years
Federal Agency Notes	2,692,768	2,796,576	AAA	more than 3 years
Total Federal Agency Notes	3,947,469	4,043,194		
Municipal bonds	25,727	23,539	A1	more than 3 years
Municipal bonds	5,005	5,053	A1 S/P AA-	more than 3 years
Municipal bonds	227,119	231,453	AAA	more than 3 years
Municipal bonds	50,058	46,338	AA3	more than 3 years
Total municipal bonds	307,909	306,383		
U.S. Treasury Securities -				
State and Local Government Series	2,338,882	2,338,882	N/A	1 to 3 years
Guaranteed Investment Contracts	8,150,000	8,150,000		various (3)
Total Non-pooled Investments	14,744,260	14,838,459		
Total investments	\$ 15,133,860	\$ 15,228,059		

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
N/A indicates not applicable or available.

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

(3) These guaranteed investment contracts will mature at various times in the following years
in conjunction with the maturities of the related 2007A G.O. Utility Revenue Bonds

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash and Investments Summary

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

Deposits	\$ 4,103,308
Investments	<u>15,133,859</u>
Total	<u>\$ 19,237,167</u>
Cash and cash equivalents	\$ 931,711
Investments	15,966,574
Restricted assets	<u>2,338,882</u>
Total	<u>\$ 19,237,167</u>

C. Intergovernmental Receivables/Deferred Revenue

A summary of all intergovernmental receivables as of December 31, 2007 is as follows:

Fund	Local	County	State	Total
Governmental Activities				
General	\$ 44,065	\$ 30,277	\$ 2,184	\$ 76,526
Debt Service	<u>-</u>	<u>11,397</u>	<u>-</u>	<u>11,397</u>
Total	<u>\$ 44,065</u>	<u>\$ 41,674</u>	<u>\$ 2,184</u>	<u>\$ 87,923</u>
Business-type Activities				
Water	\$ -	\$ 1,386	\$ 269	\$ 1,655
Sewer	-	1,387	-	1,387
Storm	<u>-</u>	<u>27,989</u>	<u>-</u>	<u>27,989</u>
Total	<u>\$ -</u>	<u>\$ 30,762</u>	<u>\$ 269</u>	<u>\$ 31,031</u>

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

	Unavailable	Unearned
Delinquent taxes receivable (General fund)	\$ 72,133	\$ -
Unearned antenna rents (General fund)	-	15,857
Special assessments receivable (General fund)	3,422	-
Special assessments receivable (Debt Service funds)	1,588,286	-
Special assessments receivable (nonmajor governmental funds)	<u>1,588</u>	<u>-</u>
Total	<u>\$ 1,665,429</u>	<u>\$ 15,857</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 738,279	\$ -	\$ -	\$ 738,279
Construction in progress	1,767,958	296,949	(1,640,989)	423,918
Total capital assets not being depreciated	2,506,237	296,949	(1,640,989)	1,162,197
Capital assets being depreciated				
Buildings and improvements	937,403	87,469	-	1,024,872
Infrastructure and improvements	9,229,412	2,801,797	-	12,031,209
Machinery and equipment	457,878	124,771	-	582,649
Vehicles	1,415,828	569,647	(12,639)	1,972,836
Total capital assets being depreciated	12,040,521	3,583,684	(12,639)	15,611,566
Less accumulated depreciation for				
Buildings and improvements	(339,204)	(29,782)	-	(368,986)
Infrastructure and improvements	(2,630,889)	(531,515)	-	(3,162,404)
Machinery and equipment	(288,845)	(44,500)	-	(333,345)
Vehicles	(953,834)	(137,439)	1,896	(1,089,377)
Total accumulated depreciation	(4,212,772)	(743,236)	1,896	(4,954,112)
Total capital assets being depreciated, net	7,827,749	2,840,448	(10,743)	10,657,454
Governmental activities capital assets, net	<u>\$ 10,333,986</u>	<u>\$ 3,137,397</u>	<u>\$ (1,651,732)</u>	<u>\$ 11,819,651</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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	<u>3,757,568</u>	<u>1,010,205</u>	<u>(3,487,102)</u>	<u>1,280,671</u>
Total capital assets not being depreciated	<u>4,327,752</u>	<u>1,010,205</u>	<u>(3,487,102)</u>	<u>1,850,855</u>
Capital assets being depreciated				
Buildings	55,965	-	-	55,965
Improvements other than buildings	16,886,782	-	-	16,886,782
Infrastructure	11,563,893	4,376,449	-	15,940,342
Machinery and equipment	<u>321,143</u>	<u>43,599</u>	<u>-</u>	<u>364,742</u>
Total capital assets being depreciated	<u>28,827,783</u>	<u>4,420,048</u>	<u>-</u>	<u>33,247,831</u>
Less accumulated depreciation for				
Buildings	(55,965)	-	-	(55,965)
Improvements other than buildings	(4,493,041)	(381,085)	-	(4,874,126)
Infrastructure	(1,513,431)	(275,042)	-	(1,788,473)
Machinery and equipment	<u>(242,575)</u>	<u>(25,804)</u>	<u>-</u>	<u>(268,379)</u>
Total accumulated depreciation	<u>(6,305,012)</u>	<u>(681,931)</u>	<u>-</u>	<u>(6,986,943)</u>
Total capital assets being depreciated, net	<u>22,522,771</u>	<u>3,738,117</u>	<u>-</u>	<u>26,260,888</u>
Business-type activities capital assets, net	<u>\$ 26,850,523</u>	<u>\$ 4,748,322</u>	<u>\$ (3,487,102)</u>	<u>\$ 28,111,743</u>

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

Governmental activities:	
General government	\$ 64,356
Public safety	79,319
Streets and highways	575,030
Culture and recreation	<u>24,531</u>
Total depreciation expense - governmental activities	<u>\$ 743,236</u>
Business-type activities:	
Water	\$ 236,412
Sewer	353,330
Storm sewer	<u>92,189</u>
Total depreciation expense - business-type activities	<u>\$ 681,931</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction Commitments

The City has active construction projects as of December 31, 2007. The projects include Mill Pond Rehabilitation and Well #3 projects. At year end the City's commitments with contractors are as follows:

Project	Spent to date	Remaining Commitment
Mill Pond Rehabilitation	\$ 403,783	\$ 429,455
Well #8 Project	50,466	245,184
Total	<u>\$ 454,249</u>	<u>\$ 674,639</u>

E. Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2007 is as follows:

	Transfer in:			Total
	Debt Service Fund	2004 Improvement Project	Nonmajor Governmental Funds	
Transfer out:				
General fund	\$ -	\$ -	\$ 98,419	\$ 98,419
Debt Service fund	106,761	-	-	106,761
Nonmajor governmental funds	-	100,000	-	100,000
Water enterprise fund	-	23,606	30,000	53,606
Sewer enterprise fund	-	48,897	-	48,897
Storm Sewer enterprise fund	-	96,108	-	96,108
Total transfers out	<u>\$ 106,761</u>	<u>\$ 268,611</u>	<u>\$ 128,419</u>	<u>\$ 503,791</u>

In the year ended December 31, 2007 the City made the following transfers:

