

**CITY OF ELKO NEW MARKET
CITY COUNCIL AGENDA
ELKO NEW MARKET CITY HALL
601 MAIN STREET
ELKO NEW MARKET, MINNESOTA 55054
THURSDAY, JUNE 27, 2019**

**BUSINESS MEETING
6:30 PM**

1. Call to Order

2. Pledge of Allegiance

3. Adopt/Approve Agenda

4. Presentations, Proclamations and Acknowledgements (PP&A)

5. Public Comment

Individuals may address the Council about any item not contained on the regular agenda. The Council may limit the time allotted to each individual speaker. A maximum of 15 minutes will be allotted for Public Comment. If the full 15 minutes are not needed for Public Comment, the City Council will continue with the agenda. The City Council will not normally take any official action on items discussed during Public Comment, with the exception of referral to staff or commission for future report.

6. Consent Agenda

All matters listed under consent agenda are considered routine by the City Council and will be acted on by one motion in the order listed below. There may be an explanation, but no separate discussion on these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

- a. Approve June 13, 2019 Minutes of the City Council Meeting
- b. Approve Payment of Claims and Electronic Transfer of Funds
- c. Adopt Ordinances Concerning Mobile Food Units
 - a. Adopt Ordinance No. 190 Amending Title 4 of the Elko New Market City Code Adding a New Chapter 10 Concerning Mobile Food Units
 - b. Adopt Summary Ordinance No. 191 Amending Title 4 of the Elko New Market City Code By Adding a New Chapter 10 Concerning Mobile Food Units
 - c. Adopt Ordinance No. 192 Amending City Of Elko New Market Fee Schedule, Ordinance No. 183, Concerning Mobile Food Units
- d. Adopt Resolution 19-40 Reappointing Members to the Parks and Recreation Commission
- e. Vision, Priority Goals and Community Oriented Local Government (COG) Philosophy
 - a. Adopt Resolution 19-34 Amending Vision Statement
 - b. Adopt Resolution 19-35 Amending Priority Goals
 - c. Adopt Resolution 19-36 Amending Community Oriented Local Government Philosophy
- f. Adopt Resolution 19-37 Reporting the Results of the Performance Measurement System to the Office of the State Auditor

- g. Donation for Trail Improvement from Shakopee Mdewakanton Sioux Community and the City of Elko New Market
 - a. Adopt Resolution 19-30 Accepting Donation from the Shakopee Mdewakanton Sioux Community
 - b. Approve Intergovernmental Donation Agreement Between the Shakopee Mdewakanton Sioux Community and the City of Elko New Market
- h. Adopt Resolution 19-38 Approving Amended Outdoor Concert And Event Permit
- i. Adopt Resolution 19-41 Accepting Bids for 2019 Streets Rehabilitation Project

7. Public Hearings

8. General Business

- a. 2018 Audited Financial Statements
 - i. Resolution 19-39 Adopting Independent Auditors' Report for the City of Elko New Market
- b. Webster Street Wetland Restoration Grant Agreement
- c. Unintentional Use Policy
- d. Authorize Payment to New Market Bank for Easements Related to CSAH 2 & 91 Roundabout Project

9. Reports

- a. Administration
- b. Public Works
- c. Police Department
 - i. Police Department Workload and Coverage Analysis
- d. Fire Department
- e. Engineering
 - i. Stormwater Pollution Prevention Annual Meeting
- f. Community Development
 - i. Draft Planning Commission Minutes of the May 28, 2019 Meeting
- g. Parks Department
 - i. Draft Parks & Recreation Commission Minutes of June 11, 2019 Meeting
- h. Community & Civic Events Committee (CCEC)
 - i. Draft Community & Civic Events Committee Minutes of June 11, 2019 Meeting
- i. Other Committee and Board Reports
 - i. Scott County Association for Leadership and Efficiency (SCALE)
 - ii. Minnesota Valley Transit Authority (MVTA)
 - iii. I35 Solutions Alliance
 - iv. Chamber of Commerce

10. Discussion by Council

11. Adjournment

1. CALL TO ORDER

The meeting was called to order by Mayor Julius at 6:30 p.m.
Members Present: Mayor Julius, Councilmembers: Berg, and Timmerman
Members Absent: Councilmembers: Schwichtenberg and Seepersaud
Also Present: City Administrator Terry, Police Chief Juell, Public Works Superintendent Schweich, City Attorney Schutt, and City Engineer Revering

2. PLEDGE OF ALLEGIANCE

Mayor Julius led the Council and audience in the Pledge of Allegiance.

3. ADOPT/APPROVE AGENDA

City Administrator Terry noted a change to the Agenda. Staff asked for removal of Item D under the Consent Agenda and move it to the June 27, 2019 meeting.

MOTION by Councilmember Berg, second by Councilmember Timmerman to approve the revised agenda. **APIF, MOTION CARRIED**

4. PRESENTATIONS, PROCLAMATIONS AND ACKNOWLEDGEMENTS

None

5. PUBLIC COMMENT

County Commissioner Tom Walstad updated the Commission on the Commission meeting.

6. CONSENT AGENDA

MOTION by Councilmember Timmerman, second Councilmember Berg to approve Consent Agenda.

- a. Approve May 22, 2019 Minutes of the City Council Meeting
- b. Approve Payment of Claims and Electronic Transfer of Funds
- c. Approve Encroachment Agreement
- d. Removed
- e. Adopt Resolution 19-32 Approving Snowmobile Trail Permit
- f. Approve Construction Cooperative Agreement for the CSAH 2 & 91 Roundabout Project
- g. Authorize payment to KL Group for Easements Related to CSAH 2 & 91 Roundabout Project
- h. Adopt Resolution 19-33 Reappointing Member to the Planning Commission
- i. Approve Contract for Purchase of Fire Truck
- j. Authorize Hire of Public Works Maintenance Worker I Position

APIF, MOTION CARRIED

7. PUBLIC HEARINGS

None

8. GENERAL BUSINESS

Unintentional Water Usage Use Policy

City Administrator Terry noted this is an item that came up at the last Council meeting when a resident, Mr. Guy Bosch requested the Council review the Unintentional Use Adjustment Policy. He reviewed the item and indicated the City Council is being asked to whether or not they want to make changes to the Unintentional Use Adjustment Policy. After discussing this item, the City Council indicated waiting for a full Council before making a decision. **MOTION** by Mayor Julius, second Councilmember Timmerman, to continue this item to the next Council meeting when a there is a full Council. **APIF, MOTION CARRIED**

Petition for Annexation-Elko 34, LLC

Community Development Specialist Christianson requested the City Council consider approving the Orderly Annexation Agreement. After discussing this item, the City Council made a motion of approval. **MOTION** by Councilmember Timmerman, second Councilmember Berg, to approve Resolution #19-31 approving the Joint Resolution Establishing an Orderly Annexation Agreement Between the City of Elko New Market and New Market Township Pursuant to Minnesota Statutes, Section 414.0325 to Provide for the Immediate Annexation of Certain Property. **APIF, MOTION CARRIED**

9. REPORTS

a) ADMINISTRATION

None

b) PUBLIC WORKS

Written report included in Council Packet.

c) POLICE DEPARTMENT

Written report included in Council Packet.

d) FIRE DEPARTMENT

None

e) ENGINEERING

None

f) COMMUNITY DEVELOPMENT

Written Planning Commission Minutes included in Council Packet.

g) PARKS DEPARTMENT

Written Parks Commission Update and Minutes included in Council Packet.

h) COMMUNITY & CIVIC EVENTS COMMITTEE (CCEC)

Written draft May 21, 2019 CCEC minutes included in Council Packet.

i) OTHER COMMITTEE AND BOARD REPORTS

i. SCALE

None.

ii. MVTA

None

iii. I35 SOLUTIONS ALLIANCE

Councilmember Berg updated the Council on I35 updates.

iv. CHAMBER OF COMMERCE

Councilmember Timmerman updated the Council on the upcoming Chamber Golf Tournament.

10. DISCUSSION BY COUNCIL

City Administrator Terry asked if any members of the Council were planning to participate in any of the policy committees for Metro Cities or otherwise. If that is the case, they should be appointed by the Council.

Councilmember Berg stated he signed up for the Metro Cities Housing and Economic Development Committee.

MOTION by Councilmember Timmerman, seconded by Mayor Julius, to appoint Councilmember Berg to Improving Local Economics and Housing and Economic Development. **APIF, MOTION CARRIED**

11. ADJOURNMENT

MOTION by Councilmember Timmerman, second by Mayor Julius, to adjourn the meeting at 8:18 p.m. **APIF, MOTION CARRIED**

Respectfully submitted by:

Thomas Terry, City Administrator



STAFF MEMORANDUM

SUBJECT:	Presentation of Elko New Market Claims and Electronic Transfer of Funds
MEETING DATE:	June 27, 2019
PREPARED BY:	Stephanie Fredrickson, Administrative Assistant
REQUESTED ACTION:	Approve Payment of Current Claims

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

Each City Council meeting the Administrative Assistant presents for approval the Elko New Market Claims and Electronic Transfer of Funds.

BUDGET IMPACT:

Budgeted

Attachments:

