City Council Meeting Agenda

Monday, August 20, 2018 - 7:00 PM
Cologne Community Center, 1211 Village Parkway

Vision Statement

The City of Cologne is a vibrant small town that respects its heritage, embraces its future and offers a high quality of life for all who live, work and visit our community.

Mayor:	Matt Lein
Councilmember:	Sarah Bruss
Councilmember:	Kyle Evenski
Councilmember:	Carol Szaroletta
Councilmember:	Jessica Spates

NOTE: AGENDA ITEMS ARE APPROXIMATE AND SUBJECT TO CHANGE ACCORDING TO LENGTH OF DISCUSSION. TO ENSURE THAT YOU ARE PRESENT FOR ITEMS OF INTEREST, PLEASE ARRIVE AT 7:00 PM.

1. **CALL MEETING TO ORDER & ROLL CALL**
2. **PLEDGE OF ALLEGIANCE**
3. **ADOPT AGENDA**
4. **VISITOR'S PRESENTATIONS, PETITIONS, CORRESPONDENCE**
5. **ADOPT CONSENT AGENDA**

   Items listed below are considered routine and non-controversial by the Council. There will be no separate discussion of these items unless requested by a Councilmember, Staff or Citizen. If removed, the item will be discussed at the end of the regular agenda.

   a. **August 6, 2018 Minutes**
   b. **August 20, 2018 Check Summary Register**
   c. **August 7, 2018 Payroll**

d. **Resolution 18-15 Authorizing Security Bank Signatures**
e. **Resolution 18-16 Authorizing Klein Bank Signatures**
f. **Resolution 18-17 Authorizing Citizens State Bank Signatures**

6. **COUNCIL BUSINESS**
    a. **December 31, 2017 Audited Financial Statements**
    b. **Doug Green, Springsted - Equipment Certificates**
        i. **Resolution 18-18 Issuing Equipment Certificates**
    c. **Downtown Street Improvement Project**
    d. **Conrad Avenue Pay Request #1**

7. **BOARD REPORT**
    a. **July 2018 Sheriff's Report**
8. **ANNOUNCEMENTS**

9. **ITEMS REMOVED FROM THE CONSENT AGENDA**
10. **ADJOURN**

CALENDAR OF EVENTS/MEETINGS

September 3	Monday	Labor Day - Offices Closed
September 4	Tuesday	6:00 PM Planning Commission Meeting
September 4	Tuesday	7:00 PM City Council Meeting

City Council Meeting Agenda
Monday, August 6, 2018 - 7:00 PM
Cologne Community Center, 1211 Village Parkway

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1. CALL MEETING TO ORDER & ROLL CALL

Mayor Matt Lein called the meeting to order at 7:00 p.m. Council Members Evenski, Szaroletta, Bruss, and Spates were present. Also present: City Administrator Jesse Dickson, Representative Jim Nash, and Michelle Morrison.

2. PLEDGE OF ALLEGIANCE
3. ADOPT AGENDA

MOTION BY COUNCIL MEMBER SZAROLETTA TO ADOPT THE AGENDA. SECONDED BY COUNCIL MEMBER EVENSKI. MOTION CARRIED UNANIMOUSLY.

4. VISITOR'S PRESENTATIONS, PETITIONS, CORRESPONDENCE
    a. Representative Jim Nash

Jim Nash appeared before the Council. Mr. Nash brought up roads, Local Government Aid, and Small Cities Assistance. Mr. Nash stated that starting in 2015, cities under population size of 5,000 receive Small Cities Assistance money for road funding. The City of Cologne will receive about $23,000 in 2018 in Small Cities Assistance. The program is intended to exist into perpetuity.
Mr. Nash expressed his frustration over the State's funding of roads in Carver County vs those closer to the Twin Cities.

5. ADOPT CONSENT AGENDA

    a. July 16, 2018 Minutes
    b. August 6, 2018 Check Summary Register
    c. July 24, 2018 Payroll
    d. Resolution 18-12 Accepting Donations
    e. Water Treatment Facility Pay App 21
    f. Water Treatment Facility and Water Tower Real Property Declarations

MOTION BY COUNCIL MEMBER SPATES TO ADOPT THE CONSENT AGENDA. SECONDED BY COUNCIL MEMBER SZAROLETTA. MOTION CARRIED UNANIMOUSLY.

6. COUNCIL BUSINESS
    a. Resolution 18-13 Determining Necessity to Issue Equipment Certificates

MOTION BY COUNCIL MEMBER EVENSKI TO ADOPT RESOLUTION 18-13. SECONDED BY COUNCIL MEMBER SZAROLETTA. MOTION CARRIED UNANIMOUSLY.

    b. Resolution 18-14 Approving City Clerk Hire

City Administrator Dickson introduced Michelle Morrison to the Council. Ms. Morrison's anticipated start date is August 20th, with a Banyon training on the 21st.

MOTION BY COUNCIL MEMBER SPATES TO ADOPT RESOLUTION 18-14. SECONDED BY COUNCIL MEMBER SZAROLETTA. MOTION CARRIED UNANIMOUSLY.

    c. City Landscape Discussion

The City Council discussed the state of the landscape near City Hall. The City Council agreed that it wants the roundabout to look nice. The City Council came to a decision that it would like City staff to replace the gardens with sod to make it look nice and require limited maintenance.

The Council also requested that the small lights east of the Community Center be addressed.

7. BOARD REPORT
8. ANNOUNCEMENTS

City Administrator Dickson announced that the water plant has pavement and suggested to have an open house. City Council determined the date for the open house to be Monday September 10th from 5:30-7:30pm.

MOTION BY COUNCIL MEMBER EVENSKI TO HAVE 6:00 SPECIAL MEETING AUGUST 20TH FOR AUDIT REVIEW. SECONDED BY COUNCIL MEMBER SZAROLETTA. MOTION CARRIED UNANIMOUSLY.

Mayor Lein shared an email from a resident requesting an athletic park addition at Village Park. Council Member Evenski said he would not feel comfortable adding to the Village Park until a park has been installed in the Winkler Development.

Mayor Lein requested information on how much it would cost to fix the sunken blacktop above water lines in the Meadow Street development.

9. ITEMS REMOVED FROM THE CONSENT AGENDA
10. ADJOURN

MOTION BY COUNCIL MEMBER SZAROLETTA TO ADJOURN THE MEETING AT 8:21 P.M. SECONDED BY COUNCIL MEMBER EVENSKI. MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted:

_____
Jesse Dickson, City Administrator

Attested:

_____
Matt Lein, Mayor

M/____	Lein_____	Evenski_____
S/____	Szaroletta_____	Bruss_____
	Spates_____	

CITY OF COLOGNE

*Check Summary Register©

August 2018

	Name	Check Date	Check Amt	
10100 Checking				
Paid Chk# 023308	2ND WIND EXERCISE, INC.	8/16/2018	$326.68	Fitness Center Repairs
Paid Chk# 023309	A-1 ELECTRIC SERVICE	8/16/2018	$6,422.00	Wire 2 aerator units
Paid Chk# 023310	ADAM'S PEST CONTROL, INC	8/16/2018	$85.90	
Paid Chk# 023311	BOUND TREE MEDICAL, LLC	8/16/2018	$78.99	
Paid Chk# 023312	CARVER COUNTY	8/16/2018	$376.59	Internet
Paid Chk# 023313	CENTERPOINT ENERGY	8/16/2018	$30.93	2224 Naples Ave
Paid Chk# 023314	CINTAS CORPORATION	8/16/2018	$126.61	Linens
Paid Chk# 023315	CUSTOMIZED FIRE RESCUE TR	8/16/2018	$1,450.00	Training
Paid Chk# 023316	ECM PUBLISHERS, INC.	8/16/2018	$94.50	
Paid Chk# 023317	EMERGENCY RESPONSE SOLU	8/16/2018	$242.20	
Paid Chk# 023318	EVERSON'S HARDWARE HANK I	8/16/2018	$78.66	
Paid Chk# 023319	FASTENAL COMPANY	8/16/2018	$7.73	
Paid Chk# 023320	FLOYD TOTAL SECURITY INC	8/16/2018	$10,755.85	Handicap Doors
Paid Chk# 023321	GILBERT MECHANICAL CONTRA	8/16/2018	$1,034.42	
Paid Chk# 023322	GREG'S HARDWARE	8/16/2018	$54.59	Hand Towels
Paid Chk# 023323	HOLIDAY COMPANIES	8/16/2018	$406.27	Acct 1400-003-770-311
Paid Chk# 023324	HORIZON COMMERCIAL POOL S	8/16/2018	$322.97	
Paid Chk# 023325	JOSTAN SERVICES, INC.	8/16/2018	$1,326.91	
Paid Chk# 023326	MELCHERT, HUBERT,SJODIN, P	8/16/2018	$1,266.62	
Paid Chk# 023327	MID COUNTY CO-OP	8/16/2018	$971.71	
Paid Chk# 023328	MIDWEST FIRE	8/16/2018	$10,974.00	Tanker Pumper Down Payment
Paid Chk# 023329	MINI BIFF INC	8/16/2018	$500.18	Glad Days Biffs
Paid Chk# 023330	MN VALLEY TESTING LABS	8/16/2018	$619.00	
Paid Chk# 023331	N & J SERVICES	8/16/2018	$680.00	Event Cleaning/Drapery
Paid Chk# 023332	NOVAK-FLECK, INC	8/16/2018	$6,000.00	Sewer Line Repair Reimbursemen
Paid Chk# 023333	PREMIUM WATERS, INC.	8/16/2018	$12.89	
Paid Chk# 023334	QUALITY PROPANE	8/16/2018	$390.00	
Paid Chk# 023335	QUILL	8/16/2018	$45.50	Office Supplies
Paid Chk# 023336	QUIROZ, JOSE L	8/16/2018	$1,000.00	Rental Deposit Refund - Jose Q
Paid Chk# 023337	SAMS LAWN & LANDSCAPE INC	8/16/2018	$639.80	Semi-annual CCC Irrigation Fee
Paid Chk# 023338	UNITED FARMERS COOPERATIV	8/16/2018	$55.97	
Paid Chk# 023339	VERIZON WIRELESS	8/16/2018	$108.03	
Paid Chk# 023340	VISA	8/16/2018	$2,939.33	WTP Supplies
Paid Chk# 023341	VOLUNTEER FIREFIGHTERS BE	8/16/2018	$44.00	Russell Storms
Paid Chk# 023342	WALTER, TOM	8/16/2018	$77.48	
Paid Chk# 023343	XCEL ENERGY	8/16/2018	$5,440.15	1211 Village Pkwy
Paid Chk# 023344	ZOLL MEDICAL CORP	8/16/2018	$906.65	
		Total Checks	$55,893.11	

FILTER: None

City of Cologne Payroll
July 24, 2018

Employee	8/7/2018	EFT	$ 9,230.33	August 7, 2018 Payroll
IRS	8/7/2018	EFT	$ 3,110.88	August 7, 2018 Payroll
MN Department of Revenue	8/7/2018	EFT	$ 545.71	August 7, 2018 Payroll
PERA	8/7/2018	EFT	$ 739.14	August 7, 2018 Payroll
		Total	$13,626.06	

CITY OF COLOGNE
RESOLUTION NO. 18-15
A RESOLUTION AUTHORIZING ACCOUNT SIGNATURES FOR THE SECURITY BANK AND TRUST CORPORATE AUTHORIZATIONS

WHEREAS, the City of Cologne disburses funds from its checking and money market accounts; and

WHEREAS, the City of Cologne requires two signatures on a check for disbursements; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cologne, Minnesota, to revoke prior authorizations and authorizes Mayor Matt Lein, Council Member Kyle Evenski, City Administrator Jesse Dickson, and City Clerk Michelle Morrison to sign disbursements from these accounts.

Adopted by the City Council of the City of Cologne, Minnesota, this 20th day of August, 2018

_____
Matt Lein, Mayor

ATTEST:

_____
Jesse Dickson
City Administrator

M/ _____	Lein _____	Bruss _____
	Szaroletta _____	Spates _____
S/ _____	Evenski _____	

CITY OF COLOGNE
RESOLUTION NO. 18-16
A RESOLUTION AUTHORIZING ACCOUNT SIGNATURES
FOR THE KLEIN BANK CORPORATE AUTHORIZATIONS

WHEREAS, the City of Cologne disburses funds from its checking and money market accounts; and

WHEREAS, the City of Cologne requires two signatures on a check for disbursements; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cologne, Minnesota, to revoke prior authorizations and authorizes Mayor Matt Lein, Council Member Kyle Evenski, City Administrator Jesse Dickson, and City Clerk Michelle Morrison to sign disbursements from these accounts.

Adopted by the City Council of the City of Cologne, Minnesota, this 20th day of August, 2018

_____
Matt Lein, Mayor

ATTEST:

_____
Jesse Dickson
City Administrator

M/ _____	Lein _____	Bruss _____
	Szaroletta _____	Spates _____
S/ _____	Evenski _____	

CITY OF COLOGNE
RESOLUTION NO. 18-17
A RESOLUTION AUTHORIZING ACCOUNT SIGNATURES
FOR THE CITIENS STATE BANK CORPORATE AUTHORIZATIONS

WHEREAS, the City of Cologne disburses funds from its checking and money market accounts; and

WHEREAS, the City of Cologne requires two signatures on a check for disbursements; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Cologne, Minnesota, to revoke prior authorizations and authorizes Mayor Matt Lein, Council Member Kyle Evenski, City Administrator Jesse Dickson, and City Clerk Michelle Morrison to sign disbursements from these accounts.

Adopted by the City Council of the City of Cologne, Minnesota, this 20th day of August, 2018

_____
Matt Lein, Mayor

ATTEST:

_____
Jesse Dickson
City Administrator

M/ _____	Lein _____	Bruss _____
	Szaroletta _____	Spates _____
S/ _____	Evenski _____	

Financial Statements
December 31, 2017

City of Cologne

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CITY COUNCIL

Matt Lein	Mayor
Sarah Bruss	Council Member
Carol Szaroletta	Council Member
Kyle Evenski	Council Member
Donald Meyer	Council Member

ADMINISTRATION

Jesse Dickson	City Administrator
Sue Mueller	Clerk / Treasurer

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Honorable Mayor and City Council
City of Cologne
Cologne, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Cologne, Minnesota (City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express 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 from material misstatement.