- From the Park Dedication fee fund (\$100,000), the Water fund (\$23,606), the Sewer fund (\$48,897) and the Storm Sewer fund (\$96,108) to the 2004 Improvement Projects to close the fund deficit at completion of the project.
- From the General fund to the Fire Vehicle fund (\$47,500) for capital purchases and to the Municipal State Aid fund (\$50,919) to fund project costs.
- From the Water enterprise fund to the 2005 Water Tower Project fund (\$30,000) to close the fund.
- From the 1995 G.O. Improvement Bonds fund (\$42,038) to the 2003A G.O. Refunding Bonds fund and from the 1999A G.O. Improvement Bonds fund (\$64,723) to the 2004B G.O. Refunding Bonds fund to close the refunded bonds funds to the refunding bonds funds.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Long-term Debt

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

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

G.O. Special Assessment (Improvement) Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 1998	\$ 1,500,000	4.60 - 4.70 %	09/01/98	12/01/13	\$ 1,105,000
G.O. Improvement Bonds of 2000A	1,780,000	5.75 - 6.10	06/05/00	02/01/09	1,575,000
G.O. Refunding Bonds of 2001C	1,595,000 *	3.12 - 4.05	11/13/01	12/01/12	427,275
G.O. Refunding Bonds of 2001A	1,895,000 *	4.00 - 4.60	03/15/01	04/01/11	102,377
G.O. Improvement Bonds of 2001B	1,185,000	4.75 - 5.40	07/02/01	02/01/08	880,000
G.O. Refunding Bonds of 2002B	615,000 *	2.00 - 3.80	12/01/02	12/01/11	243,033
G.O. Improvement Bonds of 2002A	1,605,000	4.05 - 4.85	08/01/02	02/01/18	1,275,000
G.O. Refunding Bonds of 2003	350,000	1.50 - 3.90	10/01/03	12/01/10	155,000
G.O. Improvement Refunding Bonds of 2004B	2,740,000	4.10 - 5.00	10/01/04	02/01/20	2,740,000
G.O. Improvement Bonds of 2004A	4,935,000 *	3.20 - 4.35	05/01/04	02/01/20	<u>2,034,049</u>
Total G.O. Special Assessment Bonds					<u>\$ 10,536,734</u>

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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
G.O. Water and Sewer Revenue Bonds of 2001C	\$ 180,000	3.12 - 4.00 %	11/13/01	12/01/11	\$ 85,000
PFA Loan Payable of 1998	307,917	3.54	11/02/98	08/20/18	202,000
PFA Loan Payable of 2000	6,849,212	2.20	05/30/00	08/20/21	5,205,000
PFA Loan Payable of 2003	1,068,000	2.82	06/30/03	08/20/23	890,000
G.O. Refunding Bonds of 2001C	1,595,000 *	3.12 - 4.05	11/13/01	12/01/12	217,725
G.O. Refunding Bonds of 2001A	1,895,000 *	4.00 - 4.60	03/15/01	04/01/11	757,623
G.O. Refunding Bonds of 2002B	615,000 *	2.00 - 3.80	12/01/02	12/01/11	31,967
G.O. Improvement Bonds of 2004A	4,935,000 *	3.20 - 4.35	05/01/04	02/01/20	2,365,951
G.O. Water Revenue Bonds of 2005A	1,140,000	2.75 - 4.30	05/01/05	02/01/21	1,080,000
G.O. Utility Revenue Bonds of 2007A	8,610,000	4.00 - 4.25	09/01/07	02/01/23	8,610,000
Total G.O. Revenue Bonds					<u>\$ 19,445,266</u>

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

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

Year Ending December 31,	General Obligation Bonds Governmental Activities			G.O. Special Assessment Bonds Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 75,000	\$ 26,416	\$ 101,416	\$ 1,603,476	\$ 442,905	\$ 2,046,381
2009	75,000	12,117	87,117	2,280,263	345,098	2,625,361
2010	75,000	8,885	83,885	928,878	263,957	1,192,835
2011	75,000	5,653	80,653	952,535	223,068	1,175,603
2012	75,000	2,430	77,430	860,558	181,202	1,041,760
2013 - 2017	-	-	-	3,007,884	476,459	3,484,343
2018 - 2022	-	-	-	903,140	52,709	955,849
2023 - 2024	-	-	-	-	-	-
Total	<u>\$ 375,000</u>	<u>\$ 55,501</u>	<u>\$ 430,501</u>	<u>\$ 10,536,734</u>	<u>\$ 1,985,398</u>	<u>\$ 12,522,132</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Year Ending December 31,	G.O. Revenue Bonds					
	Business-type Activities					
	Principal	Interest	Total			
2008	\$ 831,524	\$ 649,745	\$ 1,481,269			
2009	1,138,737	647,648	1,786,385			
2010	1,333,122	604,723	1,937,845			
2011	1,380,465	556,697	1,937,162			
2012	1,187,442	511,116	1,698,558			
2013 - 2017	6,305,116	1,916,513	8,221,629			
2018 - 2022	6,420,860	730,401	7,151,261			
2023 - 2024	848,000	18,102	866,102			
Total	<u>\$ 19,445,266</u>	<u>\$ 5,634,945</u>	<u>\$ 25,080,211</u>			

Year Ending December 31,	Total			Total		
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 1,678,476	\$ 469,321	\$ 2,147,797	\$ 831,524	\$ 649,745	\$ 1,481,269
2009	2,355,263	357,215	2,712,478	1,138,737	647,648	1,786,385
2010	1,003,878	272,842	1,276,720	1,333,122	604,723	1,937,845
2011	1,027,535	228,721	1,256,256	1,380,465	556,697	1,937,162
2012	935,558	183,632	1,119,190	1,187,442	511,116	1,698,558
2013 - 2017	3,007,884	476,459	3,484,343	6,305,116	1,916,513	8,221,629
2018 - 2022	903,140	52,709	955,849	6,420,860	730,401	7,151,261
2023 - 2024	-	-	-	848,000	18,102	866,102
Total	<u>\$ 10,911,734</u>	<u>\$ 2,040,899</u>	<u>\$ 12,952,633</u>	<u>\$ 19,445,266</u>	<u>\$ 5,634,945</u>	<u>\$ 25,080,211</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable					
General obligation bonds	\$ -	\$ 375,000	\$ -	\$ 375,000	\$ 75,000
General obligation special assessment bonds	12,247,968	-	(1,711,234)	10,536,734	1,603,476
General obligation revenue bonds	-	-	-	-	-
Total bonds payable	12,247,968	375,000	(1,711,234)	10,911,734	1,678,476
Compensated absences payable	63,171	99,294	(70,719)	91,746	60,457
Governmental activity long-term liabilities	<u>\$ 12,311,139</u>	<u>\$ 474,294</u>	<u>\$ (1,781,953)</u>	<u>\$ 11,003,480</u>	<u>\$ 1,738,933</u>
Business-type activities:					
Bonds payable					
General obligation revenue bonds	\$ 11,683,972	\$ 8,610,000	\$ (848,706)	\$ 19,445,266	\$ 831,524
Compensated absences payable	13,885	31,773	(31,058)	14,600	14,600
Business-type activity long-term liabilities	<u>\$ 11,697,857</u>	<u>\$ 8,641,773</u>	<u>\$ (879,764)</u>	<u>\$ 19,459,866</u>	<u>\$ 846,124</u>

Crossover Refundings

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

G. Tax Increment Districts

The City is the administering authority for the following tax increment finance districts:

