

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 5, 2020

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "Tax Exemption" herein.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF WEST CONCORD, MINNESOTA (Dodge County)

(Minnesota City Credit Enhancement Program)

\$1,285,000* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2020A

PROPOSAL OPENING: March 19, 2020, 10:30 A.M., C.T. **CONSIDERATION:** March 19, 2020, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$1,285,000* General Obligation Improvement Bonds, Series 2020A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City of West Concord, Minnesota (the "City") for the purpose of financing various public improvements within the City. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: April 8, 2020

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$70,000	2027	\$85,000	2032	\$90,000
2023	80,000	2028	85,000	2033	90,000
2024	80,000	2029	85,000	2034	90,000
2025	80,000	2030	90,000	2035	95,000
2026	80,000	2031	90,000	2036	95,000

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2021 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2030 and thereafter are subject to call for prior optional redemption on February 1, 2029 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$1,268,295.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$25,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Kennedy & Graven, Chartered

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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**CITY OF WEST CONCORD
CITY COUNCIL**

		<u>Term Expires</u>
Jeffrey McCool	Mayor	January 2021
Kristen Bachman	Council Member	January 2021
Jeffery Burse	Council Member	January 2021
Karen Peterson	Council Member	January 2023
Sam Schollmeier	Council Member	January 2023

ADMINISTRATION

Mike Plante, City Administrator

Drew Adams, Deputy Clerk

PROFESSIONAL SERVICES

Kennedy & Graven, Chartered, Bond Counsel and City Attorney, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of West Concord, Minnesota (the "City") and the issuance of its \$1,285,000* General Obligation Improvement Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on March 19, 2020.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of April 8, 2020. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City for the purpose of financing the construction of the 2020 Utility and Street Improvements in the City.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$1,285,000	
Planned Issuer Equity contribution	<u>105,475</u>	
Total Sources		\$1,390,475
Uses		
Total Underwriter's Discount (1.300%)	\$16,705	
Costs of Issuance	42,000	
Deposit to Capitalized Interest (CIF) Fund	11,856	
Deposit to Project Construction Fund	1,315,625	
Rounding Amount	<u>4,289</u>	
Total Uses		\$1,390,475

*Preliminary, subject to change.

SECURITY

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. The City anticipates that the debt service will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Bonds and from ad valorem property taxes. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

The City will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State of Minnesota's current "AAA" rating from S&P. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM" for further details.

The City currently has an "A+" underlying rating from S&P and will be requesting an underlying rating on this issue. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgement of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM

By resolution adopted for this issue on February 20, 2020 (the "Resolution"), the City has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 446A.086, as amended (the "Act"), which provides for payment by the State of Minnesota in the event of a potential default of certain obligations. The City has entered into a Credit Enhancement Program Agreement (the "Agreement") with the Minnesota Public Facilities Authority (the "Authority"), which is acting on behalf of the State of Minnesota. The provisions of the Agreement shall be binding on the City as long as any obligations of the issue remain outstanding.

The City covenants in the Agreement to deposit with the paying agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment. Under the Agreement, if the City believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Authority not less than 15 business days prior to the date a payment is due on the Bonds if the City will be unable to make all or a portion of the payment. The City's agreement with the Paying Agent for the Bonds requires the Paying Agent to immediately inform the Minnesota Commissioner of Management and Budget, with a copy to the Authority, if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the Bonds, or if, on the day two business days before the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make the payment.

If the City is unable to make any portion of the payment on the Bonds on or before the date due, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the Minnesota legislature to provide for the availability of funds in the General Fund for this purpose.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Prior continuing disclosure undertakings entered into by the City included language stating that an Annual Report including the City's audited financial statements would be filed "as soon as available." Although the City did not always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and decisions, interest on the Bonds is excluded from gross income of the owners thereof for purposes of federal income taxation and is excluded from taxable net income of individuals, estates or trusts for purposes of State of Minnesota income taxation, but is subject to State of Minnesota franchise taxes measured by income that are imposed upon corporations, including financial institutions.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2018 have been audited by Burkhardt & Burkhardt, Ltd., Mankato, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2017/18	2018/19	2019/20
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% ² Over \$1,940,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$121,000 - .75% Over \$121,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2018/19 Economic Market Value \$202,582,307¹

	2018/19 Assessor's Estimated Market Value	2018/19 Net Tax Capacity
Real Estate	\$31,670,100	\$252,800
Personal Property	<u>686,400</u>	<u>13,728</u>
Total Valuation	<u><u>\$32,356,500</u></u>	<u><u>\$266,528</u></u>

2018/19 NET TAX CAPACITY BY CLASSIFICATION

	2018/19 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$146,768	55.07%
Agricultural	19,875	7.46%
Commercial/industrial	41,262	15.48%
Non-homestead residential	44,739	16.79%
Commercial & residential seasonal/rec.	156	0.06%
Personal property	<u>13,728</u>	<u>5.15%</u>
Total	<u><u>\$266,528</u></u>	<u><u>100.00%</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City of West Concord is about 89.54% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$202,582,307.

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity ¹	Taxable Net Tax Capacity ²	Percent +/- in Estimated Market Value
2014/15	\$28,201,300	\$ 21,735,200	\$228,369	\$219,103	- 1.57%
2015/16	28,102,900	21,575,800	225,509	216,563	- 0.35%
2016/17	28,958,900	22,427,000	234,742	234,742	+ 3.05%
2017/18	29,313,700	22,754,900	239,054	239,054	+ 1.23%
2018/19	32,356,500	25,416,000	266,528	266,528	+10.38%

LARGER TAXPAYERS

Taxpayer	Type of Property	2018/19 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Individual	Agricultural	\$ 11,766	4.41%
West Concord Farmers	Commercial	10,149	3.81%
Xcel Energy	Utility	6,872	2.58%
Minnesota Energy Resources	Utility	6,856	2.57%
Individual	Agricultural	5,212	1.96%
Individual	Agricultural	4,001	1.50%
Ellingson Drainage, Inc.	Residential	3,666	1.38%
Individual	Agricultural	2,990	1.12%
Individual	Agricultural	2,669	1.00%
Individual	Agricultural	2,193	0.82%
Total		<u>\$ 56,374</u>	<u>21.15%</u>

City's Total 2018/19 Net Tax Capacity \$266,528

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Dodge County.

¹ Net Tax Capacity includes tax increment values, if any.

² Taxable Net Tax Capacity does not include tax increment values, if any.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Bonds)*	\$3,760,000
Total G.O. debt secured by taxes	178,000
Total G.O. debt secured by utility revenues	<u>999,000</u>
Total General Obligation Debt*	<u><u>\$4,937,000</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

City of West Concord, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 04/08/2020)

Calendar Year Ending	Refunding Bonds 1) Series 2012A		G.O. Bonds 2) Series 2014A		Improvement Bonds Series 2017A		Improvement Bonds Series 2020A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2020									0	36,850	36,850	3,760,000	.00%	2020
2021	20,000	07/19/2012	0	02/01	0	02/01	0	04/08/2020	155,000	100,187	255,187	3,605,000	4.12%	2021
2022	20,000	\$360,000	45,000	11/13/2014	90,000	06/15/2017	0	\$1,285,000*	230,000	88,841	318,841	3,375,000	10.24%	2022
2023	20,000		45,000		95,000	\$2,335,000	70,000		240,000	83,664	323,664	3,135,000	16.62%	2023
2024	20,000		45,000		95,000		80,000		250,000	78,178	328,178	2,885,000	23.27%	2024
2025	20,000		50,000		100,000		80,000		230,000	72,723	302,723	2,655,000	29.39%	2025
2026			50,000		100,000		80,000		180,000	68,115	248,115	2,475,000	34.18%	2026
2027					110,000		85,000		195,000	63,850	258,850	2,280,000	39.36%	2027
2028					115,000		85,000		200,000	59,243	259,243	2,080,000	44.68%	2028
2029					115,000		85,000		200,000	54,454	254,454	1,880,000	50.00%	2029
2030					120,000		90,000		210,000	49,440	259,440	1,670,000	55.59%	2030
2031					125,000		90,000		215,000	44,145	259,145	1,455,000	61.30%	2031
2032					130,000		90,000		220,000	38,610	258,610	1,235,000	67.15%	2032
2033					135,000		90,000		225,000	32,835	257,835	1,010,000	73.14%	2033
2034					140,000		90,000		230,000	26,645	256,645	780,000	79.26%	2034
2035					140,000		95,000		235,000	20,083	255,083	545,000	85.51%	2035
2036					145,000		95,000		240,000	13,338	253,338	305,000	91.89%	2036
2037					150,000		155,000		150,000	7,475	157,475	155,000	95.88%	2037
2038					155,000		155,000		155,000	2,519	157,519	0	100.00%	2038
					80,000		235,000		3,760,000	941,192	4,701,192			

* Preliminary, subject to change.

1) This represents the \$235,000 Series 2007A Refunding portion of the \$805,000 General Obligation Refunding Bonds, Series 2012A.

2) This represents the \$440,000 Concord Street and West Main Street Improvement portions of the \$700,000 General Obligation Bonds, Series 2014A.

City of West Concord, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Utility Revenues
 (As of 04/08/2020)

Calendar Year Ending	Water Revenue Note Series 2003		Sewer Revenue Note Series 2004		Refunding Bonds 1) Series 2012A		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity				
2020							146,904	861,000	13.81%	2020
2021							174,898	702,000	29.73%	2021
2022							169,772	546,000	45.35%	2022
2023							173,608	384,000	61.56%	2023
2024							158,340	235,000	76.48%	2024
2025							52,075	190,000	80.98%	2025
2026							55,650	140,000	85.99%	2026
2027							54,025	90,000	90.99%	2027
2028							32,625	60,000	93.99%	2028
2029							31,575	30,000	97.00%	2029
2030							30,525	0	100.00%	2030
							1,079,996	999,000		

1) This represents the \$445,000 Refunding Bonds portion of the \$805,000 General Obligation Refunding Bonds, Series 2012A

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt: (1) obligations payable wholly or partly from special assessments levied against benefitted property (includes the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations issued to finance any public revenue producing convenience; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) funds held as sinking funds for payment of principal and interest on debt other than those deductible under 1-4 above; and (6) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2018/19 Assessor's Estimated Market Value	\$ 32,356,500
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 970,695
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(178,000)</u>
Unused Debt Limit	<u><u>\$ 792,695</u></u>

OVERLAPPING DEBT¹

Taxing District	2018/19 Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
Dodge County	\$27,921,195	0.9546%	\$ 7,270,000	\$ 69,399
I.S.D. No. 2125 (Triton Public Schools)	11,515,116	2.3146%	8,650,000 ³	<u>200,213</u>
City's Share of Total Overlapping Debt				<u><u>\$269,612</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Currently, the State of Minnesota is paying approximately 29.2% of the principal and interest on the Triton Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$2,525,800.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$202,582,307)	Debt/ Current Population Estimate (776)
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	\$ 3,760,000		
Taxes	178,000		
Utility Revenues	<u>999,000</u>		
Total General Obligation Debt (includes the Bonds)*	\$ 4,937,000		
Less: G.O. Debt Paid Entirely from Revenues ¹	<u>(999,000)</u>		
Tax Supported General Obligation Debt*	\$ 3,938,000	1.94%	\$5,074.74
 City's Share of Total Overlapping Debt ²	 <u>\$ 269,612</u>	 <u>0.13%</u>	 <u>\$347.44</u>
 Total*	 <u><u>\$ 4,207,612</u></u>	 <u><u>2.08%</u></u>	 <u><u>\$5,422.18</u></u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City has no current plans for additional financing in the next 12 months.

¹ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

² After deducting the City's proportionate share of the agricultural land valuation applicable to the overlapping school districts of \$58,462, the City's net overlapping debt is \$211,150, which results in a net overlapping debt/market value ratio of 0.10% and net overlapping debt/current population estimate ratio of \$272.10.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date ²	% Collected
2014/15	\$ 562,295	\$543,724	\$560,815	99.74%
2015/16	562,295	541,420	561,874	99.93%
2016/17	552,856	539,032	552,030	99.85%
2017/18	563,294	553,240	561,187	99.63%
2018/19	578,015	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

TAX CAPACITY RATES⁴

	2014/15	2015/16	2016/17	2017/18	2018/19
Dodge County	39.897%	42.527%	45.110%	46.231%	45.951%
City of West Concord	257.008%	260.023%	235.857%	235.966%	217.161%
I.S.D. No. 2125 (Triton Public Schools)	11.357%	8.693%	7.978%	9.612%	9.680%

Referendum Market Value Rates:

I.S.D. No. 2125 (Triton Public Schools)	0.13766%	0.13520%	0.12668%	0.11960%	0.11992%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Dodge County.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Collections are through December 31, 2019.

³ Second half tax payments on agricultural property are due on November 15th of each year.

⁴ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

THE ISSUER

CITY GOVERNMENT

The City of West Concord was organized as a municipality in 1885. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Administrator and Deputy Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has five full-time, eight part-time, and one seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

The City has no Recognized and Certified Bargaining Units.