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

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

1911 Excel Dr. | Mankato, MN 56001-6281 | T 507.387.6031 | F 507.387.6436 | EOE

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, and each major fund of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cologne's financial statements. The introductory section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 29, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is soley 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Mankato, Minnesota
June 29, 2018

City of Cologne
Statement of Net Position
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and cash equivalents	$ 1,939,837	$ 1,431,763	$ 3,371,600
Restricted cash and cash equivalents	2,474,056	3,787	2,477,843
Receivables:			
Taxes	13,793	3,470	17,263
Special assessments	470,579	-	470,579
Accounts	16,838	60,412	77,250
Capital assets not being depreciated:			
Land	254,300	-	254,300
Construction in progress	66,244	5,506,963	5,573,207
Capital assets, net of accumulated depreciation:			
Buildings	2,105,552	503,866	2,609,418
Road network	2,307,436	-	2,307,436
Equipment	477,859	243,931	721,790
Distribution plant	-	3,822,431	3,822,431
Vehicles	304,516	-	304,516
Total Assets	10,431,010	11,576,623	22,007,633
Deferred Outflows of Resources			
Pension plans	70,141	21,764	91,905
Liabilities			
Accounts payable	83,791	68,824	152,615
Construction payable	-	504,108	504,108
Escrow withholding	8,941	1,192	10,133
Escrow deposits	20,000	-	20,000
Unearned revenue	8,000	-	8,000
Interest payable	120,883	29,703	150,586
Noncurrent liabilities:			
Net pension liability	253,355	78,610	331,965
Due within one year	390,000	415,112	805,112
Due in more than one year	8,959,174	6,580,103	15,539,277
Total Liabilities	9,844,144	7,677,652	17,521,796
Deferred Inflows of Resources			
Pension plans	52,653	16,338	68,991
Net Position			
Net investment in capital assets	2,435,407	2,577,868	5,013,275
Unrestricted	(1,831,053)	1,326,529	(504,524)
Total Net Position	$ 604,354	$ 3,904,397	$ 4,508,751

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Totals
Governmental Activities							
General government	$ 411,771	$ 233,188	$ -	$ -	$ (178,583)	$ -	$ (178,583)
Public safety	486,120	124,455	-	-	(361,665)	-	(361,665)
Public works	398,126	-	-	-	(398,126)	-	(398,126)
Culture and recreation	285,369	87,639	-	-	(197,730)	-	(197,730)
Interest and other charges on long-term debt	309,349	-	-	-	(309,349)	-	(309,349)
Total Governmental Activities	1,890,735	445,282	-	-	(1,445,453)	-	(1,445,453)
Business-Type Activities							
Water	392,670	504,172	-	-	-	111,502	111,502
Sanitary sewer	375,001	421,154	-	-	-	46,153	46,153
Storm sewer	3,787	28,434	-	-	-	24,647	24,647
Total Business-Type Activities	771,458	953,760	-	-	-	182,302	182,302
Total Government	$ 2,662,193	$ 1,399,042	$ -	$ -	(1,445,453)	182,302	(1,263,151)
General Revenues							
Property taxes					1,164,875	-	1,164,875
State aid					272,857	-	272,857
Special assessments					841	-	841
Earnings on investments					43,548	-	43,548
Refunds and reimbursements					43,435	-	43,435
Total General Revenues					1,525,556	-	1,525,556
Changes in Net Position					80,103	182,302	262,405
Net Position - Beginning					524,251	3,722,094	4,246,345
Net Position - Ending					$ 604,354	$ 3,904,396	$ 4,508,750

	General	2006A GO Bonds	2008A G.O. Improvement Bonds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,939,837	$ -	$ -	$ 1,939,837
Restricted cash and cash equivalents	-	-	2,474,056	2,474,056
Receivables:				
Taxes	10,478	3,315	-	13,793
Special assessments	-	-	470,579	470,579
Accounts	16,838	-	-	16,838
Due from other funds	484,473	-	-	484,473
Total Assets	$ 2,451,626	$ 3,315	$ 2,944,635	$ 5,399,576
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities				
Due to other funds	$ -	$ 361,955	$ 122,518	$ 484,473
Accounts payable	83,791	-	-	83,791
Escrow withholding	8,941	-	-	8,941
Unearned revenue	8,000	-	-	8,000
Escrow deposits	20,000	-	-	20,000
Total Liabilities	120,732	361,955	122,518	605,205
Deferred Inflows of Resources				
Unavailable revenue	10,840	2,749	470,579	484,168
Fund Balances				
Restricted	-	-	2,351,538	2,351,538
Assigned	1,487,382	-	-	1,487,382
Unassigned	832,672	(361,389)	-	471,283
Total Fund Balances	2,320,054	(361,389)	2,351,538	4,310,203
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,451,626	$ 3,315	$ 2,944,635	$ 5,399,576

Total Fund Balances for Governmental Funds		$ 4,310,203
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		5,515,907
Some of the City's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows in the funds.		484,168
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		17,488
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(120,883)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period, and therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds payable	$ (9,308,633)	
Net pension liability	(253,355)	
Compensated absences	(40,541)	
		(9,602,529)
Total Net Position for Governmental Activities		$ 604,354

	General	2006A GO Bonds	2008A G.O. Improvement Bonds	Total Governmental Funds
Revenues				
Property taxes	$ 707,445	$ 218,665	$ 238,195	$ 1,164,305
Franchise taxes	3,754	-	-	3,754
Special assessments	-	-	28,754	28,754
Fees and fines	3,990	-	-	3,990
Licenses and permits	205,417	-	-	205,417
Intergovernmental	272,857	-	-	272,857
Charges for services	239,865	-	-	239,865
Interest earnings	15,543	28,005	-	43,548
Refunds and reimbursements	43,435	-	-	43,435
Miscellaneous	23,361	-	-	23,361
Total revenue	1,515,667	246,670	266,949	2,029,286
Expenditures				
Current:				
General government	329,113	-	-	329,113
Public safety	369,348	-	-	369,348
Capital outlay	90,827	-	-	90,827
Streets and highways	305,639	-	-	305,639
Capital outlay	96,247	-	-	96,247
Culture and recreation	180,325	-	-	180,325
Capital outlay	65,713	-	-	65,713
Miscellaneous	2,443	-	-	2,443
Debt Services:				
Principal	-	3,845,000	120,000	3,965,000
Interest and other charges	-	162,759	223,830	386,589
Total expenditures	1,439,655	4,007,759	343,830	5,791,244
Excess (deficiency) of revenues over (under) expenditures	76,012	(3,761,089)	(76,881)	(3,761,958)
Fund Balances - Beginning	2,244,042	3,399,700	2,428,419	8,072,161
Fund Balances - Ending	$ 2,320,054	$ (361,389)	$ 2,351,538	$ 4,310,203

Total Net Change in Fund Balances - Governmental Funds	$	(3,761,958)
Amounts reported for governmental activities in the statement of activities are different because:		
Because some revenues will not be collected for several months after the City's fiscal year end, they are considered "unavailable" revenues in the governmental funds.		(54,767)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(137,225)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		8,350
Costs related to compensated absences are reported as expenditures when paid in governmental funds. The statement of activities records these costs when earned, and the statement of net position records these costs as a liability when earned.		(4,124)
In the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, the contributions are reported as expense.		(12,413)
The governmental funds report repayment of bond principal as expenditures. In the statement of net position, however, repayment of principal reduces the liability.		3,965,000
Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due.		77,240
Change in Net Position of Governmental Activities	$	80,103

	Water	Sanitary Sewer	Storm Sewer	Enterprise Fund Total
Assets				
Current Assets:				
Cash and cash equivalents	$ 854,461	$ 462,795	$ 114,507	$ 1,431,763
Receivables:				
Accounts	29,084	28,683	2,645	60,412
Taxes	3,238	232	-	3,470
Total current assets	886,783	491,710	117,152	1,495,645
Noncurrent Assets:				
Restricted cash and cash equivalents for bond refunding	3,787	-	-	3,787
Capital assets not being depreciated:				
Construction in progress	5,506,963	-	-	5,506,963
Capital assets, net of accumulated depreciation:				
Buildings	98,726	405,140	-	503,866
Equipment	224,051	19,880	-	243,931
Distribution plant	2,742,063	1,053,929	26,439	3,822,431
Total noncurrent assets	8,575,590	1,478,949	26,439	10,080,978
Total Assets	9,462,373	1,970,659	143,591	11,576,623
Deferred Outflows of Resources				
Pension plans	10,882	10,882	-	21,764
Liabilities				
Current Liabilities:				
Accounts payable	47,682	20,162	980	68,824
Construction payable	504,108	-	-	504,108
Escrow withholding	372	820	-	1,192
Interest payable	29,509	194	-	29,703
Bonds payable - current	383,000	32,112	-	415,112
Total current liabilities	964,671	53,288	980	1,018,939
Noncurrent Liabilities:				
Net pension liability	39,305	39,305	-	78,610
Bonds payable	6,580,103	-	-	6,580,103
Total noncurrent liabilities	6,619,408	39,305	-	6,658,713
Total Liabilities	7,584,079	92,593	980	7,677,652
Deferred Inflows of Resources				
Pension plans	8,169	8,169	-	16,338
Net Position				
Net investment in capital assets	1,104,592	1,446,837	26,439	2,577,868
Unrestricted	776,414	433,942	116,172	1,326,528
Total Net Position	$ 1,881,006	$ 1,880,779	$ 142,611	$ 3,904,396

City of Cologne
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended December 31, 2017

	Water	Sanitary Sewer	Storm Sewer	Enterprise Fund Total
Operating Revenues				
Sales and services	$ 385,609	$ 313,523	$ 28,434	$ 727,566
Access fees	116,500	107,250	-	223,750
Miscellaneous	2,063	381	-	2,444
Total operating revenues	504,172	421,154	28,434	953,760
Operating Expenses				
Personnel services	82,708	83,167	-	165,875
Purchases	49,268	67,380	-	116,648
Supplies	12,402	45,436	-	57,838
Other services and charges	72,426	62,106	-	134,532
Repairs and maintenance	1,865	22,117	2,905	26,887
Depreciation	111,065	91,801	882	203,748
Total operating expenses	329,734	372,007	3,787	705,528
Operating income (loss)	174,438	49,147	24,647	248,232
Nonoperating Revenues (Expenses)				
Interest expense	(62,936)	(2,994)	-	(65,930)
Total nonoperating revenues (expenses)	(62,936)	(2,994)	-	(65,930)
Change in Net Position	111,502	46,153	24,647	182,302
Net Position - Beginning	1,769,504	1,834,626	117,964	3,722,094
Net Position - Ending	$ 1,881,006	$ 1,880,779	$ 142,611	$ 3,904,396

	Water	Sanitary Sewer	Storm Sewer	Enterprise Fund Total
Cash Flows from Operating Activities				
Receipts from customers	$ 494,603	$ 421,673	$ 28,269	$ 944,545
Payments to employees	(80,783)	(81,242)	-	(162,025)
Payments to suppliers	(310,229)	(197,428)	(3,797)	(511,454)
Net cash provided by (used for) operating activities	103,591	143,003	24,472	271,066
Cash Flows provided by (used for) Capital and Related Financing Activities				
Acquisition of property, plant and equipment	(3,658,383)	(68,210)	-	(3,726,593)
Principal paid on bonds payable	(254,623)	(101,898)	-	(356,521)
Interest paid on bonds payable	(49,886)	(3,611)	-	(53,497)
Proceeds from bonds	3,803,115	-	-	3,803,115
Net cash provided by (used for) capital and related financing activities	(159,777)	(173,719)	-	(333,496)
Net increase (decrease) in cash and cash equivalents	(56,186)	(30,716)	24,472	(62,430)
Cash and cash equivalents - January 1 (Including $3,787 for the Water fund reported as restricted)	914,433	493,511	90,035	1,497,979
Cash and cash equivalents - December 31 (Including $3,787 for the Water fund reported as restricted)	$ 858,247	$ 462,795	$ 114,507	$ 1,435,549
Reconciliation of Operating Income to Net Cash provided by Operating Activities:				
Operating income	$ 174,438	$ 49,147	$ 24,647	$ 248,232
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	111,065	91,801	882	203,748
Amortization	(1,867)	-	-	(1,867)
Deferred outflows	7,463	7,463	-	14,926
Net pension liability	(9,724)	(9,724)	-	(19,448)
Deferred inflows	4,186	4,186	-	8,372
Decrease (increase) in assets:				
Accounts receivable	(8,830)	(665)	(165)	(9,660)
Assessments receivable	634	634	-	1,268
Taxes receivable	(1,373)	550	-	(823)
Increase (decrease) in liabilities:				
Accounts payable	(171,566)	(4)	(892)	(172,462)
Escrow withholding	(835)	(385)	-	(1,220)
Net Cash provided by (used for) Operating Activities	$ 103,591	$ 143,003	$ 24,472	$ 271,066

Note 1 - Summary of Significant Accounting Policies

The City of Cologne (City) is a municipal corporation governed by a mayor and a four member council elected by eligible voters of the City. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant GASB pronouncements. The significant City accounting policies are described below.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is the basic level of government which has oversight responsibility and control over all activities related to the government in the City's area. The City receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB's pronouncements, since mayor and council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The City has no component units.

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 (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) 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.

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 government 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 government.

The government reports the following major governmental funds:

The *General Fund* is the government'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 *2006A GO Bond Fund* was established for debt service of the 2006A G.O. Bonds.

The *2008A GO Improvement Bond Fund* accounts for the debt service of the 2008A G.O. Improvement Bonds.

The government reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the government's water distribution operations.

The *Sanitary Sewer Fund* accounts for the activities of the government's sewage pumping stations and collection systems.

The *Storm Sewer Fund* accounts for the activities of the government's storm sewer operations.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sanitary sewer, and storm sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 water, sewer, and storm sewer enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue recycling charges, refunds and reimbursements, and penalties. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Cash Equivalents

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various deposits and investments authorized by Minnesota State Statutes. The General Fund is assigned the investment earnings associated with the enterprise funds. Cash includes amounts in demand deposits, certificates of deposit, as well as short-term investments with an original maturity date within three months of the date acquired by the City. For the purposes of the statement of cash flows, cash for each fund includes demand deposit account balances and certificates of deposit.

2. Restricted Cash

Restricted cash includes proceeds from the 2013 GO Refunding Bonds and are restricted for bond refunding.

3. 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 inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are: property taxes, special assessments, and state and federal aids. All receivables are reported at their gross value and, if appropriate, reduced by the estimated portion that is expected to be uncollectible.

Interest on investments and certain receivables is recorded as revenue in the year that the interest is earned and is available to pay liabilities of the current period.

On or before September 15th of each year, the City Council certifies to the county auditor the dates that it has selected for its public hearing and for the continuation of its hearing, if necessary. If not certified by this date, the county auditor will assign the hearing date. All cities must hold public hearings on their proposed property tax levies.

Beginning on November 29th and through December 20th of each year, the City is required by State Law to hold its public hearing on its proposed budgets and proposed property tax levies for the taxes payable in the following year. On or before five business days after December 20th, the City Council certifies its final adopted property taxes payable the following year to the county auditor. If the City has not certified its final property tax by this time, its property tax shall be the amount levied by it in the preceding year.

In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Agricultural land taxes may be paid on November 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing authorities three times a year, in January, June, and November.