- Check Summary Register

*Check Summary Register©

June 27, 2019

Name	Check Date	Check Amt	
AUTOPAYS			
Paid Chk# 006142E VISA	4/30/2019	\$454.55	Ink for PD printer
Paid Chk# 006143E VISA	4/30/2019	\$717.64	MCMA Conference Motel
Paid Chk# 006144E VISA	6/13/2019	\$63.89	Water Samples
Paid Chk# 006145E VISA	4/30/2019	\$7.90	Water Travel Expense
Paid Chk# 006146E VISA	4/30/2019	\$121.95	Light bulbs for engine #1
Paid Chk# 006147E VISA	4/30/2019	\$83.97	Building Maintenance
Paid Chk# 006148E VISA	4/30/2019	\$210.04	Finance Charge
Paid Chk# 006149E VISA	4/30/2019	\$384.54	Finance Charge
Paid Chk# 006150E PERA	6/13/2019	\$8,464.36	Vendor Liability
Paid Chk# 006151E MN DEPT OF REVENUE	6/13/2019	\$2,152.56	Vendor Liability
Paid Chk# 006152E INTERNAL REVENUE SERVICE	6/13/2019	\$9,785.33	Vendor Liability
Paid Chk# 006153E HEALTH EQUITY, INC.	6/13/2019	\$706.92	HSA EE Contributions PR 12 061
Paid Chk# 006154E NEW MARKET BANK	6/14/2019	\$30.00	Mar Bank Fees
Paid Chk# 006155E NEW MARKET BANK	5/31/2019	\$45.00	May Bank Fees
Paid Chk# 006156E HEALTH EQUITY, INC.	6/20/2019	\$41.30	Health Equity Monthly Fee- Jun
Paid Chk# 006157E NUVERA COMMUNICATIONS, INC.	6/20/2019	\$321.88	Police Dept Phone/Fax
Paid Chk# 006158E NUVERA COMMUNICATIONS, INC.	6/20/2019	\$526.36	Area Hall Phone/SCADA
Paid Chk# 006159E XCEL ENERGY	6/28/2019	\$330.42	Streetlights
Paid Chk# 006160E MN VALLEY ELECTRIC COMPANY	6/22/2019	\$138.00	268X Xerxes Water Tower, Elko
Paid Chk# 006161E NUVERA COMMUNICATIONS, INC.	6/20/2019	\$169.07	937759 - 25499 Natchez Ave Bld
Paid Chk# 006162E DAKOTA ELECTRIC ASSN	6/28/2019	\$128.18	Ptarmigan Drive Streetlights
Paid Chk# 006163E NUVERA COMMUNICATIONS, INC.	6/20/2019	\$49.99	139503 - 25499 Natchez Ave
TOTAL		\$24,933.85	
PRE-PAIDS			
Paid Chk# 039825 SURPLUS SERVICES	6/11/2019	\$1,521.00	Fleet
Paid Chk# 039826 OFFICE OF ADMIN. HEARINGS	6/14/2019	\$0.00	Joint Resolution for Orderly A
Paid Chk# 039827 ENM FIRE RELIEF ASSN.	6/14/2019	\$62,027.28	1st Half Payment 2019
Paid Chk# 039828 OFFICE OF ADMIN. HEARINGS	6/14/2019	\$148.00	Joint Resolution for Orderly A
Paid Chk# 039829 UNITED STATES POSTAL SERVICE	6/18/2019	\$339.04	Postage
Paid Chk# 039830 KL GROUP, LLC	6/20/2019	\$112,591.50	Easement Acquisition for Round
TOTAL		\$176,626.82	
CHECK REGISTER			
Paid Chk# 039831 AIRGAS USA, LLC	6/27/2019	\$163.05	FD - Oxygen
Paid Chk# 039832 ANCHOR SOLAR INVESTMENTS, LLC.	6/27/2019	\$243.58	Solar Panel Lease Pmt
Paid Chk# 039833 APPLE FORD LINCOLN	6/27/2019	\$303.90	PW - Fleet Maint & Equip
Paid Chk# 039834 APWA	6/27/2019	\$252.50	Membership Dues - Corey Schwei
Paid Chk# 039835 BOLTON & MENK	6/27/2019	\$22,505.60	T15.100719 - Streets/Facilitie
Paid Chk# 039836 BUSINESS ESSENTIALS	6/27/2019	\$62.50	Office Supplies
Paid Chk# 039837 CAMPBELL KNUTSON	6/27/2019	\$6,044.54	General Matters
Paid Chk# 039838 CINTAS CORPORATION NO. 2	6/27/2019	\$13.00	PW UNIFORMS
Paid Chk# 039839 DIAMOND MOWERS INC.	6/27/2019	\$179.41	PW - Fleet Maint & Equip
Paid Chk# 039840 FARMERS MILL & ELEVATOR, INC.	6/27/2019	\$101.37	PW - Park Chemicals
Paid Chk# 039841 FASTENAL COMPANY	6/27/2019	\$279.38	PW - Fleet Maint & Equip
Paid Chk# 039842 FISH ROCK COUNTRY MARKET	6/27/2019	\$22.50	PW - Operating Supplies
Paid Chk# 039843 FRIEDGES LANDSCAPING	6/27/2019	\$57.00	PW - Stormwater Repairs
Paid Chk# 039844 FUZIONPRINT	6/27/2019	\$528.70	City Newsletter
Paid Chk# 039845 GOV'T FINANCE OFFICERS ASSN	6/27/2019	\$160.00	New Membership - Kellie Stewar
Paid Chk# 039846 ITL PATCH COMPANY, INC.	6/27/2019	\$263.50	PD - Bulk Uniform Patches
Paid Chk# 039847 KELLEY FUELS, INC.	6/27/2019	\$2,626.88	FD - Fuel
Paid Chk# 039848 KES, NICK	6/27/2019	\$5,100.00	Erosion Control Refund - 1434
Paid Chk# 039849 LAKEVILLE SANITARY, INC.	6/27/2019	\$343.52	11038 - Police Station
Paid Chk# 039850 LEO A DALY	6/27/2019	\$5,483.91	PD Station Pre-Design
Paid Chk# 039851 LOFFLER COMPANIES	6/27/2019	\$67.56	PD Copier
Paid Chk# 039852 MAREKS TOWING & REPAIR INC.	6/27/2019	\$157.52	PD Fleet
Paid Chk# 039853 MARKET VILLAGE SR RESIDENCE	6/27/2019	\$319.40	Water/Sewer 5% Per Contract/A1
Paid Chk# 039854 MCFOA	6/27/2019	\$45.00	New Membership - Kellie Stewar
Paid Chk# 039855 MCKESSON MEDICAL - SURGICAL	6/27/2019	\$126.17	Battery For AED
Paid Chk# 039856 MN CITY/COUNTY MGMT ASSN.	6/27/2019	\$148.64	2019 MCMA Membership Dues - To
Paid Chk# 039857 METROPOLITAN COUNCIL	6/27/2019	\$19,776.67	Waste Water Charges - July 20
Paid Chk# 039858 MN SECRETARY OF STATE-NOTARY	6/27/2019	\$120.00	New Notary Appt - Kellie Stewa
Paid Chk# 039859 MSFCA	6/27/2019	\$2,000.00	FD Conference - Todd, Jay, Joe
Paid Chk# 039860 MVTL LABORATORIES	6/27/2019	\$95.00	PW - Water Testing
Paid Chk# 039861 MY LEGACY PHOTOGRAPHY	6/27/2019	\$90.00	Professional Photos - Steve Ho
Paid Chk# 039862 NORTHWEST ASSOCIATED	6/27/2019	\$26.80	2040 Comp Plan
Paid Chk# 039863 NAPA AUTO PARTS	6/27/2019	\$435.86	PW - Fleet Maint & Equip

*Check Summary Register©

June 27, 2019

	Name	Check Date	Check Amt	
Paid Chk#	039864 NED NEWBERG	6/27/2019	\$75.00	Fire Rescue Days Parade Announ
Paid Chk#	039865 NORTHLAND PEST CONTROL	6/27/2019	\$21.25	Pest Control - Library
Paid Chk#	039866 POMPS TIRE SERVICE, INC.	6/27/2019	\$2,563.00	FD - Fleet
Paid Chk#	039867 PPG ARCHITECTURAL FINISHES	6/27/2019	\$479.75	PW - Streets
Paid Chk#	039868 QUILL CORPORATION	6/27/2019	\$493.13	Quill Plus Subscription
Paid Chk#	039869 R&R CLEANING CONTRACTORS, INC.	6/27/2019	\$92.70	Rugs
Paid Chk#	039870 RDO EQUIPMENT CO.	6/27/2019	\$108.00	PW - Fleet Maint & Equip
Paid Chk#	039871 SCHLOMKAS PORTABLE	6/27/2019	\$710.00	Portable Restrooms
Paid Chk#	039872 SCOTT COUNTY RECORDER	6/27/2019	\$138.00	F09-19 Fence Encroachment Agmt
Paid Chk#	039873 SHERWIN-WILLIAMS	6/27/2019	\$107.08	PW - Streets
Paid Chk#	039874 STREICHER'S INC	6/27/2019	\$8.99	PD Uniforms
Paid Chk#	039875 SUEL PRINTING COMPANY	6/27/2019	\$221.00	Legal Ads
Paid Chk#	039876 THOMPSON, JASON	6/27/2019	\$34.34	PW - Small Tools
Paid Chk#	039877 TIM'S SMALL ENGINE SERVICE	6/27/2019	\$37.48	PW - Fleet
Paid Chk#	039878 XEROX CORPORATION	6/27/2019	\$523.11	Copier
Paid Chk#	039879 YOUNGFIELD HOMES, INC.	6/27/2019	\$5,100.00	Landscape Escrow Refund
Paid Chk#	039880 ZIEGLER INC.	6/27/2019	\$122.10	PW - Fleet Maint & Equip
TOTAL			\$78,978.39	

DIRECT DEPOSIT

Paid Chk#	502552EBi-Weekly ACH	6/13/2019	\$33,678.90	
TOTAL			\$33,678.90	



STAFF MEMORANDUM

SUBJECT:	Mobile Food Units
MEETING DATE:	June 27, 2019
PREPARED BY:	Haley Sevening, Community Development/Administrative Intern
REQUESTED ACTION:	Adopt Ordinances #190, #191, and #192 Concerning Mobile Food Units

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

Mobile Food Units (MFUs), or food trucks, are growing in popularity throughout the region and have begun operating on occasion in Elko New Market. Regulations specific to MFUs are commonly considered by cities in order to reduce potential negative impacts such as competition with brick and mortar restaurant establishments and to mitigate public nuisances. MFUs are commonly viewed as a means to promote economic activity within a community and provide culinary diversity at community events. However, some fear that they may also prevent fair competition with existing brick and mortar establishments since MFUs are not subject to property taxes or certain zoning and building regulations. MFUs also have the potential to become a public nuisance through the noise, smell, and/or light they emit and the fire, traffic, and/or safety hazards they may create.

Currently, MFUs are regulated by both the state and the City. Specifically, MFUs operating in Scott County are licensed and regulated by the Minnesota Department of Health (MDH). MFUs are subject to the Minnesota Food Code and must undergo a plan review and preoperational inspection by the MDH prior to being licensed by the State. Minnesota Statute also restricts MFUs from using or serving food that was stored or prepared in a private home and conducting catering operations, unless the catering operations are approved by the local jurisdiction.

Apart from State Statute the City of Elko New Market currently regulates MFUs as a Transient Merchant, which is defined as:

“A person who temporarily sets up business out of a vehicle, trailer, boxcar, tent, other portable shelter, or empty storefront for the purpose of exposing or displaying for sale, selling or attempting to sell and delivering goods, wares, products, merchandise or other personal property and who does not remain or intend to remain in any one location for more than fourteen (14) consecutive days.”

The City Code requires that a Transient Merchant obtain an annual license. The current fee is \$65 per person. Transient Merchants must provide written permission from the property owner or property owner's agent for any property they will be operating on and can only operate between the hours of 7:00 A.M. and 9:00 P.M.

PREVIOUS COUNCIL DISCUSSION:

On March 28, 2019, the Council directed staff to draft a Mobile Food Unit Ordinance that requires a business license. The consensus seemed to be that the ordinance should not be overly burdensome, but should regulate aspects of MFUs associated with public nuisances and require proof of state license to minimize potential public health issues. Any regulations would be contained in the Business and License Regulations section of the City Code (Title 4). A draft Mobile Food Unit Ordinance and the accompanying draft 2019 Fee Schedule Amendment are attached for review.

On May 9, 2019, the Council reviewed the draft Mobile Food Unit Ordinance. Discussion primarily revolved around whether or not MFUs should be allowed to operate in public streets and rights-of-way and how MFUs should be regulated in association with events. The Council reached consensus on the topic of allowing MFUs to operate in public streets and rights-of-way, but was split on how to regulate them during events. Ultimately, the Council directed staff to research how other cities regulate MFUs in conjunction with events.

On May 22, 2019, the Council again reviewed the draft Mobile Food Unit Ordinance in regards to three areas of emphasis:

1. Licensing of MFUs and the associated fee
2. Operation of MFUs on public streets and rights-of-way
3. Regulation of MFUs during events

There was consensus from the Council that a \$25 license fee is reasonable in order to cover the cost of staff time associated with application review. The Council also agreed that MFUs should be allowed to operate in public streets and rights-of-way. The Council seemed to remain split on how to regulate MFUs during events, but agreed to prohibit them from the general vicinity of Fire Rescue Days, unless authorized by the event organizer. Overall, the Council felt the Ordinance should be less restrictive and decided that if issues arise in the future, the Ordinance should be revisited and amended as necessary.

DISCUSSION:

Draft Ordinance #190 regarding MFUs, the accompanying draft Summary Ordinance #191, and draft Ordinance #192 amending the fee schedule are included as attachments for your review. With the exception of Section 4-10-7, the draft Mobile Food Unit Ordinance is almost identical to the draft presented to the Council on May 22, 2019. The major changes to Section 4-10-7 include allowing MFUs to operate in public streets and rights-of-way as well as allowing the public sale of food in residential districts (rather than catering only).

At this time, staff is asking the Council to approve Ordinances #190, #191, and #192 concerning Mobile Food Units.

BUDGET IMPACT:

The budget impact for this item to date is the cost of staff time and City Attorney review time. Future budget implications will include the cost to revise the City Code and staff time required to review the MFU license applications. The \$25 annual license fee will cover costs associated with application review.

Attachments:

Draft Ordinance #190 regarding Mobile Food Units
Summary Ordinance #191 regarding Mobile Food Units
Draft Ordinance #192 amending the 2019 Fee Schedule

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

ORDINANCE NO. 190

**AN ORDINANCE AMENDING TITLE 4
OF THE ELKO NEW MARKET CITY CODE ADDING A NEW CHAPTER 10
CONCERNING MOBILE FOOD UNITS**

THE CITY COUNCIL OF THE CITY OF ELKO NEW MARKET, MINNESOTA
ORDAINS:

SECTION 1. Title 4 of the Elko New Market City Code is hereby amended to add a new chapter 10 to read as follows:

Chapter 10
MOBILE FOOD UNITS

- 4-10-1: DEFINITIONS:
- 4-10-2: EXEMPTIONS:
- 4-10-3: LICENSE REQUIRED:
- 4-10-4: INELIGIBILITY FOR LICENSE:
- 4-10-5: APPLICATION FOR LICENSE:
- 4-10-6: LICENSE FEE:
- 4-10-7: ISSUANCE OF LICENSE; CONDITIONS:
- 4-10-8: PERFORMANCE STANDARDS:
- 4-10-9: PROHIBITED ACTIVITIES:

4-10-1: DEFINITIONS:

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

ICE CREAM TRUCK: a motor vehicle utilized as the point of retail sales of pre-wrapped or prepackaged ice cream, frozen yogurt, frozen custard, flavored frozen water, or similar frozen dessert products.