	Tax Increment District No. 1-7 Convenience Store	Tax Increment District No. 1-8 Jordan Center Project
Authorizing Law	M.S. 469	M.S. 469
Type of District	Redevelopment	Redevelopment
Year Established	November 1999	March 2004
Duration of District	28 years	28 years
Tax Capacity		
Original	\$ 1,967	\$ 3,230
Current	7,979	13,104
Captured - Retained	<u>\$ 6,012</u>	<u>\$ 9,874</u>
Total General Obligation Tax Increment		
Bonds and Notes issued	\$ -	\$ -
Amounts redeemed	<u>-</u>	<u>-</u>
Outstanding at December 31, 2007	<u>\$ -</u>	<u>\$ -</u>

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. Plan Description

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

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

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

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

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED

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

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

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

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

B. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 5.75 percent, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0 percent. The City is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members and 6.25 percent of Coordinated Plan PERF members. Employer contribution rates for the Coordinated Plan will increase to 6.5 percent effective January 1, 2008. The City's contributions to the PERF for the years ending December 31, 2007, 2006 and 2005 were \$48,113, \$43,332, and \$38,669, respectively. The City's contributions to the PEPFF for the years ending December 31, 2007, 2006 and 2005 were \$59,537, \$51,276, and \$42,415, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

C. Defined Contribution Plan

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

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

The City's contributions to the PEDCP for the years ended December 31, 2007, 2006 and 2005 were \$600, \$738 and \$659, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statutes.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION

A. Plan Description

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

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

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

Funding Policy

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

Annual pension cost	\$ 69,187
Contributions made	
City (required)	33,307
City (voluntary)	43,994
State aid	35,880
Actuarial valuation date	12/31/07
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	
Normal cost	20 years
Prior service cost	10 years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	5%
Projected salary increases	N/A
Inflation rate	N/A
Cost of living adjustments	None

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 69,187	163.6 %	\$ -
12/31/06	71,275	163.6	-
12/31/05	70,580	163.6	-

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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

Required Supplementary Information					
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of Unfunded Liability	Funded Rate	Pension Benefit Per Year of Service
12/31/07	\$ 738,991	\$ 910,218	\$ (171,227)	81.2 %	\$ 1,750
12/31/06	604,787	787,416	(182,629)	76.8	1,600
12/31/05	474,762	687,833	(213,071)	69.0	1,450

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'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.

C. Legal Debt Margin

The City's statutory debt limit is two percent of estimated market value within the City of \$436,439,900. The City currently has no debt subject to this limit, leaving a debt margin of \$8,728,798. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by Minnesota statute.

D. Subsequent Event

On April 7, 2008, the City issued G.O. Improvement Refunding Bonds of 2008 in the amount of \$1,630,000. These bonds carry interest rates between 2.3 and 3.5 percent and will mature February 1, 2018. These bonds are refunding the current and future maturities of the 1998A and 2002A bond issues.

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 6: OTHER INFORMATION - CONTINUED

E. Joint Venture

The City is a member of a joint powers agreement consisting of seven member cities. Other members include the cities of Shakopee, Savage, Prior Lake, Elko, New Market and Belle Plaine. Each City shall appoint one individual to serve on the Scott Joint Prosecution Association Board (the Board) and the cities of New Market and Elko may each appoint a representative to serve on the Board with each of the representatives having one-half vote. Each member city contributes funds to cover their city's proportionate share of the costs of performing prosecution services. Contributions made by member cities for 2007 were as follows:

City of	Amount Contributed	Percent
Belle Plaine	\$ 70,698	8.8 %
Prior Lake	152,861	19.0
Jordan	56,559	7.0
Elko	12,611	1.6
New Market	3,822	0.5
Savage	144,836	18.0
Shakopee	363,427	45.2
Total	<u>\$ 804,814</u>	<u>100.0 %</u>

Note 7: PRIOR PERIOD ADJUSTMENT

The following adjustments were made to beginning equity balances to properly reflect Capital Assets Net of Related Debt on the Statement of Net Assets:

Fund	Net Assets January 1, 2007 as Previously Reported	Prior Period Adjustment	Net Assets January 1, 2007 as Restated
Government-wide			
Governmental activities	<u>\$ 6,713,110</u>	<u>\$ 1,904,877</u>	<u>\$ 8,617,987</u>
Business-type activities	<u>\$ 20,568,360</u>	<u>\$ (1,904,877)</u>	<u>\$ 18,663,483</u>
Fund financial statements			
Governmental funds			
2006-2007 Improvement Projects fund	\$ (275,648)	\$ 275,648	\$ -
Well No. 6 PFA Loan	423	(423)	-
Well No. 7 PFA Loan	12,689	(12,689)	-
Total Governmental funds	<u>\$ (262,536)</u>	<u>\$ 262,536</u>	<u>\$ -</u>
Enterprise funds			
Water	\$ 7,470,626	\$ (2,045,112)	\$ 5,425,514
Sewer	7,040,187	(234,008)	6,806,179
Storm Sewer	4,152,670	374,243	4,526,913
Total Enterprise funds	<u>\$ 18,663,483</u>	<u>\$ (1,904,877)</u>	<u>\$ 16,758,606</u>

CITY OF JORDAN, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

Note 7: PRIOR PERIOD ADJUSTMENT - CONTINUED

	<u>Adjustment</u>
Government-wide	
Governmental activities	
To realign long-term debt and capital assets to the proper activity	
correcting capital assets net of related debt on the Statement of Net Assets	<u>\$ 1,904,877</u>
Business-type activities	
To realign long-term debt and capital assets to the proper activity	
to correct capital assets net of related debt on the Statement of Net Assets	<u>\$ (1,904,877)</u>
Fund Financial Statements	
Governmental funds	
2006-2007 Improvement Projects fund	
To close the capital project fund to the various enterprise funds in proportion	
to project costs related to construction of Water Plant and Well No. 8 in the Water fund	
and the construction of the Mill Pond in the Sewer and Storm Sewer funds	\$ 275,648
Well No. 6 PFA Loan	
To close the debt service fund to the Water fund for realignment of debt and capital assets	(423)
Well No. 7 PFA Loan	
To close the debt service fund to the Water fund for realignment of debt and capital assets	<u>(12,689)</u>
Total Governmental funds	<u>\$ 262,536</u>
Enterprise	
Water	
To realign long-term debt and capital assets to the proper activity	
correcting capital assets net of related debt on the Statement of Net Assets	\$ (2,045,112)
Sewer	
To realign long-term debt and capital assets to the proper activity	
correcting capital assets net of related debt on the Statement of Net Assets	(234,008)
Storm Sewer	
To realign long-term debt and capital assets to the proper activity	
correcting capital assets net of related debt on the Statement of Net Assets	<u>374,243</u>
Total enterprise funds	<u>\$ (1,904,877)</u>

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

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents (deficits)	\$ 112,580	\$ (85,232)	\$ 27,348
Investments	114,653	1,170,128	1,284,781
Receivables			
Special assessments	-	1,588	1,588
TOTAL ASSETS	<u>\$ 227,233</u>	<u>\$ 1,086,484</u>	<u>\$ 1,313,717</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 268	\$ 15,587	\$ 15,855
Deferred revenue	-	1,588	1,588
TOTAL LIABILITIES	<u>268</u>	<u>17,175</u>	<u>17,443</u>
FUND BALANCES (DEFICITS)			
Unreserved			
Designated for:			
Economic development	83,754	-	83,754
Capital outlay	-	1,318,897	1,318,897
Undesignated, reported in:			
Special revenue funds	143,211	-	143,211
Capital projects funds	-	(249,588)	(249,588)
TOTAL FUND BALANCES	<u>226,965</u>	<u>1,069,309</u>	<u>1,296,274</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 227,233</u>	<u>\$ 1,086,484</u>	<u>\$ 1,313,717</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2007