All receivables are reported at their gross value and, if appropriate, reduced by the estimated portion that is expected to be uncollectible.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. 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 government as assets with an initial, individual cost of more than $2,500 for machinery and equipment and $5,000 for all other assets and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Infrastructure	Years
Sanitary Sewer Systems	40
Water Systems	40
Storm Sewer Systems	40
Streets/Roads	20

Non-Infrastructure	Years
Land	Not depreciated
Land Improvement – Structures and Ground Work	20
Buildings and Building Improvements	40
Building Improvements of Electrical/Plumbing, HVAC Systems, Roofing	20
Building Improvements of Carpet Replacement	5
Vehicles – Cars and Light Trucks	5
Vehicles – Fire Trucks	20
Heavy Construction Equipment	10
Firefighting Equipment	10
Radio, Communications Equipment	5
Telephone Systems	10
Recreational Equipment	10
Custodial Equipment	5
Grounds Equipment	10
Office Equipment	5
Artwork	Not depreciated

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. The City allows sick leave to accrue to a maximum of 480 hours (60 days) for full-time employees. Any sick leave earned in excess of 480 hours will be converted to vacation leave at a rate of 20% for any excess sick leave at year end. Employees retiring in good standing from the City will receive payment for all of their accumulated vacation time, paid at the rate in effect on the date of retirement. Sick leave is not paid out at retirement.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on 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.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or governmental balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position or fund balance that applies to a future period and so will *not* be recognized as an outflow (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end and changes in the net pension liability not included in pension expense reported in the proprietary fund and government-wide statement of net position.

In addition to liabilities, the statement of net position or the governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position or fund balance that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. *Unavailable revenue,* which arises only under the modified accrual basis of accounting. Accordingly, *unavailable revenue* is only reported on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. The other item is changes in the net pension liability not included in pension expense reported in the government-wide statement of net position.

9. Pensions

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

10. Fund Equity and Net Position

Net position represents the difference between assets, deferred outflows/inflows of resources, and liabilities in the statements of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City will strive to spend resources from net position classifications in the following order (first to last): restricted, assigned, and unassigned.

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. Fund balance is reported in classifications that describe the relative strength of the spending constraints. The fund balance classifications are as follows:

- Nonspendable fund balance—amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council resolution). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has delegated the power to assign fund balances to the City Administrator.

- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City approved a minimum unassigned general fund balance of fifty percent of current year expenditures. If resources from more than one fund balance classification could be spent, the City will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

E. Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses in the government-wide financial statements and fund financial statements. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Transfers have been removed from the government-wide financial statements.

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 all governmental funds. All annual appropriations lapse at year end. The actual revenues, expenditures, and transfers for the year ended December 31, 2017, have been compared to the City's budget for the year where applicable. Variances which are in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Administration can authorize transfer of budgeted amounts within any fund per state statutes. Any revisions that alter total expenditures of any fund must be approved by the City Council.

On or before the last Tuesday in August of each year, all agencies of the City submit requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The City Council reviews the budget at both of their regular meetings in September and makes changes as they see fit. All changes are approved by an affirmative vote of a majority of the City Council.

Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (a) adequate funds were appropriated; (b) the expenditure is still necessary; and (c) funds are available. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year end.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations in the general fund by $195,932. The over expenditures were funded by greater than anticipated revenues and available fund balance.

C. Deficit Fund Balance

For the year ended December 31, 2017, the 2006 GO Bond fund had a deficit fund balance of $361,389. This will be eliminated in future years through transfers from other funds.

Note 3 - Detailed Notes on All Funds

A. Cash and Cash Equivalents

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council. All such depositories 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% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the City's deposit balances were exposed to custodial credit risk.

At December 31, 2017, restricted cash and cash equivalents include $2,474,056 in Treasury Securities – State and Local Government Series (SLGS) related to the advance refunding of bonds. The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The fair value measurement for the SLGS securities was are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and other market assumptions. (Level 2 inputs). All of the City's SLGS securities mature during 2018.

B. Receivables

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

	Unavailable	Unearned
Delinquent property taxes (general fund)	$ 8,315	$ -
Accounts receivable (general fund)	2,525	8,000
Special assessments not yet due (debt service fund)	473,328	-
Total	$ 484,168	$ 8,000

The City has $438,243 of special assessment receivables not expected to be collected within one year.

C. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 254,300	$ -	$ -	$ 254,300
Construction in progress	-	66,244	-	66,244
Total capital assets not being depreciated	254,300	66,244	-	320,544
Capital assets, being depreciated				
Buildings	3,442,174	16,760	-	3,458,934
Road network	5,028,609	-	-	5,028,609
Equipment	1,644,115	106,972	-	1,751,087
Vehicles	959,701	126,061	-	1,085,762
Total capital assets, being depreciated	11,074,599	249,793	-	11,324,392
Less accumulated depreciation for:				
Buildings	1,269,930	83,452	-	1,353,382
Road network	2,525,931	195,242	-	2,721,173
Equipment	1,144,680	128,548	-	1,273,228
Vehicles	735,226	46,020	-	781,246
Total accumulated depreciation	5,675,767	453,262	-	6,129,029
Total capital assets, being depreciated, net	5,398,832	(203,469)	-	5,195,363
Governmental activities capital assets, net	$ 5,653,132	$ (137,225)	$ -	$ 5,515,907

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

General government	$ 75,709
Public safety	121,007
Culture and recreation	98,187
Streets and highways	143,156
Public works	15,203
	$ 453,262

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Construction in progress	$ 1,348,338	$ 4,158,625	$ -	$ 5,506,963
Capital assets, being depreciated				
Distribution plant	4,820,732	68,211	-	4,888,943
Equipment	1,037,983	3,865	-	1,041,848
Buildings	1,855,915	-	-	1,855,915
Total capital assets, being depreciated	7,714,630	72,076	-	7,786,706
Less accumulated depreciation for:				
Distribution plant	946,118	120,394	-	1,066,512
Equipment	776,289	21,628	-	797,917
Buildings	1,290,323	61,726	-	1,352,049
Total accumulated depreciation	3,012,730	203,748	-	3,216,478
Total capital assets, being depreciated, net	4,701,900	(131,672)	-	4,570,228
Business-type activities capital assets, net	$ 6,050,238	$ 4,026,953	$ -	$ 10,077,191

Depreciation expense was charged to the business-type activities are as follows:

Water	$ 111,065
Sanitary sewer	91,801
Storm sewer	882
	$ 203,748

D. Long-Term Debt

General Obligation and Revenue Bonds. The City issued general obligation and revenue bonds to acquire or construct assets. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City has pledged income derived from constructed assets and the water fund to pay for the general obligation revenue bonds debt service requirements. During the year ended December 31, 2017, the water fund had operating income of $174,439 and the amount of principal and interest due was $144,794. The original principal amount of the General Obligation bonds previously issued by the City was $18,822,070. Bonds currently outstanding are as follows:

Bond Issue and Purpose	Interest Rates	Amount
G.O. Crossover Refunding Bonds of 2013, Series A, of $8,020,000 due in annual installments of $115,000 to $640,000, through February 1, 2033.	2.00% - 3.25%	$ 7,905,000
$1,690,000 Public Utility Bonds of 1997, due in an installment of $32,112 February 20, 2018.	3.32%	32,112
$839,216 G.O Bonds (PFA) of 2014, due in annual installments of $40,000 to $46,000, through August 20, 2033.	1.00%	731,000
G.O. Bonds, Series 2008A of $3,270,000, due in annual installments of $105,000 to to $390,000, through February 1, 2029.	4.38% - 5.00%	2,570,000
$5,002,854 G.O Bonds (PFA) of 2017, due in annual installments of $228,000 to $299,000 through August 20, 2046.	1.00%	4,902,231
Total		$16,140,343

During 2013, the City issued $8,020,000 of General Obligation Crossover Refunding Bonds of 2013, Series A, with an average interest rate of 2.63% to advance refund $4,270,000 of outstanding General Obligation Bonds of 2006, Series A, $3,025,000 of outstanding General Obligation Bonds of 2008, Series A, and $1,620,000 of outstanding General Obligation Utility Bonds 2006, Series B, with average interest rates of 4.43%, 4.69%, and 4.38%, respectively. The net proceeds of $8,089,980 (after issuance costs) were used to buy state and local government securities and placed in an irrevocable trust with an escrow agent. The City advanced refunded the bonds to obtain an economic gain (difference between the present value of the debt service payments on the new and old debt) of approximately $550,000. The crossover of the 2008B bond occurred in 2016, while the crossover of the 2006A bond occurred in 2017 and 2008A bond will occur in 2018.

Annual debt service requirements to maturity for long-term liabilities is as follows:

Year Ending	Governmental Activities		Business-type Activities	
December 31	Principal	Interest	Principal	Interest
2018	$ 390,000	$ 287,038	$ 415,112	$ 82,259
2019	525,000	274,653	390,000	105,924
2020	540,000	261,119	392,000	100,824
2021	455,000	248,356	401,000	95,654
2022	460,000	236,331	403,000	90,394
2023-2027	3,670,000	907,253	2,129,000	364,859
2028-2032	2,840,000	216,619	1,507,000	247,580
2033-2037	295,000	4,794	1,328,231	171,680
Total	$ 9,175,000	$ 2,436,163	$ 6,965,343	$ 1,259,174

Changes in Long-Term Liabilities. During the year ended December 31, 2017, the following changes occurred in the long-term liabilities:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
Governmental Activities:					
Bonds payable					
General obligation bonds	$ 13,140,000	$ -	$ 3,965,000	$ 9,175,000	$ 390,000
Bond premium	141,983	-	8,350	133,633	-
Total bonds payable	13,281,983	-	3,973,350	9,308,633	390,000
Compensated absences	36,417	37,301	33,177	40,541	-
Total long-term liabilities	$ 13,318,400	$ 37,301	$ 4,006,527	$ 9,349,174	$ 390,000
Business-Type Activities:					
Bonds payable					
General obligation revenue bonds	$ 1,415,000	$ -	$ 115,000	$ 1,300,000	$ 115,000
Public utility revenue bonds	2,103,749	3,803,115	241,521	5,665,343	300,112
Bond premium	31,739	-	1,867	29,872	-
Total bonds payable	$ 3,550,488	$ 3,803,115	$ 358,388	$ 6,995,215	$ 415,112

The 2016 Drinking Water Bonds are related to ongoing projects noted in construction in progress in Note C. Funds were drawn on this loan during 2016 and 2017, but since the project was not completed, additional funds will be drawn down during 2018 to complete the project. The anticipated total balance of funds drawn for this revenue bond is $7,715,623.

Legal Debt Margin. The legal debt limitation based on market value of taxable property in the municipality is $4,543,293. As of December 31, 2017, $265,000 of the above debt applied to the legal debt margin.

E. Fund Balances and Net Position

Fund Balances as of December 31, 2017:

	General Fund	2006A GO Bonds	2008A GO Improvement Bonds	Total Governmental Funds
Restricted:				
Debt service	$ -	$ -	$ 2,351,538	$ 2,351,538
Assigned:				
Trail	299,264	-	-	299,264
Building	553,808	-	-	553,808
Fire equipment	174,493	-	-	174,493
Louis Hall	15,000	-	-	15,000
Streets	81,644			
Equipment	362,455			
Civil defense	718	-	-	718
Civil defense	-	-	-	-
Total assigned	1,487,382	-	-	1,043,283
Unassigned	832,672	(361,389)	-	471,283
Total Fund Balances	$ 2,320,054	$ (361,389)	$ 2,351,538	$ 3,866,104

Note 4 - Pension Plans

A. Plan Description

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

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

B. Benefits Provided

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

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.50%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERF for the year ended December 31, 2017, were $24,707. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2017, the City reported a liability of $331,965 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $4,154. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.0052%, which was a .0001% increase over the prior year.

For the year ended December 31, 2017, the City recognized pension expense of $15,646 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $120 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $6 million to the General Employees Fund.

At December 31, 2017, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 10,941	$ 21,356
Changes in actuarial assumptions	55,113	33,279
Difference between projected and actual investment earnings	-	14,356
Change in proportion and differences between contributions made and City's proportionate share of contributions	13,378	-
City's contributions to GERF subsequent to the measurement date	12,473	-
Total	$ 91,905	$ 68,991

$12,473 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended December 31,	Pension Expense Amount
2018	$ 6,228
2019	22,561
2020	(4,256)
2021	(14,092)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	PERF
Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	8.00% per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year through 2044 and then 2.5% thereafter

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

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

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employees will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.50%	7.50%	8.50%
City's proportionate share of the GERF net pension liability	$ 514,902	$ 331,965	$ 182,197

H. Pension Plan Fiduciary Net Position

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

Note 5 - 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. In accordance with Section C50 of the 1995 "Codification of Governmental Accounting and Financial Reporting Standards" of the Governmental Accounting Standards Board, the City accounts for and reports risk management activities in the General Fund within the constraints of the modified accrual basis of accounting.

The City continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Contingencies

The City participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the City believes that any disallowed costs as a result of such audits will be immaterial.

C. Conduit Debt Obligation

During 2014, The City issued $13,960,000 of School Lease Revenue Bonds to provide financial assistance to a nonprofit organization for improvements to its campus. The bonds are secured by the property financed and are payable solely by the organization. Upon repayment of the bonds, ownership of the acquired facilities transfers to the nonprofit organization. The City has no financial obligation for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. No additional bonds were issued during the current year.

D. Construction Commitment

The City has entered into contracts for the construction of a water treatment plant. The contracts had a total value of approximately $7,715,623. As of December 31, 2017, the City had a remaining construction commitment of approximately $2,208,660. Additionally, the City has entered into contracts for reconstruction of Conrad Avenue. The contracts had a total value of approximately $379,555. As of December 31, 2017, the City had a remaining construction commitment of the full contract amount as the project had only been started with engineering expenses that are not part of this agreement.

Note 6 - Issued But Non-effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The first statement issued but not yet implemented that will significantly affect the City is statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense This statement will be implemented at the City in the year ended December 31, 2018.

The second statement issued but not yet implemented that will significantly affect the City is statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. This statement will be implemented at the City in the year ended December 31, 2018.

The third statement issued but not yet implemented that will significantly affect the City is statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement will be implemented at the City in the year ended December 31, 2018.

The fourth statement issued but not yet implemented that will significantly affect the City is statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. This statement will be implemented at the City in the year ended December 31, 2019.

The fifth statement issued but not yet implemented that will significantly affect the City is statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. This statement will be implemented at the City in the year ended December 31, 2019.

The sixth statement issued but not yet implemented that will significantly affect the City is statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This statement will be implemented at the City in the year ended December 31, 2020.

The final statement issued but not yet implemented that will significantly affect the City is statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is being disclosed related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will increase the usefulness of governments' financial statements by requiring improved information to be disclosed related to debt, including direct borrowings and direct placements. This statement will be implemented at the City in the year ended December 31, 2019.

Management has not yet determined the effect these pronouncements will have on the City's financial statements.