POST EMPLOYMENT BENEFITS

The City does not pay directly for retirees' post-employment benefits. The City has some obligations for post-employment benefits as mandated by State Statutes. Specifically, the City is required to allow retirees to be covered by the City's health care plan as long as the retiree pays his/her premiums. Retiree membership in a health care plan typically increases costs of the premiums. This increased cost is commonly known as implicit price subsidy.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, as amended, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (As of March 2020)

Fund	Total Cash and Investments
General	\$ 794,446
Debt Service	653,592
Fire and Ambulance	526,713
Other Non-major Funds	483,461
Total Funds on Hand	<u><u>\$2,458,212</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2016	2017	2018
Water			
Total Operating Revenues	\$ 95,053	\$ 103,151	\$ 120,867
Less: Operating Expenses	<u>(86,051)</u>	<u>(96,791)</u>	<u>(109,383)</u>
Operating Income	\$ 9,002	\$ 6,360	\$ 11,484
Plus: Depreciation	<u>24,415</u>	<u>24,415</u>	<u>39,383</u>
Revenues Available for Debt Service	<u><u>\$ 33,417</u></u>	<u><u>\$ 30,775</u></u>	<u><u>\$ 50,867</u></u>
Sewer			
Total Operating Revenues	\$ 223,815	\$ 229,240	\$ 245,159
Less: Operating Expenses	<u>(257,459)</u>	<u>(263,587)</u>	<u>(282,033)</u>
Operating Income	\$ (33,644)	\$ (34,347)	\$ (36,874)
Plus: Depreciation	<u>83,477</u>	<u>83,477</u>	<u>84,427</u>
Revenues Available for Debt Service	<u><u>\$ 49,833</u></u>	<u><u>\$ 49,130</u></u>	<u><u>\$ 47,553</u></u>
Storm Sewer			
Total Operating Revenues	\$ 25,175	\$ 25,004	\$ 25,288
Less: Operating Expenses	<u>(8,528)</u>	<u>(10,827)</u>	<u>(14,010)</u>
Operating Income	\$ 16,647	\$ 14,177	\$ 11,278
Plus: Depreciation	<u>7,779</u>	<u>7,779</u>	<u>11,987</u>
Revenues Available for Debt Service	<u><u>\$ 24,426</u></u>	<u><u>\$ 21,956</u></u>	<u><u>\$ 23,265</u></u>
Liquor			
Total Operating Revenues	\$ 141,038	\$ 128,189	\$ 89,757
Less: Operating Expenses	<u>(147,375)</u>	<u>(137,044)</u>	<u>(133,125)</u>
Operating Income	\$ (6,337)	\$ (8,855)	\$ (43,368)
Plus: Depreciation	<u>1,845</u>	<u>1,845</u>	<u>1,845</u>
Revenues Available for Debt Service	<u><u>\$ (4,492)</u></u>	<u><u>\$ (7,010)</u></u>	<u><u>\$ (41,523)</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2018 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audit	2017 Audit	2018 Audit	2019 Adopted Budget 1)	2020 Adopted Budget 2)
Revenues					
General property taxes	\$310,025	\$272,435	\$294,419	\$353,206	\$366,141
Special assessments	1,083	1,507	1,084	0	0
Intergovernmental revenues	312,189	319,614	328,856	320,392	330,953
Licenses and permits	4,271	4,727	3,773	5,500	5,500
Charges for services	21,029	25,367	22,976	20,400	19,500
Fines and forfeitures	2,803	4,183	5,847	4,000	4,000
Other income	14,069	13,588	23,689	0	0
Survival days	44,326	33,424	27,962	2,550	29,500
Interest income	17,158	4,440	3,481	5,500	4,000
Total Revenues	\$726,953	\$679,285	\$712,087	\$711,548	\$759,594
Expenditures					
Current:					
General government	\$184,918	\$205,275	\$218,866	\$252,535	\$293,026
Public safety	108,486	116,266	120,457	134,044	143,029
Public works	145,009	111,103	125,981	133,558	143,202
Parks and recreation	141,814	155,719	152,538	122,161	160,337
Miscellaneous	29,544	0	0	0	0
Capital outlay	0	0	0	50,000	0
Debt service	0	0	0	0	0
Total Expenditures	\$609,771	\$588,363	\$617,842	\$692,298	\$739,594
Excess of revenues over (under) expenditures	\$117,182	\$90,922	\$94,245	\$19,250	\$20,000
Other Financing Sources (Uses)					
Sale of capital assets	\$0	\$0	\$0	\$0	\$0
Transfers in	0	0	0	0	0
Transfers out	0	(75,000)	(1,534)	0	0
Total Other Financing Sources (Uses)	\$0	(\$75,000)	(\$1,534)	\$0	\$0
Net changes in Fund Balances	\$117,182	\$15,922	\$92,711	\$19,250	\$20,000
General Fund Balance January 1	568,636	685,818	701,739	794,446	813,696
Prior Period Adjustment	0	(1)	(4)	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	685,818	701,739	794,446	813,696	833,696
DETAILS OF DECEMBER 31 FUND BALANCE					
Assigned	\$52,360	\$46,473	\$36,484		
Unassigned	633,458	655,266	757,962		
Total	\$685,818	\$701,739	\$794,446		

1 The 2019 budget was adopted December 2018.

2 The 2020 budget was adopted December 2019.

GENERAL INFORMATION

LOCATION

The City of West Concord, with a 2010 U.S. Census population of 782, and a current population estimate of 776, and comprising an area of 0.315 square miles, is located approximately 20 miles northwest of the City of Rochester, Minnesota and 65 miles south of the Minneapolis/St. Paul metro area.

LARGER EMPLOYERS¹

Larger employers in the City of West Concord include the following:

Firm²	Type of Business/Product	Estimated No. of Employees
Ellingson Company	Plumbing contractors	120
Casey's General Store	Convenience store	17
Clean Plus, Inc.	Cleaning compounds manufacturer	14
City of West Concord	Municipal government and services	14
Farmers State Bank-West Concord	Bank	9
L & D Recycling	Scrap metal products- manufacturers	8
Boe Auto Center	Automobile Parts & supplies	8
Central Valley Co-op	Chemicals- fertilizer wholesale	7
Omar's Café	Restaurant	7
Hyland Systems	Grain handling equipment	7
Heritage Bank Minnesota	Banks	6

Source: *ReferenceUSA, written and telephone survey (February 2020), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

² McNeilus Auto & Truck Parts was previously listed, but closed in March 2017.

BUILDING PERMITS

	2016	2017	2018	2019	2020 ¹
<u>New Single Family Homes</u>					
No. of building permits	1	2	1	1	0
Valuation	\$191,000	\$477,000	\$180,000	\$170,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$100,000	\$0	\$0	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	26	18	16	23	0
Valuation	\$222,400	\$765,000	\$328,700	\$273,650	\$0

Source: The City.

¹ As of February 25, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census population	838
2010 U.S. Census population	782
2018 State Demographer's Estimate	776
Percent of Change 2000 - 2010	-6.68%

Income and Age Statistics

	The City	Dodge County	State of Minnesota	United States
2018 per capita income	\$24,337	\$32,795	\$36,245	\$32,621
2018 median household income	\$52,344	\$71,669	\$68,411	\$60,293
2018 median family income	\$62,813	\$80,129	\$86,204	\$73,965
2018 median gross rent	\$886	\$657	\$944	\$1,023
2018 median value owner occupied units	\$87,300	\$174,400	\$211,800	\$204,900
2018 median age	33.8 yrs.	38.3 yrs.	37.9 yrs.	37.9 yrs.

	State of Minnesota	United States
City % of 2018 per capita income	67.15%	74.61%
City % of 2018 median family income	72.87%	84.92%

Housing Statistics

	<u>The City</u>		Percent of Change
	2010	2018	
All Housing Units	342	322	-5.85%

Source: 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Dodge County		Dodge County	State of Minnesota
2015	11,026		3.7%	3.7%
2016	11,159		3.7%	3.9%
2017	11,311		3.3%	3.4%
2018	11,482		3.0%	2.9%
2019	11,703		3.4%	3.3%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

**CITY OF WEST CONCORD
WEST CONCORD, MINNESOTA**

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

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CITY OF WEST CONCORD, MINNESOTA
 ELECTED AND APPOINTED OFFICIALS
 FOR THE YEAR ENDED DECEMBER 31, 2018

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeffrey McCool	Mayor	December 31, 2020
Jeff Burse	Council Member	December 31, 2020
Kristen Bachman	Council Member	December 31, 2020
Sam Schollmeier	Council Member	December 31, 2022
Karen Peterson	Council Member	December 31, 2022

APPOINTED

<u>Name</u>	<u>Title</u>
Jack Dickson	City Administrator
Kathleen Courson	Assistant City Clerk
Chad Finne	Fire Chief
Shannon Boerner	Police Chief
Keith Clammer	Street Maintenance Manager
Sarah Fate	Ambulance Director



Burkhardt & Burkhardt, Ltd.

Certified Public Accountants

Website: www.bnbcpas.com

Annandale Office:
35 Oak Ave. N, P.O. Box N
Annandale, MN 55302
P: 320.274.1040
F: 320.274.2260

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430 S. Broad St., Ste. 100
Mankato, MN 56001
P: 507.387.1338
F: 507.387.5199

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
West Concord, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of West Concord, Minnesota, as of and for the year ended December 31, 2018, 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 for proprietary funds and in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor for governmental funds; 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.



Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – Governmental Funds

As described in Note 1, the financial statements of the governmental funds are prepared by the City on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Minnesota Office of the State Auditor. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles – Governmental Funds

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements of the governmental funds do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2018, the changes in its financial position, or, where applicable, its cash flows thereof of the year then ended.

Opinion on Regulatory Basis of Accounting – Governmental Funds

In our opinion, the financial statements of the governmental funds referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the City, as of December 31, 2018, and their respective cash receipts and disbursements, for the year then ended, on the basis of the financial reporting provisions the Minnesota Office of the State Auditor as described in Note 1.

Unmodified Opinion – Proprietary Funds

In our opinion the financial statements for the proprietary funds referred to above present fairly, in all material respects, the financial position of the City of West Concord, Minnesota, as of December 31, 2018, and respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Concord’s basic financial statements. The supplemental information, such as the combining, individual fund financial statements, and pension liability schedules as listed in the table of contents under supplemental section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of West Concord. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2019 on our consideration of the City of West Concord, Minnesota’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 City of West Concord’s internal control over financial reporting and compliance.

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd
Mankato, Minnesota
March 21, 2019

BASIC FINANCIAL STATEMENTS

CITY OF WEST CONCORD, MINNESOTA

STATEMENT OF BALANCES ARISING FROM CASH TRANACTIONS
 GOVERNMENTAL FUNDS
 December 31, 2018

	General	Fire and Ambulance	Debt Service
ASSETS			
Cash and Cash Equivalents	\$ 737,011	\$ 526,713	\$ 653,592
Due From Other Funds	<u>57,435</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 794,446</u>	<u>\$ 526,713</u>	<u>\$ 653,592</u>
CASH FUND BALANCE			
Restricted for:			
Debt Service	0	0	653,592
Economic Development	0	0	0
Committed for:			
Public Safety	0	526,713	0
Assigned for:			
Stucky Park Equipment	469	0	0
Survival Days	19,976	0	0
Delzer Library	6,680	0	0
Warren Nelson	4,871	0	0
Swimming Pool	4,488	0	0
Infrastructure Improvement	0	0	0
Unassigned	757,962	0	0
Total Cash Fund Balance	<u>\$ 794,446</u>	<u>\$ 526,713</u>	<u>\$ 653,592</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

2017 Street Utilities Project	Other Nonmajor Funds	Total Governmental Funds
\$ 0	\$ 483,461	\$ 2,400,777
<u>0</u>	<u>0</u>	<u>57,435</u>
<u>\$ 0</u>	<u>\$ 483,461</u>	<u>\$ 2,458,212</u>
0	0	653,592
0	137,236	137,236
0	0	526,713
0	0	469
0	0	19,976
0	0	6,680
0	0	4,871
0	0	4,488
0	346,225	346,225
0	0	757,962
<u>\$ 0</u>	<u>\$ 483,461</u>	<u>\$ 2,458,212</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF WEST CONCORD, MINNESOTA