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Funds
REVENUES			
Taxes	\$ 59,215	\$ 23,615	\$ 82,830
Special assessments	-	652	652
Charges for services	-	11,908	11,908
Fines and forfeits	10,053	-	10,053
Investment earnings	8,813	45,529	54,342
Miscellaneous	46,363	80,348	126,711
TOTAL REVENUES	124,444	162,052	286,496
EXPENDITURES			
Current			
Public safety	53,146	-	53,146
Economic development	1,177	12,920	14,097
Capital outlay			
Public safety	14,122	531,594	545,716
Streets and highways	49,253	191,138	240,391
Culture and recreation	-	82,386	82,386
Economic development	-	12,954	12,954
TOTAL EXPENDITURES	117,698	830,992	948,690
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,746	(668,940)	(662,194)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	945	5,126	6,071
Transfers in	50,919	77,500	128,419
Bonds issued	-	375,000	375,000
Transfers out	-	(100,000)	(100,000)
TOTAL OTHER FINANCING SOURCES	51,864	357,626	409,490
NET CHANGE IN FUND BALANCES	58,610	(311,314)	(252,704)
FUND BALANCES, JANUARY 1	168,355	1,380,623	1,548,978
FUND BALANCES, DECEMBER 31	\$ 226,965	\$ 1,069,309	\$ 1,296,274

CITY OF JORDAN, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007

	603 Economic Development Authority	204 Contributions and Donations	215 Police Forfeiture	216 Police Dare Program
ASSETS				
Cash and cash equivalents	\$ 67,024	\$ 15,070	\$ 13,851	\$ 5,729
Investments	114,653	-	-	-
TOTAL ASSETS	<u><u>\$ 181,677</u></u>	<u><u>\$ 15,070</u></u>	<u><u>\$ 13,851</u></u>	<u><u>\$ 5,729</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 268	\$ -
FUND BALANCES				
Unreserved				
Designated for economic development	83,754	-	-	-
Undesignated	97,923	15,070	13,583	5,729
TOTAL FUND BALANCES	<u>181,677</u>	<u>15,070</u>	<u>13,583</u>	<u>5,729</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 181,677</u></u>	<u><u>\$ 15,070</u></u>	<u><u>\$ 13,851</u></u>	<u><u>\$ 5,729</u></u>

217	230	212	232	
Police Car Seat	Emergency Siren	Municipal State Aid	Historical Fund	Totals
\$ 2,743	\$ 5,826	\$ 1,666	\$ 671	\$ 112,580
-	-	-	-	114,653
<u>\$ 2,743</u>	<u>\$ 5,826</u>	<u>\$ 1,666</u>	<u>\$ 671</u>	<u>\$ 227,233</u>
\$ -	\$ -	\$ -	\$ -	\$ 268
-	-	-	-	83,754
<u>2,743</u>	<u>5,826</u>	<u>1,666</u>	<u>671</u>	<u>143,211</u>
<u>2,743</u>	<u>5,826</u>	<u>1,666</u>	<u>671</u>	<u>226,965</u>
<u>\$ 2,743</u>	<u>\$ 5,826</u>	<u>\$ 1,666</u>	<u>\$ 671</u>	<u>\$ 227,233</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2007

	603 Economic Development Authority	204 Contributions and Donations	215 Police Forfeiture	216 Police Dare Program
REVENUES				
Taxes				
Property taxes	\$ 59,215	\$ -	\$ -	\$ -
Fines and forfeits	-	-	10,053	-
Investment earnings	4,980	461	684	2,434
Miscellaneous				
Contributions and donations	-	44,300	-	65
	<u>64,195</u>	<u>44,761</u>	<u>10,737</u>	<u>2,499</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public safety	-	37,754	14,304	1,088
Streets and highways	-	-	-	-
Economic development	1,177	-	-	-
Capital outlay				
Public safety	-	3,995	10,127	-
	<u>1,177</u>	<u>41,749</u>	<u>24,431</u>	<u>1,088</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	63,018	3,012	(13,694)	1,411
OTHER FINANCING SOURCES				
Sale of assets	-	-	-	-
Transfers in	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES				
NET CHANGE IN FUND BALANCES	63,018	3,012	(13,694)	1,411
FUND BALANCES, JANUARY 1	<u>118,659</u>	<u>12,058</u>	<u>27,277</u>	<u>4,318</u>
FUND BALANCES, DECEMBER 31	<u>\$ 181,677</u>	<u>\$ 15,070</u>	<u>\$ 13,583</u>	<u>\$ 5,729</u>

217	230	212	232	
Police Car Seat	Emergency Siren	Municipal State Aid	Historical Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 59,215
-	-	-	-	10,053
81	162	-	11	8,813
275	1,723	-	-	46,363
356	1,885	-	11	124,444
-	-	-	-	53,146
-	-	49,253	-	49,253
-	-	-	-	1,177
-	-	-	-	14,122
-	-	49,253	-	117,698
356	1,885	(49,253)	11	6,746
285	-	-	660	945
-	-	50,919	-	50,919
285	-	50,919	660	51,864
641	1,885	1,666	671	58,610
2,102	3,941	-	-	168,355
\$ 2,743	\$ 5,826	\$ 1,666	\$ 671	\$ 226,965

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2007

	401	425	450	423	427
	Capital Projects	Fire Vehicle	Development District No. 1	190th Street Construction Project	Broadway Market TIF Project
ASSETS					
Cash and cash equivalents (deficit)	\$ 4,927	\$ 18,543	\$ 6,368	\$ 11,419	\$ (3,354)
Investments	104,867	130	-	122,688	-
Receivables					
Special assessments					
Deferred	1,588	-	-	-	-
TOTAL ASSETS	<u>\$ 111,382</u>	<u>\$ 18,673</u>	<u>\$ 6,368</u>	<u>\$ 134,107</u>	<u>\$ (3,354)</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	1,588	-	-	-	-
TOTAL LIABILITIES	<u>1,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Unreserved					
Designated for capital outlay	109,794	18,673	6,368	134,107	-
Undesignated	-	-	-	-	(3,354)
TOTAL FUND BALANCES (DEFICITS)	<u>109,794</u>	<u>18,673</u>	<u>6,368</u>	<u>134,107</u>	<u>(3,354)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 111,382</u>	<u>\$ 18,673</u>	<u>\$ 6,368</u>	<u>\$ 134,107</u>	<u>\$ (3,354)</u>

464	424	442	454	452	453	436	437
Street Equipment Fee	CR 61 and CR 66 Construction	Jordan Center TIF Project	Park Equipment Improvement	Park Improvement	Park Capital	2005 Water Tower Project	2008 Improvement Project
\$ 13,734 -	\$ 15,204 471,000	\$ (2,052) -	\$ 74,916 45,302	\$ 3,316 426,141	\$ 342 -	\$ - -	\$ (175,551) -
-	-	-	-	-	-	-	-
<u>\$ 13,734</u>	<u>\$ 486,204</u>	<u>\$ (2,052)</u>	<u>\$ 120,218</u>	<u>\$ 429,457</u>	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ (175,551)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,587
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	15,587
13,734	486,204	-	120,218	429,457	342	-	-
-	-	(2,052)	-	-	-	-	(191,138)
13,734	486,204	(2,052)	120,218	429,457	342	-	(191,138)
<u>\$ 13,734</u>	<u>\$ 486,204</u>	<u>\$ (2,052)</u>	<u>\$ 120,218</u>	<u>\$ 429,457</u>	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ (175,551)</u>