Required Supplementary Information
December 31, 2017

City of Cologne

Schedule of Employer's Share of Net Pension Liability
Last 10 Fiscal Years *

Pension Plan	Measurement Date	City's Proportion (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated With City (b)	Total (d) (a+b)	City's Covered Payroll (e)	City's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll (d/e)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
GERF	06/30/17	0.0051%	$ 331,965	N/A	$ 331,965	$ 326,422	101.7%	75.9%
GERF	06/30/16	0.0051%	$ 414,095	N/A	$ 414,095	$ 260,116	159.2%	68.9%
GERF	06/30/15	0.0051%	$ 264,308	N/A	$ 264,308	$ 305,030	86.6%	78.2%
GERF	06/30/14	0.0048%	$ 225,480	N/A	$ 225,480	$ 289,173	78.0%	78.9%

Schedule of Employer's Contributions
Last 10 Fiscal Years *

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
GERF	12/31/17	$ 24,808	$ 24,808	$ -	$ 347,198	7.1%
GERF	12/31/16	$ 20,755	$ 20,755	$ -	$ 293,417	7.1%
GERF	12/31/15	$ 23,495	$ 23,495	$ -	$ 312,958	7.5%
GERF	12/31/14	$ 21,545	$ 21,545	$ -	$ 297,101	7.3%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Since the last actuarial valuation as of June 30, 2015, the following have changed:

GERF

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

** Covered Payroll as restated to conform to GASB Statement No. 82

	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	$ 715,192	$ 715,192	$ 707,445	$ (7,747)
Franchise taxes	3,500	3,500	3,754	254
Licenses and permits	72,275	72,275	205,417	133,142
Intergovernmental revenue				
Local government aid	201,171	201,171	201,170	(1)
PERA aid	-	-	557	557
Other state aids and grants	32,800	32,800	71,130	38,330
Charges for services				
General government	11,825	11,825	27,771	15,946
Police and fire contracts	111,000	111,000	124,455	13,455
Parks and recreation	67,570	67,570	87,639	20,069
Fines and forfeits	1,440	1,440	3,990	2,550
Interest earnings	6,500	6,500	15,543	9,043
Miscellaneous revenue	2,200	2,200	5,115	2,915
Donations	-	-	18,246	18,246
Refunds and reimbursements	22,750	22,750	43,435	20,685
Total revenues	1,248,223	1,248,223	1,515,667	267,444
Expenditures				
General government				
Mayor and council	12,990	12,990	14,565	(1,575)
Administration and finance	206,372	206,372	211,322	(4,950)
Other general government	66,200	66,200	103,226	(37,026)
Public safety				
Police current expenditures	43,617	43,617	45,450	(1,833)
Fire current expenditures	265,736	265,736	268,851	(3,115)
Fire capital outlay	27,000	27,000	90,827	(63,827)
Other protection	29,250	29,250	55,047	(25,797)
Streets and highways				
Street maintenance	290,312	290,312	281,474	8,838
Street lighting	23,500	23,500	24,165	(665)
Street construction - capital outlay	100,000	100,000	96,247	3,753
Culture and recreation				
Parks and recreation - current expenditures	164,746	164,746	180,325	(15,579)
Parks and recreation - capital outlay	9,000	9,000	65,713	(56,713)
Miscellaneous	5,000	5,000	2,443	2,557
Total expenditures	1,243,723	1,243,723	1,439,655	(195,932)
Excess (Deficiency) of Revenue over (under) Expenditures	4,500	4,500	76,012	71,512
Fund Balance - Beginning	2,244,042	2,244,042	2,244,042	-
Fund Balance - Ending	$ 2,248,542	$ 2,248,542	$ 2,320,054	$ 71,512

1. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year end. The actual revenues, expenditures, and transfers for the year ended December 31, 2017, have been compared to the City's budget for the year where applicable. Variances which are in parentheses are unfavorable and indicate revenues are less than budget or expenditures are greater than budget. The budget is adopted through passage of a resolution. Administration can authorize transfer of budgeted amounts within any fund per state statutes. Any revisions that alter total expenditures of any fund must be approved by the City Council.

On or before the last Tuesday in August of each year, all agencies of the City submit requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The City Council reviews the budget at both of their regular meetings in September and makes changes as they see fit. All changes are approved by an affirmative vote of a majority of the City Council.

Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with State requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (a) adequate funds were appropriated; (b) the expenditure is still necessary; and (c) funds are available. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year end.

2. Excess of Expenditures over Appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations in the general fund by $195,932. These over expenditures were funded by greater than anticipated revenues and available fund balance.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Minnesota Legal Compliance

Honorable Mayor and City Council
City of Cologne
Cologne, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Cologne, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2018.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes Sec. 6.65 contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

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

This report is intended solely for the information and use of those charged with governance and management of the City of Cologne and the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Eide Bailly LLP

Mankato, Minnesota
June 29, 2018

Federal Awards Reports in Accordance with the Uniform Guidance
December 31, 2017

City of Cologne

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Cologne
Cologne, Minnesota

We have audited, 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, the financial statements of the governmental activities, business-type activities, and each major fund of the City of Cologne, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2018.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described the in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of finding and questioned costs to be material weaknesses: 2017-A, 2017-B and 2017-C.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

City's Response to Findings
The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Mankato, Minnesota
June 29, 2018

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Cologne
Cologne, Minnesota

Report on Compliance for the Major Federal Program

We have audited the City of Cologne's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City of Cologne's major federal program for the year ended December 31, 2017. The City of Cologne's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the City of Cologne's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cologne's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Cologne's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Cologne complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the City of Cologne is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Cologne's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Cologne's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Mankato, Minnesota
June 29, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Environmental Protection Agency			
Passed Through Minnesota Public Facilities Authority			
Drinking Water State Revolving Funds Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	MPFA-DWRF-L-042-FY17	$ 4,192,017
Total Federal Financial Assistance			$ 4,192,017

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cologne, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The City of Cologne received federal awards from federal agencies indirectly through pass-through entities, no federal financial assistance has been provided to a subrecipient.

Note B - Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized using the following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note C - Indirect Cost Rate

The City of Cologne does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

Note D - Capitalization Grants for Clean Water State Revolving Funds

For the Capitalization Grants for Clean Water State Revolving Funds, amounts reported on the Schedule are determined based on the project expenditures incurred under the loan agreement for the year ended December 31, 2017. The City has the following loan obligation as of December 31, 2017:

Capitalization Grants for Clean Water State Revolving Loan Funds (CFDA #66.458)	$4,902,231.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Capitalization Grants for Drinking Water State Revolving Funds	66.468

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2017-A Segregation of Duties
Material Weakness

Criteria: A good system of internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.
Condition: The City has a lack of segregation of duties in certain areas due to limited staff. The City has limited segregation of duties in many accounting and financial reporting internal control areas. The areas involved are receipts and receivables, disbursements and payables, payroll, deposits, and reconciliations of these areas.
Cause: The City does not have the economic resources to hire additional qualified accounting staff in order to segregate duties.
Effect: Inadequate segregation of duties could adversely affect the City's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions. City Council oversight will mitigate some of the effect.
Recommendation: While we recognize that your staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial management of the City's financial statements.
View of Responsible Officials: Management agrees with this finding.

2017-B Preparation of Financial Statements and Schedule of Expenditures of Federal Awards
Material Weakness

Criteria: A good system of internal control contemplates an adequate system for drafting of the financial statements and schedule of expenditures of federal awards.
Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we are requested to draft the financial statements, accompanying notes to the financial statements, required supplementary information, and required supplementary budgetary comparison information.
Cause: The City does not have the economic resources to hire additional qualified accounting staff or hire professional accounting services in order to draft all required elements of the financial statements.
Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.
Recommendation: This control deficiency is not unusual in a City of your size. It is the responsibility of the management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.
View of Responsible Officials: Management agrees with this finding.

2017-C Adjusting Journal Entries
Material Weakness

Criteria: A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.
Condition: During the course of our engagement, we proposed material audit adjustments to the trial balance that would not have been identified as a result of the City's existing internal controls.
Cause: The City does not have the economic resources to hire additional qualified accounting staff or hire professional accounting services in order to make all of the necessary year-end adjustments to the trial balance.
Effect: This control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.
Recommendation: A thorough review and reconciliation of accounts in each fund should take place prior to the beginning of the audit. This review should be done by the accounting staff.
View of Responsible Officials: Management agrees with this finding.

Section III – Federal Award Findings and Questioned Costs

None Reported

City of Colgne, Minnesota
General Obligation Equipment Certificates, Series 2018A
Bid Results

	Security Bank	U.S. Bank	Klein Bank
Total Par:	$693,000	$693,000	$693,000
Origination Fee:	No	No	$575
Bank Counsel Fee:	No	$1,000	No
Year			
2020	2.60%	3.489%	4.17%
2021	2.60%	3.489%	4.17%
2022	2.60%	3.489%	4.17%
2023	2.70%	3.489%	4.17%
2024	2.70%	3.489%	4.17%
2025	2.70%	3.489%	4.17%
2026	2.75%	3.489%	4.17%
2027	2.75%	3.489%	4.17%
2028	2.75%	3.489%	4.17%
2029	2.75%	3.489%	4.17%
Total Estimated Interest:	$105,093	$126,413	$152,343
Average Annual D/S Payment:	$88,677	$91,046	$93,927
Total Debt Service	$798,093	$819,413	$845,343

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF THE
CITY OF COLOGNE, MINNESOTA

HELD: August 20, 2018

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Cologne, Carver County, Minnesota, was duly called and held at the City Hall on August 20, 2018, at 7:00 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of $693,000 General Obligation Equipment Certificates of Indebtedness, Series 2018A.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION 18-18 PROVIDING FOR THE ISSUANCE AND SALE OF $693,000 GENERAL OBLIGATION EQUIPMENT CERTIFICATES OF INDEBTEDNESS, SERIES 2018A AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City of Cologne, Minnesota (the "City"), has heretofore determined and declared that it is necessary and expedient to issue $693,000 General Obligation Equipment Certificates of Indebtedness, Series 2018A (the "Certificates" or, individually, a "Certificate"), pursuant to Minnesota Statutes, Chapter 475 and Minnesota Statutes, Section 412.301, to finance the acquisition of capital equipment, including a fire truck for the City (the "Equipment"); and

B. WHEREAS, each item of equipment to be financed by the Certificates has an expected useful life at least as long as the term of the Certificates; and

C. WHEREAS, the amount of the Certificates exceeds one-quarter of one percent (0.25%) of the market value of the taxable property in the City ($163,142,100 times 0.25% is $407,855.25); and

D. WHEREAS, on August 9, 2018, there was published in the official newspaper a resolution duly adopted by the City Council on August 6, 2018, determining to issue the Certificates and no petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election was filed with the Administrator within ten days after the date the resolution was published; and

E. WHEREAS, the City has retained Springsted Incorporated, in St. Paul, Minnesota ("Springsted"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Certificates by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Certificates have been solicited by Springsted; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Cologne, Minnesota, as follows:

1. Acceptance of Offer. The offer of Security Bank & Trust Co. to purchase the Certificates and to pay therefor the sum of $693,000, all in accordance with the terms and at the rate of interest hereinafter set forth, is hereby accepted.

2. Original Issue Date; Denominations; Maturities; Interest. The Certificates shall be dated September 17, 2018, as the date of original issue, be issued forthwith on or after such date in fully registered form, be numbered R-1 in the denomination of $209,000, maturing on February 1, 2022 and bearing interest at 2.60%, R-2 in the denomination of $232,000, maturing on February 1, 2025 and bearing interest at 2.70%, and R-3 in the denomination of $252,000, maturing on February 1, 2028 and bearing interest at 2.75%. The Certificates shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2019, calculated on the basis of a 360-day year of twelve 30-day months.

3. Purpose. The Certificates shall provide funds to finance the Equipment, particularly for the acquisition of capital equipment having a useful life at least as long as the Certificates. The total cost of the Equipment, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Certificates.

4. Redemption. The Certificates are subject to mandatory redemption as set forth in the form of Certificate. The Certificate maturing on February 1, 2028 is subject to optional redemption and prepayment at the option of the Issuer on February 1, 2026 and on any date thereafter at the option of the Issuer, in whole or in multiples of $1,000, upon written notice to the registered holder of the Certificates at a redemption price of par plus accrued interest to date of prepayment. If redemption is in part, the Issuer may select the specific principal amounts set forth in the Mandatory Redemption Schedule, or applicable portions thereof, to be prepaid.

5. Registrar. The Administrator, City of Cologne, Minnesota, is appointed to act as registrar with respect to the Certificates (the "Registrar"), and shall do so unless and until a successor Registrar is duly appointed, all pursuant to any contract the City and Registrar shall execute which is consistent herewith. The Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Certificates shall be paid to the registered holders (or record holders) of the Certificates in the manner set forth in the form of Certificate.

6. Form of Certificate. The Certificates, together with the Registrar's Certificate of Registration, shall be in substantially the following forms:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CARVER COUNTY
CITY OF COLOGNE

R-1 $209,000

GENERAL OBLIGATION EQUIPMENT CERTIFICATE OF INDEBTEDNESS, SERIES 2018A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
2.60%	February 1, 2022	September 17, 2018	

REGISTERED HOLDER: SECURITY BANK & TRUST CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINE THOUSAND DOLLARS

THE CITY OF COLOGNE, CARVER COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered holder specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2019, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Certificate will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of this Certificate is payable upon presentation and surrender hereof at the office of the City Administrator of the City of Cologne, Minnesota (the "Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Certificate will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Certificate is registered (the "Holder") on the registration books of the Issuer maintained by the Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to the Holder not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Certificate are payable in lawful money of the United States of America.

Mandatory Redemption. The Certificate shall be redeemed by lot in the following years and principal amounts, without any premium, plus accrued interest thereon to such redemption dates:

Mandatory Redemption Schedule

Year	Amount
2020	$63,000
2021	72,000
2022 (maturity)	74,000

Prior to the date on which the Certificate is directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Certificate to be redeemed to be mailed to the Holder, at the addresses shown on the Certificate Register. The Certificate called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Issuance; Purpose; General Obligation. This Certificate is one of an issue in the total principal amount of $693,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on August 20, 2018 (the "Resolution"), for the purpose of providing money to finance the purchase of various items of capital equipment for the Issuer. This Certificate is payable out of the General Obligation Equipment Certificates of Indebtedness, Series 2018A Fund of the Issuer. This Certificate constitutes a general obligation of the Issuer and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Manner of Payment. The principal of and interest on this Certificate are payable when due by check or draft mailed or otherwise delivered by or on behalf of the Administrator to the Holder hereof as of the end of the fifteenth day of the month, whether or not a business day (the "Record Date"), of the applicable payment due date; provided that if the Issuer shall be in default in payment of interest due on said date, whenever money becomes available for payment of such defaulted interest, the Administrator shall establish a special Record Date with respect to the payment thereof and shall mail written notice of the special Record Date not less than fifteen days prior to such date to the person that was the Holder of the Certificate as of the close of business of the Issuer on the fifth business day of the Issuer preceding such mailing, and the Holder as of the special Record Date shall be entitled to receive the payment of such defaulted interest. All principal of and interest on this Certificate are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of public and private debts.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Certificate shall not be a business day of the Issuer or of the Holder, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Transfer. This Certificate is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Registrar upon presentation and surrender hereof to the Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Registrar. Thereupon the Issuer shall execute and the Registrar shall authenticate and deliver, in exchange for this Certificate, one or more new fully registered Certificates in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination or denominations, in aggregate principal amount equal to the principal amount of this Certificate, of the same maturity and bearing interest at the same rate.

Fees upon Loss. The Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any legal or unusual costs regarding lost Certificates.