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2018

	General	Fire and Ambulance	Debt Service
Receipts:			
General Property Taxes	\$ 294,419	\$ 0	\$ 137,964
Special Assessments	1,084	0	107,617
Intergovernmental Revenue	328,856	27,393	0
Licenses and Permits	3,773	0	0
Charges for Services	22,976	107,879	0
Fines and Forfeitures	5,847	0	0
Other Income	23,689	1,191	0
Survival Days	27,962	0	0
Interest Income	3,481	0	193
Total Receipts	<u>712,087</u>	<u>136,463</u>	<u>245,774</u>
Disbursements:			
Current:			
General Government	218,866	0	0
Public Safety	120,457	88,008	0
Public Works	125,981	0	0
Parks and Recreation	152,538	0	0
Economic Development	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal	0	0	88,000
Interest and Other	0	0	71,400
Bond Issuance Costs	0	0	0
Total Disbursements	<u>617,842</u>	<u>88,008</u>	<u>159,400</u>
Excess of Receipts Over (Under) Disbursements	94,245	48,455	86,374
Other Financing Sources (Uses):			
Transfers In	0	0	107,020
Transfers Out	(1,534)	0	0
Total Other Financing Sources (Uses)	<u>(1,534)</u>	<u>0</u>	<u>107,020</u>
Change in Cash Fund Balance	92,711	48,455	193,394
Cash Fund Balance - January 1	<u>701,735</u>	<u>478,258</u>	<u>460,198</u>
Cash Fund Balance - December 31	<u>\$ 794,446</u>	<u>\$ 526,713</u>	<u>\$ 653,592</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

2017 Street Utilities Project	Other Nonmajor Funds	Total Governmental Funds
\$ 0	\$ 37,713	\$ 470,096
0	0	108,701
0	0	356,249
0	0	3,773
0	0	130,855
0	0	5,847
0	2,494	27,374
0	0	27,962
6,155	1,649	11,478
<u>6,155</u>	<u>41,856</u>	<u>1,142,335</u>
0	0	218,866
0	0	208,465
0	0	125,981
0	0	152,538
0	14,931	14,931
146,437	0	146,437
0	0	88,000
0	0	71,400
0	0	0
<u>146,437</u>	<u>14,931</u>	<u>1,026,618</u>
(140,282)	26,925	115,717
0	0	107,020
<u>(105,347)</u>	<u>(139)</u>	<u>(107,020)</u>
<u>(105,347)</u>	<u>(139)</u>	<u>0</u>
(245,629)	26,786	115,717
<u>245,629</u>	<u>456,675</u>	<u>2,342,495</u>
<u>\$ 0</u>	<u>\$ 483,461</u>	<u>\$ 2,458,212</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF WEST CONCORD, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Storm Sewer Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets:			
Cash and Cash Equivalents	\$ 177,073	\$ 439,686	\$ 210,612
Accounts Receivable	11,978	28,317	4,107
Taxes Receivable	941	10,170	0
Special Assessments Receivable	0	3,753	0
Inventory	0	0	0
Prepaid Items	524	2,030	0
Total Current Assets	<u>190,516</u>	<u>483,956</u>	<u>214,719</u>
Noncurrent Assets:			
Capital Assets, Net	1,424,755	2,046,505	460,341
Advance to Other Funds	0	0	109,041
Total Assets	<u>1,615,271</u>	<u>2,530,461</u>	<u>784,101</u>
Deferred Outflows of Resources			
Deferred Amounts for Pensions	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,615,271</u>	<u>\$ 2,530,461</u>	<u>\$ 784,101</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current Liabilities:			
Accrued Expenses	\$ 11,999	\$ 7,122	\$ 3,197
Due to Other Funds	0	0	0
Current Portion of Long-Term Liabilities	58,750	121,000	0
Total Current Liabilities	<u>70,749</u>	<u>128,122</u>	<u>3,197</u>
Long-term Liabilities:			
Compensated Absences	0	0	0
Advance from Other Funds	109,041	0	0
Net Pension Liability	0	0	0
Bonds Payable	893,882	687,972	247,420
Total Liabilities	<u>1,073,672</u>	<u>816,094</u>	<u>250,617</u>
Deferred Inflows of Resources			
Deferred Amounts for Pensions	<u>0</u>	<u>0</u>	<u>0</u>
Net Position:			
Net Investment in Capital Assets	472,123	1,237,533	212,921
Unrestricted	69,476	476,834	320,563
Total Net Position	<u>541,599</u>	<u>1,714,367</u>	<u>533,484</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,615,271</u>	<u>\$ 2,530,461</u>	<u>\$ 784,101</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Business-Type Activities -

<u>Liquor</u>	<u>Totals</u>
\$ 2,000	\$ 829,371
1,504	45,906
0	11,111
0	3,753
42,637	42,637
<u>9,505</u>	<u>12,059</u>
55,646	944,837
11,103	3,942,704
<u>0</u>	<u>109,041</u>
66,749	4,996,582
<u>19,152</u>	<u>19,152</u>
<u>\$ 85,901</u>	<u>\$ 5,015,734</u>
\$ 6,101	\$ 28,419
57,435	57,435
<u>0</u>	<u>179,750</u>
63,536	265,604
3,282	3,282
0	109,041
64,099	64,099
<u>0</u>	<u>1,829,274</u>
<u>130,917</u>	<u>2,271,300</u>
<u>32,687</u>	<u>32,687</u>
11,103	1,933,680
<u>(88,806)</u>	<u>778,067</u>
<u>(77,703)</u>	<u>2,711,747</u>
<u>\$ 85,901</u>	<u>\$ 5,015,734</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF WEST CONCORD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For The Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Storm Sewer Fund
Revenue:			
Sales	\$ 0	\$ 0	\$ 0
Cost of Sales	0	0	0
Gross Profit	0	0	0
Charges for Services	120,867	245,159	25,288
Total Operating Revenues	120,867	245,159	25,288
Operating Expenses:			
Wages and Employee Benefits	0	0	0
People Service Contract	44,536	106,980	0
Licenses and Permits	470	2,790	0
Memberships, Dues, and Subscriptions	671	178	178
Insurance	715	2,773	0
Legal and Professional Services	1,730	1,730	1,273
Sludge Hauling	0	28,483	0
Utilities	17,947	26,615	572
Repairs and Maintenance	310	28,003	0
Other Expenses	3,621	54	0
Depreciation	39,383	84,427	11,987
Total Operating Expenses	109,383	282,033	14,010
Income (Loss) From Operations	11,484	(36,874)	11,278
Nonoperating Revenues (Expenses):			
Property Taxes	44,254	76,559	0
Interest Earnings	57	279	2,739
Other Income	1,023	10,628	0
Interest and Other Expenses	(40,203)	(11,013)	(11,145)
Total Nonoperating Revenues (Expenses)	5,131	76,453	(8,406)
Change in Net Position	16,615	39,579	2,872
Net Position - January 1	524,984	1,674,788	530,612
Net Position - December 31	\$ 541,599	\$ 1,714,367	\$ 533,484

The Notes to the Financial Statements are an Integral Part of this Statement.

Business-type Activities -

<u>Liquor</u>	<u>Totals</u>
\$ 243,591	\$ 243,591
(153,834)	(153,834)
89,757	89,757
0	391,314
89,757	481,071
71,737	71,737
0	151,516
270	3,530
860	1,887
25,694	29,182
3,385	8,118
0	28,483
13,849	58,983
6,633	34,946
8,852	12,527
1,845	137,642
133,125	538,551
(43,368)	(57,480)
0	120,813
0	3,075
7,046	18,697
0	(62,361)
7,046	80,224
(36,322)	22,744
(41,381)	2,689,003
\$ (77,703)	\$ 2,711,747

The Notes to the Financial Statements are an Integral Part of this Statement.

CITY OF WEST CONCORD, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For The Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Storm Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers and Users	\$ 120,184	\$ 245,403	\$ 25,536
Payments to Suppliers	(70,810)	(198,116)	(2,165)
Payments to Employees	0	0	0
Other Receipts	1,023	10,628	0
Net Cash Provided (Used) by Operating Activities	<u>50,397</u>	<u>57,915</u>	<u>23,371</u>
Cash Flows From Noncapital Financing Activities:			
Change in Interfund Borrowings	(10,959)	0	10,959
Special Assessments	0	682	0
Property Taxes	45,577	76,750	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>34,618</u>	<u>77,432</u>	<u>10,959</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase of Assets	(61,120)	(5,945)	(24,254)
Principle Paid on Long-term Debt	(35,000)	(130,934)	0
Interest Paid on Long-term Debt	(31,134)	(10,870)	(8,331)
Net Cash Used By Capital and Related Financing Activities	<u>(127,254)</u>	<u>(147,749)</u>	<u>(32,585)</u>
Cash Flows From Investing Activities:			
Interest Earned	57	279	2,739
Net Cash Provided by Investing Activities	<u>57</u>	<u>279</u>	<u>2,739</u>
Net Increase (Decrease) in Cash	(42,182)	(12,123)	4,484
Cash and Cash Equivalents - January 1	<u>219,255</u>	<u>451,809</u>	<u>206,128</u>
Cash and Cash Equivalents - December 31	<u>\$ 177,073</u>	<u>\$ 439,686</u>	<u>\$ 210,612</u>
Reconciliation of Operating (Income) Loss to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 11,484	\$ (36,874)	\$ 11,278
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	39,383	84,427	11,987
Other Receipts Related to Income	1,023	10,628	0
(Increase) Decrease in Accounts Receivable	(683)	244	248
(Increase) Decrease in Pension Amounts	0	0	0
(Increase) Decrease in Inventory	0	0	0
(Increase) Decrease in Prepaid Items	17	66	0
Increase (Decrease) in Accrued Expenses	(827)	(576)	(142)
Increase (Decrease) in Net Pension Liability	0	0	0
Net Cash Provided (Used) by Operating Activities	<u>\$ 50,397</u>	<u>\$ 57,915</u>	<u>\$ 23,371</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Business-type Activities -

<u>Liquor</u>	<u>Totals</u>
\$ 243,443	\$ 634,566
(205,132)	(476,223)
(84,134)	(84,134)
7,046	18,697
<u>(38,777)</u>	<u>92,906</u>
38,778	38,778
0	682
0	253,777
<u>38,778</u>	<u>293,237</u>
0	(91,319)
0	(165,934)
0	(50,335)
<u>0</u>	<u>(307,588)</u>
0	3,075
<u>0</u>	<u>3,075</u>
1	81,630
<u>2,000</u>	<u>879,192</u>
<u>\$ 2,001</u>	<u>\$ 960,822</u>
\$ (43,368)	\$ (57,480)
1,845	137,642
7,046	18,697
(148)	(339)
9,739	9,739
(5,004)	(5,004)
75	158
764	(781)
(9,726)	(9,726)
<u>\$ (38,777)</u>	<u>\$ 92,906</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of West Concord, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. Blended component units, although legally separate entities are in substance, part of the City's operations and so data from these units are combined with data of the City. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally from the City. Included in the City's reporting entity, based upon the application of these criteria, is the following blended component unit. The blended component unit presented has a December 31, year end.

Economic Development Authority. The Economic Development Authority (the EDA) was created pursuant to Minnesota statutes 469.090 through 469.108. The seven member Board of Directors carries out economic and industrial development and redevelopment within the City in accordance with policies established by the City. Separate financial statements are not issued for this component unit.

B. Measurement focus, basis of accounting and financial statement presentation

The accompanying financial statements for the governmental funds have been prepared on the regulatory basis of accounting as described in the *Minnesota Office of the State Auditor's Reporting and Publishing Requirements for Cities Under 2,500 in Population* published on December 17, 2004. Under that basis, revenues are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States primarily because the City has not reported a management discussion and analysis letter, government-wide statement of net assets and government-wide statement of activities and the City does not recognize revenues and expenditures in accordance with the modified accrual (governmental) or accrual (proprietary) basis of accounting.

The accompanying financial statements for the enterprise funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

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. Aggregate information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Fire and Ambulance fund* accounts for fire protection and ambulance services within the City and surrounding Townships.

The *Debt Service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *2017 Street Utility Project fund* accounts for the resources and disbursements related to the 2017 Street improvement project.

The City reports the following major proprietary funds:

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

The *Sewer Utility fund* accounts for the costs associated with the City's sewer utility system and insure that user charges are sufficient to meet those costs.

The *Storm Sewer fund* accounts for the costs associated with the City's operation storm sewer utility system and insure that user charges are sufficient to meet those costs.

The *Municipal Liquor fund* accounts for the costs associated with the City's municipal liquor store.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balance**

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed Investment Contracts (GICs) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The City's investments are reported at their respective fair market values. The City has not adopted a formal investment policy.

Property taxes

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

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

Delinquent taxes receivable include the past six years' uncollected taxes.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2018. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County.

Inventories

For proprietary funds, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories are recorded as an expense when sold or consumed rather than when purchased.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 proprietary fund activities in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than the thresholds below (amount not rounded) and an estimated useful life in excess of one year. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Assets	Capitalization Threshold
Land improvements	\$ 10,000
Buildings and improvements	25,000
Infrastructure	100,000
Machinery and equipment	5,000

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. Interest incurred during the construction phase of capital assets of proprietary fund activities is included as part of the capitalized value of the assets constructed. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued)

Property, plant, and equipment of the City's proprietary funds are depreciated using the straight line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings and improvements	15 to 75
Infrastructure	20 to 60
Machinery and equipment	3 to 15

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused personal leave benefits. Upon retirement or termination, employees in good standing are entitled to payout for the lesser of 50% of their personal leave balance or 240 hours (30 days). All vacation pay is accrued when incurred in proprietary fund financial statements.