MOBILE FOOD UNIT: A food and beverage service establishment that is: a) a vehicle mounted unit, either motorized or trailered; b) readily movable without disassembling for transport to another location; or c) a nonmotorized vehicle self-propelled by the operator.

4-10-2: EXEMPTIONS: Ice Cream Trucks are exempt from this Chapter and shall be regulated as peddlers pursuant to chapter 4 of this title.

4-10-3: LICENSE REQUIRED: Except as otherwise provided by this chapter, no entity shall conduct business as a mobile food unit without first having obtained a license from the city as required under this chapter.

4-10-4: INELIGIBILITY FOR LICENSE:

The following shall be grounds for denying a license under this chapter:

- A. The failure of the applicant to obtain and show proof of having obtained any required state license.
- B. The revocation, within the past five (5) years, of any license issued under this chapter.

4-10-5: APPLICATION FOR LICENSE:

Application for a city license to conduct business as a mobile food unit shall be made at least two (2) regular business days before the applicant desires to begin conducting business, unless otherwise approved by the city clerk or their designee. Application for a license shall be made on a form available from the office of the city clerk. All applications shall be signed by the applicant, who must be the owner of the mobile food unit. All applications shall include the following information:

- A. Applicant's full legal name, other names the applicant uses or is known by, date of birth, driver's license number or other acceptable identification of the person or entity applying for a license.
- B. Applicant's permanent and any temporary home and business address, phone number and email address of the applicant.
- C. Any and all telephone numbers where the applicant can be reached while conducting business within the city.
- D. Name and contact information of primary mobile food unit operator, if different from applicant.
- E. Truck/trailer size to be used within the city, including: the license plate number and registration information for any vehicle to be used in conjunction with the licensed business and a description of the vehicle (make, model and color).
- F. Proof of any required state license for operation of a mobile food unit.
- G. All additional information deemed necessary by the city.

4-10-6: LICENSE FEE:

All applications for a license under this chapter shall be accompanied by the fee set forth in the city fee schedule, as it may be amended from time to time.

4-10-7: ISSUANCE OF LICENSE; CONDITIONS:

- A. Issuance: If the city determines that the applicant has satisfied all of the requirements of this chapter, the city clerk or the clerk's designee shall issue a license.
- B. Mobile Food Unit Conditions: Mobile food units shall be subject to the following conditions:
 - 1. Locations. All mobile food units shall operate only in the following locations:
 - a. Mobile food units may operate along public streets or public rights-of-way.
 - b. Mobile food units may only operate on private property with the written consent of the private property owner.
 - c. Mobile food units may only operate in a city park or on city property with written consent by the city.

4-10-8: PERFORMANCE STANDARDS: All mobile food units are subject to the following performance standards:

- A. Mobile food units shall comply with all applicable federal, state and local laws, ordinances, regulations, parking zones, and posted signs.
- B. Proof of state and city licensing must be posted on the mobile food unit.
- C. Written permission from the property owner must be kept with the mobile food unit and made immediately available upon request.
- D. A mobile food unit may not operate on the same property more than seven (7) consecutive days or twenty-one (21) total days during any calendar year.
- E. Mobile food units shall not operate between 10 p.m. and 7 a.m. in commercial or industrial districts and between 9 p.m. and 9 a.m. in residential districts.
- F. Mobile food units shall provide and maintain at least one clearly designated waste container for customer use and locate it within 5 feet of the stand. All waste, garbage, litter and refuse shall be contained in leak proof, nonabsorbent containers which shall be kept covered with tight-fitting lids and properly disposed of. No waste, garbage, litter or refuse shall be dumped or drained onto sidewalks, streets, gutters, storm drains, or public trash receptacles. Licensee is responsible for daily removal of trash, litter, recycling and refuse.

G. Mobile food units must dispose of its gray water. Gray water may not be drained into City storm water drains or disposed of in public trash cans.

H. Mobile food units must provide an independent power supply that is screened from public view and that complies with City’s noise regulations.

I. Mobile food units shall secure all propane tanks and provide adequate ventilation.

J. A mobile food unit is not required to obtain a sign permit from the city. However, no additional signage is permitted beyond that which is on the mobile food unit unless it meets the following requirements:

- i. One single sandwich board style sign is permitted per mobile food unit;
- ii. The maximum sign size is 8 square feet;
- iii. The sign must be placed on the ground and within 10 feet of the mobile food unit;
- iv. The sign must not be placed within the public right-of-way except with the express written permission of the city; and
- v. The sign cannot project from the mobile food unit or be mounted to the roof of the mobile food unit.

K. A mobile food unit may have a maximum bumper to bumper length of no more than thirty (30) feet.

L. Mobile food units may not operate within the geographic area outlined below during the Friday, Saturday, and Sunday of Fire Rescue Days unless authorized by the event organizer to participate in the event.



4-10-9: PROHIBITED ACTIVITIES:

No mobile food unit shall conduct business in any of the following manners:

- A. Calling attention to his or her business or items to be sold by means of blowing any horn or whistle, ringing any bell, crying out, or by any other noise, so as to be unreasonably audible within an enclosed structure.
- B. Obstructing the free flow of either vehicular or pedestrian traffic on any street, alley, sidewalk or other public right of way.
- C. Conducting business in a way as to create a threat to the health, safety and welfare of any individual or the general public.
- D. Failing to provide proof of license and identification, when requested; or using the license of another entity.
- E. Making any false or misleading statements about the product or service being sold, including untrue statements of endorsement. No mobile food unit shall claim to have the endorsement of the city solely based on the city having issued a license to that entity.
- F. Remaining on the property of another when requested to leave, or to otherwise conduct business in a manner a reasonable person would find obscene, threatening, intimidating or abusive.

SECTION 2. This ordinance shall take effect immediately upon its passage and publication.

ADOPTED this 27th day of June, 2019 by the City Council for the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, Acting City Clerk

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

SUMMARY ORDINANCE NO. 191

**AN ORDINANCE AMENDING TITLE 4
OF THE ELKO NEW MARKET CITY CODE BY ADDING A NEW CHAPTER 10
CONCERNING MOBILE FOOD UNITS**

NOTICE IS HEREBY GIVEN that, on June 27, 2019, Ordinance No. 190 was adopted by the City Council of the City of Elko New Market, Minnesota.

NOTICE IS FURTHER GIVEN that, because of the lengthy nature of Ordinance No. 190, the following summary of the ordinance has been prepared for publication.

NOTICE IS FURTHER GIVEN that the ordinance adopted by the Council amends City Code Title 4 of the Elko New Market City Code by adding Chapter 10 to include the licensing and regulation of mobile food units. A printed copy of the complete ordinance is available for inspection by any person during the City's regular office hours.

APPROVED for publication by the City Council of the City of Elko New Market this 27th day of June, 2019.

CITY OF ELKO NEW MARKET

By: _____
Joe Julius, Mayor

By: _____
Thomas Terry, Acting City Clerk

ORDINANCE NO. 192

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

**AN ORDINANCE AMENDING CITY OF ELKO NEW MARKET FEE SCHEDULE,
ORDINANCE NO. 183, CONCERNING MOBILE FOOD UNITS**

WHEREAS, the City's fee schedule for 2019 is set forth under City of Elko New Market Ordinance No. 183; and,

WHEREAS, the City has adopted Ordinance No. 190 Amending Title 4 of the Elko New Market City Code concerning mobile food units; and,

WHEREAS, the City desires to adopt a required fee for Mobile Food Unit Licenses;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ELKO NEW MARKET ORDAINS:

Section 1. City of Elko New Market Ordinance No. 183 is hereby amended to add the following fees under Business Related Fees:

BUSINESS RELATED FEES

Mobile Food Unit License	\$25/year
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Section 2. Effective Date. This Ordinance shall be effective upon its passage and publication by the City Council.

ADOPTED this 27th day of June, 2019 by the City Council of the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, Acting City Clerk



STAFF MEMORANDUM

SUBJECT:	Appointment of Parks Commissioners
MEETING DATE:	June 27, 2019
PREPARED BY:	Mark Nagel, Assistant City Administrator
REQUESTED ACTION:	Adopt 19-40 Reappointing Members to the Parks and Recreation Commission

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

The Parks & Recreation Commissioners serve three year staggered terms which expired at the end of March. In 2019, the terms have now expired for Parks and Recreation Commissioners Dennis Melgaard and Sadie Miller.

DISCUSSION:

At the March 14, 2019 City Council Meeting, Council directed Staff to open the 2 positions for applications from other citizens, but including the current Commissioners should they want to apply. Both Commissioners reapplied for another term on the Parks Commission. City Council established an Interview Committee consisting of Councilmember Timmerman, Parks Commission Chair Mike Sutton, and Assistant City Administrator Mark Nagel to interview the candidates and make a recommendation to the City Council. The interviews of the three (3) candidates for the 2 positions were held on Wednesday, June 5th and Thursday, June 13th with the Interview Committee unanimously recommending that current Parks and Recreation Commissioners Dennis Melgaard and Sadie Miller be reappointed to 3 year terms.

ACTION:

Council is being asked to adopt Resolution 19-40 Reappointing Dennis Melgaard and Sadie Miller to the Parks and Recreation Commission for a three year term ending on March 31, 2022.

Attachments:

Resolution 19-40 Reappointing Members to the Parks and Recreation Commission

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 19-40

**RESOLUTION REAPPOINTING MEMBERS
TO THE PARKS AND RECREATION COMMISSION**

WHEREAS, the term of Parks and Recreation Commissioners Dennis Melgaard and Sadie Miller expires March 31, 2019; and

WHEREAS, the City Council for the City of Elko New Market is authorized to appoint members to the Elko New Market Parks and Recreation Commission; and

WHEREAS, Parks and Recreation Commissioners Dennis Melgaard and Sadie Miller desire reappointment to the Parks and Recreation Commission and are eligible to act as a member of the Elko New Market Parks and Recreation Commission.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Elko New Market, Minnesota:

Dennis Melgaard and Sadie Miller are hereby reappointed to the Elko New Market Parks and Recreation Commission for a three year term ending March 31, 2022.

ADOPTED this 27th day of June, 2019 by the City Council of the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, City Clerk



STAFF MEMORANDUM

SUBJECT:	Revised Vision Statement, Priority Goals, and Community Oriented Local Government
MEETING DATE:	June 27, 2019
PREPARED BY:	Haley Sevening, Community Development/Administrative Intern
REQUESTED ACTION:	Approve Resolutions 19-34, 19-35, and 19-36 regarding the Vision Statement, Priority Goals, and Community Oriented Local Government

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

Annually, the City Council reviews the City's Vision Statement and Priority Goals. The visioning and goal setting process is a precursor to the formal process for the 2019 Budget. The workshop uses a simple but successful process to assist the City Council in identifying and discussing issues that are facing the City of Elko New Market. The process is used as a tool to help the Council establish and maintain a common vision and goals that will be used to provide a framework for shaping policy, setting priorities and budgeting.

This year, the Council was also asked to identify policy discussion topics and their relative priority for the upcoming year. These discussions may simply be conveyance of information to provide Council with information and background in general or as a starting point for further Council discussion and possible action items.

On May 22, 2019, the City Council reviewed the City's Vision Statement and Priority Goals. The Council directed Staff to make the following changes to the Vision Statement and Priority Goals:

- Edit development language in the vision to promote both a diverse commercial and industrial base.
- Remove "commercial" from the development language in the vision so that all types of development and redevelopment are aesthetically pleasing and promote quality.
- Edit the residential goal to make it more readable.
- Add a new goal in relation to the development of an asset management system.

In addition, the following changes were discussed by the Council and were to be considered by Staff to determine if they fit into the Vision Statement, Priority Goals, and/or Community Oriented Local Government philosophy:

- Consider adding language about the quality of municipal services to be provided, the collaborative culture of the City, and Elko New Market as a model city.
- Consider referencing recreational programming in the vision.

Staff made minor revisions in regards to the quality of municipal services (see Vision) and collaborative culture of the City (see Community Oriented Local Government). However, Staff thought that the model city language would better fit a mission type statement so it was not included in any revisions. Similarly, a reference to recreational opportunities is already included in the Vision Statement so it was not elaborated on or included elsewhere.

DISCUSSION

Attached for your review are revised versions of the Vision Statement, Priority Goals, and Community Oriented Local Government. Staff is asking the Council to approve Resolutions 19-34, 19-35, and 19-36 amending the Vision Statement, Priority Goals, and Community Oriented Local Government philosophy.