Treatment of Registered Holders. The Issuer and Registrar may treat the person in whose name this Certificate is registered as the holder hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Certificate shall be overdue, and neither the Issuer nor the Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligation. This Certificate has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Certificate, have been done, have happened and have been performed, in regular and due form, time and manner as required by law and that this Certificate, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Cologne, Carver County, Minnesota, by its City Council has caused this Certificate to be executed on its behalf by the manual signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

September 17, 2018

REGISTRABLE BY AND
PAYABLE AT:

OFFICE OF THE ADMINISTRATOR
CITY OF COLOGNE, MINNESOTA

CITY OF COLOGNE,
CARVER COUNTY, MINNESOTA

By_____
Mayor

By _____
Administrator

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Certificate may be made only by the registered holder or the registered owner's legal representative last noted below:

DATE OF REGISTRATION	REGISTERED HOLDER	SIGNATURE OF REGISTRAR
September 17, 2018	Security Bank & Trust Co. 1110 Village Parkway PO Box 194 Cologne, MN 55322	

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CARVER COUNTY
CITY OF COLOGNE

R-2 $232,000

GENERAL OBLIGATION EQUIPMENT CERTIFICATE OF INDEBTEDNESS, SERIES 2018A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
2.70%	February 1, 2025	September 17, 2018	

REGISTERED HOLDER: SECURITY BANK & TRUST CO.

PRINCIPAL AMOUNT: TWO HUNDRED THIRTY-TWO THOUSAND DOLLARS

THE CITY OF COLOGNE, CARVER COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered holder specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2019, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Certificate will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of this Certificate is payable upon presentation and surrender hereof at the office of the City Administrator of the City of Cologne, Minnesota (the "Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Certificate will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Certificate is registered (the "Holder") on the registration books of the Issuer maintained by the Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to the Holder not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Certificate are payable in lawful money of the United States of America.

Mandatory Redemption. The Certificate shall be redeemed by lot in the following years and principal amounts, without any premium, plus accrued interest thereon to such redemption dates:

Mandatory Redemption Schedule

Year	Amount
2023	$75,000
2024	77,000
2025 (maturity)	80,000

Issuance; Purpose; General Obligation. This Certificate is one of an issue in the total principal amount of $693,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on August 20, 2018 (the "Resolution"), for the purpose of providing money to finance the purchase of various items of capital equipment for the Issuer. This Certificate is payable out of the General Obligation Equipment Certificates of Indebtedness, Series 2018A Fund of the Issuer. This Certificate constitutes a general obligation of the Issuer and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Manner of Payment. The principal of and interest on this Certificate are payable when due by check or draft mailed or otherwise delivered by or on behalf of the Administrator to the Holder hereof as of the end of the fifteenth day of the month, whether or not a business day (the "Record Date"), of the applicable payment due date; provided that if the Issuer shall be in default in payment of interest due on said date, whenever money becomes available for payment of such defaulted interest, the Administrator shall establish a special Record Date with respect to the payment thereof and shall mail written notice of the special Record Date not less than fifteen days prior to such date to the person that was the Holder of the Certificate as of the close of business of the Issuer on the fifth business day of the Issuer preceding such mailing, and the Holder as of the special Record Date shall be entitled to receive the payment of such defaulted interest. All principal of and interest on this Certificate are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of public and private debts.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Certificate shall not be a business day of the Issuer or of the Holder, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Transfer. This Certificate is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Registrar upon presentation and surrender hereof to the Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Registrar. Thereupon the Issuer shall execute and the Registrar shall authenticate and deliver, in exchange for this Certificate, one or more new fully registered Certificates in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized

denomination or denominations, in aggregate principal amount equal to the principal amount of this Certificate, of the same maturity and bearing interest at the same rate.

Fees upon Loss. The Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any legal or unusual costs regarding lost Certificates.

Treatment of Registered Holders. The Issuer and Registrar may treat the person in whose name this Certificate is registered as the holder hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Certificate shall be overdue, and neither the Issuer nor the Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligation. This Certificate has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Certificate, have been done, have happened and have been performed, in regular and due form, time and manner as required by law and that this Certificate, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Cologne, Carver County, Minnesota, by its City Council has caused this Certificate to be executed on its behalf by the manual signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

September 17, 2018

REGISTRABLE BY AND
PAYABLE AT:

OFFICE OF THE ADMINISTRATOR
CITY OF COLOGNE, MINNESOTA

CITY OF COLOGNE,
CARVER COUNTY, MINNESOTA

By_____
Mayor

By _____
Administrator

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Certificate may be made only by the registered holder or the registered owner's legal representative last noted below:

DATE OF REGISTRATION	REGISTERED HOLDER	SIGNATURE OF REGISTRAR
September 17, 2018	Security Bank & Trust Co. 1110 Village Parkway PO Box 194 Cologne, MN 55322	

UNITED STATES OF AMERICA
STATE OF MINNESOTA
CARVER COUNTY
CITY OF COLOGNE

R-3 $252,000

GENERAL OBLIGATION EQUIPMENT CERTIFICATE OF INDEBTEDNESS, SERIES 2018A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
2.75%	February 1, 2028	September 17, 2018	

REGISTERED HOLDER: SECURITY BANK & TRUST CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY-TWO THOUSAND DOLLARS

THE CITY OF COLOGNE, CARVER COUNTY, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered holder specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2019, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Certificate will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of this Certificate is payable upon presentation and surrender hereof at the office of the City Administrator of the City of Cologne, Minnesota (the "Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Certificate will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Certificate is registered (the "Holder") on the registration books of the Issuer maintained by the Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to the Holder not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Certificate are payable in lawful money of the United States of America.

Mandatory Redemption. The Certificate shall be redeemed by lot in the following years and principal amounts, without any premium, plus accrued interest thereon to such redemption dates (after any credits are made as provided below):

Mandatory Redemption Schedule

Year	Amount
2026	$82,000
2027	84,000
2028 (maturity)	86,000

or, if less than such amount is then outstanding, an amount equal to the aggregate principal amount of the Certificate then outstanding.

The Issuer may, if it has optionally redeemed at portion of the Certificate, specify a principal amount of the Certificate previously redeemed (otherwise than pursuant to the Mandatory Redemption Schedule) and not theretofore applied as a credit against any redemption of the Certificate pursuant to the Mandatory Redemption Schedule, and apply the principal amount of the Certificate previously redeemed for credit against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule selected by the Issuer. The portion of the Certificate previously redeemed shall be credited by the Registrar against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule selected by the Issuer.

Prior to the date on which the Certificate is directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Certificate to be redeemed to be mailed to the Holder, at the addresses shown on the Certificate Register. The Certificate called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Optional Redemption. This Certificate is subject to redemption and prepayment at the option of the Issuer on February 1, 2026, and any date thereafter at a price of par plus accrued interest, in whole or in multiples of $1,000, upon written notice to the Holder, at the redemption price equal to par plus accrued interest to date of prepayment. If redemption is in part, the Issuer may select the specific principal amounts set forth in the Mandatory Redemption Schedule, or applicable portions thereof, to be prepaid.

Partial Redemption. To effect a partial redemption of this certificate, the Registrar shall not require the Holder to surrender the Certificate but the Registrar shall reduce the overall principal amount outstanding on record for the Holder after the partial amount of principal is paid by the Registrar to the Holder for the partial redemption.

Issuance; Purpose; General Obligation. This Certificate is one of an issue in the total principal amount of $693,000, all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on August 20, 2018 (the "Resolution"), for the purpose of providing money to finance the purchase of various items of capital equipment for the Issuer. This Certificate is payable out of the General Obligation Equipment Certificates of Indebtedness, Series 2018A Fund of the Issuer. This Certificate constitutes a general obligation of the Issuer and to provide moneys for

the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Manner of Payment. The principal of and interest on this Certificate are payable when due by check or draft mailed or otherwise delivered by or on behalf of the Administrator to the Holder hereof as of the end of the fifteenth day of the month, whether or not a business day (the "Record Date"), of the applicable payment due date; provided that if the Issuer shall be in default in payment of interest due on said date, whenever money becomes available for payment of such defaulted interest, the Administrator shall establish a special Record Date with respect to the payment thereof and shall mail written notice of the special Record Date not less than fifteen days prior to such date to the person that was the Holder of the Certificate as of the close of business of the Issuer on the fifth business day of the Issuer preceding such mailing, and the Holder as of the special Record Date shall be entitled to receive the payment of such defaulted interest. All principal of and interest on this Certificate are payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of public and private debts.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Certificate shall not be a business day of the Issuer or of the Holder, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Transfer. This Certificate is transferable by the Holder in person or by the Holder's attorney duly authorized in writing at the principal office of the Registrar upon presentation and surrender hereof to the Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Registrar. Thereupon the Issuer shall execute and the Registrar shall authenticate and deliver, in exchange for this Certificate, one or more new fully registered Certificates in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination or denominations, in aggregate principal amount equal to the principal amount of this Certificate, of the same maturity and bearing interest at the same rate.

Fees upon Loss. The Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any legal or unusual costs regarding lost Certificates.

Treatment of Registered Holders. The Issuer and Registrar may treat the person in whose name this Certificate is registered as the holder hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Certificate shall be overdue, and neither the Issuer nor the Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligation. This Certificate has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Certificate, have been done, have happened and have been performed, in regular and due form, time and manner as required by law and that this Certificate, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Cologne, Carver County, Minnesota, by its City Council has caused this Certificate to be executed on its behalf by the manual signatures of its Mayor and its Administrator, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

September 17, 2018

REGISTRABLE BY AND
PAYABLE AT:

OFFICE OF THE ADMINISTRATOR
CITY OF COLOGNE, MINNESOTA

CITY OF COLOGNE,
CARVER COUNTY, MINNESOTA

By_____
Mayor

By _____
Administrator

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Certificate may be made only by the registered holder or the registered owner's legal representative last noted below:

DATE OF REGISTRATION	REGISTERED HOLDER	SIGNATURE OF REGISTRAR
September 17, 2018	Security Bank & Trust Co. 1110 Village Parkway PO Box 194 Cologne, MN 55322	

7. Execution. The Certificates shall be executed on behalf of the City by the manual signature of its Mayor and Administrator, the seal having been omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Certificates may be signed by the signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Certificates shall cease to be such officer before the delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery

8. Delivery; Application of Proceeds. The Certificates when so prepared and executed shall be delivered by the Administrator to the Purchaser upon receipt of the purchase price and the Purchaser shall not be obliged to see to the proper application thereof.

9. Funds and Accounts. There is hereby created a special fund to be designated the "General Obligation Equipment Certificates of Indebtedness, Series 2018A Fund" (the "Fund") to be administered and maintained by the Administrator as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Certificates and the interest thereon have been fully paid. There shall be maintained in the Fund the following separate accounts:

(a) Capital Account. To the Capital Account there shall be credited the proceeds of the sale of the Certificates. From the Capital Account there shall be paid all costs and expenses of the acquisition of the Equipment including all costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. The moneys in the Capital Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Certificates may also be used to the extent necessary to pay interest on the Certificates due prior to the anticipated date of commencement of the collection of taxes herein levied.

(b) Debt Service Account. There are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) any collections of all taxes, herein or hereafter levied for the payment of the Certificates and interest thereon; (ii) all funds remaining in the Capital Account after the payment of all costs of the Equipment; (iii) all investment earnings on funds held in the Debt Service Account; and (iv) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest of the Certificates and any other general obligation certificates of the City hereafter issued by the City and made payable from said account as provided by law.

No portion of the proceeds of the Certificates shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Certificates were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Certificates or $100,000. To this effect, any proceeds of the Certificates and any sums from time to time held in the Capital Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the certificates payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield

restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

10. Tax Levy; Coverage Test. To provide moneys for payment of the principal and interest on the Certificates there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

Year of Tax Levy	Year of Tax Collection	Amount
See Attached Schedule		

The tax levies are such that if collected in full they will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Certificates. The tax levies shall be irrepealable so long as any of the Certificates are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

11. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Certificates, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Certificates and any other certificates payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

12. Certificate of Registration. A certified copy of this resolution is hereby directed to be filed with the County Auditor of Carver County, together with such other information as the Administrator shall require, and there shall be obtained from the Administrator a certificate that the Certificates have been entered in the Bond Register and that the tax levy required by law has been made.

13. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Certificates, certified copies of all proceedings and records of the City relating to the Certificates and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Certificates as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

14. Compliance With Reimbursement Certificate Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Certificates, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Certificates, and (ii) a de minimis amount of Reimbursement Expenditures not in excess of the lesser of $100,000 or five percent of the proceeds of the Certificates.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Certificates or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Certificates and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

Each such reimbursement allocation will be made in a writing that evidences the City's use of Certificate proceeds to reimburse the Reimbursement Expenditure and, if made within thirty days after the Certificates are issued, shall be treated as made on the day the Certificates are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Certificates stating in effect that such action will not impair the tax-exempt status of the Certificates.

15. Defeasance. When all Certificates have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Certificates shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Certificates which are due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Certificate should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Certificates, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

16. Negative Covenant as to Use of Proceeds and Equipment. The City hereby covenants not to use the proceeds of the Certificates or the equipment financed thereby, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the equipment, in such a manner as to cause the Certificates to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

17. Tax-Exempt Status of the Certificates; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Certificates, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Certificates, and (iii) the rebate of excess investment earnings to the United States, if the Certificates (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of $5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing $5,000,000 or less of bonds, the City hereby finds, determines and declares that (i) the Certificates are issued by a governmental unit with general taxing powers, (ii) no Certificate is a private activity bond, (iii) ninety-five percent or more of the net proceeds of the Certificates are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and (iv) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Certificates are issued and outstanding at one time is not reasonably expected to exceed $5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

18. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Certificates as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Certificates are issued after August 7, 1986;

(b) the Certificates are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2018 will not exceed $10,000,000; and

(e) not more than $10,000,000 of obligations issued by the City during this calendar year 2018 have been designated for purposes of Section 265(b)(3) of the Code, and

(f) the aggregate face amount of the Certificates does not exceed $10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

19. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

20. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

_____
Matt Lein, Mayor

Attested:

_____
Jesse Dickson, City Administrator

STATE OF MINNESOTA
CARVER COUNTY
CITY OF COLOGNE

I, the undersigned, being the duly qualified and acting Administrator of the City of Cologne, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council duly called and held on the date therein indicated, insofar as such minutes relate to providing for the issuance and sale of $693,000 General Obligation Equipment Certificates of Indebtedness, Series 2018A.

WITNESS my hand on August 20, 2018.

_____
Administrator

EXHIBIT A

TAX LEVY SCHEDULE

Post-Sale Tax Levies

Payment Date	Principal	Coupon	Interest	Total P+I	105% Overlevy	Levy Amount	Levy/Collect Years
02/01/2020	63,000.00	2.600%	25,561.76	88,561.76	92,989.84	92,989.84	2018/2019
02/01/2021	72,000.00	2.600%	16,990.00	88,990.00	93,439.50	93,439.50	2019/2020
02/01/2022	74,000.00	2.600%	15,118.00	89,118.00	93,573.90	93,573.90	2020/2021
02/01/2023	75,000.00	2.700%	13,194.00	88,194.00	92,603.70	92,603.70	2021/2022
02/01/2024	77,000.00	2.700%	11,169.00	88,169.00	92,577.45	92,577.45	2022/2023
02/01/2025	80,000.00	2.700%	9,090.00	89,090.00	93,544.50	93,544.50	2023/2024
02/01/2026	82,000.00	2.750%	6,930.00	88,930.00	93,376.50	93,376.50	2024/2025
02/01/2027	84,000.00	2.750%	4,675.00	88,675.00	93,108.75	93,108.75	2025/2026
02/01/2028	86,000.00	2.750%	2,365.00	88,365.00	92,783.25	92,783.25	2026/2027
Total	$693,000.00	-	$105,092.76	$798,092.76	$837,997.39	$837,997.39	-

BOLTON & MENK
Real People. Real Solutions.