Deferred outflows/inflows of resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

In addition to assets, the statement of financial position and fund financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of resources that is applicable to future reporting period(s) and so will not be recognized as an outflow of resources (expense) until that time.

Long-term obligations

In the proprietary fund financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable fund type statement of net position. Bond premiums and discounts are delayed and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. 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 debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Net position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

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

Fund balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.
Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

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

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

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 20-25 percent of budgeted operating expenditures for cash-flow timing needs.

CITY OF WEST CONCORD, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Note 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City Clerk-Treasurer so that a budget may be prepared. Before September 15, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

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

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2018, no had expenditures over appropriations.

C. Deficit Fund Equity

The following had fund equity deficits at year end:

Proprietary Major	Fund	Amount
Municipal Liquor fund		\$ 77,703

The fund deficits are planned to be eliminated with future receipts.

Note 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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

CITY OF WEST CONCORD, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Note 3 DETAILED NOTES ON ALL FUNDS – (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit, issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At December 31, 2018, the carrying amount of deposits was \$3,230,149 and the bank balance was \$3,268,416. Of the bank balance, \$500,000 was covered by federal depository insurance and remaining balance was covered by collateral held by the City's agent in the City's name.

Investments

As of December 31, 2018, the City held no investments.

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

	Governmental Funds	Proprietary Funds
Demand deposits	\$ 1,663,666	\$ 403,140
Time deposits	515,408	254,611
Cash held with escrow agent	221,326	169,495
Petty cash	377	2,125
Total cash and cash equivalents	\$ 2,400,777	\$ 829,371

CITY OF WEST CONCORD, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Note 3 DETAILED NOTES ON ALL FUNDS - (Continued)

B. Capital assets

Capital asset activity for the City for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 4,446	\$ -	\$ -	\$ 4,446
Construction in progress	772,852	-	(772,852)	-
Total capital assets	777,298	-	(772,852)	4,446
Capital assets being depreciated				
Buildings and Improvements	3,428,775	-	-	3,428,775
Infrastructure	1,651,241	815,150	-	2,466,391
Machinery and equipment	42,328	-	-	42,328
Total capital assets being depreciated	5,122,344	815,150	-	5,937,494
Less accumulated depreciation for Buildings and Improvements	(1,330,961)	(87,987)	-	(1,418,948)
Infrastructure	(489,332)	(49,424)	-	(538,756)
Machinery and equipment	(41,302)	(230)	-	(41,532)
Total accumulated depreciation	(1,861,595)	(137,641)	-	(1,999,236)
Total capital assets being depreciated, net	3,260,749	677,509	-	3,938,258
Business-type activities capital assets, net	\$ 4,038,047	\$ 677,509	\$ (772,852)	\$ 3,942,704

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

Business-type activities	
Water Utility	\$ 39,383
Sewer Utility	84,426
Storm Sewer Utility	11,987
Municipal Liquor	1,845
Total depreciation expense - business-type activities	\$ 137,641

CITY OF WEST CONCORD, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Note 3 DETAILED NOTES ON ALL FUNDS - (Continued)

C. Long-term debt

General Obligation Improvement Bonds

The City issues general obligation improvement bonds to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. General obligation special assessment bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds of 2012A	\$ 360,000	2.00-3.50%	7/19/12	2/1/30	\$ 218,250
G.O. Improvement Bonds of 2014A	440,000	0.60-2.35%	11/13/14	2/1/25	320,000
G.O. Improvement Bonds of 2017A	2,335,000	3.00-3.25%	2/1/17	2/1/38	2,335,000
Total general obligation improvement bonds					\$ 2,873,250

General Obligation Revenue Bonds

The City issued general obligation revenue bonds where the government pledges income derived from the acquired or constructed assets to pay debt service requirements. The City is obligated to levy ad valorem taxes in the event that anticipated income from the acquired or constructed assets will not be sufficient to cover debt service requirements. Revenue Bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds of 2003A	\$ 234,105	2.82%	10/9/03	8/20/23	\$ 72,000
G.O. Sewer Revenue Bonds of 2004A	2,231,649	1.00%	6/10/04	8/20/24	753,000
G.O. Refunding Bonds of 2012A	445,000	2.00-3.50%	7/19/12	2/1/30	266,750
Total general obligation revenue bonds					\$ 1,091,750

Note 3 **DETAILED NOTES ON ALL FUNDS** - (Continued)

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year-End
G.O. Equipment					
Bonds of 2014A	\$ 260,000	0.060-2.35%	11/13/14	2/1/25	\$ 180,000
G.O. Equipment					
Bonds of 2017B	94,000	3.56%	2/1/17	2/1/23	94,000
Total general obligation bonds					\$ 274,000

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

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 163,250	\$ 63,336	\$ 190,750	\$ 44,810
2020	170,500	59,855	200,500	41,738
2021	167,000	55,858	196,000	38,434
2022	169,750	51,837	195,250	35,135
2023	173,000	47,465	199,000	31,873
2024-2028	561,750	178,160	437,250	119,335
2029-2033	407,000	108,680	278,000	70,845
2034-2038	445,000	44,200	285,000	28,275
Total	\$ 2,257,250	\$ 609,391	\$ 1,981,750	\$ 410,445

Outstanding non-exchange financial guaranteed obligations

On February 1, 2018, the City issued \$2,335,000 general obligation improvement bonds. The bonds mature annually through February 1, 2038, with semiannual interest payments. The state of Minnesota through their public facilities authority (PFA) has guaranteed to make all required payments that the City is unable to make. The City is required to repay the PFA with interest for any payments the PFA makes pursuant to the guarantee. As of December 31, 2018, the City has made all required debt service payments on the guaranteed debt. At December 31, 2018, the outstanding principal amount of the guaranteed debt was \$2,335,000.

Note 3 **DETAILED NOTES ON ALL FUNDS** - (Continued)

Changes in long-term liabilities

During the year ended December 31, 2018, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
GO improvement bonds	\$ 2,041,250	\$ -	\$ (58,000)	\$ 1,983,250	\$ 60,250
GO equipment bonds	304,000	-	(30,000)	274,000	103,000
Governmental long-term liabilities	\$ 2,345,250	\$ -	\$ (88,000)	\$ 2,257,250	\$ 163,250
Business-type activities					
GO revenue bonds	\$ 968,934	\$ -	\$ (143,934)	\$ 825,000	\$ 135,000
GO improvement bonds	890,000	-	-	890,000	30,000
GO Refunding bonds	288,750	-	(22,000)	266,750	24,750
Total Bonds	2,147,684	-	(165,934)	1,981,750	189,750
Advance from Other Funds	120,000	-	(10,959)	109,041	10,959
Bond Premium	28,247	-	(974)	27,273	974
Net Pension Liability	73,825	12,347	(22,073)	64,099	-
Compensated absences	3,862	2,669	(3,249)	3,282	-
Business-type long-term liabilities	\$ 2,373,618	\$ 15,016	\$ (203,189)	\$ 2,185,445	\$ 201,683

D. Interfund receivables, payables, and transfers

Fund Type and Fund	Internal Balances		Advance to Other Funds		Due to Other Funds	
	Advance to Other Funds	Due to Other Funds	Advance from Other Funds	Due from Other Funds	Advance to Other Funds	Due from Other Funds
General Fund						\$ 57,435
Municipal Liquor	\$ 109,041			\$ 57,435		-
Water						-
Storm Sewer		\$ 109,041				-
Total	\$ 109,041	\$ 109,041	\$ 109,041	\$ 57,435	\$ 57,435	\$ 57,435

CITY OF WEST CONCORD, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Note 3 **DETAILED NOTES ON ALL FUNDS** - (Continued)

The General fund provided working capital to the Municipal liquor store at to reduce cash deficits at year-end. This amount will be repaid in the subsequent year.

During 2017, the Storm Sewer fund borrowed the Water fund \$120,000 for working capital needs. The note has a 10 year term at 2% interest with annual payments of \$10,959.

E. Net Position/Fund Balance

Governmental Fund Balances	
Governmental fund balances reported on the fund financial statements at December 31, 2018 included the following:	
Restricted	
Major Funds:	
Debt Service Fund - debt service	\$ 522,143
Non-Major Funds:	
Special Revenue Funds:	
Rochester sales tax	41,897
Economic development	91,085
Capital Projects Funds:	
TIF District 1-1	4,254
Total restricted fund balance	<u>659,379</u>
Committed	
Major Funds:	
Fire and Ambulance Fund - public safety	526,713
Assigned	
Major Funds:	
General Fund:	
Stucky park equipment	469
Survival Days	19,976
Delzer library	6,680
Warren Nelson Pool	4,871
Swimming pool	4,488
Total assigned general fund	<u>36,484</u>

CITY OF WEST CONCORD, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018

Note 3 **DETAILED NOTES ON ALL FUNDS** - (Continued)

Non-Major Funds:	
Capital Projects Funds:	
Street improvement	207,263
Equipment revolving	98,702
Mathias subdivision project	40,260
Total in infrastructure improvement	<u>346,225</u>
Total Assigned	<u>382,709</u>
Unassigned	
General Fund	<u>757,962</u>
Total Fund Balance	<u>\$ 2,126,763</u>

Business-Type Activities Net Position

Business-type activities net position reported on the proprietary fund financial statements at December 31, 2018, includes the following:

Net Investment in Capital Assets:	
Land	\$ 4,446
Buildings and improvements	3,428,775
Infrastructure	2,466,391
Machinery and equipment	42,328
Less: accumulated depreciation	(1,999,236)
Less: long-term debt outstanding	(1,981,750)
Less: bond premium	(27,273)
Total Net Investment in Capital Assets	<u>1,933,680</u>
Unrestricted	<u>778,067</u>
Total Business-Type Activities Net Position	<u>\$ 2,711,747</u>

Note 4 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Public Employees' Retirement Association – Municipal Liquor Store Fund

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.

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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. 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.

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

C. Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2018; the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2018 were \$5,753. The City's contributions were equal to the required contributions as set by state statute.

Note 4 DEFINED BENEFIT PENSION PLANS-(Continued)

D. Pension Costs

At December 31, 2018, the City reported a liability of \$64,099 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 \$2,091. The net pension liability was measured as of June 30, 2018, 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At December 31, 2018, the City's proportion was 0.0037%, which was a decrease of .0002% from its proportion measured as of June 30, 2017. For the year ended December 31, 2018, the City recognized pension expense of \$13 for its proportionate share of GERS's pension expense. In addition, the City recognized an additional \$487 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of a 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

At December 31, 2018, the City reported its proportionate share of GERS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,697	\$ 1,870
Net difference between projected and actual earnings on plan investments	8,195	14,744
Changes in actuarial assumptions	6,123	7,202
Changes in proportion	-	8,871
Contributions paid to PERA subsequent to the measurement date	3,137	-
Total	\$ 19,152	\$ 32,687

\$3,137 was reported as deferred outflows of resources related to pensions resulting from City contributions to GERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERS pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2019	\$ (2,138)
2020	\$ (6,999)
2021	\$ (6,198)
2022	\$ (1,338)
2023	-
Thereafter	-

Note 4 DEFINED BENEFIT PENSION PLANS-(Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information:	June 30, 2018
Measurement Date	July 1, 2018
Valuation Date	Entry Age Normal
Actuarial Cost Method	
Actuarial Assumption:	7.50%
Investment Rate of Return	2.50% per year
Inflation	3.25% after 26 years of service
Projected Salary Increase	

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the General Employees and Police and Fire Plans. Salary growth assumptions in the General Employees Plan decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the Police and Fire Plan, salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2014 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%

Note 4 DEFINED BENEFIT PENSION PLANS-(Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the 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:

City's proportionate share of NPL		
1 Percent Decrease	Current	1 Percent Increase
(6.50%)	(7.50%)	(8.50%)
\$ 104,169	\$ 64,099	\$ 31,022

H. Pension Plan Fiduciary Net Position

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Legal debt margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues, or tax increments. For the year ended December 31, 2018 the City's debt margin was \$605,411.

CITY OF WEST CONCORD, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 5 OTHER INFORMATION (Continued)

C. Tax increment districts

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

D. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program; the amount received in 2018 was \$295,498. This accounted for 41 percent of General fund revenues.