BUDGET IMPACT

The budget impact for this item is the cost of Staff time.

Attachments:

Vision Statement, adopted July 28, 2011(with proposed revisions)

Priority Goals, adopted June 28, 2018 (with proposed revisions)
Community Oriented Local Government, adopted April 22, 2010 (with proposed revisions)
Resolution 19-34 Amending Vision Statement
Resolution 19-35 Amending Priority Goals
Resolution 19-36 Amending Community Oriented Local Government

VISION STATEMENT

Elko New Market's vision statement inspires a clear direction for the community to move in. The City's official vision statement was discussed, developed, and agreed upon by the City Council, and it sets a mental image of the city's future that is both desirable and feasible. The vision statement is intended to serve as the foundation for decisions regarding goals, policies, and finances.

Elko New Market is envisioned to be a mature growing freestanding suburb of the Twin Cities Metropolitan Area. The community will preserve its historic landmarks and small town character while providing suburban amenities and services. A full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities will be available for the citizens and visitors.

Elko New Market will promote a diverse commercial and industrial base, including light industrial. The City will facilitate planned redevelopment. Commercial development and redevelopment within the community will be aesthetically pleasing with architectural standards that promotes quality development.

~~Elko New Market will provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community.~~

Elko New Market will have a comprehensive park and trails system. The park system will have sufficient facilities, play fields and open space to meet the needs of the community's residents.

Elko New Market will have an effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate.

Elko New Market will provide community oriented local government that promotes community involvement, organizational improvements, problem solving, performance measurement and professionalism. Elko New Market will provide a full range of high quality municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community. The City will be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on the tax payers of the City.

PRIORITY GOALS

1. Develop a more diverse tax base, create more local employment opportunities and promote additional businesses and services within the community.
2. Advance the “shovel ready” status of areas guided for commercial and industrial development through planning and where feasible, the procurement of supporting infrastructure.
3. The acquisition of land for public purposes, including, but not limited to public utilities, library, parks and interchange rights-of-way. Position the City to take advantage of opportunities to acquire land for public purposes
4. Enhance the quality of life in the community through the improvement and expansion of the parks and trails system, recreational programming and cultural events.
5. Promote high quality residential development ~~that~~, including a broad spectrum of housing choices in both type and cost. Facilitate the development of residential lots and an increase in residential building permit activity.
6. Implement an asset management system for the long-term management, maintenance, and budgeting of municipal infrastructure.

COMMUNITY ORIENTED LOCAL GOVERNMENT

1. **Community Involvement** – The City of Elko New Market will incorporate community feedback in making participative, transparent decisions by:
 - Providing more opportunities for the public to have input on decisions that affect them.
 - Engaging the public in strategic planning initiatives, both short and long term.
 - Enabling the public to provide input on the effectiveness of public services and policies.
 - Working to develop leadership within the community.
2. **Organizational Improvements** – The City of Elko New Market will strive to elevate the level of customer service and service delivery through cost effective use of personnel, structure, and information systems by:
 - Developing an organizational climate that promotes innovation, creativity, collaboration and a customer-centered focus in providing community services, programs and projects.
 - Improve public services by reducing barriers between City departments in order to provide greater accessibility, flexibility, and efficiency in the delivery of public services.
3. **Problem Solving** – The City of Elko New Market will engage in the process of proactive and systematic examination of identified issues in order to evaluate effective policy decisions by:
 - Using available technology to improve the quality and accuracy of data used in decisions.
 - Provide the resources to develop and implement the most cost effective solutions.
 - Considering the long term costs and benefits in policy decisions.
 - Engaging in long-term financial planning to provide public services without undue burden on the tax payers of the city.
4. **Performance Measurement** – The City of Elko New Market will develop and utilize methods for measuring performance to evaluate progress and establish accountability for improving public services.
5. **Professionalism** – The City of Elko New Market will provide local government that is characterized by high technical and ethical standards. The City will conduct business and present itself in a manner that that promotes public confidence. The City will endeavor to recruit, train, and develop cohesive, high quality professional staff that will excel in providing public services.

CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA

RESOLUTION 19-34

**RESOLUTION AMENDING VISION STATEMENT
FOR THE CITY OF ELKO NEW MARKET**

WHEREAS, the City Council of Elko New Market (hereinafter referred to as “Council”) has completed the visioning and goal setting process; and,

WHEREAS, the Council has agreed upon the attached Vision Statement: and,

WHEREAS, the Vision Statement will assist in allocating funds for the 2020 Budget; and,

WHEREAS, the adopted Vision Statement will focus the Council, City Staff and Community on achieving results that align with the vision; and,

WHEREAS, the Vision Statement is a continuous process and cannot become a reality without the support, participation, and commitment of the Council, City Staff and Community.

NOW, THEREFORE, BE IT RESOLVED, that the Council approves the Vision Statement attached here to as Exhibit A; and,

BE IT FURTHER RESOLVED, that City Staff be directed to communicate the Vision Statement to the Community.

APPROVED AND ADOPTED by the City Council of Elko New Market this 27th day of June, 2019.

Joe Julius, Mayor

ATTEST:

Thomas Terry, Acting City Clerk

Exhibit A

VISION STATEMENT

Elko New Market's vision statement inspires a clear direction for the community to move in. The City's official vision statement was discussed, developed, and agreed upon by the City Council, and it sets a mental image of the city's future that is both desirable and feasible. The vision statement is intended to serve as the foundation for decisions regarding goals, policies, and finances.

Elko New Market is envisioned to be a mature growing freestanding suburb of the Twin Cities Metropolitan Area. The community will preserve its historic landmarks and small town character while providing suburban amenities and services. A full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities will be available for the citizens and visitors.

Elko New Market will promote a diverse commercial and industrial base. The City will facilitate planned redevelopment. Development and redevelopment within the community will be aesthetically pleasing with architectural standards that promote quality development.

Elko New Market will have a comprehensive park and trails system. The park system will have sufficient facilities, play fields and open space to meet the needs of the community's residents.

Elko New Market will have an effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate.

Elko New Market will provide community oriented local government that promotes community involvement, organizational improvements, problem solving, performance measurement and professionalism. Elko New Market will provide a full range of high quality municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community. The City will be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on the tax payers of the City.

CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA

RESOLUTION 19-35

**RESOLUTION AMENDING PRIORITY GOALS
FOR THE CITY OF ELKO NEW MARKET**

WHEREAS, the City Council of Elko New Market (hereinafter referred to as “Council”) has completed the visioning and goal setting process; and,

WHEREAS, the Council has agreed upon the attached Priority Goals: and,

WHEREAS, the Goals will assist in allocating funds for the 2020 Budget; and,

WHEREAS, the adopted Priority Goals will focus the Council, City Staff and Community on achieving results that align with Priority Goals; and,

WHEREAS, the Priority Goals are a continuous process and cannot become a reality without the support, participation, and commitment of the Council, City Staff and Community.

NOW, THEREFORE, BE IT RESOLVED, that the Council approves the Priority Goals attached here to as Exhibit A; and,

BE IT FURTHER RESOLVED, that City Staff be directed to communicate the Priority Goals to the Community.

APPROVED AND ADOPTED by the City Council of Elko New Market this 27th day of June, 2019.

Joe Julius, Mayor

ATTEST:

Thomas Terry, Acting City Clerk

Exhibit A

PRIORITY GOALS

- Develop a more diverse tax base, create more local employment opportunities and promote additional businesses and services within the community.
- Advance the “shovel ready” status of areas guided for commercial and industrial development through planning and where feasible, the procurement of supporting infrastructure.
- The acquisition of land for public purposes, including, but not limited to public utilities, library, parks and interchange rights-of-way. Position the City to take advantage of opportunities to acquire land for public purposes
- Enhance the quality of life in the community through the improvement and expansion of the parks and trails system, recreational programming and cultural events.
- Promote high quality residential development that includes a broad spectrum of housing choices in both type and cost. Facilitate the development of residential lots and an increase in residential building permit activity.
- Implement an asset management system for the long-term management, maintenance, and budgeting of municipal infrastructure.

CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA

RESOLUTION 19-36

**RESOLUTION AMENDING COMMUNITY ORIENTED LOCAL
GOVERNMENT FOR THE CITY OF ELKO NEW MARKET**

WHEREAS, the City Council of Elko New Market (hereinafter referred to as “Council”) has completed the visioning and goal setting process; and,

WHEREAS, the Council has agreed upon the attached Community Oriented Local Government: and,

WHEREAS, the Community Oriented Local Government will assist in allocating funds for the 2020 Budget; and,

WHEREAS, the adopted Community Oriented Local Government will focus the Council, City Staff and Community on achieving results that align with the philosophy; and,

WHEREAS, the Community Oriented Local Government is a continuous process and cannot become a reality without the support, participation, and commitment of the Council, City Staff and Community.

NOW, THEREFORE, BE IT RESOLVED, that the Council approves the Community Oriented Local Government attached here to as Exhibit A; and,

BE IT FURTHER RESOLVED, that City Staff be directed to communicate the Community Oriented Local Government to the Community.

APPROVED AND ADOPTED by the City Council of Elko New Market this 27th day of June, 2019.

Joe Julius, Mayor

ATTEST:

Thomas Terry, Acting City Clerk

Exhibit A

COMMUNITY ORIENTED LOCAL GOVERNMENT

- 1. Community Involvement** – The City of Elko New Market will incorporate community feedback in making participative, transparent decisions by:
 - Providing more opportunities for the public to have input on decisions that affect them.
 - Engaging the public in strategic planning initiatives, both short and long term.
 - Enabling the public to provide input on the effectiveness of public services and policies.
 - Working to develop leadership within the community.

- 2. Organizational Improvements** – The City of Elko New Market will strive to elevate the level of customer service and service delivery through cost effective use of personnel, structure, and information systems by:
 - Developing an organizational climate that promotes innovation, creativity, collaboration and a customer-centered focus in providing community services, programs and projects.
 - Improve public services by reducing barriers between City departments in order to provide greater accessibility, flexibility, and efficiency in the delivery of public services.

- 3. Problem Solving** – The City of Elko New Market will engage in the process of proactive and systematic examination of identified issues in order to evaluate effective policy decisions by:
 - Using available technology to improve the quality and accuracy of data used in decisions.
 - Provide the resources to develop and implement the most cost effective solutions.
 - Considering the long term costs and benefits in policy decisions.
 - Engaging in long-term financial planning to provide public services without undue burden on the tax payers of the city.

- 4. Performance Measurement** – The City of Elko New Market will develop and utilize methods for measuring performance to evaluate progress and establish accountability for improving public services.

- 5. Professionalism** – The City of Elko New Market will provide local government that is characterized by high technical and ethical standards. The City will conduct business and present itself in a manner that that promotes public confidence. The City will endeavor to recruit, train, and develop cohesive, high quality professional staff that will excel in providing public services.



STAFF MEMORANDUM

SUBJECT:	State Council on Local Results and Innovation's Performance Measurement Program
MEETING DATE:	June 27, 2019
PREPARED BY:	Kellie Stewart, Accountant
REQUESTED ACTION:	Adopt Resolution 19-37 Reporting Performance Measurements Results to Office of State Auditor (OSA)

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

During the 2010 legislative session, the Governor signed into law legislation that established a voluntary performance measurement reporting program for cities due July 1st each year. The purpose of the program is to provide cities incentives to develop, measure, track, and report performance data on their critical services. The City can elect to opt-out of the program each year, if the City Council chooses to do so, but has participated in this program each year since 2012.

DISCUSSION:

This year, the City will submit the 2018 Community Survey as evidence of its compliance with the Performance Measurement Program. Once again, if accepted by the State, then the benefit to the City will be receiving a reimbursement of \$0.14/capita, or for Elko New Market, a total of \$659.12 (4,708 – estimated population figure by Metro Council in April, 2017 X \$.14), and an exemption from levy limits, if such limits are in place, for as long as the City participates in the program.

Participation in the program reflects one of the key components of Elko New Market's Community-Oriented Local Government Philosophy:

Performance Measurement – The City of Elko New Market will develop and utilize methods for measuring performance to evaluate progress and establish accountability for improving public services.

BUDGET IMPACT:

The City will receive a payment of \$659.12 from the State of Minnesota as reimbursement for expense related to performance measurement.