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CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2007

	443	444	
	Jordan Valley Townhomes TIF	Fire Hall Expansion	Totals
ASSETS			
Cash and cash equivalents (deficit)	\$ (820)	\$ (52,224)	\$ (85,232)
Investments	-	-	1,170,128
Receivables			
Special assessments			
Deferred	-	-	1,588
	<u> -</u>	<u> -</u>	<u> 1,588</u>
TOTAL ASSETS	<u>\$ (820)</u>	<u>\$ (52,224)</u>	<u>\$ 1,086,484</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 15,587
Deferred revenue	-	-	1,588
	<u> -</u>	<u> -</u>	<u> 1,588</u>
TOTAL LIABILITIES	<u> -</u>	<u> -</u>	<u> 17,175</u>
FUND BALANCES (DEFICITS)			
Unreserved			
Designated for capital outlay	-	-	1,318,897
Undesignated	(820)	(52,224)	(249,588)
	<u> (820)</u>	<u> (52,224)</u>	<u> (249,588)</u>
TOTAL FUND BALANCES (DEFICITS)	<u> (820)</u>	<u> (52,224)</u>	<u> 1,069,309</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ (820)</u>	<u>\$ (52,224)</u>	<u>\$ 1,086,484</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
CONTINUED ON THE FOLLOWING PAGES
YEAR ENDED DECEMBER 31, 2007

	401	425	450	423	427
	Capital Projects	Fire Vehicle	Development District No. 1	190th Street Construction Project	Broadway Market TIF Project
REVENUES					
Taxes					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 9,222
Special assessments	652	-	-	-	-
Charges for services					
Streets and highways	-	-	-	-	-
Investment earnings	3,578	1,457	248	4,385	-
Miscellaneous					
Contributions and donations	-	-	-	-	-
TOTAL REVENUES	4,230	1,457	248	4,385	9,222
EXPENDITURES					
Current					
Economic development	-	-	1,226	-	9,137
Capital outlay					
Public safety	-	479,370	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic development	-	-	-	-	-
TOTAL EXPENDITURES	-	479,370	1,226	-	9,137
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,230	(477,913)	(978)	4,385	85
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	5,126	-	-	-
Transfers in	-	47,500	-	-	-
Debt issued	-	375,000	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	427,626	-	-	-
NET CHANGE IN FUND BALANCES	4,230	(50,287)	(978)	4,385	85
FUND BALANCES (DEFICITS), JANUARY 1	105,564	68,960	7,346	129,722	(3,439)
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 109,794	\$ 18,673	\$ 6,368	\$ 134,107	\$ (3,354)

464	424	442	454	452	453	436	437
Street Equipment Fee	CR 61 and CR 66 Construction	Jordan Center TIF Project	Park Equipment Improvement	Park Improvement	Park Capital	2005 Water Tower Project	2008 Improvement Project
\$ -	\$ -	\$ 14,393	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
11,908	-	-	-	-	-	-	-
254	15,086	41	4,072	16,397	11	-	-
-	49,594	-	30,754	-	-	-	-
12,162	64,680	14,434	34,826	16,397	11	-	-
-	-	1,737	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	191,138
-	-	-	38,288	44,098	-	-	-
-	-	12,954	-	-	-	-	-
-	-	14,691	38,288	44,098	-	-	191,138
12,162	64,680	(257)	(3,462)	(27,701)	11	-	(191,138)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	30,000	-
-	-	-	-	-	-	-	-
-	-	-	-	(100,000)	-	-	-
-	-	-	-	(100,000)	-	30,000	-
12,162	64,680	(257)	(3,462)	(127,701)	11	30,000	(191,138)
1,572	421,524	(1,795)	123,680	557,158	331	(30,000)	-
<u>\$ 13,734</u>	<u>\$ 486,204</u>	<u>\$ (2,052)</u>	<u>\$ 120,218</u>	<u>\$ 429,457</u>	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ (191,138)</u>

CITY OF JORDAN, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - CONTINUED
YEAR ENDED DECEMBER 31, 2007

	443	444	
	Jordan Valley Townhomes TIF	Fire Hall Expansion	Totals
REVENUES			
Taxes			
Tax increments	\$ -	\$ -	\$ 23,615
Special assessments	-	-	652
Charges for services			
Streets and highways	-	-	11,908
Investment earnings	-	-	45,529
Miscellaneous			
Contributions and donations	-	-	80,348
TOTAL REVENUES	-	-	162,052
EXPENDITURES			
Current			
Economic development	820	-	12,920
Capital outlay			
Public safety	-	52,224	531,594
Streets and highways	-	-	191,138
Culture and recreation	-	-	82,386
Economic development	-	-	12,954
TOTAL EXPENDITURES	820	52,224	830,992
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(820)	(52,224)	(668,940)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	5,126
Transfers in	-	-	77,500
Debt issued	-	-	375,000
Transfers out	-	-	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	357,626
NET CHANGE IN FUND BALANCES	(820)	(52,224)	(311,314)
FUND BALANCES (DEFICITS), JANUARY 1	-	-	1,380,623
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ (820)</u>	<u>\$ (52,224)</u>	<u>\$ 1,069,309</u>

CITY OF JORDAN, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 333,323	\$ 864,344
Investments	731,724	553,666
Receivables		
Delinquent taxes	72,133	82,495
Accounts	84,556	47,325
Special assessments		
Delinquent	2,567	309
Deferred	855	8,454
Intergovernmental	<u>76,526</u>	<u>39,071</u>
TOTAL ASSETS	<u><u>\$ 1,301,684</u></u>	<u><u>\$ 1,595,664</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 269,710	\$ 290,769
Accrued wages payable	2,522	49,431
Due to other governments	6,751	4,668
Deferred revenue	<u>91,412</u>	<u>91,258</u>
TOTAL LIABILITIES	<u>370,395</u>	<u>436,126</u>
FUND BALANCES		
Unreserved		
Designated for land purchase	-	39,000
Designated for working capital	<u>931,289</u>	<u>1,120,538</u>
TOTAL FUND BALANCES	<u>931,289</u>	<u>1,159,538</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,301,684</u></u>	<u><u>\$ 1,595,664</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
YEAR ENDED DECEMBER 31, 2007
With Comparative Actual Amounts for Year Ended December 31, 2006

	2007			2006
	Budgeted Amounts		Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final	Actual Amounts	
REVENUES				
Taxes				
Property taxes	\$ 1,415,447	\$ 1,415,447	\$ 1,395,955	\$ 1,214,435
Cable franchise fees	28,500	28,500	30,579	30,579
Total taxes	1,443,947	1,443,947	1,426,534	1,245,014
Special assessments	9,500	9,500	6,145	19,740
Licenses and permits				
Business	15,950	15,950	16,363	13,628
Nonbusiness	382,515	382,515	156,288	307,961
Total licenses and permits	398,465	398,465	172,651	321,589
Intergovernmental				
Federal				
FEMA grant	4,200	4,200	-	-
COPS fast grant	5,000	5,000	1,976	2,363
Total federal	9,200	9,200	1,976	2,363
State				
Local government aid	254,469	254,469	254,469	284,499
Property tax credits and aids	-	-	105,006	115,751
Fire aid	43,500	43,500	35,880	40,746
Police aid	45,000	45,000	46,337	44,788
Municipal state aid - streets	209,000	209,000	50,919	-
Other state aids	31,196	31,196	28,670	8,205
Total State	583,165	583,165	521,281	493,989
Local				
School liason officer	-	-	44,065	-
Total intergovernmental	592,365	592,365	567,322	496,352
Charges for services				
General government	169,350	169,350	228,853	104,110
Public safety	143,500	143,500	132,514	134,669
Streets and highways	40,854	40,854	34,488	31,449
Sanitation	6,375	6,375	8,445	3,011
Other	600	600	320	-
Total charges for services	360,679	360,679	404,620	273,239
Fines and forfeits	105,000	105,000	56,392	78,075
Investment earnings	42,000	42,000	50,272	71,023
Miscellaneous				
Other	1,000	1,000	343	633
Rents	7,000	7,000	16,558	1,455
Refunds and reimbursements	-	-	(1,660)	-
Sale of assets	1,500	1,500	565	81
TIF development revenue	-	-	10,381	9,237
Total miscellaneous	9,500	9,500	26,187	11,406
TOTAL REVENUES	2,961,456	2,961,456	2,710,123	2,516,438