SUPPLEMENTARY INFORMATION SECTION

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2018

	Original And Final Budget	Actual Amounts	Over (Under) Budget
Receipts:			
General Property Taxes	\$ 3,000	\$ 294,419	\$ 291,419
Special Assessments	0	1,084	(1,084)
Intergovernmental Revenue	318,133	328,856	10,723
Licenses and Permits	2,000	3,773	1,773
Charges for Services	21,900	22,976	1,076
Fines and Fees	4,000	5,847	1,847
Other Income	2,550	23,689	21,139
Survival Days	0	27,962	27,962
Interest	5,500	3,481	(2,019)
Total Receipts	<u>357,083</u>	<u>712,087</u>	<u>355,004</u>
Disbursements:			
General Government	245,132	218,866	(26,266)
Public Safety	132,110	120,457	(11,653)
Public Works	132,490	125,981	(6,509)
Parks and Recreation	121,431	152,538	31,107
Total Disbursements	<u>631,163</u>	<u>617,842</u>	<u>(13,321)</u>
Excess of Receipts Over (Under) Disbursements	(274,080)	94,245	368,325
Other Financing Uses:			
Transfers Out	0	(1,534)	(1,534)
Change in Cash Fund Balance	<u>\$ (274,080)</u>	<u>92,711</u>	<u>\$ 366,791</u>
Cash Fund Balance - January 1		<u>701,735</u>	
Cash Fund Balance - December 31		<u>\$ 794,446</u>	

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENT AND CHANGES IN CASH
FUND BALANCE - FIRE AND AMBULANCE FUND - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

	Original and Final Budget	Actual Amount	Over (Under) Budget
Receipts:			
Intergovernmental	\$ 11,160	\$ 27,393	\$ 16,233
Charges for Services	88,500	107,879	19,379
Other Income	0	1,191	1,191
Total Receipts	<u>99,660</u>	<u>136,463</u>	<u>36,803</u>
Disbursements:			
Public Safety:			
Current:	94,710	88,008	(6,702)
Ambulance Service and Fire Protection			
Capital Outlay:			
Public Safety Equipment	5,000	0	(5,000)
Total Disbursements	<u>99,710</u>	<u>88,008</u>	<u>(11,702)</u>
Change in Cash Fund Balance	<u>\$ (50)</u>	<u>48,455</u>	<u>\$ 48,505</u>
Cash Fund Balance - January 1		<u>478,258</u>	
Cash Fund Balance - December 31		<u>\$ 526,713</u>	

CITY OF WEST CONCORD, MINNESOTA

COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 132,982	\$ 350,479	\$ 483,461
CASH FUND BALANCE			
Cash Fund Balance	\$ 132,982	\$ 350,479	\$ 483,461

CITY OF WEST CONCORD, MINNESOTA

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Receipts:			
Property Taxes	\$ 15,555	\$ 22,158	\$ 37,713
Interest Earnings	876	773	1,649
Loan Repayment	2,494	0	2,494
Total Receipts	<u>18,925</u>	<u>22,931</u>	<u>41,856</u>
Disbursements:			
Current			
Economic Development	14,816	115	14,931
Capital Outlay			
Debt Service			
Total Disbursements	<u>14,816</u>	<u>115</u>	<u>14,931</u>
Excess of Receipts Over (Under) Disbursements	4,109	22,816	26,925
Other Financing Uses:			
Transfers Out	0	(139)	(139)
Change in Cash Fund Balance	4,109	22,677	26,786
Cash Fund Balance - January 1	128,873	327,802	456,675
Cash Fund Balance - December 31	<u>\$ 132,982</u>	<u>\$ 350,479</u>	<u>\$ 483,461</u>

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS -
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
For The Year Ended December 31, 2018

(With Comparative Actual Amounts For The Year Ended December 31, 2017)

	2018 Budget	2018 Actual	Over (Under) Budget	2017 Actual
Receipts:				
Taxes:				
General Property Taxes	\$ 0	\$ 290,575	\$ 290,575	\$ 268,389
Franchise Fees	3,000	3,844	844	4,046
Total Taxes	3,000	294,419	291,419	272,435
Special Assessments	0	1,084	1,084	1,507
Intergovernmental Revenue:				
Local Government Aid	295,498	295,498	0	288,758
Small City Assistance	0	9,105	9,105	0
PERA Aid	1,111	1,111	0	1,111
MV Credit Aid	0	792	792	800
County Maintenance Agreement	0	0	0	6,778
Police Training Reimbursement	900	0	(900)	954
State Aid - Police	7,000	7,642	642	7,910
County Aid - Library	13,624	14,708	1,084	13,303
Total Intergovernmental Revenue	318,133	328,856	10,723	319,614
Licenses and Permits:				
City License Fees	0	350	350	525
Building Permit Fees	2,000	3,423	1,423	4,202
Total Licenses	2,000	3,773	1,773	4,727
Charges for Services:				
Animal Fees	0	85	85	225
Vehicle Impound	0	2,475	2,475	700
Safe-N-Sober	1,500	362	(1,138)	2,649
Pool - Swimming Fees	1,500	2,116	616	2,001
Pool - Lessons	9,000	8,577	(423)	9,064
Pool - Concessions	2,100	2,076	(24)	1,953
Pool - Family Passes	6,800	6,150	(650)	7,575
Pool - Single Passes	1,000	1,085	85	1,200
Rental	0	50	50	0
Total Charges for Services	21,900	22,976	1,076	25,367
Fines and Forfeitures:				
Fines - Police	4,000	5,776	1,776	4,183
Fines - Library	0	71	71	0
Total Fines and Forfeitures	4,000	5,847	1,847	4,183
Other Income:				
Refunds	0	166	166	0
Miscellaneous	2,550	23,523	(20,973)	13,588
Survival Days	0	27,962	27,962	33,424
Interest and Dividends	5,500	3,481	(2,019)	4,440
Total Other Income	8,050	55,132	47,082	51,452
Total Receipts	357,083	712,087	355,004	679,285

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS -
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
For The Year Ended December 31, 2018

(With Comparative Actual Amounts For The Year Ended December 31, 2017)

	2018 Budget	2018 Actual	Over (Under) Budget	2017 Actual
Disbursements:				
General Government:				
Mayor and Council:	\$ 7,750	\$ 7,750	\$ 0	\$ 7,873
Salary and Wages	0	0	0	9
PERA - Employer	600	503	(97)	640
FICA Contributions	3,600	3,960	360	2,940
Per Diem	0	1,030	1,030	0
Supplies - Building	0	841	841	55
Supplies - Office	0	100	100	0
Professional Services	3,000	2,847	(153)	2,292
Advertising	400	204	(196)	0
Mileage	600	0	(600)	440
Meals and Rooms	100	0	(100)	4
Misc. Exp.	100	60	(30)	30
Memberships/Dues	600	0	(600)	562
Training	600	0	(600)	562
Total Mayor and Council	16,710	17,265	555	14,845
Administration:				
Full Time Wages	90,190	86,393	(3,797)	87,193
PERA Contributions	6,750	6,282	(468)	6,596
FICA Contributions	6,900	5,618	(1,282)	6,485
Per Diem	700	450	(250)	725
Insurance Premiums	17,925	16,854	(1,071)	12,245
Computer Supplies	0	52	52	94
Mileage	250	238	(12)	237
Meals and Rooms	250	224	(26)	0
Reimbursement	0	888	888	0
Training	500	820	320	30
Permits & Licenses	0	45	45	0
Total Administration	123,465	117,864	(5,601)	113,605
Other Administration:				
Supplies Office	3,000	2,762	(238)	3,630
Engineer	1,240	6,091	4,851	1,100
Professional Services	0	4,036	4,036	5,441
Legal Fees	12,500	7,361	(5,139)	4,118
Assessor	5,000	4,669	(331)	4,568
Building Inspector	3,500	2,735	(765)	3,574
Banyon Support	1,600	1,590	(10)	1,590
Professional Services	6,000	11,882	5,882	9,298
Election	1,300	943	(357)	0
Telephone	2,100	2,064	(36)	1,903
Postage	1,000	936	(64)	997
Advertising	1,000	1,000	0	722
General Liability Insurance	40,093	19,254	(20,839)	18,075
Worker's Comp Insurance	11,000	7,639	(3,361)	7,259
Utilities	4,000	1,545	(2,455)	2,329

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS -
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
For The Year Ended December 31, 2018
(With Comparative Actual Amounts For The Year Ended December 31, 2017)

	2018 Budget	2018 Actual	2017 Budget	2017 Actual
Disbursements (Continued):				
General Government: (Continued)				
Other Administration: (Continued)				
Building Repairs	\$ 1,000	\$ 4,378	\$ 3,378	\$ 1,524
Equipment & Machine Repairs	2,000	21	(1,979)	1,356
Misc. Exp.	374	23	(351)	641
Membership/Dues	4,700	1,073	(3,627)	1,143
Permits & Licenses	500	48	(452)	425
Safety Training	1,000	1,094	94	554
Property Taxes Paid	0	26	26	26
Capital Outlay	0	0	0	4,676
Equipment	650	0	(650)	0
Utilities	400	141	(259)	323
Supplies - Building	0	0	0	93
Utilities	1,000	2,440	1,440	1,142
Building Repairs	0	569	569	318
Total Other Administration	104,957	83,737	(21,220)	76,825
Total General Government	245,132	218,866	(26,266)	205,275
Police:				
Full Time Wages	37,400	35,288	(2,112)	35,380
Full Time Overtime	0	0	0	236
Part Time Wages	36,600	36,043	(557)	36,808
PERA Contributions	9,700	9,026	(674)	8,854
FICA Contributions	3,000	2,533	(467)	2,632
Part-time Uniforms	2,000	3,942	1,942	1,804
Uniform	700	556	(144)	863
Insurance Premiums	4,710	5,312	602	4,467
Computer Supplies	1,000	981	(19)	1,288
Motor Fuel	7,000	5,313	(1,687)	4,404
Animal Impound Expense	500	9	(491)	0
Professional Services	12,000	10,641	(1,359)	9,892
Telephone	500	449	(51)	458
Postage / Shipping	100	146	46	166
Advertising	100	110	10	0
Utilities	1,500	1,545	45	1,506
Building Repairs	100	52	(48)	124
Equip. & Machine Repairs	2,000	636	(1,364)	1,138
Meats and Rooms	1,000	1,610	610	994
Misc. Exp.	500	302	(198)	518
Memberships/Dues	300	626	326	460
Training	2,000	851	(1,149)	2,519
Motor Vehicle	9,400	4,486	(4,914)	1,755
Total Police	132,110	120,457	(11,653)	116,266

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS -
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
For The Year Ended December 31, 2018
(With Comparative Actual Amounts For The Year Ended December 31, 2017)

	2018 Budget	2018 Actual	2017 Budget	2017 Actual
Disbursements (Continued):				
Public Works:				
Street and Highway:				
Full Time Wages	\$ 45,900	\$ 46,377	\$ 477	\$ 45,337
Full Time Overtime	3,500	5,702	2,202	2,984
Part Time Wages	4,000	3,866	(134)	3,160
PERA Contributions	3,700	3,899	199	3,624
FICA Contributions	3,800	3,648	(152)	3,885
Uniform	200	450	250	208
Insurance Premiums	7,270	8,587	1,317	5,779
Supplies - Building	6,000	6,012	12	3,996
Motor Fuel	6,500	4,982	(1,518)	3,950
Street Repairs/Projects	15,000	15,878	878	12,203
Snow Removal	8,000	5,545	(2,455)	100
Professional Services	100	212	112	53
Telephone	1,000	857	(143)	775
Postage / Shipping	0	0	0	3
Worker's Comp Insurance	0	141	141	141
Insurance - Claims	0	0	0	207
Utilities	2,000	1,075	(925)	864
Street Lights	17,000	10,852	(6,148)	15,972
Street Light Repairs	3,000	919	(2,081)	1,956
Mileage	50	0	(50)	39
Equip. & Machine Repairs	5,000	6,576	1,576	5,399
Misc. Exp.	0	20	20	0
Reimbursement	0	249	249	0
Training	20	0	(20)	0
Permits & Licenses	150	0	(150)	0
Motor Vehicle	300	134	(166)	468
Total Street and Highway	132,490	125,981	(6,509)	111,103
Parks and Recreation:				
Parks:				
Supplies	1,500	2,485	985	1,172
Eagle Scout Expenses	0	0	0	5,488
Professional Services	1,500	1,046	(454)	1,334
Utilities	1,000	869	(131)	819
Building Repairs	500	836	336	693
Equip. Rental	800	0	(800)	200
Capital Outlay	4,000	5,006	1,006	3,856
Survival Days Expenses	0	37,951	37,951	39,370
Total Parks	9,300	48,193	38,893	52,932

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS -
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
For The Year Ended December 31, 2018
(With Comparative Actual Amounts For The Year Ended December 31, 2017)