2638 Shadow Lane
Suite 200
Chaska, MN 55318-1172

Ph: (952) 448-8838
Fax: (952) 448-8805
Bolton-Menk.com

August 16, 2018

City of Cologne
Attn: Jesse Dickson
1211 Village Parkway
PO Box 120
Cologne, MN 55322

RE: Street & Utility Reconstruction

Dear Mr. Dickson:

Background:
The City previously inquired about the need for a street and utility reconstruction project and what the options would be to pay for such a project in the older portion of town. A letter dated June 4, 2018, outlined the need for this work to occur and addressed several options of how the City could possibly finance and fund the project. This letter was discussed with the City Council in June, and they requested additional information as to what assessment options the City has and what assessments to the property owners may look like.

Findings:
The project area includes all properties north of Hwy 212 and east of Hwy 284. A preliminary assessment roll was compiled consisting of approximately 150 properties containing the following assumptions:

1. The total project cost estimate was taken from 2017 estimates and adjusted for inflation.
2. Street and storm sewer improvements would be assessed based on front footages.
3. Water system improvements would be assessed based on a unit basis.
4. Corner lots / double fronted lots would be assessed 50% of their front footages.
5. Properties that front state or county roads would be assessed for watermain but not for streets.
6. The bond term would be 20 years and the bond rate would be 3.0%.
7. The assessment term would be 20 years and the assessment rate would be 4.0% (bond rate + 1.0%).
8. Street, storm sewer, and watermain costs would all be assessed at the same rate.
9. Newly enacted stormwater treatment requirements would be assessed with the same methodology and at the same assessable percentage as the storm sewer.
10. Sanitary sewer mains would be lined as separate projects and would not be assessed.
11. Extra depth construction for truck routes and to address poor soils would not be assessed.
12. The total assessment amount per property does not contain a maximum amount or a cap.

Bolton & Menk is an equal opportunity employer.

Name: City of Cologne Street & Utility Reconstructions
Date: August 16, 2018

There are approximately 100 properties located in the project area that are single family homes that would receive street and utility assessments. The following table shows what these average assessments would look like at different assessable percentages.

Assmt Rate	Total Est. Project Cost	Estimated Total Assessment Amounts				*Ave. SF Assmt		Total Project Assessable %
		Street	Storm	Water	Total	Total	Annual	
20.0%	$5,500,000	$431,000	$120,000	$249,000	$800,000	$6,008	$442	14.6%
30.0%	$5,500,000	$646,000	$180,000	$374,000	$1,200,000	$9,011	$663	21.9%
40.0%	$5,500,000	$862,000	$239,000	$499,000	$1,600,000	$12,015	$884	29.3%
50.0%	$5,500,000	$1,077,000	$299,000	$624,000	$2,000,000	$15,019	$1,105	36.6%

*Only Includes Single Family Homes that Receive a Street, Storm Sewer, and Watermain Assessment.

Depending on the assessment rate that is chosen, the City's estimated share of the project varies from $4,700,000 (20.0% assessed) to $3,500,000 (50.0% assessed).

Recommendations:

It is recommended that the City determine if they want to proceed with assessing a portion of the project costs. If so, the completion of an Assessment Policy is necessary that answers the following questions:

1. What will be the assessment rate and methodology for streets and utilities?
2. What project types will not be assessed?
3. How will corner lots and double fronted lots be assessed?
4. Will appraisals be utilized and/or will there be a cap on total assessment amounts?

This Assessment Policy should be completed prior to, or in conjunction with, a Feasibility Study for the first planned project. The Assessment Policy should also incorporate comments from the City Attorney and the City's Financial Consultant. Please let me know if you have any questions or if you wish to discuss proceeding with the creation of an Assessment Policy and/or the completion of a Feasibility Study.

Sincerely,

Bolton & Menk, Inc.

Jake S. Saulsbury, P.E.

Cc: Kreg Schmidt, Bolton & Menk

MEMORANDUM

TO: Mayor Matt Lein & City Council Members

FROM: Jesse Dickson, City Administrator

SUBJECT: Downtown Street Project

DATE: 8/17/2018

Background:

Below is a memo from City Engineer Jake Saulsbury (emphases mine):

For a project of this size we have about 1 years' worth of work to complete prior to getting to construction (less if we know how we want to assess and/or authorize survey work before final design). So constructing the full project in 2019 is not feasible. We could still begin construction in 2019 and plan on a 2 year project that would be completed in 2020. The first table below shows the **rough** timeframes needed to complete all of the steps up to construction for a project that includes assessing after the project is constructed. 12 months would be aggressive and 18 months would assume some delays and/or doing a couple iterations on some steps.

The second table shows these same steps for a project where the assessments are completed prior to construction as we discussed this morning. As you can see, this would add somewhere around 2-3 months of time to the schedule. Once the desired approach becomes more clear I can provide a more precise timeline.

If the Council is on board I would ask them to consider the following preliminary steps:

1. Create an assessment policy – **Cost varies** depending on what assistance you want, how formal of a policy you want, etc. Assuming we avoid public involvement and avoid providing several detailed options/iterations, this cost is $1,000 to $3,000.
2. Authorize completion of a Feasibility Study - $30,000 to $40,000 **assuming** the following:
   a. Scope to include the full project area included in the preliminary cost **estimates**.
   b. Some public involvement would be included.
   c. We would rely on site visits, base mapping, and aerial photography rather than survey data.
3. Authorize soil borings and pavement borings. I just did this last month for a different city. That price for 10 borings (some shallow and some to below the elevation of the utilities) was about $10,000. So for **budgetary purposes** and assuming we may take a couple more and/or have to extend some depths for poor soils, I would use a cost of $12,000 to $15,000.

Optional steps that could be completed at this time but would not necessarily be needed yet include the following:

4. Authorize topographic survey data. Attached is a printout of our **rough** survey calculator based simply on the length of the streets. $35,000 to $40,000. This assumes the work occurs with no snow cover. Winter surveys are more time consuming and increase the cost. However, we're currently swamped with construction staking duties and our survey schedule for topo surveys is probably pushed out to October or November.
5. Authorize appraisals of significant properties and representative residential properties. I don't have a good cost estimate for this work and am not sure how many appraisals would be needed. Additional research/discussions (and possibly a completed Feasibility Study) are needed to better answer this.

Assessment projects must adhere to strict process and notification requirements to avoid the risk of the assessments being invalid. I am well aware of these requirements having completed around 20 of these projects. I can assist with writing resolutions, notifications, etc. if desired. Otherwise, the LMC is also a great resource for this and they have an Assessment Handbook on their website. Let me know if you'd like me to provide a sample resolution for authorizing a Feasibility Study or for anything else.

If Assess After Construction

No.	Project Step	Approx. Duration (Months)		Notes
1	Assessment Policy Creation / Assessment Determinations	1	2	
2	Feasibility Study / Preliminary Design	2	3	
3	Preliminary Public Involvement / Public Meeting	0	0	Not Required / Not Part of Critical Path
4	Soil Borings / Pavement Borings	0	1	Not Part of Critical Path
5	Property Appraisals (if necessary)	1	2	Work Could Partially Overlap with Other Phases
6	Improvement Hearing (including required notice)	1	1	
7	Topographic Survey / ACAD File Creation	2	3	Work Could Overlap with Feasibility Phase
8	Final Design	3	4	
9	Final Public Involvement / Public Meeting	0	0	Not Required / Not Part of Critical Path
10	Bid Advertisement and Award	1	1	
11	Contracts / Insurance / Submittals / Permitting	1	1	
12	Assessment Hearing (including required notice)	0	0	Will Be Completed After Construction
13	Hearing Prep & Appeal Waiting	0	0	Will Be Completed After Construction
		12	18	

If Assess Before Construction

No.	Project Step	Approx. Duration (Months)		Notes
1	Assessment Policy Creation / Assessment Determinations	1	2	
2	Feasibility Study / Preliminary Design	2	3	
3	Preliminary Public Involvement / Public Meeting	0	0	Not Required / Not Part of Critical Path
4	Soil Borings / Pavement Borings	0	1	Not Part of Critical Path
5	Property Appraisals (if necessary)	1	2	Work Could Partially Overlap with Other Phases
6	Improvement Hearing (including required notice)	1	1	
7	Topographic Survey / ACAD File Creation	2	3	Work Could Overlap with Feasibility Phase
8	Final Design	3	4	
9	Assessment Hearing (including required notice)	1	1	
10	Hearing Prep & Appeal Waiting	1	2	
11	Final Public Involvement / Public Meeting	0	0	Not Required / Not Part of Critical Path
12	Bid Advertisement and Award	1	1	
13	Contracts / Insurance / Submittals / Permitting	1	1	
		14	21	

Action Requested:

Discuss, provide staff with direction

Debt Service By Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2013A	$ 723,675	$ 722,775	$ 627,625	$ 623,275	$ 638,625	$ 633,050	$ 808,800	$ 806,362	$ 812,968	$ 674,237
Equipment Cert	$ 17,060	$ 92,989	$ 93,439	$ 93,573	$ 92,603	$ 92,577	$ 93,544	$ 93,376	$ 93,108	$ 92,783
WTP	$ 303,870	$ 303,570	$ 304,250	$ 303,900	$ 303,530	$ 304,140	$ 303,720	$ 304,280	$ 303,810	$ 303,320
CSAH 36	$ 46,910	$ 46,510	$ 47,110	$ 46,700	$ 47,290	$ 46,870	$ 47,450	$ 47,020	$ 46,590	$ 47,160
DT Street Recon Levy	$ -	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116
DT Street Recon Storm Sewer	$ -	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605
DT Street Recon Water	$ -	$ 61,417	$ 61,417	$ 61,417	$ 61,417	$ 61,417	$ 61,417	$ 61,417	$ 61,417	$ 61,417
Total Debt Service Fund Debt Service	$ 740,735	$ 1,007,880	$ 913,180	$ 908,964	$ 923,344	$ 917,743	$ 1,094,460	$ 1,091,854	$ 1,098,192	$ 959,136
Total Storm Sewer Fund Debt Service	$ -	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605	$ 36,605
Total Water Fund Debt Service	$ 350,780	$ 411,497	$ 412,777	$ 412,017	$ 412,237	$ 412,427	$ 412,587	$ 412,717	$ 411,817	$ 411,897
Total Debt Service	$ 1,091,515	$ 1,455,982	$ 1,362,562	$ 1,357,586	$ 1,372,186	$ 1,366,775	$ 1,543,652	$ 1,541,176	$ 1,546,614	$ 1,407,638
General Fund Expenses	$ 1,139,470	$ 1,173,654	$ 1,208,864	$ 1,245,130	$ 1,282,484	$ 1,320,958	$ 1,360,587	$ 1,401,404	$ 1,443,447	$ 1,486,750
Water Fund Expenses	$ 185,000	$ 190,550	$ 196,267	$ 202,154	$ 208,219	$ 214,466	$ 220,900	$ 227,527	$ 234,352	$ 241,383
Sewer Fund Expenses	$ 324,235	$ 333,962	$ 343,981	$ 354,300	$ 364,929	$ 375,877	$ 387,154	$ 398,768	$ 410,731	$ 423,053
Storm Sewer Fund Expenses	$ 4,000	$ 4,120	$ 4,244	$ 4,371	$ 4,502	$ 4,637	$ 4,776	$ 4,919	$ 5,067	$ 5,219
Annual Expense Total	$ 1,652,705	$ 1,702,286	$ 1,753,355	$ 1,805,955	$ 1,860,134	$ 1,915,938	$ 1,973,416	$ 2,032,619	$ 2,093,597	$ 2,156,405
Debt Service + Expenses	$ 2,744,220	$ 3,158,268	$ 3,115,917	$ 3,163,541	$ 3,232,320	$ 3,282,713	$ 3,517,068	$ 3,573,795	$ 3,640,211	$ 3,564,043

Projected Revenue By Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
G.F. Property Tax Levy	$ 544,925	$ 565,501	$ 586,736	$ 608,651	$ 631,267	$ 654,605	$ 678,687	$ 703,536	$ 729,175	$ 755,628
2013A Levy	$ 723,675	$ 722,775	$ 627,625	$ 623,275	$ 638,625	$ 633,050	$ 808,800	$ 806,362	$ 812,968	$ 674,237
Equipment certificate Levy	$ 17,060	$ 92,989	$ 93,439	$ 93,573	$ 92,603	$ 92,577	$ 93,544	$ 93,376	$ 93,108	$ 92,783
DT Street Recon Levy	$ -	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116	$ 192,116
Local Government Aid	$ 211,404	$ 213,518	$ 215,653	$ 217,810	$ 219,988	$ 222,188	$ 224,410	$ 226,654	$ 228,920	$ 231,209
General Fund Revenue	$ 383,141	$ 394,635	$ 406,474	$ 418,669	$ 431,229	$ 444,165	$ 457,490	$ 471,215	$ 485,352	$ 499,912
Water Fund Revenue	$ 519,120	$ 534,694	$ 550,734	$ 567,256	$ 584,274	$ 601,802	$ 619,856	$ 638,452	$ 657,606	$ 677,334
Sewer Fund Revenue	$ 411,534	$ 423,880	$ 436,596	$ 449,694	$ 463,185	$ 477,081	$ 491,393	$ 506,135	$ 521,319	$ 536,959
Storm Sewer Fund Revenue	$ 28,428	$ 29,281	$ 30,159	$ 31,064	$ 31,996	$ 32,956	$ 33,945	$ 34,963	$ 36,012	$ 37,092
Total Revenues	$ 2,839,287	$ 3,169,389	$ 3,139,534	$ 3,202,108	$ 3,285,283	$ 3,350,540	$ 3,600,241	$ 3,672,808	$ 3,756,575	$ 3,697,270
Debt Service Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Fund Net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water Fund Net	$ (16,660)	$ (67,353)	$ (58,309)	$ (46,915)	$ (36,182)	$ (25,090)	$ (13,630)	$ (1,792)	$ 11,436	$ 24,054
Sewer Fund Net	$ 87,299	$ 89,918	$ 92,616	$ 95,394	$ 98,256	$ 101,203	$ 104,240	$ 107,367	$ 110,588	$ 113,905
Storm Sewer Net	$ 24,428	$ (11,444)	$ (10,689)	$ (9,912)	$ (9,111)	$ (8,286)	$ (7,437)	$ (6,562)	$ (5,660)	$ (4,732)

Home Value	$ 150,000	$ 200,000	$ 250,000	$ 300,000	$ 350,000.00	$ 375,000.00	$ 400,000.00
Homestead Exclusion	$ 23,740	$ 19,240	$ 14,740	$ 10,240	$ 5,740	$ 3,490	$ 1,240
Taxable Market Value	$ 126,260	$ 180,760	$ 235,260	$ 289,760	$ 344,260	$ 371,510	$ 398,760
Class Rate	1%	1%	1%	1%	1%	1%	1%
Net Tax Capacity	$ 1,262.60	$ 1,807.60	$ 2,352.60	$ 2,897.60	$ 3,442.60	$ 3,715.10	$ 3,987.60
2019 Tax Rate (60.8)	$ 767.66	$ 1,099.02	$ 1,430.38	$ 1,761.74	$ 2,093.10	$ 2,258.78	$ 2,424.46
2020 Tax Rate (63.1)	$ 796.70	$ 1,140.60	$ 1,484.49	$ 1,828.39	$ 2,172.28	$ 2,344.23	$ 2,516.18
2021 Tax Rate (55.92)	$ 706.05	$ 1,010.81	$ 1,315.57	$ 1,620.34	$ 1,925.10	$ 2,077.48	$ 2,229.87
2022 Tax Rate (56.42)	$ 712.36	$ 1,019.85	$ 1,327.34	$ 1,634.83	$ 1,942.31	$ 2,096.06	$ 2,249.80
2023 Tax Rate (57.84)	$ 730.29	$ 1,045.52	$ 1,360.74	$ 1,675.97	$ 1,991.20	$ 2,148.81	$ 2,306.43

BOLTON & MENK
Real People. Real Solutions.