Attachments:

- Resolution 19-37 Reporting Performance Measurements to Office of State Auditor (OSA)

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 19-37

**RESOLUTION REPORTING THE RESULTS OF THE PERFORMANCE
MEASUREMENT SYSTEM TO THE OFFICE OF THE STATE AUDITOR**

WHEREAS, Benefits to the City of Elko New Market for participation in the Minnesota Council on Local Results and Innovation's comprehensive performance measurement program are outlined in MS 6.91 and include eligibility for a reimbursement as set by State statute; and

WHEREAS, Any city/county participating in the comprehensive performance measurement program is also exempt from levy limits for taxes, if levy limits are in effect; and

WHEREAS, The City Council of Elko New Market has adopted and implemented at least 10 of the performance measures, as developed by the Council on Local Results and Innovation, and a system to use this information to help plan, budget, manage and evaluate programs and processes for optimal future outcomes; and

NOW THEREFORE LET IT BE RESOLVED THAT, The City Council of Elko New Market will continue to report the results of the performance measures to its citizenry by the end of the year through publication, direct mailing, posting on the city's/county's website, or through a public hearing at which the budget and levy will be discussed and public input allowed.

BE IT FURTHER RESOLVED, The City Council of Elko New Market will submit to the Office of the State Auditor the actual results of the performance measures adopted by the city/county.

ADOPTED, by the City Council of Elko New Market this 27th day of June, 2019.

CITY OF ELKO NEW MARKET

By: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, Acting City Clerk



STAFF MEMORANDUM

SUBJECT:	SMSC Donation for Trail Construction
MEETING DATE:	June 27, 2019
PREPARED BY:	Mark Nagel, Assistant City Administrator
REQUESTED ACTION:	1. Adopt Resolution 19-30 Accepting Donation from the Shakopee Mdewakanton Sioux Community 2. Approve Intergovernmental Donation Agreement Between the Shakopee Mdewakanton Sioux Community and the City of Elko New Market

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

The City applied for a grant from the Shakopee Mdewakanton Sioux Community (SMSC) in January of 2019 for financial assistance to improve a segment of the bike/hike/running trail that would link the Woodcrest and Windrose 8th Addition neighborhoods together. Woodcrest Neighborhood Park is scheduled for a complete update in 2020, so the trail would allow approximately 180 Windrose 8th Addition households to have access to the upgraded park. In addition, the link would enable approximately 60 Woodcrest households to have greater access to the trail “spine” and the Pete’s Hill “Lookout” project. This important “link” enhances trail investment made by the 2 previous City/SMSC partnerships. The trail link will be completely handicapped accessible, as is this is a key goal for all trails in the City. Construction of this trail section will increase access to the City’s preeminent natural area – Pete’s Hill and an updated Woodcrest Park.

Based on preliminary engineering work, the construction cost is estimated to be \$22,780, so based on the local match requirement, the grant request is for \$18,224. The remaining \$4,556 will be covered by in-kind services and/or existing funds in the Parks Capital Improvement Program. The City will be responsible for any cost overruns on the project. The project would be included in the City’s 2019 Parks capital projects and would be completed by the 12/31/19 deadline. The first step is the approval of the attached Intergovernmental Donation Agreement between the two parties, so that Staff can begin implementing the project.

The project helps achieve the City’s Priority Goal – Enhancing the quality of life in the community through the improvement and expansion of the parks and trails system, recreational programming and cultural events.

The Intergovernmental Donation Agreement has been reviewed by the City Attorney. The City Attorney has recommended that a Donation Resolution be approved authorizing acceptance of the Intergovernmental Donation Agreement and its terms.

ACTION REQUESTED:

Motion to approve the attached Resolution Approving Intergovernmental Donation Agreement between the SMSC and the City of Elko New Market, Authorizing Signature of the Agreement, and Directing City Staff to begin implementation of the project.

Attachments:

- Resolution 19-30 Accepting Donation from the Shakopee Mdewakanton Sioux Community
- Intergovernmental Donation Agreement Between the Shakopee Mdewakanton Sioux Community and the City of Elko New Market

**CITY OF ELKO NEW MARKET
RESOLUTION NO. 19-30**

**RESOLUTION ACCEPTING DONATION FROM THE SHAKOPEE MDEWAKANTON SIOUX
COMMUNITY**

WHEREAS, The City of Elko New Market (City) is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 for the benefit of its citizens, and is specifically authorized to accept gifts and bequests for the benefit of recreational services pursuant to Minnesota Statutes Section 471.17; and

WHEREAS, the Shakopee Mdewakanton Sioux Community (SMSC) has offered to contribute funds in the amount of \$18,224 to the City for completion of a trail segment from Windrose 8th Addition to the Woodcrest neighborhood;

WHEREAS, this donation has been contributed to be used by the City for a purpose that is both authorized by statute and serves a public purpose; and

WHEREAS, the City Council finds that it is appropriate to accept the donation offered.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ELKO NEW MARKET, MINNESOTA, AS FOLLOWS:

1. The donation described above is hereby accepted and shall be used for the construction of a trail segment between Windrose 8th Addition and the Woodcrest neighborhood.

Adopted by the Elko New Market City Council on the 27th day of June, 2019.

Approved:

Joe Julius, Mayor

Attested:

Tom Terry, City Clerk

**INTERGOVERNMENTAL DONATION AGREEMENT
BETWEEN
THE SHAKOPEE MDEWAKANTON SIOUX COMMUNITY
AND
THE CITY OF ELKO NEW MARKET**

This Intergovernmental Agreement is made this _____ day of _____, 2019, by and between the **Shakopee Mdewakanton Sioux Community**, a sovereign Indian Tribe, federally recognized and organized under the Indian Reorganization Act of 1934, 25 U.S.C. § 476 (hereinafter the “Community”) and the **City of Elko New Market**, a municipal corporation in Scott County, Minnesota (hereinafter the “City”).

WHEREAS, the Community has donated to the City funds in the amount of \$18,224; and

WHEREAS, the City has agreed to use the donated funds for the construction of the Windrose Woodcrest Trail Connection Exhibit A; and

WHEREAS, the Community and the City seek to set forth their understanding relating to said donation and its use.

NOW THEREFORE, for and in consideration of the mutual undertakings, covenants and agreements of the parties herein set forth, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties agree as follows:

1. **Donation.** The Community has made a cash donation to the City in the amount of \$18,224.
2. **Use of Donation.** The City agrees to use the funds to construct the Windrose Woodcrest Trail Connection as shown on attached Exhibit A (the “Project”). The trail shall be constructed in accordance with the City’s trail standards. The City further agrees to be solely responsible for the continued maintenance of the trail.
3. **Distribution of Donation.** The City agrees to submit invoices and documentation of work completed to the Community for reimbursement up to the donation amount.
4. **Refund.** If, upon completion of the Project, the City has not expended all of the donated funds, the City shall refund such excess funds to the Community within 30 days of the completion of the Project. If the City fails to construct the trail, the entire amount shall be reimbursed to the Community without undue delay.
5. **Indemnity.** Except for the donation by the Community for the Project, the Community shall bear no responsibility for the Project and the City hereby agrees to fully defend, indemnify and hold harmless the Community and all of the Community’s departments, agencies, officers, agents, and/or employees from all claims, losses, suits, damages, liabilities and expenses of whatever kind or nature, including reasonable attorney’s fees, arising out of or resulting in any way from any negligent, reckless or intentional act, error, omission or mistake and/or strict liability of the City, its departments, agencies,

officers, agents, employees, contractors and/or anyone for whose acts the City is legally liable and arising out of or relating to the Project or the performance by the City of this Agreement.

6. ***Entire Agreement.*** The entire agreement of the parties is contained herein. This Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous agreements presently in effect between the parties relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed.

Shakopee Mdewakanton Sioux Community

By: _____
Charles Vig, Tribal Chairman

Date: _____

City of Elko New Market

By: _____
Joe Julius, Mayor

Date: _____

By: _____
Thomas Terry, City Administrator

Date: _____

Exhibit A

ELKO NEW MARKET SMSC TRAILS GRANT APPLICATION NARRATIVE

Project Location:

After the cities of Elko and New Market merged effective January 1, 2007, one of the first goals outlined for the new community was the completion of a comprehensive Park and Trail Plan. In the Plan approved unanimously by the City Council was a recommendation to connect the two former cities by a paved bike/hike/running handicapped accessible trail "spine" that stretches over four miles from Windrose Park on the Elko Side to Wagner Park on the New Market side. In addition to the symbolic tying together two cities that had been apart for nearly 75 years, the bike/hike/running trail is intended to link each existing neighborhood in both cities together to foster a sense of community, as well as provide safe access to the cities two major, community parks for families. From this "spine", there are paved bike/hike/running trail segments to most of the neighborhood park in the newly-formed city contributing to the City's efforts to promote wellness programming to residents. Overall, the intent is to provide a safe pedestrian, biking trail for a family living on the Elko side near Windrose Park to go to the Summer Movies and Music in Wagner Park series without getting in a car and vice versa for the summer recreational programs at Windrose Park.

The only remaining link to complete this "spine" was a 300-foot segment from the bottom of Pete's Hill to the trail through the Boulder Pointe Addition along Xerxes Avenue, which the previous SMSC Trail Grant enabled the City to complete in 2014. In addition, remaining funds from that grant enabled the City to complete a trail from the "spine" to the top of Pete's Hill, which includes links to the highest point in Scott County, a geological marker, interpretive signage and a viewing area for observation. We celebrated the completion with the SMSC Summer, 2018. We thank the SMSC for their past generous assistance for completing the city's paved trail "spine".

The proposed project will continue this past partnership in the City's trail system by the SMSC by linking 2 neighborhoods with a 450- foot paved segment that will enable the Windrose 8th Addition residents to a scheduled neighborhood park renovation and allowing Woodcrest Addition residents easier access to the Pete's Hill "Lookout" and the City's trail "spine". See Attachment File #1 – Community Context – that shows the location of the project and its importance to the overall trail system.

Project Description

This grant request is for financial assistance to complete another segment of the bike/hike/running trail "spine", which would link the Woodcrest and Windrose 8th Addition neighborhoods together. Woodcrest Neighborhood Park is scheduled for a complete update this Fall, so the trail would allow approximately 180 Windrose 8th Addition households to have

access to the upgraded park. In addition, the link would enable approximately 60 Woodcrest households to have greater access to the trail "spine" and the Pete's Hill "Lookout" project.

The preliminary engineering work – File Attachment #2 shows the cost estimates for the trail link – the construction cost is around \$25,000, so the grant request is for \$20,000. The remaining \$5,000 will be covered by in-kind services and/or existing funds in the Parks Capital Improvement Program. The City will be responsible for any cost overruns on the project. The project would be included in the City's 2019 Capital Improvements Program and would be completed by the 12/31/19 deadline, as it is "shovel ready" for construction now.

Project Need

The proposed "link" would offer a way for residents to safely bike/hike from the southern part of the entire Windrose neighborhood to access Pete's Hill without needing to bike/hike along traffic heavy Xerxes Avenue and Windrose Curve. This important "link" enhances trail investment made by the 2 previous City/SMSC partnerships.

As with all the bike/hike/running trail "spine", the trail link will be completely handicapped accessible, as is this is a key goal for all trails in the City.

Construction of this trail section will increase access to the City's preeminent natural area – Pete's Hill and an updated Woodcrest Park.

Attachment File #2 – Neighborhood Context - shows visual confirmation of this trail segment and the increased connectivity to the main trail "spine".