	2018 Budget	2018 Actual	Over (Under) Budget	2017 Actual
Disbursements (Continued):				
Parks and Recreation (Continued):				
Library:				
Full Time Wages	\$ 36,000	\$ 38,525	\$ 2,525	\$ 19,166
Part Time Wages	0	0	0	18,328
PERA Contributions	3,200	2,889	(311)	2,812
FICA Contributions	3,280	2,900	(380)	2,868
Supplies	0	339	339	35
Computer Supplies	1,300	1,331	31	1,318
Library Books	3,200	4,076	876	4,343
Children's Program Supplies	200	190	(10)	32
Telephone	700	628	(72)	620
Postage / Shipping	200	116	(84)	110
Utilities	1,600	2,004	404	1,415
Building Repairs	350	423	73	481
Mileage	50	0	(50)	0
Library Automation	6,136	6,308	172	5,759
Memberships/Dues	50	0	(50)	305
Capital Outlay	8,100	0	(8,100)	578
Total Library	64,366	59,729	(4,637)	58,170
Pool:				
Part Time Wages	25,355	24,661	(694)	25,267
PERA Contributions	0	17	17	30
FICA Contributions	1,940	1,603	(337)	1,933
Uniform	400	90	(310)	360
Supplies	2,000	708	(1,292)	1,111
Chemicals	1,500	859	(641)	1,371
Inventory Purchases for Resale	1,500	985	(515)	1,323
Professional Services	1,100	441	(659)	608
Telephone	550	558	8	470
Postage	0	0	0	53
Insurance Claims	0	0	0	60
Utilities	6,000	7,331	1,331	6,469
Building Repairs	5,300	5,081	(219)	3,800
Misc. Exp.	120	23	(97)	590
NSF Checks	0	0	0	110
Training	1,000	1,319	319	962
Permits & Licenses	1,000	940	(60)	100
Total Pool	47,765	44,616	(3,149)	44,617
Total Parks and Recreation	121,431	152,538	31,107	155,719

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF RECEIPTS, DISBURSEMENTS -
BUDGET AND ACTUAL - CASH BASIS - GENERAL FUND
For The Year Ended December 31, 2018
(With Comparative Actual Amounts For The Year Ended December 31, 2017)

	2018 Budget	2018 Actual	Over (Under) Budget	2017 Actual
Disbursements (Continued):				
Total Current Disbursements	\$ 631,163	\$ 617,842	\$ (13,321)	\$ 588,363
Excess of Receipts Over (Under) Disbursements	(274,080)	94,245	368,325	90,922
Other Financing Uses:				
Transfer to Other Funds	0	(1,534)	(1,534)	(75,000)
Change in Cash Fund Balance	<u>\$ (274,080)</u>	<u>92,711</u>	<u>\$ 366,791</u>	<u>15,922</u>
Cash Fund Balance - January 1		<u>701,735</u>		<u>685,813</u>
Cash Fund Balance - December 31		<u>\$ 794,446</u>		<u>\$ 701,735</u>

CITY OF WEST CONCORD, MINNESOTA

COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
DEBT SERVICE FUNDS
December 31, 2018

	2014A G.O. Improvement Bonds	2012A G.O. Refunding Bonds	2017A G.O. Improvement Bonds	2017B G.O. Equipment Bonds	Total Debt Service Funds
ASSETS					
Cash and Cash Equivalents	\$ 147,009	\$ 171,339	\$ 313,241	\$ 22,003	\$ 653,592
CASH FUND BALANCE					
Cash Fund Balance	\$ 147,009	\$ 171,339	\$ 313,241	\$ 22,003	\$ 653,592

CITY OF WEST CONCORD, MINNESOTA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH FUND BALANCE
DEBT SERVICE FUNDS
For the Year Ended December 31, 2018

	2014A G.O. Improvement Bonds	2012A G.O. Refunding Bonds	2017A G.O. Improvement Bonds	2017B G.O. Equipment Bonds	Total Debt Service Funds
Receipts:					
Property Taxes	\$ 65,677	\$ 3,540	\$ 46,744	\$ 22,003	\$ 137,964
Special Assessments	24,213	837	82,567	0	107,617
Interest Earnings	0	193	0	0	193
Total Receipts	89,890	4,570	129,311	22,003	245,774
Disbursements:					
Principal	70,000	18,000	0	0	88,000
Interest and Other	10,071	7,178	50,619	3,532	71,400
Total Disbursements	80,071	25,178	50,619	3,532	159,400
Excess of Receipts Over (Under) Disbursements	9,819	(20,608)	78,692	18,471	86,374
Other Financing Sources:					
Transfers In	0	0	105,347	1,673	107,020
Change in Cash Fund Balance	9,819	(20,608)	184,039	20,144	193,394
Cash Fund Balance - January 1	137,190	191,947	129,202	1,859	460,198
Cash Fund Balance - December 31	\$ 147,009	\$ 171,339	\$ 313,241	\$ 22,003	\$ 653,592

CITY OF WEST CONCORD, MINNESOTA

COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2018

	Economic Development Authority	Rochester Sales Tax Grant	Total Nonmajor Special
ASSETS			
Cash and Cash Equivalents	\$ 91,085	\$ 41,897	\$ 132,982
CASH FUND BALANCE			
Cash Fund Balance	\$ 91,085	\$ 41,897	\$ 132,982

CITY OF WEST CONCORD, MINNESOTA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2018

	Economic Development Authority	Rochester Sales Tax Grant	Total Nonmajor Special Revenue
Receipts:			
Property Taxes	\$ 15,555	\$ 0	\$ 15,555
Tax Increments	0	0	0
Interest Earnings	876	0	876
Loan Repayment	2,494	0	2,494
Total Receipts	18,925	0	18,925
Disbursements:			
Economic Development:			
Professional Services	13,339	0	13,339
Miscellaneous	1,477	0	1,477
Total Disbursements	14,816	0	14,816
Change in Cash Fund Balance	4,109	0	4,109
Cash Fund Balance - January 1	86,976	41,897	128,873
Cash Fund Balance - December 31	\$ 91,085	\$ 41,897	\$ 132,982

CITY OF WEST CONCORD, MINNESOTA

COMBINING STATEMENTS OF BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2018

	2017B Equipment	TIF District 1-1	Total Nonmajor Capital Projects
	\$ 0	\$ 4,254	\$ 350,479
	<u>\$ 0</u>	<u>\$ 4,254</u>	<u>\$ 350,479</u>

	Street Improvement	Equipment Revolving	Mathias Subdivision Project
	\$ 207,263	\$ 98,702	\$ 40,260
	<u>\$ 207,263</u>	<u>\$ 98,702</u>	<u>\$ 40,260</u>

ASSETS

Cash and Cash Equivalents

CASH FUND BALANCE

Cash Fund Balance

CITY OF WEST CONCORD, MINNESOTA

COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS

For the Year Ended December 31, 2018

	2017B Equipment	TIF District 1-1	Total Nonmajor Capital Projects
\$	0	0	\$ 22,158
	0	0	773
	0	0	22,931
	0	115	115
	0	115	115
	0	(115)	22,816
	(139)	0	(139)
	(139)	(115)	22,677
	139	4,369	327,802
\$	0	4,254	\$ 350,479

	Street Improvement	Equipment Revolving	Mathias Subdivision Project
\$	1,904	20,254	\$ 0
	350	423	0
	2,254	20,677	0
	0	0	0
	0	0	0
	2,254	20,677	0
	0	0	0
	2,254	20,677	0
	205,009	78,025	40,260
\$	207,263	\$ 98,702	\$ 40,260

Receipts:

Property Tax
Interest Income
Total Receipts

Disbursements:

Current
Economic Development
Total Disbursements

Excess of Receipts Over (Under) Disbursements

Other Financing Uses:

Transfers Out

Change in Cash Fund Balance

Cash Fund Balance - January 1

Cash Fund Balance - December 31

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF NET POSITION
WATER UTILITY FUND
December 31, 2018

(With Comparative Amounts for December 31, 2017)

ASSETS	2018	2017
Current Assets:		
Checking	\$ 39,688	\$ 81,927
Savings	24,381	24,324
Petty Cash	42	42
Cash held in Escrow	112,962	112,962
Accounts Receivable	11,978	11,295
Taxes Receivable	941	2,895
Prepaid Items	524	541
Total Current Assets	<u>190,516</u>	<u>233,986</u>
Noncurrent Assets:		
Buildings and Improvements	490,070	490,070
Infrastructure	1,268,871	1,240,713
Accumulated Depreciation	<u>(34,186)</u>	<u>(294,803)</u>
Total Noncurrent Assets	<u>1,424,755</u>	<u>1,435,980</u>
TOTAL ASSETS	<u>\$ 1,615,271</u>	<u>\$ 1,669,966</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 1,080	\$ 1,906
Contracts Payable	0	21,614
Interest Payable	10,919	13,156
Bonds Payable - Current Portion	<u>58,750</u>	<u>35,000</u>
Total Current Liabilities	<u>70,749</u>	<u>71,676</u>
Long-term Liabilities:		
Advance from Other Funds	109,041	120,000
Bonds Payable	<u>893,882</u>	<u>953,306</u>
Total Liabilities	<u>1,073,672</u>	<u>1,144,982</u>
Net Position:		
Net Investment in Capital Assets	472,123	539,021
Unrestricted	<u>69,476</u>	<u>(14,037)</u>
Total Net Position	<u>541,599</u>	<u>524,984</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,615,271</u>	<u>\$ 1,669,966</u>

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES
CHANGES IN NET POSITION
WATER UTILITY FUND

For the Year Ended December 31, 2018

(With Comparative Amounts for the Year Ended December 31, 2017)

	2018	2018	2017	Over	2017
	Budget	Actual	Budget	(Under)	Actual
Revenue:					
Charges for Services	\$ 112,593	\$ 120,867	\$ 8,274	\$ 8,274	\$ 103,151
Operating Expenses:					
Supplies	5,000	199	(4,801)	(4,801)	86
Advertising	250	378	128	128	204
Telephone and Postage	1,040	843	(197)	(197)	828
People Service Contract	48,760	44,536	(4,224)	(4,224)	44,648
Licenses and Permits	600	470	(130)	(130)	759
Legal and Professional Services	2,125	1,730	(395)	(395)	2,125
Memberships, Dues, and Subscriptions	550	671	121	121	781
Insurance	1,000	715	(285)	(285)	676
Utilities	18,025	17,104	(921)	(921)	19,358
Repairs and Maintenance	1,854	310	(1,544)	(1,544)	250
Other Expenses	2,476	3,044	568	568	2,661
Depreciation	<u>26,129</u>	<u>39,383</u>	<u>13,254</u>	<u>13,254</u>	<u>24,415</u>
Total Operating Expenses	<u>107,809</u>	<u>109,383</u>	<u>1,574</u>	<u>1,574</u>	<u>96,791</u>
Income (Loss) From Operations	4,784	11,484	6,700	6,700	6,360
Nonoperating Revenues (Expenses):					
Property Taxes	0	44,254	44,254	44,254	29,757
Other Income	0	1,023	1,023	1,023	173
Interest Earnings	0	57	57	57	44
Interest and Other Expenses	0	(40,203)	(40,203)	(40,203)	(29,501)
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>5,131</u>	<u>5,131</u>	<u>5,131</u>	<u>473</u>
Change in Net Position	<u>\$ 4,784</u>	<u>16,615</u>	<u>\$ 11,831</u>	<u>\$ 11,831</u>	<u>6,833</u>
Net Position - January 1		524,984			518,151
Net Position - December 31		<u>\$ 541,599</u>			<u>\$ 524,984</u>

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF NET POSITION
SEWER UTILITY FUND
December 31, 2018

(With Comparative Amounts for December 31, 2017)

ASSETS	2018	2017
Current Assets:		
Checking	\$ 309,720	\$ 322,122
Savings	119,494	119,215
Petty Cash	42	42
Cash held in Escrow	10,430	10,430
Accounts Receivable	28,317	28,561
Taxes Receivable	10,170	9,885
Special Assessment Receivable	3,753	4,436
Prepaid Items	2,030	2,096
Total Current Assets	<u>483,956</u>	<u>496,787</u>
Noncurrent Assets:		
Buildings and Improvements	2,850,696	2,850,696
Infrastructure	619,411	616,828
Accumulated Depreciation	<u>(1,423,602)</u>	<u>(1,339,175)</u>
Total Noncurrent Assets	<u>2,046,505</u>	<u>2,128,349</u>
TOTAL ASSETS	<u>\$ 2,530,461</u>	<u>\$ 2,625,136</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 3,898	\$ 4,472
Contracts Payable	0	1,993
Interest Payable	3,224	3,941
Bonds Payable - Current Portion	121,000	130,934
Total Current Liabilities	<u>128,122</u>	<u>141,340</u>
Long-term Liabilities:		
Bonds Payable	687,972	809,007
Total Liabilities	<u>816,094</u>	<u>950,347</u>
Net Position:		
Net Investment in Capital Assets	1,237,533	1,196,845
Unrestricted	476,834	477,944
Total Net Position	<u>1,714,367</u>	<u>1,674,789</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,530,461</u>	<u>\$ 2,625,136</u>

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES
CHANGES IN NET POSITION
SEWER UTILITY FUND
For the Year Ended December 31, 2018

(With Comparative Amounts for the Year Ended December 31, 2017)