2638 Shadow Lane
Suite 200
Chaska, MN 55318-1172

Ph: (952) 448-8838
Fax: (952) 448-8805
Bolton-Menk.com

August 17, 2018

City of Cologne
Attn: Jesse Dickson
1211 Village Parkway
PO Box 120
Cologne, MN 55322

RE: Conrad Avenue Reconstruction Project
Payment Request No. 1

Dear Mr. Dickson:

Enclosed is payment request No. 1 for work completed from 7/1/2018 to 7/31/2018 for the above referenced project. This request includes payment for roadway removals, watermain construction, and storm sewer construction.

We have reviewed the estimate, verified the quantities, and recommend payment to R & R Excavating, Inc. located at 1149 Highway 22 South, Hutchinson MN, 55350 in the amount of **$121,607.32**.

Please contact me if you have any questions regarding this payment request.

Respectfully Submitted,

Bolton & Menk, Inc.

Aaron J. Schmidt, P.E.

Enclosure

cc: Brian Vos, City of Cologne
Jake Saulsbury, Bolton & Menk

Contractor: R & R Excavating, Inc.
Name of Project: Conrad Avenue Reconstruction Project

Estimate Number: 1
Application Date: 8/16/2018
Pay Period: 7/1/18 - 7/31/18

% COMPLETED AFTER THIS ESTIMATE 33.7%

ORIGINAL CONTRACT AMOUNT ..... $ 379,554.74

CHANGE ORDERS/EXTRA WORK:

No.	Description	Additions	Deductions
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -
		$ -	$ -

TOTAL ADDITIONS ..... $ -
SUB TOTALS ..... $ 379,554.74
TOTAL DEDUCTIONS ..... $ -

CONTRACT AMOUNT TO DATE ..... $ 379,554.74

TOTAL COMPLETED TO DATE ..... $ 128,007.71
MATERIALS STORED ..... $ -
TOTAL COMPLETED AND STORED TO DATE ..... $ 128,007.71
LESS 5% RETAINAGE ..... $ 6,400.39
TOTAL EARNED LESS RETAINAGE ..... $ 121,607.32

LESS PREVIOUS PAYMENTS:

Est. No. ____ Amount	$ -	Est. No. ____ Amount	$ -
Est. No. ____ Amount	$ -	Est. No. ____ Amount	$ -
Est. No. ____ Amount	$ -	Est. No. ____ Amount	$ -
Est. No. ____ Amount	$ -	Est. No. ____ Amount	$ -
Est. No. ____ Amount	$ -	Est. No. ____ Amount	$ -
Est. No. ____ Amount	$ -	Est. No. ____ Amount	$ -

Total Estimates $ -

AMOUNT DUE THIS ESTIMATE ..... $ 121,607.32

Payment requested by:
R & R Excavating, Inc.
Contractor Representative

By: Cody [signature]
Date: 8-16-2018

Approved and recommended for payment by:
Bolton & Menk, Inc.
Project Engineer

By: Aaron J. Schindt
Date: August 16, 2018

Partial Pay Estimate No.: *1*

CONRAD AVENUE RECONSTRUCTION PROJECT

CITY OF COLOGNE

BMI PROJECT NO. C14.112464

COLOGNE, MN

WORK COMPLETED THROUGH JULY 31, 2018

ITEM NO.	ITEM	UNIT PRICE	AS BID		CURRENT ESTIMATE		COMPLETED TO DATE	
			ESTIMATED QUANTITY	ESTIMATED AMOUNT	ESTIMATED QUANTITY	ESTIMATED AMOUNT	ESTIMATED QUANTITY	ESTIMATED AMOUNT
1	MOBILIZATION	$10,972.99	1 LUMP SUM	$10,972.99	0.50 LUMP SUM	$5,486.50	0.50 LUMP SUM	$5,486.50
2	TRAFFIC CONTROL	$2,044.39	1 LUMP SUM	$2,044.39	0.50 LUMP SUM	$1,022.20	0.50 LUMP SUM	$1,022.20
3	CLEARING	$16,139.90	0.1 ACRE	$1,613.99	0.10 ACRE	$1,613.99	0.10 ACRE	$1,613.99
4	GRUBBING	$16,139.90	0.1 ACRE	$1,613.99	0.10 ACRE	$1,613.99	0.10 ACRE	$1,613.99
5	SAWING BITUMINOUS PAVEMENT (FULL DEPTH)	$2.43	800 LIN FT	$1,944.00	563.50 LIN FT	$1,369.31	563.50 LIN FT	$1,369.31
6	REMOVE BITUMINOUS PAVEMENT	$3.42	2200 SQ YD	$7,524.00	2,200.00 SQ YD	$7,524.00	2,200.00 SQ YD	$7,524.00
7	REMOVE CURB & GUTTER	$3.42	1300 LIN FT	$4,446.00	1,262.00 LIN FT	$4,316.04	1,262.00 LIN FT	$4,316.04
8	REMOVE BITUMINOUS DRIVEWAY	$0.33	13000 SQ FT	$4,290.00	7,371.50 SQ FT	$2,432.60	7,371.50 SQ FT	$2,432.60
9	REMOVE CONCRETE WALK	$10.32	52 SQ FT	$536.64	SQ FT		SQ FT	
10	REMOVE CATCH BASIN OR MANHOLE	$112.00	2 EACH	$224.00	2.00 EACH	$224.00	2.00 EACH	$224.00
11	REMOVE STORM SEWER	$5.49	155 LIN FT	$850.95	140.00 LIN FT	$768.60	140.00 LIN FT	$768.60
12	REMOVE HYDRANT	$213.86	1 EACH	$213.86	1.00 EACH	$213.86	1.00 EACH	$213.86
13	REMOVE WATERMAIN	$3.59	475 LIN FT	$1,705.25	431.00 LIN FT	$1,547.29	431.00 LIN FT	$1,547.29
14	REMOVE WATER SERVICE	$0.40	215 LIN FT	$86.00	216.00 LIN FT	$86.40	216.00 LIN FT	$86.40
15	EXPLORATORY EXCAVATION	$312.96	6 HOUR	$1,877.76	HOUR		HOUR	
16	CONNECT TO EXISTING SANITARY SEWER	$933.55	1 EACH	$933.55	1.00 EACH	$933.55	1.00 EACH	$933.55
17	CONSTRUCT SANITARY MANHOLE	$372.13	7 LIN FT	$2,604.91	7.00 LIN FT	$2,604.91	7.00 LIN FT	$2,604.91
18	SANITARY MANHOLE CASTING ASSEMBLY	$815.15	3 EACH	$2,445.45	EACH		EACH	
19	ADJUST FRAME & RING CASTING	$463.17	3 EACH	$1,389.51	EACH		EACH	
20	RAISE / LOWER EXISTING MANHOLE	$1,006.85	1 LIN FT	$1,006.85	LIN FT		LIN FT	
21	TEMPORARY WATER SYSTEM	$1,291.19	1 LUMP SUM	$1,291.19	1.00 LUMP SUM	$1,291.19	1.00 LUMP SUM	$1,291.19
22	CONNECT TO EXISTING WATERMAIN	$1,080.04	3 EACH	$3,240.12	4.00 EACH	$4,320.16	4.00 EACH	$4,320.16
23	CONNECT TO EXISTING WATER SERVICE	$499.77	6 EACH	$2,998.62	9.00 EACH	$4,497.93	9.00 EACH	$4,497.93
24	6" PVC WATERMAIN	$94.19	20 LIN FT	$1,883.80	18.50 LIN FT	$1,742.52	18.50 LIN FT	$1,742.52
25	10" PVC WATERMAIN	$43.29	475 LIN FT	$20,562.75	431.00 LIN FT	$18,657.99	431.00 LIN FT	$18,657.99
26	6" GATE VALVE & BOX	$2,143.65	1 EACH	$2,143.65	1.00 EACH	$2,143.65	1.00 EACH	$2,143.65
27	10" GATE VALVE & BOX	$3,372.69	4 EACH	$13,490.76	4.00 EACH	$13,490.76	4.00 EACH	$13,490.76
28	ADJUST VALVE BOX	$174.47	4 EACH	$697.88	EACH		EACH	
29	HYDRANT	$4,359.72	1 EACH	$4,359.72	1.00 EACH	$4,359.72	1.00 EACH	$4,359.72
30	1" CORPORATION STOP	$571.77	5 EACH	$2,858.85	8.00 EACH	$4,574.16	8.00 EACH	$4,574.16
31	2" CORPORATION STOP	$503.86	1 EACH	$503.86	1.00 EACH	$503.86	1.00 EACH	$503.86
32	1" CURB STOP & BOX	$387.87	5 EACH	$1,939.35	8.00 EACH	$3,102.96	8.00 EACH	$3,102.96
33	2" CURB STOP & BOX	$710.78	1 EACH	$710.78	1.00 EACH	$710.78	1.00 EACH	$710.78
34	1" TYPE K COPPER PVC WATER SERVICE PIPE	$5.18	157 LIN FT	$813.26	239.00 LIN FT	$1,238.02	239.00 LIN FT	$1,238.02
35	2" TYPE K COPPER PVC WATER SERVICE PIPE	$34.41	30 LIN FT	$1,032.30	35.00 LIN FT	$1,204.35	35.00 LIN FT	$1,204.35
36	CASTING ASSEMBLY SPECIAL	$104.93	4 EACH	$419.72	EACH		EACH	
37	WATERMAIN FITTINGS	$6.10	700 POUND	$4,270.00	657.00 POUND	$4,007.70	657.00 POUND	$4,007.70
38	4" POLYSTYRENE INSULATION	$36.23	25 SQ YD	$905.75	SQ YD		SQ YD	
39	CONNECT TO EXISTING STORM SEWER	$233.02	1 EACH	$233.02	EACH		EACH	
40	CONNECT TO EXISTING DRAIN TILE	$225.51	3 EACH	$676.53	1.00 EACH	$225.51	1.00 EACH	$225.51
41	4" PERFORATED TP PIPE DRAIN	$10.24	1015 LIN FT	$10,393.60	LIN FT		LIN FT	
42	4" PVC PIPE DRAIN CLEANOUT	$327.72	6 EACH	$1,966.32	2.00 EACH	$655.44	2.00 EACH	$655.44
43	8" PVC SDR 35 STORM SEWER	$33.68	203 LIN FT	$6,837.04	264.00 LIN FT	$8,891.52	264.00 LIN FT	$8,891.52
44	15" RC PIPE SEWER DESIGN 3006 CLASS V	$54.41	115 LIN FT	$6,257.15	115.00 LIN FT	$6,257.15	115.00 LIN FT	$6,257.15
45	15" RC PIPE APRON	$1,457.42	1 EACH	$1,457.42	1.00 EACH	$1,457.42	1.00 EACH	$1,457.42
46	RANDOM RIP RAP CLASS 3	$118.95	9 CU YD	$1,070.55	11.00 CU YD	$1,308.45	11.00 CU YD	$1,308.45
47	CONSTRUCT DRAINAGE STRUCTURE DESIGN R-1	$372.13	4 LIN FT	$1,488.52	3.00 LIN FT	$1,116.39	3.00 LIN FT	$1,116.39
48	CONSTRUCT DRAINAGE STRUCTURE DESIGN 48-4022	$336.36	8 LIN FT	$2,690.88	7.00 LIN FT	$2,354.52	7.00 LIN FT	$2,354.52
49	CONSTRUCT DRAINAGE STRUCTURE DESIGN 54-4020	$892.72	3 LIN FT	$2,678.16	LIN FT		LIN FT	
50	PRESERVER BAFFLE	$2,605.63	1 EACH	$2,605.63	EACH		EACH	
51	STORM SEWER CASTING ASSEMBLY	$521.86	3 EACH	$1,565.58	EACH		EACH	
52	COMMON EXCAVATION	$11.88	1820 CU YD	$21,621.60	CU YD		CU YD	