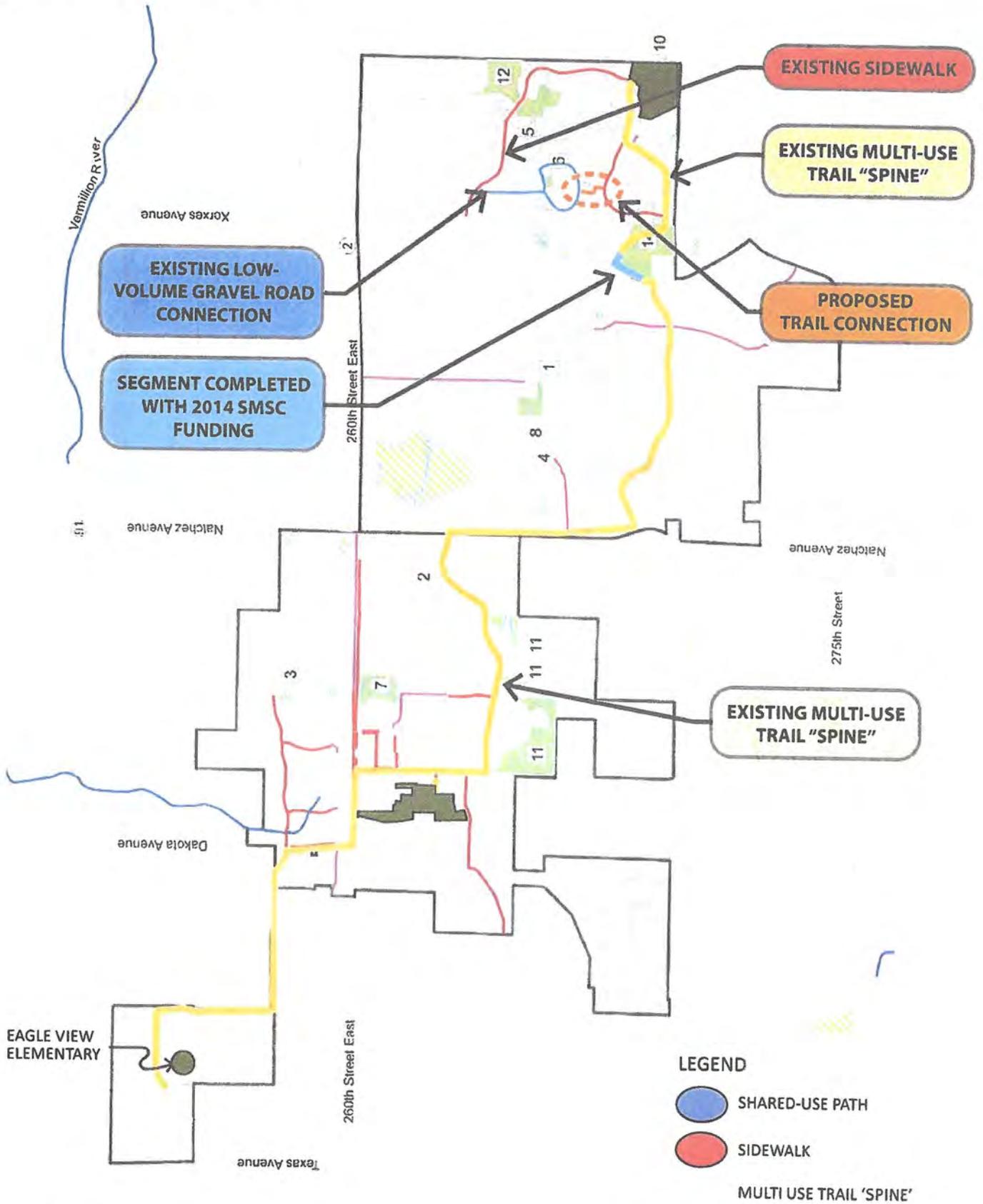
Volunteer Involvement

The project will be administered by the Elko New Market Parks Commission, which is made up of 5 citizens that provides advice to the City Council on park and trail matters.

It is anticipated that Eagle Scout candidates from Elko New Market's two area Boy Scout Troops will provide a bench for resting, as they have for much of the City's bike/hike/running trail "spine".

We thank SMSC for the opportunity to submit this grant application and look forward to your involvement in our community effort to improve our bike/hike/running trail "spine" by adding a vital "link" to further connect Elko New Market residents to city parks and trails.

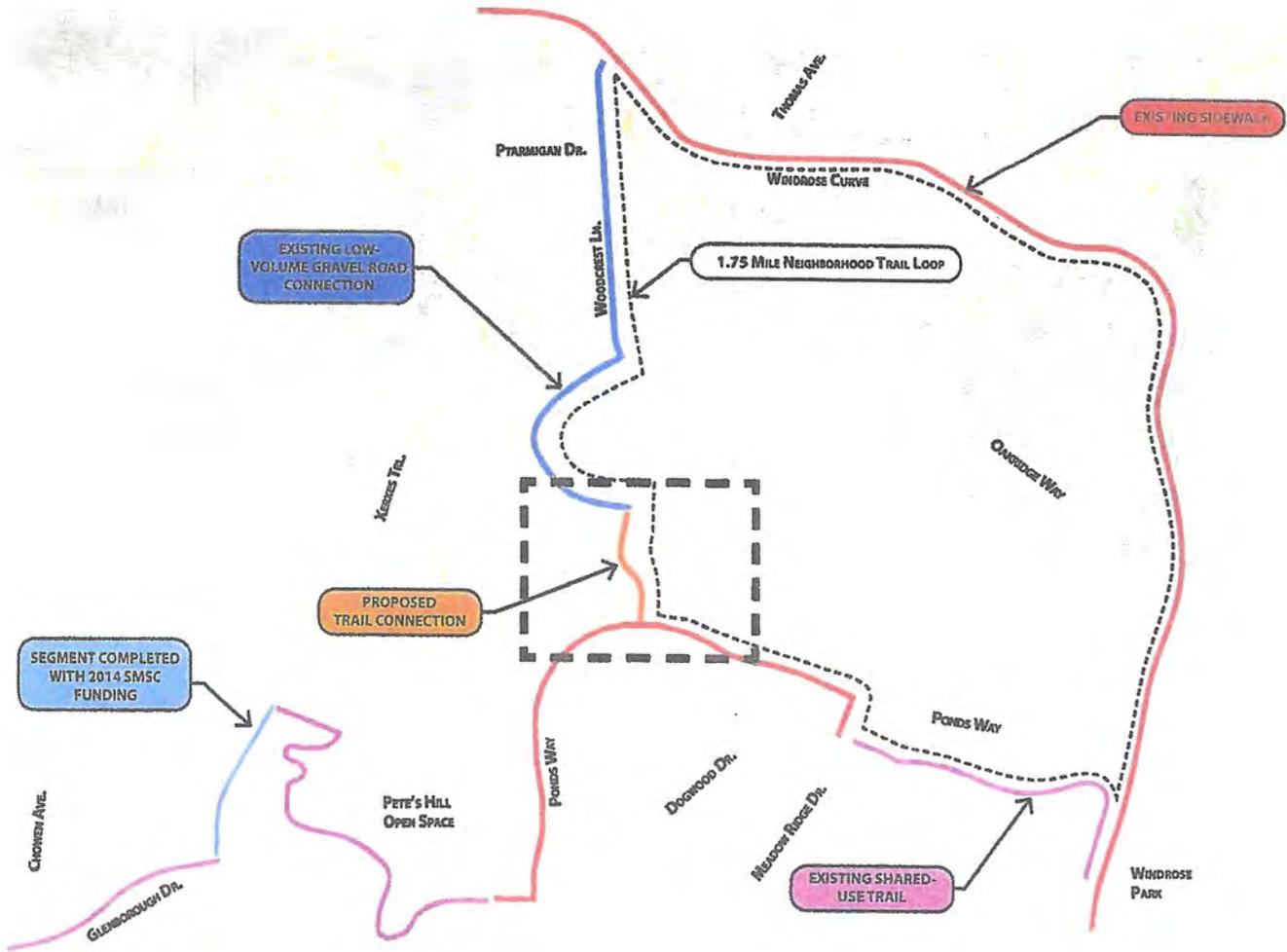
COMMUNITY CONTEXT



ELKO-NEW MARKET PROPOSED WINDROSE-WOODCREST TRAIL CONNECTION



NEIGHBORHOOD/SITE CONTEXT



ELKO-NEW MARKET
 PROPOSED WINDROSE-WOODCREST TRAIL CONNECTION



COST ESTIMATE

WINDI OSE-WOODCREST TRAIL CONNECTION
CITY OF ELKO NEW MARKET, MN

1/25/2019

ITEM NO.	BID ITEM	UNIT OF MEASURE	ESTIMATED UNIT PRICE	TOTAL ESTIMATED QUANTITY	TOTAL ESTIMATED COST
1	3" DEPTH BITUMINOUS TRAIL W/ 6" AGG. BASE (10' WIDE)	SY	\$22.00	270	\$ 5,940
2	BITUMINOUS TRAIL RESURFACING + 2' WIDENING (10' WIDE TRAIL)	SY	\$22.00	140	\$ 3,080
3	SELECTIVE TREE REMOVAL	LS	\$3,000.00	1	\$ 3,000
4	GRADING	LS	\$3,000.00	1	\$ 3,000
5	TURF RESTORATION (SOD)	SY	\$7.00	300	\$ 2,100
6	EROSION CONTROL (SEDIMENT LOG)	LF	\$4.00	250	\$ 1,000
7	WAYFINDING SIGNAGE	EA	\$1,000.00	1	\$ 1,000
8	LIMITED ACCESS GATES	EA	\$1,500.00	2	\$ 3,000
PROJECT TOTAL					\$ 22,120



STAFF MEMORANDUM

SUBJECT:	Outdoor Concerts and Events Amended Permit for Tapestry Vineyard Church
MEETING DATE:	June 27, 2019
PREPARED BY:	Lynda Jirak, Deputy Clerk
REQUESTED ACTION:	Adopt Resolution 19-38 Amending an Outdoor Concerts and Events Permit for Tapestry Vineyard Church

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

Aaron Kranz, on behalf of Tapestry Vineyard Church has submitted an amended Outdoor Concerts and Events Permit Application for an outdoor church service. In order to include other local churches, the time needed to be adjusted from the previous permit approved under Resolution 19-27.

DISCUSSION:

As part of Fire Rescue Days, Tapestry Vineyard Church has submitted an amended application to sponsor an outdoor church service at Wagner Park on June 30, 2019 from 12:00 noon to 2:00 p.m. Tapestry Church has invited several guest churches to participate in the readings or music. Music would be a band with a small sound system and will be located at either the east or west side of the event.

The church service would be held in the Wagner Park ballfield under the same tent that was used the day previously for games after the community parade. Set up would start at 8:00 a.m. on June 30th and teardown will be immediately after the event.

Staff is recommending approval of the Amended Outdoor Concerts and Events Application for Tapestry Vineyard Church.

Attachments:

- Resolution 19-38 Approving Amended Outdoor Concerts and Events Permit for Tapestry Vineyard Church

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 19-38

WHEREAS; Tapestry Vineyard Church has submitted an amended application for an Outdoor Concerts and Events permit for a church service to be held at Wagner Park, 121 Todd Street, Elko New Market on June 30, 2019 between the hours of 12:00 noon and 2:00 p.m;

WHEREAS, the City Council has approved the previous permit and the Deputy Clerk reviewed the amended application and determined that it meets the requirements of the City's Outdoor Concerts and Events Ordinance and recommends approval of the amended permit;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Elko New Market, Minnesota, that an Outdoor Concerts and Events amended permit be issued to Tapestry Vineyard Church for the premises located at 121 Todd Street, Elko New Market, Minnesota, for an Outdoor Concerts and Events Permit for June 30, 2019 between the hours of 12:00 noon to 2:00 p.m. This permit is issued contingent upon Applicant's compliance with the above-approved time frames and the City's ordinances, including the outdoor concert and event ordinance and noise ordinance:

APPROVED AND ADOPTED this 27th day of June, 2019.

CITY OF ELKO NEW MARKET

By: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, City Clerk



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MEMORANDUM

Date: June 27, 2019
To: Mayor Julius and the Elko New Market City Council
Tom Terry, City Administrator
From: Rich Revering, PE – City Engineer
Subject: Resolution Accepting Bids
2019 Streets Rehabilitation
Elko New Market
Project No.: T17.116817

BACKGROUND

The City Council is being asked to adopt the attached resolution accepting bids for the above-referenced project and awarding the contract to GMH Asphalt Corporation of Chaska, Minnesota.

DISCUSSION

The abstract of bids, including the engineer's estimate, is attached. The abstract shows the bidders, unit prices and total amount bid for each of the four bidders. The verified low bidder was GMH Asphalt Corporation. We are aware of no information that would disqualify the low bidder, and therefore recommend the contract be awarded in the amount of \$421,341.82. The engineer's estimate was \$475,087.59.

The map of streets proposed to be completed is attached to the resolution accepting bids. The unit prices from the low bidder were applied to the project funding spreadsheet to evaluate impacts on Special Assessments and other fund sources. The table is attached hereto.

The estimated per-unit assessment based on bids, a 2% contingency, and 25% engineering, legal, fiscal, and administrative costs is \$1,075.06. The estimate for this figure presented at the Public Improvement Hearing was \$1,115.68.

RECOMMENDATION

Adopt the attached resolution accepting bids and awarding the contract to GMH Asphalt Corporation of Chaska Minnesota.