	2018	2018	2017	Over	2017
	Budget	Actual	Budget	(Under)	Actual
Revenue:					
Charges for Services	\$ 247,391	\$ 245,159	\$ (2,232)	\$ 229,240	
Operating Expenses:					
Supplies	309	54	(255)	96	
Telephone and Postage	510	455	(55)	406	
Licenses and Permits	1,000	2,790	1,790	1,550	
Memberships, Dues, and Subscriptions	361	178	(183)	195	
Insurance	1,751	2,773	1,022	1,850	
People Service Contract	128,422	106,980	(21,442)	121,516	
Legal and Professional Services	2,125	1,730	(395)	2,125	
Repairs and Maintenance	8,302	28,003	19,701	10,541	
Utilities	13,792	26,160	12,368	18,729	
Sludge Hauling	21,218	28,483	7,265	23,102	
Depreciation	90,824	84,427	(6,397)	83,477	
Total Operating Expenses	<u>268,614</u>	<u>282,033</u>	<u>13,419</u>	<u>263,587</u>	
Income (Loss) From Operations	<u>(21,223)</u>	<u>(36,874)</u>	<u>(15,651)</u>	<u>(34,347)</u>	
Nonoperating Revenues (Expenses):					
Property Taxes	0	76,559	76,559	94,719	
Other Income	0	10,628	(10,628)	7,743	
Interest Earnings	0	279	279	309	
Interest and Other Expenses	0	(11,013)	(11,013)	(11,299)	
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>76,453</u>	<u>76,453</u>	<u>91,472</u>	
Change in Net Position	<u>\$ (21,223)</u>	<u>\$ 39,579</u>	<u>\$ 60,802</u>	<u>\$ 57,125</u>	
Net Position - January 1		<u>1,674,788</u>		<u>1,617,664</u>	
Net Position - December 31		<u>\$ 1,714,367</u>		<u>\$ 1,674,789</u>	

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF NET POSITION
STORM SEWER UTILITY FUND
December 31, 2018

(With Comparative Amounts for December 31, 2017)

ASSETS	2018	2017
Current Assets:		
Checking	\$ 53,730	\$ 49,586
Savings	41,231	41,134
Petty Cash	42	42
Certificates of Deposit	69,506	69,263
Cash held in Escrow	46,103	46,103
Accounts Receivable	4,107	4,355
Total Current Assets	<u>214,719</u>	<u>210,483</u>
Noncurrent Assets:		
Infrastructure	578,110	566,552
Accumulated Depreciation	(117,769)	(105,782)
Advance to Other Funds	109,041	120,000
Total Noncurrent Assets	<u>569,382</u>	<u>580,770</u>
TOTAL ASSETS	<u>\$ 784,101</u>	<u>\$ 791,253</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 119	\$ 258
Contracts Payable	0	8,833
Interest Payable	3,078	3,865
Total Current Liabilities	<u>3,197</u>	<u>12,956</u>
Long-term Liabilities:		
Bonds Payable	247,420	247,685
Total Liabilities	<u>250,617</u>	<u>260,641</u>
Net Position:		
Net Investment in Capital Assets	212,921	250,356
Unrestricted	320,563	280,256
Total Net Position	<u>533,484</u>	<u>530,612</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 784,101</u>	<u>\$ 791,253</u>

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES
CHANGES IN NET POSITION
STORM SEWER UTILITY FUND
For the Year Ended December 31, 2018

(With Comparative Amounts for the Year Ended December 31, 2017)

	2018	2018	2017
	Budget	Actual	Budget
Operating Revenue:			
Charges for Services	\$ 25,220	\$ 25,288	\$ 25,004
Operating Expenses:			
Supplies	300	0	(300)
Telephone and Postage	510	572	62
Memberships, Dues, and Subscriptions	361	178	(183)
Legal and Professional Services	5,000	1,273	(3,727)
Depreciation	8,500	11,987	3,487
Total Operating Expenses	<u>14,671</u>	<u>14,010</u>	<u>(661)</u>
Income (Loss) From Operations	<u>10,549</u>	<u>11,278</u>	<u>14,177</u>
Nonoperating Revenues (Expenses):			
Interest Earnings	0	2,739	2,739
Interest and Other Expenses	0	(11,145)	(11,145)
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>(8,406)</u>	<u>(8,406)</u>
Change in Net Position	<u>\$ 10,549</u>	<u>2,872</u>	<u>(7,677)</u>
Net Position - January 1	<u>530,612</u>	<u>530,612</u>	<u>520,260</u>
Net Position - December 31	<u>\$ 533,484</u>	<u>\$ 533,484</u>	<u>\$ 530,612</u>

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF NET POSITION
MUNICIPAL LIQUOR FUND
December 31, 2018

(With Comparative Amounts For December 31, 2017)

**ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES**

	2018	2017
Current Assets:		
Petty Cash	2,000	2,000
Accounts Receivable	1,504	1,354
Inventory	42,637	37,632
Prepaid Items	9,505	9,580
Total Current Assets	<u>55,646</u>	<u>50,566</u>
Noncurrent Assets:		
Land	4,446	4,446
Buildings and Improvements	88,009	88,009
Machinery and Equipment	42,328	42,328
Accumulated Depreciation	<u>(123,680)</u>	<u>(121,835)</u>
Total Assets	<u>66,749</u>	<u>63,514</u>
Deferred Outflows of Resources	19,152	30,345
Amounts Deferred for Pensions	<u>85,901</u>	<u>93,859</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,470</u>	<u>\$ 1,450</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable	1,501	2,173
Sales Tax Payable	1,130	1,132
Wages and Salaries Payable	57,435	18,657
Due to Other Funds	<u>63,536</u>	<u>23,412</u>
Total Current Liabilities	<u>130,917</u>	<u>101,099</u>
Noncurrent Liabilities:		
Compensated Absences Payable	3,282	3,862
Net Pension Liability	64,099	73,825
Total Liabilities	<u>130,917</u>	<u>101,099</u>
Deferred Inflows of Resources	32,687	34,141
Amounts Deferred for Pensions	<u>11,103</u>	<u>12,948</u>
Net Position:		
Net Investment in Capital Assets	<u>(88,806)</u>	<u>(54,329)</u>
Unrestricted	<u>(77,703)</u>	<u>(41,381)</u>
Total Net Position	<u>\$ 85,901</u>	<u>\$ 93,859</u>

TOTAL LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND NET POSITION

CITY OF WEST CONCORD, MINNESOTA

SCHEDULE OF REVENUES, EXPENSES
CHANGES IN NET POSITION
MUNICIPAL LIQUOR FUND
For the Year Ended December 31, 2018

(With Comparative Amounts For the Year Ended December 31, 2017)

	2018	2017	Over (Under)	2017 Actual
	Budget	Actual	Budget	Actual
Operating Revenue:				
Sales	\$ 289,164	\$ 243,591	\$ (45,573)	\$ 311,158
Cost of Sales	<u>(170,000)</u>	<u>(153,834)</u>	<u>(16,166)</u>	<u>(182,969)</u>
Gross Profit	<u>119,164</u>	<u>89,757</u>	<u>(29,407)</u>	<u>128,189</u>
Operating Expenses:				
Wages and Employee Benefits	81,500	71,737	(9,763)	81,626
Supplies	4,500	2,833	(1,667)	5,188
Advertising	1,000	130	(870)	927
Telephone and Postage	500	479	(21)	440
Entertainment	1,000	308	(692)	340
Licenses and Permits	50	270	220	585
Legal and Professional Services	1,700	3,385	1,685	3,530
Memberships, Dues, and Subscriptions	500	860	360	860
Utilities	9,000	13,370	4,370	9,418
Insurance	18,035	25,694	7,659	24,262
Repairs and Maintenance	2,500	6,633	4,133	2,056
Other Expenses	4,925	5,581	656	5,967
Depreciation	2,000	1,845	(155)	1,845
Total Operating Expenses	<u>127,210</u>	<u>133,125</u>	<u>5,915</u>	<u>137,044</u>
Income (Loss) From Operations	<u>(8,046)</u>	<u>(43,368)</u>	<u>(35,322)</u>	<u>(8,855)</u>
Nonoperating Revenues (Expenses):				
Rents	3,400	4,099	699	4,025
Vending Machines	1,300	2,947	1,647	2,624
Interest Earnings	0	0	0	5
Total Nonoperating Revenues (Expenses)	<u>4,700</u>	<u>7,046</u>	<u>2,346</u>	<u>6,654</u>
Change in Net Position	<u>\$ (3,346)</u>	<u>\$ (36,322)</u>	<u>\$ (32,976)</u>	<u>(2,201)</u>
Net Position - January 1	<u>(41,381)</u>	<u>(41,381)</u>	<u>(41,381)</u>	<u>(39,180)</u>
Net Position - December 31	<u>\$ (77,703)</u>	<u>\$ (77,703)</u>	<u>\$ (77,703)</u>	<u>\$ (41,381)</u>

CITY OF WEST CONCORD, MINNESOTA
 SCHEDULE OF INDEBTEDNESS
 December 31, 2018

See Footnote 3 on pages 24 through 26 of this Financial Report.

CITY OF WEST CONCORD, MINNESOTA
 SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 PUBLIC EMPLOYEE RETIREMENT ASSOCIATION
 Year Ended December 31, 2018

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City's Proportion of Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	6/30/2015	0.0045%	\$ 76,337	\$ -	\$ 76,337	\$ 96,266	79.3%	78.2%
12/31/2016	6/30/2016	0.0043%	\$ 106,533	\$ 1,351	\$ 107,884	\$ 66,246	162.6%	68.9%
12/31/2017	6/30/2017	0.0059%	\$ 73,825	\$ 948	\$ 74,773	\$ 62,627	119.4%	75.9%
12/31/2018	6/30/2018	0.0037%	\$ 64,099	\$ 2,091	\$ 66,190	\$ 79,881	82.9%	79.5%

SCHEDULE OF CITY'S CONTRIBUTIONS
 PUBLIC EMPLOYEE RETIREMENT ASSOCIATION
 Year Ended December 31, 2018

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	6/30/2015	\$ 6,448	\$ 6,448	\$ -	\$ 85,973	7.50%
12/31/2016	6/30/2016	\$ 4,976	\$ 4,976	\$ -	\$ 65,391	7.61%
12/31/2017	6/30/2017	\$ 4,697	\$ 4,697	\$ -	\$ 61,648	7.62%
12/31/2018	6/30/2018	\$ 5,770	\$ 5,770	\$ -	\$ 76,933	7.50%

Note 1: **Change of Assumptions.** The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Note 2: The Commission implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This information is not available for previous fiscal years.

CITY OF WEST CONCORD, MINNESOTA
 SCHEDULE OF ACCOUNTS RECEIVABLE (UNAUDITED)
 December 31, 2018

Fund	Source of Revenue	Amount
General	January Tax Settlement	4,007
	Franchise Fee Payment	933
	Total General	4,940
Debt Service	January Tax Settlement	2,396
Street Improvement	January Tax Settlement	
Water	User Charges	8,863
	January Tax Settlement	161
	Total Water	9,024
Sewer	User Charges	21,009
	January Tax Settlement	525
	Total Sewer	21,534
Storm Sewer	User Charges	2,954
Liquor Store	Sales	1,504
	Total Liquor	1,504
	Total Accounts Receivable	\$ 42,352

CITY OF WEST CONCORD, MINNESOTA
 SCHEDULE OF ACCOUNTS PAYABLE (UNAUDITED)
 December 31, 2018

Fund	Vendor Name	Item & Purpose	Amount
General	CMS	Building permits	74
	Eller & Associates	Budget repairs	900
	Minnesota Energy	Utilities	466
	NRG Solar	Utilities	209
	Stratco	Services	100
	Xcel Energy	Utilities	735
	Boe Auto	Repairs and maintenance	67
	Weber/Lehto/Wessner	Prescriptions	609
	Marvin Hanson Trucking	Repairs and maintenance	195
	Verizon	Cell phone	56
	MTI	Sweeper repair	1,736
	Casey's General Store	Fuel	546
	Dodge County Hwy Dept	Salt and sand	228
	Total General		5,920
	Fire and Ambulance	Verizon	Cell phone
Gold Cross		December transports	181
Minnesota Energy		Utilities	585
NRG Solar		Utilities	30
EMP		Rescue supplies	33
Praxair		Rescue supplies	1
Xcel Energy		Utilities	50
Total Fire and Ambulance		931	
Water	Gopher State One Call	December calls	5
	Minnesota Energy	Utilities	172
	NRG Solar	Utilities	132
	Xcel Energy	Utilities	743
Total Water		1,053	
Sewer	NRG Solar	Utilities	605
	Minnesota Energy	Utilities	635
	West Central Wisconsin Biosolids	Sludge hauling	2,179
	Xcel Energy	Utilities	476
Total Sewer		3,896	
Storm Sewer	US Post Office	Postage	117
	Total Storm Sewer		117
Liquor Store	Schotts	Resale for liquor store	1,863
	Culligan	Salt	34
	Praxair	Carbon dioxide	66
	Flegges	Resale for liquor store	275
	Hermel	Resale for liquor store	405
	Minnesota Energy	Utilities	323
	NRG Solar	Utilities	325
	Xcel Energy	Utilities	177
	Total Liquor Store		3,469
		Total Accounts Payable	\$ 15,268



Burkhardt & Burkhardt, Ltd.