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
YEAR ENDED DECEMBER 31, 2007
With Comparative Actual Amounts for Year Ended December 31, 2006

	2007				2006
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final	Actual Amounts		
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personal services	\$ 30,200	\$ 30,200	\$ 28,722	\$ 1,478	\$ 25,540
Supplies	200	200	214	(14)	493
Other services and charges	23,150	23,150	26,036	(2,886)	26,304
Total Mayor and Council	53,550	53,550	54,972	(1,422)	52,337
City administration					
Personal services	149,196	149,196	161,577	(12,381)	149,228
Supplies	2,350	2,350	1,817	533	2,497
Other services and charges	9,600	9,600	11,813	(2,213)	6,096
Total city administration	161,146	161,146	175,207	(14,061)	157,821
Elections					
Personal services	-	-	-	-	2,391
Supplies	-	-	-	-	105
Other services	-	-	-	-	576
Total elections	-	-	-	-	3,072
Financial administration					
Personal services	91,298	91,298	92,671	(1,373)	88,768
Supplies	2,450	2,450	1,372	1,078	1,162
Other services and charges	50,250	50,250	49,984	266	45,211
Total financial administration	143,998	143,998	144,027	(29)	135,141
Legal					
Other services	100,000	100,000	116,066	(16,066)	116,654
Deputy registrar					
Personal services	78,422	78,422	79,271	(849)	65,509
Supplies	600	600	622	(22)	594
Other services and charges	3,300	3,300	2,023	1,277	7,745
Total deputy registrar	82,322	82,322	81,916	406	73,848
Planning and zoning					
Personal services	129,033	129,033	128,638	395	107,994
Supplies	600	600	519	81	693
Other services and charges	60,400	60,400	93,235	(32,835)	106,828
Total planning and zoning	190,033	190,033	222,392	(32,359)	215,515

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
YEAR ENDED DECEMBER 31, 2007
With Comparative Actual Amounts for Year Ended December 31, 2006

	2007				2006
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final	Actual Amounts		
EXPENDITURES - CONTINUED					
Current - Continued					
General government - Continued					
General government building					
Supplies	\$ 1,950	\$ 1,950	\$ 1,337	\$ 613	\$ 2,834
Other services and charges	32,250	32,250	32,247	3	28,169
Total general government building	34,200	34,200	33,584	616	31,003
Total general government	765,249	765,249	828,164	(62,915)	785,391
Public safety					
Police					
Personal services	806,360	806,360	738,526	67,834	701,690
Supplies	38,000	38,000	34,838	3,162	31,970
Other services and charges	34,800	34,800	31,399	3,401	31,507
Total police	879,160	879,160	804,763	74,397	765,167
Fire					
Personal services	165,272	165,272	168,281	(3,009)	169,951
Supplies	24,950	24,950	27,453	(2,503)	25,217
Other services and charges	61,916	61,916	57,456	4,460	86,326
Total fire	252,138	252,138	253,190	(1,052)	281,494
Building inspection					
Supplies	200	200	-	200	-
Other services	115,000	115,000	101,427	13,573	113,251
Total building inspection	115,200	115,200	101,427	13,773	113,251
Civil defense					
Other services and charges	4,000	4,000	3,024	976	713
Animal control					
Supplies	150	150	127	23	64
Other services	12,420	12,420	11,492	928	11,115
Total animal control	12,570	12,570	11,619	951	11,179
Total public safety	1,263,068	1,263,068	1,174,023	89,045	1,171,804
Streets and highways					
Street maintenance					
Personal services	176,809	176,809	165,590	11,219	153,042
Supplies	66,000	66,000	67,947	(1,947)	46,563
Other services and charges	109,200	109,200	101,992	7,208	104,029
Total streets and highways	352,009	352,009	335,529	16,480	303,634

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
YEAR ENDED DECEMBER 31, 2007
With Comparative Actual Amounts for Year Ended December 31, 2006

	2007				2006
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final	Actual Amounts		
EXPENDITURES - CONTINUED					
Current - Continued					
Culture and recreation					
Parks					
Personal services	\$ 47,873	\$ 47,873	\$ 42,049	\$ 5,824	\$ 42,792
Supplies	24,000	24,000	19,832	4,168	14,391
Other services and charges	42,200	42,200	42,942	(742)	40,019
Total parks	114,073	114,073	104,823	9,250	97,202
Recreation					
Other charges	19,388	19,388	19,680	(292)	19,086
Library					
Supplies	300	300	5	295	250
Other services and charges	10,100	10,100	11,920	(1,820)	9,789
Total library	10,400	10,400	11,925	(1,525)	10,039
Total culture and recreation	143,861	143,861	136,428	7,433	126,327
Miscellaneous					
Unallocated					
Supplies	3,350	3,350	3,504	(154)	3,474
Other services and charges	108,800	108,800	58,727	50,073	65,234
Total miscellaneous	112,150	112,150	62,231	49,919	68,708
Total current	2,636,337	2,636,337	2,536,375	99,962	2,455,864
Capital outlay					
General government	19,850	19,850	18,875	975	673
Public safety	123,500	123,500	105,665	17,835	46,687
Streets and highways	37,619	37,619	36,754	865	1,323
Culture and recreation	30,000	30,000	29,999	1	10,876
Miscellaneous	77,150	77,150	112,285	(35,135)	24,817
Total capital outlay	288,119	288,119	303,578	(15,459)	84,376
Debt service					
Principal	8,000	8,000	-	8,000	41,094
Interest	-	-	-	-	1,026
Total debt service	8,000	8,000	-	8,000	42,120
TOTAL EXPENDITURES	2,932,456	2,932,456	2,839,953	92,503	2,582,360

CITY OF JORDAN, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CONTINUED
YEAR ENDED DECEMBER 31, 2007
With Comparative Actual Amounts for Year Ended December 31, 2006

	2007			2006	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
	Original	Final			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 29,000	\$ 29,000	\$ (129,830)	\$ (158,830)	\$ (65,922)
OTHER FINANCING SOURCES (USES)					
Transfers in	200,000	200,000	-	(200,000)	30,000
Transfers out	(229,000)	(229,000)	(98,419)	130,581	(55,000)
TOTAL OTHER FINANCING USES	(29,000)	(29,000)	(98,419)	(69,419)	(25,000)
NET CHANGE IN FUND BALANCES	-	-	(228,249)	(228,249)	(90,922)
FUND BALANCES, JANUARY 1	1,159,538	1,159,538	1,159,538	-	1,250,460
FUND BALANCES, DECEMBER 31	\$ 1,159,538	\$ 1,159,538	\$ 931,289	\$ (228,249)	\$ 1,159,538