RESOLUTION 19-41

ACCEPTING BID FOR 2019 PAVEMENTS REHABILITATION

WHEREAS, pursuant to an advertisement for bids for 2019 Pavements Rehabilitation, including the improvement of various streets as shown on the attached map by selective curb and catch basin repairs and preparation, edge milling, and thin overlay of the asphaltic concrete surface, bids were received, opened, and tabulated according to the law, and the following bids were received complying with the advertisement:

See Attached Abstract of Bids

AND WHEREAS, it appears that GMH Asphalt Corporation of Chaska, Minnesota is the lowest responsible bidder,

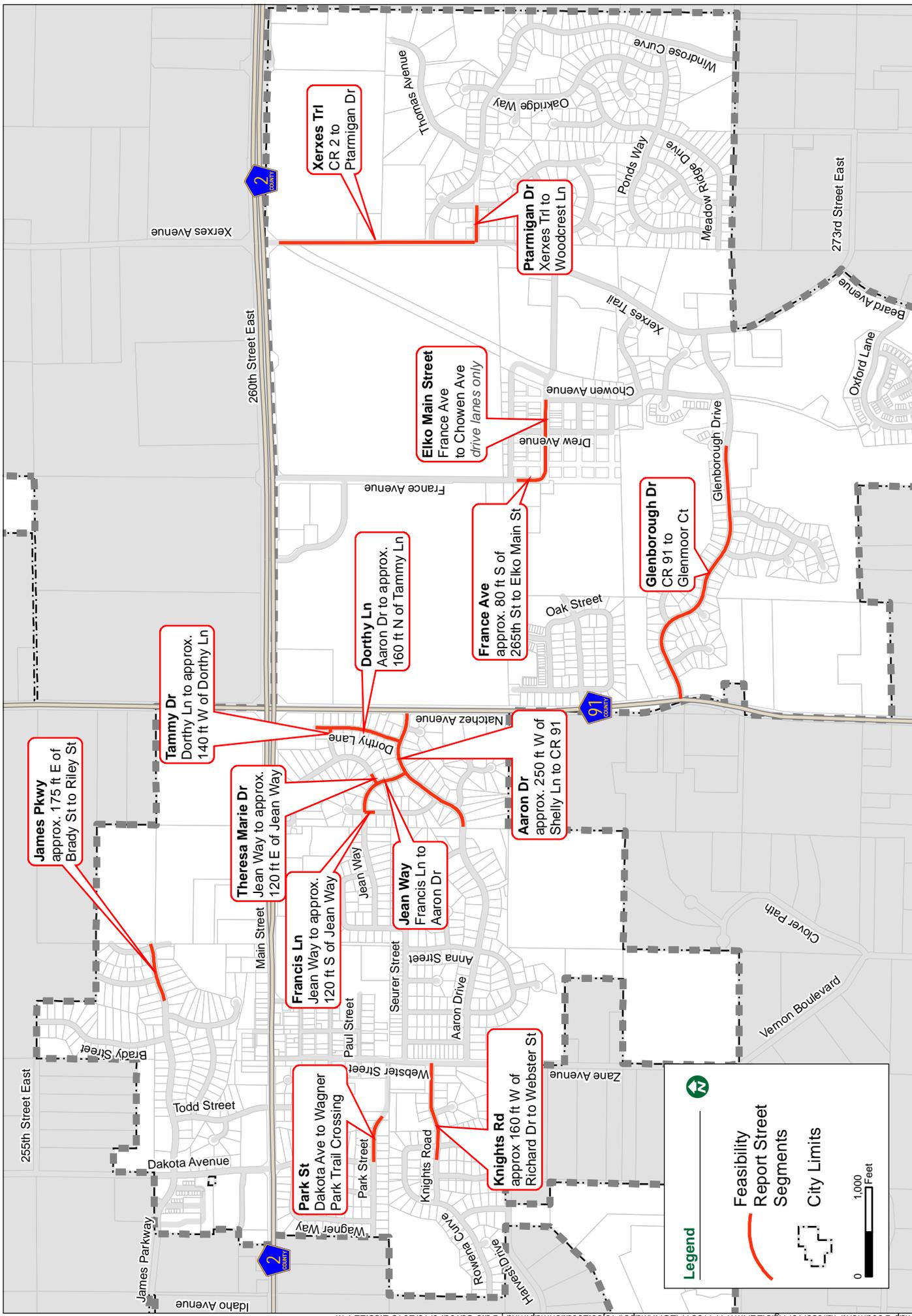
NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF Elko New Market, MINNESOTA:

1. The Mayor and Clerk are hereby authorized and directed to enter into the attached contract with GMH Asphalt Corporation of Chaska, Minnesota in the name of the City of Elko New Market for the improvement of various streets according to the plans and specifications therefor approved by the City Council and on file in the office of the City Clerk.
2. The City Clerk is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed.

Adopted by the City Council this 27th day of June, 2019.

Joe Julius, Mayor

Thomas Terry, City Administrator/City Clerk



ABSTRACT OF BIDS

2019 PAVEMENT REHABILITATION
 CITY OF ELKO NEW MARKET
 ELKO NEW MARKET, MN
 BMI PROJECT NO. T17.116817

* bid amount changed due to found calculation/additi

BID DATE: 6/21/2019
 TIME: 11:00 AM

ITEM NO.	ITEM	APPROX. QUANT.	UNIT	Engineer's Estimate Bolton & Menk, Inc.		1 GMH Ashalt Corporation		2 McNamara Contracting		3 Northwest		4 Minnesota Paving & Materials	
				UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	MOBILIZATION	1	LUMP SUM	\$21,617.46	\$21,617.46	\$24,296.24	\$24,296.24	\$21,000.00	\$21,000.00	\$49,500.00	\$49,500.00	\$28,079.21	\$28,079.21
2	TRAFFIC CONTROL	1	LUMP SUM	\$8,646.98	\$8,646.98	\$5,166.36	\$5,166.36	\$5,000.00	\$5,000.00	\$5,500.00	\$5,500.00	\$5,007.95	\$5,007.95
3	REMOVE CURB AND GUTTER	665	LF	\$7.00	\$4,655.00	\$10.00	\$6,650.00	\$10.00	\$6,650.00	\$12.00	\$7,980.00	\$14.42	\$9,589.30
4	REMOVE BITUMINOUS PAVEMENT	1430	SQ YD	\$8.50	\$12,155.00	\$5.80	\$8,294.00	\$12.00	\$17,160.00	\$6.00	\$8,580.00	\$3.98	\$5,691.40
5	REMOVE CONCRETE PEDESTRIAN RAMPS AND SIDEWALK	756	SF	\$1.40	\$1,058.40	\$3.48	\$2,630.88	\$4.00	\$3,024.00	\$2.00	\$1,512.00	\$3.02	\$2,283.12
6	EDGE-MILL BITUMINOUS PAVEMENT (0 to 1.50-inch depth)	22375	SQ YD	\$1.60	\$35,800.00	\$1.40	\$31,325.00	\$1.65	\$36,918.75	\$1.20	\$26,850.00	\$2.68	\$59,965.00
7	SUBGRADE PREPARATION	1400	SQ YD	\$2.00	\$2,800.00	\$1.05	\$1,470.00	\$2.00	\$2,800.00	\$8.00	\$11,200.00	\$2.10	\$2,940.00
8	1.5-IN BITUMINOUS WEARING COURSE OVERLAY (SPWEA240B)	3590	TON	\$75.00	\$269,250.00	\$69.62	\$249,935.80	\$62.00	\$222,580.00	\$67.45	\$242,145.50	\$81.23	\$291,615.70
9	2-IN BITUMINOUS STREET PATCH (SPWEA240B)	154	TON	\$75.00	\$11,550.00	\$77.03	\$11,862.62	\$140.00	\$21,560.00	\$125.50	\$19,327.00	\$95.93	\$14,773.22
10	CLASS 5 AGGREGATE BASE	74	TON	\$24.00	\$1,776.00	\$38.06	\$2,816.44	\$60.00	\$4,440.00	\$26.00	\$1,924.00	\$28.87	\$2,136.38
11	CONCRETE CURB AND GUTTER DES. B618	683	LF	\$32.00	\$21,856.00	\$40.05	\$27,354.15	\$30.00	\$20,490.00	\$35.00	\$23,905.00	\$46.14	\$31,513.62
12	4-INCH CONCRETE WALK	275	SF	\$8.75	\$2,406.25	\$11.03	\$3,033.25	\$19.00	\$5,225.00	\$14.00	\$3,850.00	\$10.69	\$2,939.75
13	6-INCH CONCRETE PEDESTRIAN RAMPS	670	SF	\$12.15	\$8,140.50	\$14.92	\$9,996.40	\$17.00	\$11,390.00	\$24.00	\$16,080.00	\$14.46	\$9,688.20
14	TRUNCATED DOMES	134	SF	\$50.00	\$6,700.00	\$77.79	\$10,423.86	\$50.00	\$6,700.00	\$67.00	\$8,978.00	\$75.40	\$10,103.60
15	REPLACE BROKEN GATE VALVE BOX TOP SECTION	8	EACH	\$500.00	\$4,000.00	\$364.46	\$2,915.68	\$800.00	\$6,400.00	\$620.00	\$4,960.00	\$1,489.12	\$11,912.96
16	ADJUST GATE VALVE BOX	37	EACH	\$250.00	\$9,250.00	\$46.87	\$1,734.19	\$450.00	\$16,650.00	\$485.00	\$17,945.00	\$323.34	\$11,963.58
17	ADJUST MANHOLE CASTINGS	49	EACH	\$600.00	\$29,400.00	\$203.95	\$9,993.55	\$300.00	\$14,700.00	\$545.00	\$26,705.00	\$658.85	\$32,283.65
18	REMOVE AND RE-SET RINGS AND CASTING AT CATCH BASINS	7	EACH	\$1,000.00	\$7,000.00	\$330.49	\$2,313.43	\$300.00	\$2,100.00	\$195.00	\$1,365.00	\$541.48	\$3,790.36
19	WHITE RIGHT TURN ARROW PAVEMENT MARKING	2	EACH	\$150.00	\$300.00	\$58.05	\$116.10	\$55.00	\$110.00	\$65.00	\$130.00	\$56.27	\$112.54
20	4" DOUBLE YELLOW STRIPING	3435	LIN FT	\$1.50	\$5,152.50	\$0.35	\$1,202.25	\$0.30	\$1,030.50	\$0.35	\$1,202.25	\$0.34	\$1,167.90
21	4" WHITE STRIPING	6249	LIN FT	\$1.50	\$9,373.50	\$0.23	\$1,437.27	\$0.20	\$1,249.80	\$0.25	\$1,562.25	\$0.23	\$1,437.27
22	TURF ESTABLISHMENT	1	LUMP SUM	\$2,200.00	\$2,200.00	\$6,374.35	\$6,374.35	\$2,500.00	\$2,500.00	\$10,000.00	\$10,000.00	\$5,176.75	\$5,176.75
TOTAL AMOUNT BID (BASE + ALTERNATE):					\$475,087.59		\$421,341.82		\$429,678.05		\$491,201.00		\$544,171.46

Project Cost Funding Breakdown
 2019 Pavement Rehabilitation at Award of Bids
 Elko New Market, Minnesota