Partial Pay Estimate No.: *1*

CONRAD AVENUE RECONSTRUCTION PROJECT

CITY OF COLOGNE

BMI PROJECT NO. C14.112464

COLOGNE, MN

WORK COMPLETED THROUGH JULY 31, 2018

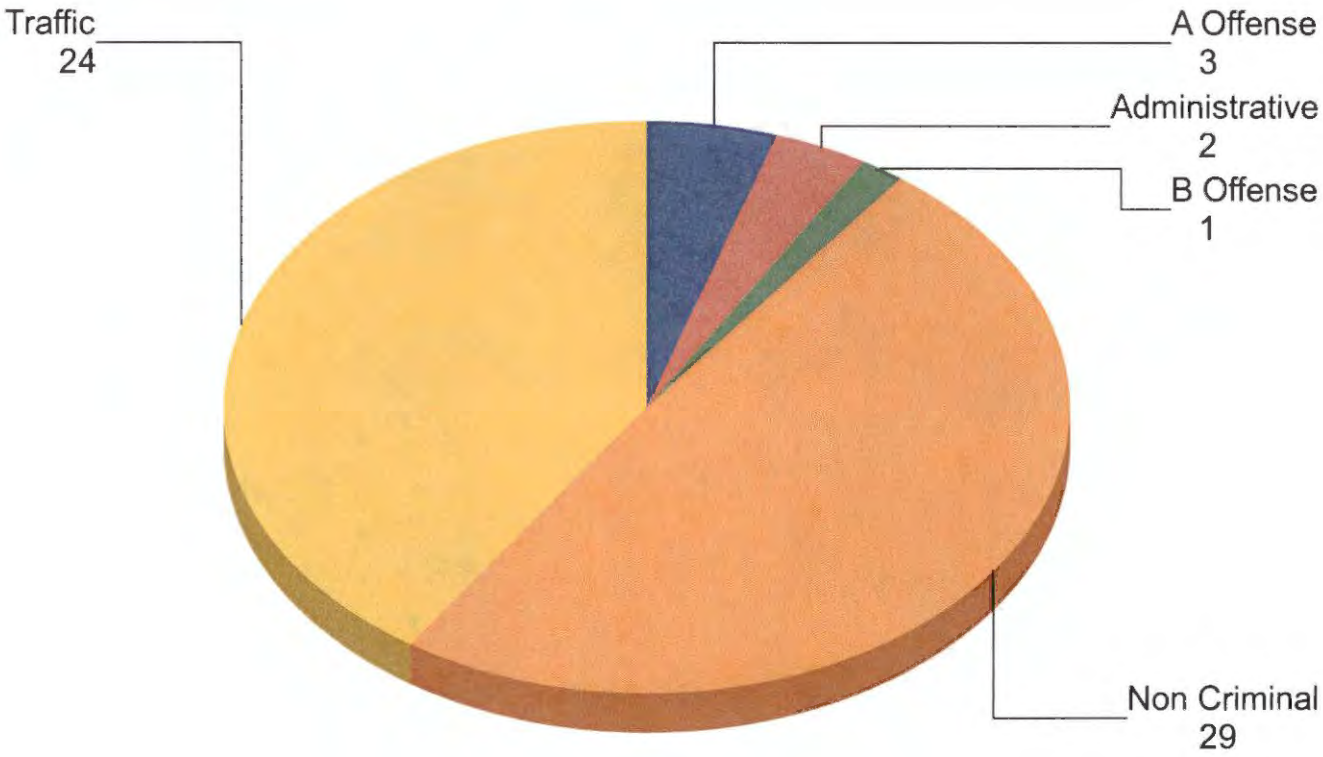
ITEM NO.	ITEM	UNIT PRICE	AS BID			CURRENT ESTIMATE			COMPLETED TO DATE		
			ESTIMATED QUANTITY		ESTIMATED AMOUNT	ESTIMATED QUANTITY		ESTIMATED AMOUNT	ESTIMATED QUANTITY		ESTIMATED AMOUNT
53	SUBGRADE EXCAVATION	$17.04	225	CU YD	$3,834.00		CU YD			CU YD	
54	PARKING LOT DRAINAGE	$5,941.79	1	LUMP SUM	$5,941.79		LUMP SUM			LUMP SUM	
55	GEOTEXTILE FABRIC TYPE V	$1.58	2775	SQ YD	$4,384.50		SQ YD			SQ YD	
56	GRANULAR BORROW (CV)	$24.80	440	CU YD	$10,912.00		CU YD			CU YD	
57	AGGREGATE BASE, CLASS 5 (CV)	$31.43	935	CU YD	$29,387.05		CU YD			CU YD	
58	AGGREGATE SURFACING CLASS 2	$31.03	60	TON	$1,861.80		TON			TON	
59	STABILIZING AGGREGATE	$16.68	400	TON	$6,672.00		TON			TON	
60	MOUNTABLE CURB & GUTTER	$15.90	1265	LIN FT	$20,113.50		LIN FT			LIN FT	
61	TYPE SP 12.5 NON-WEARING COURSE MIXTURE (2,B) (SPNWB230B)	$68.86	360	TON	$24,789.60		TON			TON	
62	TYPE SP 9.5 WEARING COURSE MIXTURE (2,B) (SPWEA240B)	$72.09	240	TON	$17,301.60		TON			TON	
63	4" CONCRETE WALK	$15.81	52	SQ FT	$822.12		SQ FT			SQ FT	
64	4" BITUMINOUS DRIVEWAY PAVEMENT	$30.28	1445	SQ YD	$43,754.60		SQ YD			SQ YD	
65	TOPSOIL BORROW (LV)	$35.74	72	CU YD	$2,573.28		CU YD			CU YD	
66	INFILTRATION MEDIA (CV)	$97.64	62	CU YD	$6,053.68		CU YD			CU YD	
67	IRRIGATION AND LANDSCAPE ALLOWANCE	$3,000.00	1	ALLOWANCE	$3,000.00		ALLOWANCE			ALLOWANCE	
68	HYDRAULIC MULCH MATRIX WITH SEED MIX 25-151 & FERTILIZER TYPE 3	$1.34	1750	SQ YD	$2,345.00		SQ YD			SQ YD	
69	SEED MIX 33-261 & FERTILIZER TYPE 4	$0.81	200	SQ YD	$162.00		SQ YD			SQ YD	
70	TURF REINFORCEMENT MAT CATEGORY 4	$13.99	27	SQ YD	$377.73		SQ YD			SQ YD	
71	SILT FENCE, TYPE MS	$2.42	225	LIN FT	$544.50		LIN FT			LIN FT	
72	STORM DRAIN INLET PROTECTION	$96.84	6	EACH	$581.04	2.00	EACH	$193.68	2.00	EACH	$193.68
73	SIGN PANELS TYPE C	$538.00	1	EACH	$538.00		EACH			EACH	
74	15" RC PIPE SEWER DESIGN 3006 CLASS V	$66.21	90	LIN FT	$5,958.90	90.00	LIN FT	$5,958.90	90.00	LIN FT	$5,958.90
75	WETLAND CHANNEL EXCAVATION	$25.12	505	CU YD	$12,685.60		CU YD			CU YD	
76	SEED MIX 34-261	$0.54	1800	SQ YD	$972.00		SQ YD			SQ YD	
77	CO 1: SANITARY SEWER SERVICE	$1,985.76	1	LUMP SUM	$1,985.76	1.00	LUMP SUM	$1,985.76	1.00	LUMP SUM	$1,985.76
	TOTAL AMOUNT:				**$381,540.50**			**$128,007.71**			**$128,007.71**
	AMOUNT PAYABLE LESS RETAINAGE:							**$121,607.32**			**$121,607.32**

City of Cologne

July - 2018

Carver County Sheriff's Office
Monthly Calls for Service
From: 7/1/2018 To: 7/31/2018

Cologne City

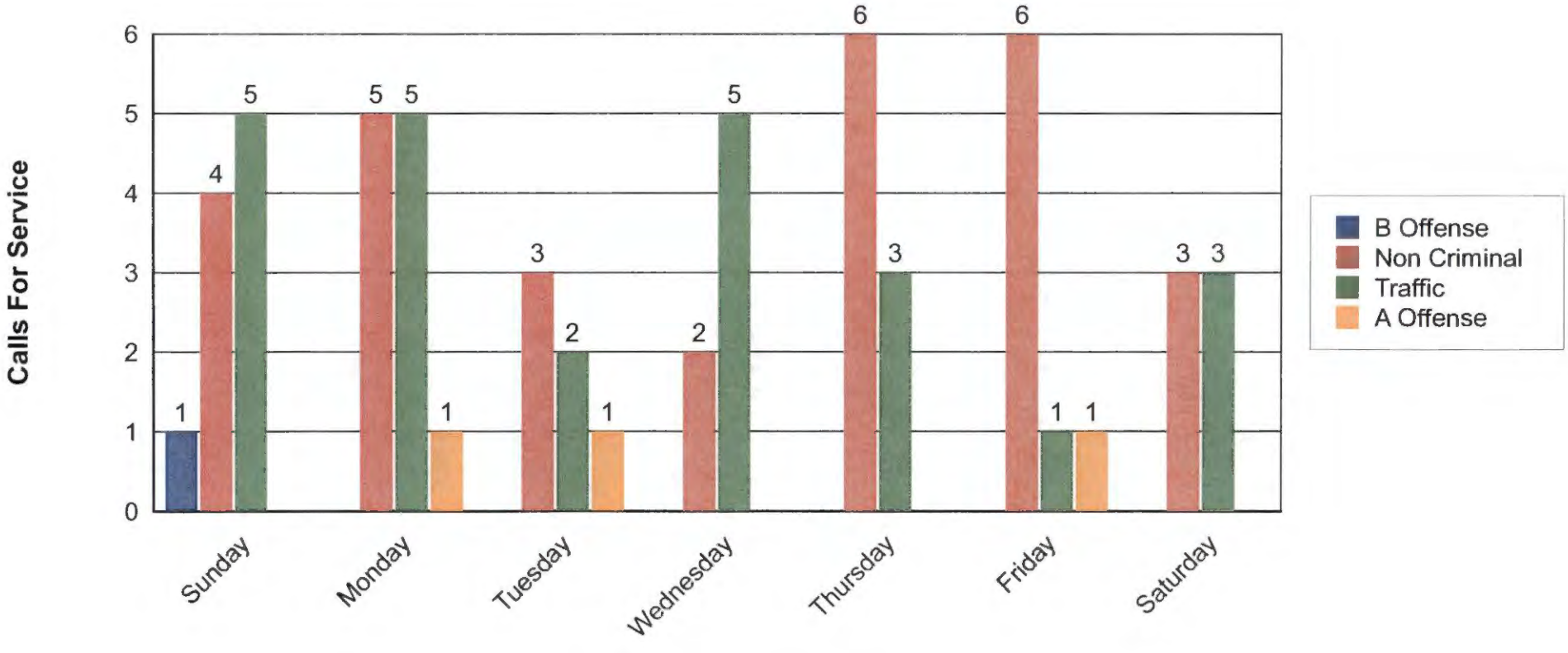


Total A Offense:	**3**
Total B Offense:	**1**
Total Non Criminal:	**29**
Total Traffic:	**24**
Total Administrative:	**2**

Total Cologne City: 59

Carver County Sheriff's Office
Day of Week Analysis of Calls for Service
Patrol Activity
From: 7/1/2018 To: 7/31/2018

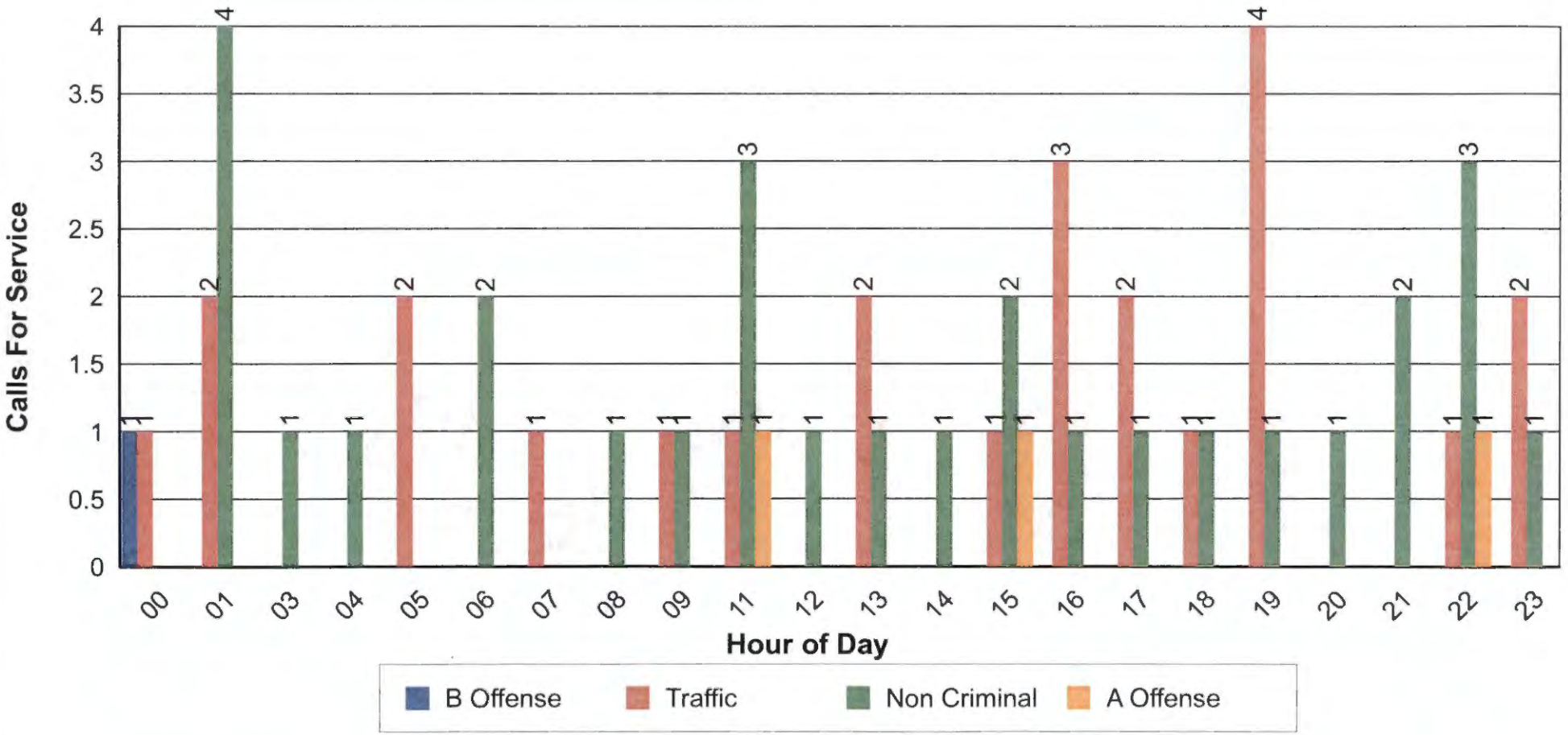
Cologne City



Total Cologne City: 57

Carver County Sheriff's Office
Hour of Day Analysis of Calls for Service
Patrol Activity
From: 7/1/2018 To: 7/31/2018

Cologne City



Total Cologne City: 57

Carver County Sheriff's Office
Monthly Calls for Service
From: 7/1/2018 To: 7/31/2018

Cologne City

Patrol

A Offense

Burglary	1
Fraud	1
Weapons	1
Total A Offense:	**3**

B Offense

Traffic - alcohol Rel	1
Total B Offense:	**1**

Non Criminal

Misc Non-criminal	11
Alarm	2
Abuse/Neglect (Info Only)	1
Animal	1
Medical	3
Assist Other Agency	1
Mental Health	1
Transport	1
Suspicious Activity	6
Disturbance (Info Only)	2
Total Non Criminal:	**29**

Traffic

Traffic - Misc	4
Traffic Stop	16
Pd Accident	1
Driving Complaint	3
Total Traffic:	**24**

Total Patrol: 57

Administrative

Administrative

GunPermit-CarryRenew	2
Total Administrative:	**2**

Total Administrative: 2

Total Cologne City: 59

Carver County Sherff's Office
Traffic Citation Summary
From: 7/1/2018 To: 7/31/2018

Cologne City

Failure To Yield:	1
No Proof Of Insurance:	1
Speed:	1
Stop Sign:	1
Total Cologne City:	4

Carver County Sheriff's Office
Verbal Warnings
From: 7/1/2018 to 7/31/2018

Cologne City

Traffic Stop:	**12**
Grand Total Verbal Warnings:	**12**

Carver County Sherff's Office
Arrest Summary
For: Cologne City
From: 7/1/2018 To: 7/31/2018

	Total Charges	Total Arrestees	Total Incidents
Cologne City			
90D - Driving Under the Influence	3	1	1
Totals for Cologne City	3	1	1