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CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2007
With Comparative Totals for December 31, 2006

	302 1995 G.O. Improvement Bonds	310 1998 G.O. Improvement Bonds	311 Well No. 6 PFA Loan	314 1999A G.O. Improvement Bonds
ASSETS				
Cash and cash equivalents (deficit)	\$ -	\$ 87,962	\$ -	\$ -
Investments	-	178,229	-	-
Receivables				
Special assessments				
Delinquent	-	1,017	-	-
Deferred	-	29,215	-	-
Intergovernmental	-	-	-	-
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 296,423</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	30,232	-	-
TOTAL LIABILITIES	<u>-</u>	<u>30,232</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Reserved for debt service	-	266,191	-	-
Unreserved, undesignated	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>266,191</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ 296,423</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

317 2001A G.O. Refunding Bonds	318 2001C G.O. Refunding Bonds	319 2002A G.O. Improvement Bonds	320 2002B G.O. Refunding Bonds	321 Well No. 7 PFA Loan	322 2003A G.O. Refunding Bonds	324 2004A G.O. Improvement Bonds
\$ 46,139 688,591	\$ 18,004 705,000	\$ 21,419 566,486	\$ (35,949) 276	\$ - -	\$ 19,367 34	\$ 45,227 537,345
493	1,524	-	507	-	-	1,647
-	36,457	20,143	106,132	-	8,586	766,669
58	117	-	2,113	-	-	-
<u>\$ 735,281</u>	<u>\$ 761,102</u>	<u>\$ 608,048</u>	<u>\$ 73,079</u>	<u>\$ -</u>	<u>\$ 27,987</u>	<u>\$ 1,350,888</u>
\$ - 493	\$ 431 37,981	\$ - 20,143	\$ 431 106,639	\$ - -	\$ - 8,586	\$ - 768,316
493	38,412	20,143	107,070	-	8,586	768,316
734,788	722,690	587,905	-	-	19,401	582,572
-	-	-	(33,991)	-	-	-
734,788	722,690	587,905	(33,991)	-	19,401	582,572
<u>\$ 735,281</u>	<u>\$ 761,102</u>	<u>\$ 608,048</u>	<u>\$ 73,079</u>	<u>\$ -</u>	<u>\$ 27,987</u>	<u>\$ 1,350,888</u>

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2007
With Comparative Totals for December 31, 2006

	325 2004B G.O. Refunding Bonds	Totals	
		2007	2006
ASSETS			
Cash and cash equivalents (deficit)	\$ 204,946	\$ 407,115	\$ 232,651
Investments	2,416,418	5,092,379	6,086,040
Receivables			
Special assessments			
Delinquent	371	5,559	4,259
Deferred	615,525	1,582,727	1,908,865
Intergovernmental	9,109	11,397	2,669
	<u>\$ 3,246,369</u>	<u>\$ 7,099,177</u>	<u>\$ 8,234,484</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,500	\$ 3,362	\$ 5,566
Deferred revenue	615,896	1,588,286	1,913,124
	<u>618,396</u>	<u>1,591,648</u>	<u>1,918,690</u>
TOTAL LIABILITIES			
FUND BALANCES (DEFICITS)			
Reserved for debt service	2,627,973	5,541,520	6,331,891
Unreserved, undesignated	-	(33,991)	(16,097)
	<u>2,627,973</u>	<u>5,507,529</u>	<u>6,315,794</u>
TOTAL FUND BALANCES (DEFICITS)			
	<u>\$ 3,246,369</u>	<u>\$ 7,099,177</u>	<u>\$ 8,234,484</u>
TOTAL LIABILITIES AND FUND BALANCES			

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CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
CONTINUED ON THE FOLLOWING PAGES
YEAR ENDED DECEMBER 31, 2007
With Comparative Totals for Year Ended December 31, 2006

	302 1995 G.O. Improvement Bonds	310 1998 G.O. Improvement Bonds	311 Well No. 6 PFA Loan	314 1999A G.O. Improvement Bonds
REVENUES				
Taxes				
Property taxes	\$ -	\$ 94,017	\$ -	\$ -
Special assessments	-	9,255	-	-
Investment earnings	-	9,058	-	-
TOTAL REVENUES	-	112,330	-	-
EXPENDITURES				
Debt service				
Principal	-	70,000	-	-
Interest and other	-	54,958	-	-
TOTAL EXPENDITURES	-	124,958	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(12,628)	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(42,038)	-	-	(64,723)
TOTAL OTHER FINANCING SOURCES (USES)	(42,038)	-	-	(64,723)
NET CHANGE IN FUND BALANCES	(42,038)	(12,628)	-	(64,723)
FUND BALANCES (DEFICITS), JANUARY 1	42,038	278,819	423	64,723
PRIOR PERIOD ADJUSTMENT	-	-	(423)	-
FUND BALANCES (DEFICITS), DECEMBER 31	\$ -	\$ 266,191	\$ -	\$ -

317 2001A G.O. Refunding Bonds	318 2001C G.O. Refunding Bonds	319 2002A G.O. Improvement Bonds	320 2002B G.O. Refunding Bonds	321 Well No. 7 PFA Loan	322 2003A G.O. Refunding Bonds	324 2004A G.O. Improvement Bonds
\$ 83,502	\$ 153,470	\$ 87,285	\$ 17,000	\$ -	\$ 45,486	\$ 111,951
2,027	16,042	2,737	28,701	-	232	268,996
23,151	23,456	20,136	-	-	1,422	16,157
<u>108,680</u>	<u>192,968</u>	<u>110,158</u>	<u>45,701</u>	<u>-</u>	<u>47,140</u>	<u>397,104</u>
27,154	136,103	85,000	62,639	-	50,000	125,338
5,804	22,416	61,565	14,060	-	6,673	78,742
<u>32,958</u>	<u>158,519</u>	<u>146,565</u>	<u>76,699</u>	<u>-</u>	<u>56,673</u>	<u>204,080</u>
<u>75,722</u>	<u>34,449</u>	<u>(36,407)</u>	<u>(30,998)</u>	<u>-</u>	<u>(9,533)</u>	<u>193,024</u>
-	-	-	-	-	42,038	-
-	-	-	-	-	-	-
-	-	-	-	-	42,038	-
75,722	34,449	(36,407)	(30,998)	-	32,505	193,024
659,066	688,241	624,312	(2,993)	12,689	(13,104)	389,548
-	-	-	-	(12,689)	-	-
<u>\$ 734,788</u>	<u>\$ 722,690</u>	<u>\$ 587,905</u>	<u>\$ (33,991)</u>	<u>\$ -</u>	<u>\$ 19,401</u>	<u>\$ 582,572</u>

CITY OF JORDAN, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
CONTINUED
YEAR ENDED DECEMBER 31, 2007
With Comparative Totals for Year Ended December 31, 2006