Certified Public Accountants
Website: www.bhbcpas.com

Annandale Office:
35 Oak Ave. N, P.O. Box N
Annandale, MN 55302
P: 320.274.1040
F: 320.274.2260

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Mankato Office:
430 S. Broad St., Ste. 100
Mankato, MN 56001
P: 507.387.1338
F: 507.387.5199

MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

Honorable Mayor and
Members of the City Council
West Concord, Minnesota

OTHER REQUIRED REPORTS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of each major fund and the aggregate remaining fund information of City of West Concord as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2019.

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

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

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

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd
Mankato, Minnesota
March 21, 2019

**Members of the Governmental Audit Quality Center, American Institute of Certified Public Accountants
and the Minnesota Society of Certified Public Accountants*



Burkhardt & Burkhardt, Ltd.

Certified Public Accountants
Website: www.bmbcpas.com

Annamdale Office:
35 Oak Ave. N, P.O. Box N
Annamdale, MN 55302
P: 320.274.1040
F: 320.274.2260

Mankato Office:
430 S. Broad St., Ste. 100
Mankato, MN 56001
P: 507.387.1338
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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
Members of the City Council
City of West Concord
West Concord, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the City of West Concord, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of West Concord, Minnesota's basic financial statements, and have issued our report thereon dated March 21, 2019.

Internal Control Over Financial Reporting

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

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

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. As described in the accompanying schedule of findings and responses, we consider the following deficiency in internal control to be a material weakness as item 2018-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2018-002, 2018-003, 2018-004 and 2018-005.

*Members of the Governmental Audit Quality Center, American Institute of Certified Public Accountants and the Minnesota Society of Certified Public Accountants



Compliance and Other Matters

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

City of West Concord's Response to Findings

The City of West Concord's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of West Concord'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 result 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.

Burkhardt & Burkhardt, Ltd.

Burkhardt & Burkhardt, Ltd
Mankato, Minnesota
March 21, 2019

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CITY OF WEST CONCORD, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2018

CURRENT YEAR FINANCIAL STATEMENT FINDINGS

Material Weaknesses:

2018-001. Material Audit Adjustments

Condition: During the course of our audit, we proposed material audit adjustments to adjust property taxes, state aids, payroll and debt service.

Criteria The City should have controls in place to prevent and detect a material misstatement in the financial statements in a timely manner. Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibility includes adjusting the financial statements to correct material misstatements.

Cause: The City does not have the economic resources to hire additional qualified accounting staff in order to ensure the completeness and accuracy of financial records and related information.

Effect: The design of internal control over completeness and accuracy of financial records 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.

Recommendation: While we recognize economic resources available to hire qualified accounting staff are limited, the City should consider the benefit in relation to the costs of providing existing staff with the necessary training in order to perform their responsibilities effectively.

Corrective Action Plan (CAP)

- A. *Explanation of Disagreement with Audit Finding:* There is no disagreement with the audit finding.
- B. *Actions Planned in Response to the Finding:* The City will continue to monitor all financial activity and adjust account balances as needed throughout the year and at year end to prevent material misstatements from occurring.
- C. *Official Responsible for Ensuring Corrective Action:* The City Administrator will monitor the effectiveness of the above actions and make changes as considered appropriate.
- D. *Planned Completion Date for the Corrective Action:* The corrective action plan for this finding will be ongoing.
- E. *Plan to Monitor Completion of Corrective Action:* The City Council will be monitoring this corrective action plan to review the recommendations and take appropriate action.

Significant Deficiencies:

2018-002. Auditor Prepared Financial Statements and Related Footnotes

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements and the related notes being audited. However, based on the degree of complexity and level of detail needed to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors to prepare them.

Criteria The preparation of the financial statements and the related notes are the responsibility of management.

Cause: There are a limited number of office employees and resources available to allow for the adequate preparation of the financial statements and the related notes by the City.

Effect: This could result in a material misstatement to the financial statements and related notes that would not be prevented, or detected and corrected as a result of the City's current internal control.

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2018-002. Auditor Prepared Financial Statements and Related Footnotes - Continued

Recommendation: The City should continue to request the assistance to draft the financial statements and related notes and thoroughly review these financial statements after they have been prepared so the City can take responsibility for them.

Corrective Action Plan (CAP)

- A. *Explanation of Disagreement with Audit Finding:* There is no disagreement with the audit finding.
- B. *Actions Planned in response to Finding:* The City does not plan to take any action but is aware of the condition. Based on the cost of correcting this deficiency, the City has decided to accept the risk associated with this deficiency.
- C. *Official Responsible for Ensuring CAP:* The City Administrator will review the financial statements and related footnotes and approve them.
- D. *Planned Completion Date for CAP:* The corrective action plan for this finding will be ongoing.
- E. *Plan to Monitor Completion of CAP:* The City Council will monitor this corrective action plan to review the recommendations and take appropriate action.

2018-003. Segregation of Duties

- Condition:* There is an absence of appropriate segregation of duties consistent with appropriate control objectives due to a limited number of employees.
- Criteria* The basic premise is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction. The lack of such controls could result in the occurrence of a material error or fraud in relation to the financial statements not being detected by management.
- Cause:* The City has assigned duties to staff based on a cost-benefit relationship to the City and the practicality of the level of staffing the City maintains.
- Effect:* The lack of adequate segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.
- Recommendation:* The City should continue to monitor and evaluate the job responsibilities assigned to staff to determine whether there is an unacceptable risk.

Corrective Action Plan (CAP)

- A. *Explanation of Disagreement with Audit Finding:* There is no disagreement with the audit finding.
- B. *Actions Planned in response to Finding:* The City is aware of the limited segregation of duties and will continue to review internal controls and make changes when they can be made.
- C. *Official Responsible for Ensuring CAP:* The City Administrator will monitor the effectiveness of the above actions and make changes as considered appropriate.
- D. *Planned Completion Date for CAP:* The corrective action plan for this finding will be ongoing.
- E. *Plan to Monitor Completion of CAP:* The City Council will monitor this corrective action plan to review the recommendations and take appropriate action.

2018-004. Cash Account Reconciliations

Condition: Although the City has established procedures and controls related to bank reconciliations, we found that these procedures are not being followed. During fieldwork we noted bank reconciliations were either not being prepared on a monthly basis or contained material differences.

- Criteria* A sound system of internal control requires that significant and sensitive accounts are reconciled monthly and monitored to ensure compliance.
- Cause:* The City has not performed ongoing or separate evaluations to ascertain whether internal control activities are present and functioning properly.
- Effect:* Material misstatements of the cash accounts and the misappropriation of cash may occur and not be prevented or detected and corrected in a timely basis.
- Recommendation:* The City should evaluate their internal controls over cash account reconciliation to ensure they are operating effectively and that monitoring of this control is being accomplished on a consistent basis.

Corrective Action Plan (CAP)

- A. *Explanation of Disagreement with Audit Finding:* There is no disagreement with the audit finding.
- B. *Actions Planned in response to Finding:* The City will continue to monitor all financial activity and ensure the reconciliations are complete and accurate throughout the year and at year end to prevent material misstatements from occurring.
- C. *Official Responsible for Ensuring CAP:* The City Administrator will monitor the effectiveness of the above actions and make changes as considered appropriate.
- D. *Planned Completion Date for CAP:* The corrective action plan for this finding will be ongoing.
- E. *Plan to Monitor Completion of CAP:* The City Council will monitor this corrective action plan to review the recommendations and take appropriate action.

2018-005. Delayed Deposit

Condition: Although the City has established procedures and controls related to deposits at the liquor store, we found that these procedures are not being followed. During fieldwork we noted several deposits were made weeks after the daily activity was completed.

- Criteria* A sound system of internal control requires that assets are safeguarded and deposits are made the next day after the activity was completed.
- Cause:* The City has not performed ongoing or separate evaluations to ascertain whether internal control activities are present and functioning properly.
- Effect:* Material misstatements of the cash accounts and the misappropriation of cash may occur and not be prevented or detected and corrected in a timely basis.
- Recommendation:* The City should evaluate their internal controls over liquor store deposits to ensure they are operating effectively and that monitoring of this control is being accomplished on a consistent basis.

CITY OF WEST CONCORD, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES ON
LEGAL COMPLIANCE AND INTERNAL CONTROL
December 31, 2018

2018-005. Delayed Deposit – Continued

Corrective Action Plan (CAP)

- A. *Explanation of Disagreement with Audit Finding:* There is no disagreement with the audit finding.
- B. *Actions Planned in response to Finding:* The City will continue to monitor all financial activity and ensure the liquor store deposits are complete, accurate and deposited timely throughout the year to prevent material misstatements from occurring.
- C. *Official Responsible for Ensuring CAP:* The City Administrator will monitor the effectiveness of the above actions and make changes as considered appropriate.
- D. *Planned Completion Date for CAP:* The corrective action plan for this finding will be ongoing.
- E. *Plan to Monitor Completion of CAP:* The City Council will monitor this corrective action plan to review the recommendations and take appropriate action.

STATUS OF PRIOR FINANCIAL STATEMENT FINDINGS

The prior audit contained two findings:

2017-001. Segregation of Duties

Condition: There is an absence of appropriate segregation of duties consistent with appropriate control objectives due to a limited number of employees.

Current status: This condition is noted during the current year audit of the financial statements.

2017-002. Preparation of financial statements and related footnotes

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Current status: This condition is noted during the current year audit of the financial statements.

2017-003. Material Audit Adjustments

Condition: During the course of the audit, we proposed material audit adjustments to adjust certain general ledger accounts to the proper year-end balances.

Current status: This condition is noted during the current year audit of the financial statements.

CURRENT YEAR MINNESOTA LEGAL COMPLIANCE FINDINGS

None

FORM OF LEGAL OPINION

(See following pages)



Offices in 470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis Minneapolis MN 55402-1458
Saint Paul (612) 337-9300 telephone
(612) 337-9310 fax
St. Cloud www.kennedy-graven.com
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\$ _____
City of West Concord, Minnesota
General Obligation Improvement Bonds
Series 2020A

We have acted as bond counsel to the City of West Concord, Dodge County, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement Bonds, Series 2020A (the “Bonds”), originally dated April __, 2020, and issued in the original aggregate principal amount of \$ _____. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from special assessments levied or to be levied on property specially benefited by local improvements and ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor’s rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated April __, 2020 at Minneapolis, Minnesota.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

\$ _____
City of West Concord, Minnesota
General Obligation Improvement Bonds
Series 2020A

CONTINUING DISCLOSURE CERTIFICATE

April __, 2020

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of West Concord, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement Bonds, Series 2020A (the “Bonds”) in the original aggregate principal amount of \$ _____. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to _____, _____, _____, (the “Purchaser”), on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means the Issuer’s Audited Financial Statements.

“Audited Financial Statements” means the financial statements of the Issuer, audited annually by an independent certified public accounting firm, and prepared in accordance with GAAP as prescribed by GASB or as otherwise required by Minnesota law for the preceding Fiscal Year, including a balance sheet and statement of revenues, expenditures and changes in fund balances.

“Bonds” means the General Obligation Improvement Bonds, Series 2020A, issued by the Issuer in the original aggregate principal amount of \$ _____.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of West Concord, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 4(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means _____, _____, _____.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means the Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Report. To the extent such information is customarily prepared by the Issuer and is publicly available, the Issuer shall provide the Annual Report to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2019. The Annual Report may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference. The Annual Report may be submitted as a single document or as separate documents comprising a package.

Section 4. Reporting of Material Events.

(a) This Section 4 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 5. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolutions and this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF WEST CONCORD, MINNESOTA

Mayor

City Administrator

(Signature page to the Continuing Disclosure Certificate)

TERMS OF PROPOSAL

**\$1,285,000* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2020A
CITY OF WEST CONCORD, MINNESOTA**

Proposals for the purchase of \$1,285,000* General Obligation Improvement Bonds, Series 2020A (the "Bonds") of the City of West Concord, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on March 19, 2020, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City for the purpose of financing various public improvements within the City. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated April 8, 2020, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$70,000	2027	\$85,000	2032	\$90,000
2023	80,000	2028	85,000	2033	90,000
2024	80,000	2029	85,000	2034	90,000
2025	80,000	2030	90,000	2035	95,000
2026	80,000	2031	90,000	2036	95,000

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about April 8, 2020, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$1,268,295 plus accrued interest on the principal sum of \$1,285,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$25,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of West Concord, Minnesota

PROPOSAL FORM

The City Council
City of West Concord, Minnesota

March 19, 2020

RE: \$1,285,000* General Obligation Improvement Bonds, Series 2020A (the "Bonds")
DATED: April 8, 2020

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$1,268,295) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2027	_____ % due	2032
_____ % due	2023	_____ % due	2028	_____ % due	2033
_____ % due	2024	_____ % due	2029	_____ % due	2034
_____ % due	2025	_____ % due	2030	_____ % due	2035
_____ % due	2026	_____ % due	2031	_____ % due	2036

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2022 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$25,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about April 8, 2020.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from April 8, 2020 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of West Concord, Minnesota, on March 19, 2020.

By: _____ By: _____
Title: _____ Title: _____