	325 2004B G.O. Refunding Bonds	<u>Totals</u>	
		<u>2007</u>	<u>2006</u>
REVENUES			
Taxes			
Property taxes	\$ 221,163	\$ 813,874	\$ 709,202
Special assessments	110,127	438,117	404,248
Investment earnings	99,898	193,278	191,748
	<u>431,188</u>	<u>1,445,269</u>	<u>1,305,198</u>
TOTAL REVENUES			
EXPENDITURES			
Debt service			
Principal	1,155,000	1,711,234	1,132,000
Interest and other	284,970	529,188	775,270
	<u>1,439,970</u>	<u>2,240,422</u>	<u>1,907,270</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,008,782)</u>	<u>(795,153)</u>	<u>(602,072)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	64,723	106,761	604,364
Transfers out	<u>-</u>	<u>(106,761)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>64,723</u>	<u>-</u>	<u>604,364</u>
NET CHANGE IN FUND BALANCES	(944,059)	(795,153)	2,292
FUND BALANCES (DEFICITS), JANUARY 1	3,572,032	6,315,794	6,313,502
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>(13,112)</u>	<u>-</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u><u>\$ 2,627,973</u></u>	<u><u>\$ 5,520,641</u></u>	<u><u>\$ 6,315,794</u></u>

CITY OF JORDAN, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Total 2007	Total 2006	Percent Increase (Decrease)
REVENUES			
Taxes	\$ 2,323,238	\$ 2,024,838	14.74 %
Special assessments	444,914	424,652	4.77
Licenses and permits	172,651	321,589	(46.31)
Intergovernmental	567,322	833,852	(31.96)
Charges for services	416,528	301,239	38.27
Fines and forfeits	66,445	87,603	(24.15)
Investment earnings	297,892	318,218	(6.39)
Miscellaneous	1,360,456	3,775,752	(63.97)
TOTAL REVENUES	\$ 5,649,446	\$ 8,087,743	(30.15) %
Per Capita	1,097.83	1,602.17	(31.48) %
EXPENDITURES			
Current			
General government	\$ 828,164	\$ 785,391	5.45 %
Public safety	1,227,169	1,216,851	0.85
Streets and highways	335,529	303,634	10.50
Culture and recreation	136,428	126,327	8.00
Economic development	14,097	14,105	(0.06)
Miscellaneous	62,231	68,708	(9.43)
Capital outlay			
General government	18,875	673	2,704.61
Public safety	651,381	93,179	599.06
Streets and highways	1,535,810	4,755,960	(67.71)
Culture and recreation	112,385	93,535	20.15
Economic development	12,954	6,295	105.78
Miscellaneous	112,285	24,817	352.45
Debt service			
Principal	1,711,234	1,173,094	45.87
Interest and other charges	529,188	776,296	(31.83)
TOTAL EXPENDITURES	\$ 7,287,730	\$ 9,438,865	(22.79) %
Per Capita	1,416.19	1,869.82	(24.26)
Total Long-term Indebtedness	\$ 10,911,734	\$ 12,247,968	(10.91) %
Per Capita	2,120.43	2,426.30	(12.61)
General Fund Balance - December 31	\$ 931,289	\$ 1,159,538	(19.68) %
Per Capita	180.97	229.70	(21.21)

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

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OTHER REQUIRED REPORTS

CITY OF JORDAN
JORDAN, MINNESOTA

YEAR ENDED
DECEMBER 31, 2007



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

REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Jordan
Jordan, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jordan, Minnesota (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2008.

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

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

The results of our tests indicate that for the items tested, the City complied with the material terms and conditions of applicable legal provisions.

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

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

April 11, 2008
Mankato, Minnesota

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

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

Honorable Mayor and City Council
City of Jordan
Jordan, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Jordan, Minnesota (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as findings 2007-1, through 2007-4 to be significant deficiencies in internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control. We believe that the deficiency described in the accompanying schedule of findings and responses as finding 2007-4 is a material weakness.

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the City in a separate letter dated April 11, 2008.

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

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

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

April 11, 2008
Mankato, Minnesota

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CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007

2007-1 Segregation of Duties

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

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

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

Internal Control over Payroll

Cause: As a result of the small staff, the Finance Director controls and maintains the check stock, sets up and maintains the payroll records, approves some time cards, approves payroll run, signs checks, posts activity to general ledger, reconciles bank accounts, and prepares payroll tax returns.

Recommendation: We recommend that in addition to approving payroll disbursements and wage rates the City Council review amounts earned and accrued for compensated absences on an annual basis to compensate for control deficiencies with respect to payroll accruals.

Internal Control over Disbursements

Cause: As a result of the small staff, the Finance Director controls and maintains the check stock, signs checks and initiates wire transfers, maintains accounts payable records, posts transactions to the general ledger, and reconciles bank accounts.

Recommendation: While we recognize staff is not large enough to eliminate this deficiency, we recommend that an individual, separate from the Finance Director, review cancelled checks received with the bank statement and investigate items such as; void checks, inconsistencies in check sequence, possible alterations, and unusual payees. This individual should also review bank reconciliations for accuracy and timeliness of preparation. It is important that the Council is aware of this condition and monitor all financial information.

Internal Control over Cash Receipts

Cause: As a result of the small staff, the Finance Director maintains receipts journal and accounts receivable records, posts transactions to the general ledger, and reconciles bank accounts.

Recommendation: While we recognize staff is not large enough to eliminate this deficiency, we recommend that an individual, separate from the Finance Director, review cancelled checks received with the bank statement and investigate items such as; void checks, inconsistencies in check sequence, possible alterations, and unusual payees. This individual should also review bank reconciliations for accuracy and timeliness of preparation. It is important that the Council is aware of this condition and monitor all financial information.

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
DECEMBER 31, 2007

2007-1 Segregation of Duties - Continued

Internal Control over Investment Transactions

Cause: As a result of the small staff, the Finance Director receives investment statements in the mail, initiates investment transactions, maintains investment sub ledgers, maintains and posts activity to the general ledger, and reconciles investment accounts.

Recommendation: While we recognize staff is not large enough to eliminate this deficiency it is important that the Council is aware of this condition and monitor all financial information. We recommend the City adopt an investment policy which outlines procedures for investment transactions that can be followed by the Finance Director.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. This includes approval of expenditures, regular review of financial statements and budget comparisons.

2007-2 Financial Report Preparation

Condition: As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors can not be part of your internal control process.

Criteria: Internal controls should be in place to provide reasonable assurance over financial reporting.

Cause: From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.

Effect: The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.

Recommendation: It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

CITY OF JORDAN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
DECEMBER 31, 2007

2007-3 Capital Project/ Capital Outlay Accounting and Coding

Condition:	During the audit, we noted numerous transactions coded to the wrong fund or account. Certain capital outlay transactions (those that met capitalization policy thresholds) were coded to supplies expense. Also, certain project costs were coded to the wrong project or a new project was started and no fund was set up to account for its costs. Extensive work had to be done in the capital outlay area over the last couple of years to update capital asset records.
Criteria:	Coding of transactions to the proper fund and account and identifying capital outlay transactions for capitalization is the responsibility of the City; therefore, the City must be able to properly identify and code capital transactions to enable updating of capital asset records annually.
Cause:	The City has numerous ongoing projects and has not followed its capitalization policy for properly identifying and coding capital outlay or project costs.
Effect:	A material misstatement may occur and not be detected by the City's internal control. Plus, it takes additional time and expense each year to maintain and update the City's depreciation schedules with the issues mentioned above.
Recommendation:	We recommend that City staff exercise more care in coding capital outlay and capital project transactions in the future by following the City's capitalization policy and thresholds.

Management Response

The City is aware of the control deficiency, and is making strides toward improvement of capital project accounting.

2007-4 Material Audit Adjustments

Condition:	During our audit, adjustments were needed to record numerous accounting and audit adjustments, including some material.
Criteria:	The financial statements are the responsibility of the City's management.
Cause:	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
Effect:	This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm can not serve as a compensating control over this deficiency.
Recommendation:	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.