Date:11/26/2018

Item	Estimated Quantity	Local/Minor Quantity	Major Quantity	Perp. Parking	Storm Fund Quantity	Water Fund Quantity	Unit	Unit Price	Local/Minor Cost	Major Cost	Parking Cost	Storm Fund Cost	Water Fund Cost	Total Amount
MOBILIZATION	1	-	-	-	-	-	LUMP SUM	\$24,296.24	\$13,278.18	\$3,442.70	\$1,232.54	\$761.32	\$145.78	\$24,296.24
TRAFFIC CONTROL	1	-	-	-	-	-	LUMP SUM	\$5,166.36	\$5,311.27	\$1,377.08	\$493.02	\$304.53	\$58.31	\$5,166.36
REMOVE CURB AND GUTTER	665	367	40		258		LF	\$10.00	\$3,670.00	\$400.00		\$2,580.00		\$6,650.00
REMOVE BITUMINOUS PAVEMENT	1430	30		1400			SQ YD	\$5.80	\$174.00		\$8,120.00			\$8,294.00
REMOVE CONCRETE PEDESTRIAN RAMPS AND SIDEWALK	756	495	261				SF	\$3.48	\$1,722.60	\$908.28				\$2,630.88
EDGE-MILL BITUMINOUS PAVEMENT (0 to 1.50-inch depth)	22375	13844	4580				SQ YD	\$1.40	\$19,381.60	\$6,412.00				\$31,325.00
SUBGRADE PREPARATION	1400			1400			SQ YD	\$1.05			\$1,470.00			\$1,470.00
1.5-IN BITUMINOUS WEARING COURSE OVERLAY (SPWEA240B)	3590	2846	735				TON	\$69.62	\$198,138.52	\$51,170.70				\$249,935.80
2-IN BITUMINOUS STREET PATCH (SPWEA240B)	154			154			TON	\$77.03			\$11,862.62			\$11,862.62
CLASS 5 AGGREGATE BASE	74			74			TON	\$38.06			\$2,816.44			\$2,816.44
CONCRETE CURB AND GUTTER DES. B618	683	367			258		LF	\$40.05	\$14,698.35			\$10,332.90		\$27,354.15
4-INCH CONCRETE WALK	275	150	60				SF	\$11.03	\$1,654.50	\$661.80				\$3,033.25
6-INCH CONCRETE PEDESTRIAN RAMPS	670	586	210				SF	\$14.92	\$8,743.12	\$3,133.20				\$9,996.40
TRUNCATED DOMES	134	90	44				SF	\$77.79	\$7,001.10	\$3,422.76				\$10,423.86
REPLACE BROKEN GATE VALVE BOX TOP SECTION	8					8	EACH	\$364.46					\$2,915.68	\$2,915.68
ADJUST GATE VALVE BOX	37	30	1				EACH	\$46.87	\$1,406.10	\$46.87				\$1,734.19
ADJUST MANHOLE CASTINGS	49	44					EACH	\$203.95	\$8,973.80					\$9,993.55
REMOVE AND RE-SET RINGS AND CASTING AT CATCH BASINS	7				7		EACH	\$330.49				\$2,313.43		\$2,313.43
WHITE RIGHT TURN ARROW PAVEMENT MARKING	2		2.00				EACH	\$58.05		\$116.10				\$116.10
4" DOUBLE YELLOW STRIPING	3435		3435				LIN FT	\$0.35		\$1,202.25				\$1,202.25
4" WHITE STRIPING	6249		6000	1660			LIN FT	\$0.23		\$1,380.00	\$381.80			\$1,437.27
TURF ESTABLISHMENT	1						LUMP SUM	\$6,374.35						\$6,374.35
Subtotals:									\$284,153.15	\$73,673.74	\$26,376.42	\$16,292.17	\$3,119.78	\$421,341.82
Contingency									\$5,683.06	\$1,473.47	\$527.53	\$325.84	\$62.40	\$8,426.84
Est. Construction Total									\$289,836.21	\$75,147.21	\$26,903.95	\$16,618.02	\$3,182.17	\$429,768.66
Est. Overhead									\$72,459.05	\$18,786.80	\$6,725.99	\$4,154.50	\$795.54	\$107,442.16
Total Est. Project Cost									\$362,295.26	\$93,934.01	\$33,629.94	\$20,772.52	\$3,977.72	\$537,210.82
Assessable Amt									\$144,918.11		\$7,494.67			
Units									134.80		39.00			
Assmt Rate									\$1,075.06		\$192.17			
Assessed Amount									\$177,169.91		\$7,494.67		Gen Fund	\$489,859.21
													Net Gen Fund	\$305,194.63



STAFF MEMORANDUM

SUBJECT:	2018 Audit Report
MEETING DATE:	June 27, 2019
PREPARED BY:	Kellie Stewart, Accountant
REQUESTED ACTION:	Adopt Resolution 19-39 Adopting Independent Auditors' Report for the City of Elko New Market

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

Each year the City of Elko New Market has an independent audit completed on the financial statements for the previous year.

DISCUSSION:

Matt Mayer of BerganKDV, the City's auditor, will be giving the City Council a presentation on the 2018 Audited Financial Statements. After the presentation, Council will be asked to adopt Resolution 19-39 approving the 2018 Independent Auditor's Report.

Attachments:

- Resolution 19-39 Adopting Independent Auditor's Report for the City of Elko New Market
- 2018 Communication Letter
- 2018 Audited Financial Statements

**City of Elko New Market
Scott County, Minnesota**

Communications Letter

December 31, 2018

**City of Elko New Market
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Report on Matters Identified as a Result of the Audit of the Financial Statements

Honorable Mayor Management and Members
of the City Council
City of Elko New Market
Elko New Market, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: reasonably possible – the chance of the future event or events occurring is more than remote but less than likely; probable – the future event or events are likely to occur. The material weaknesses identified are stated within this letter.

A significant deficiency is a deficiency, or 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.

The City's written responses to the material weaknesses identified in our audit have not been subjected to audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated June 17, 2019, on such statement

This communication is intended solely for the information and use of the Members of the City Council and management and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Bergan KDV Ltd.

Minneapolis, Minnesota
June 17, 2019

City of Elko New Market Material Weaknesses

IMPROVE SEGREGATION OF ACCOUNTING DUTIES

The City had a lack of segregation of accounting duties. In order to have appropriate segregation, the performance of the following duties would need to be completed by different employees: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions, and financial information and custody of assets. The lack of adequate segregation of accounting 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.

As part of this year's audit, we reviewed the City's documentation of its internal control over significant areas including: cash receipts, cash disbursements, capital assets, payroll, and utility billing. The lack of adequate segregation of accounting 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. Some of the areas in which we noticed a lack of segregation or an overlap in duties are as follows:

Utility Billing Process

The Utility Billing Clerk enters new accounts into the utility billing system and uploads meter readings via interfacing with electronic readers. The Utility Billing Clerk enters any rate changes to the system. The Utility Billing Clerk can enter manual adjustments, calculates, and enters final bills, prints, and mails utility bills, reconciles receipts to billed amounts, and enters receipt batches.

Payroll Process

The City Clerk enters employee's time, processes and posts payroll, generates a payroll report, distributes paystubs to employees, and posts the journal entries related to payroll. In addition, this same employee reconciles payroll accruals and time off balances. The City Administrator does review payroll reports and time off balances, and calculates compensated absences balances for the audit.

Capital Assets Process

The Finance Director records, processes, reconciles, and posts journal entries related to capital assets. Department heads review their listing for accuracy.

Cash Receipts

The Office Specialist or City Administrator enters cash and checks into the point of sale system, reconcile the entries, and prepare the deposit. The Police Records Specialist records police receipts, receives payments, and reconciles the collections. The Finance Director or police take deposits to the bank.

Cash Reconciliation and Access

The Finance Director performs the above noted responsibilities while also reconciling cash and generating journal entries.

**City of Elko New Market
Material Weaknesses**

IMPROVE SEGREGATION OF ACCOUNTING DUTIES (CONTINUED)

We recommend the City closely review the design and implementation of internal control activities to identify mitigating controls or ways to further segregate accounting duties. In addition, management should look to develop more approval, verification, and supervision controls of key activities to help mitigate some of the risks identified above.

City's Response:

Due to the limited number of staff, it is not feasible to fully segregate all accounting duties. The City has adopted accounting procedures that provide for internal control that segregate accounting duties. The City will continue to implement and improve follow through with the internal control plan. The City also intends to continue to develop more approval, verification, and supervision controls of key activities to help mitigate identified risks.

MATERIAL AUDIT ADJUSTMENTS

During the course of our audit, we proposed material audit adjustment that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

In order to ensure the financial statements were free from material misstatement, audit adjustments were required in the following areas:

- Due from other governments and related revenue
- Deferred special assessments receivable and deferred inflows of resources

City's Response:

The City will annually review all the activity in the areas noted above to ensure items are properly recorded.

City of Elko New Market Required Communication

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2018, and have issued our report dated June 17, 2019. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplement(s) the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

**City of Elko New Market
Required Communication**

PLANNED SCOPE AND TIMING OF THE AUDIT (CONTINUED)

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during the year ended December 31, 2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits, and supplies.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

**City of Elko New Market
Required Communication**

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all such misstatements.

The following material misstatements detected as a result of audit procedures was corrected by management.

- Due from other governments and related revenue were initially understated due to recording fire relief association funds in the incorrect year
- Deferred special assessments receivable and deferred inflows of resources were not properly adjusted for current year activity.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

We requested certain written representations from management, which are included in the management representation letter.

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the City, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

**City of Elko New Market
Required Communication**

OTHER MATTERS

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

City of Elko New Market Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

GENERAL FUND REVENUES

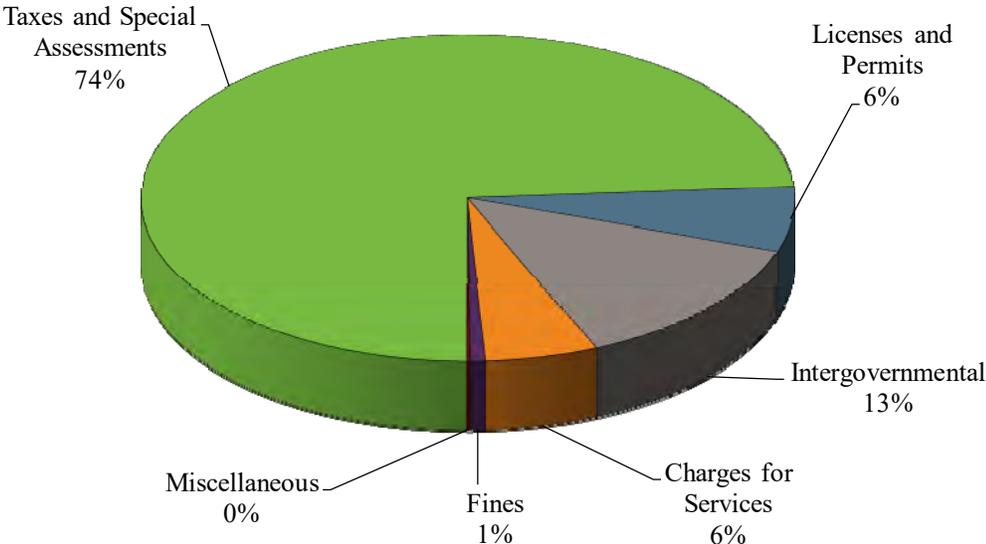
The pie charts on the following page represent the General Fund revenues by type for 2018 and 2017. Total revenues increased \$99,016 from 2017 to 2018, or 4.6%.

The majority of the increase occurred in the category of taxes and special assessments. Taxes and special assessments increased \$92,901 or 5.9%, due to an increase in the amount levied and collected in 2018. Licenses and permits increased \$33,604, or 31.2%, due to an increase in the number of licenses and permits issued in 2018 related to more building activity during the year. These increases were offset by a decrease in miscellaneous revenue of \$39,745 due to activity relating to the sale of assets when comparing 2018 to 2017.

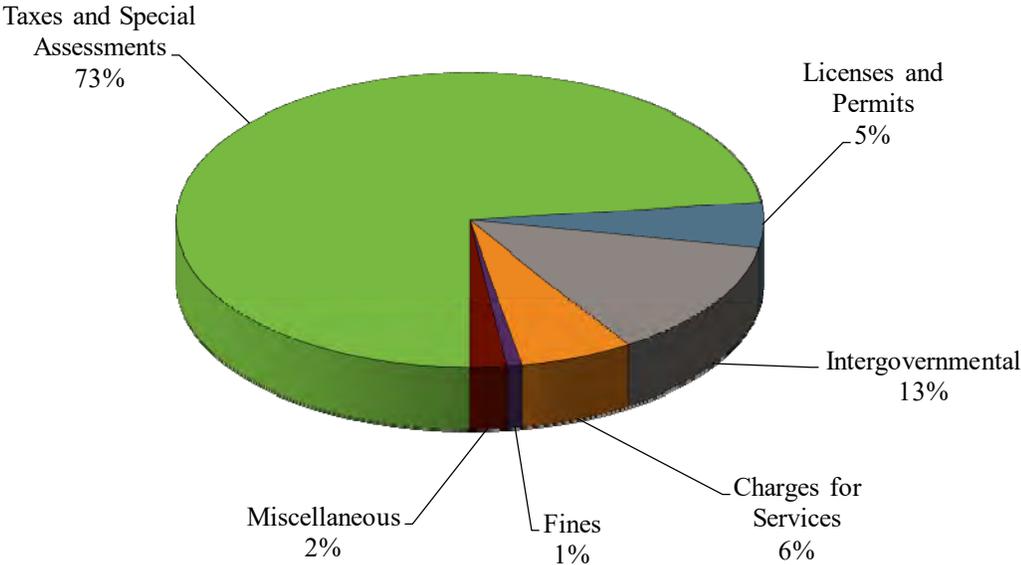
**City of Elko New Market
Financial Analysis**

GENERAL FUND REVENUES (CONTINUED)

2018 General Fund Revenues



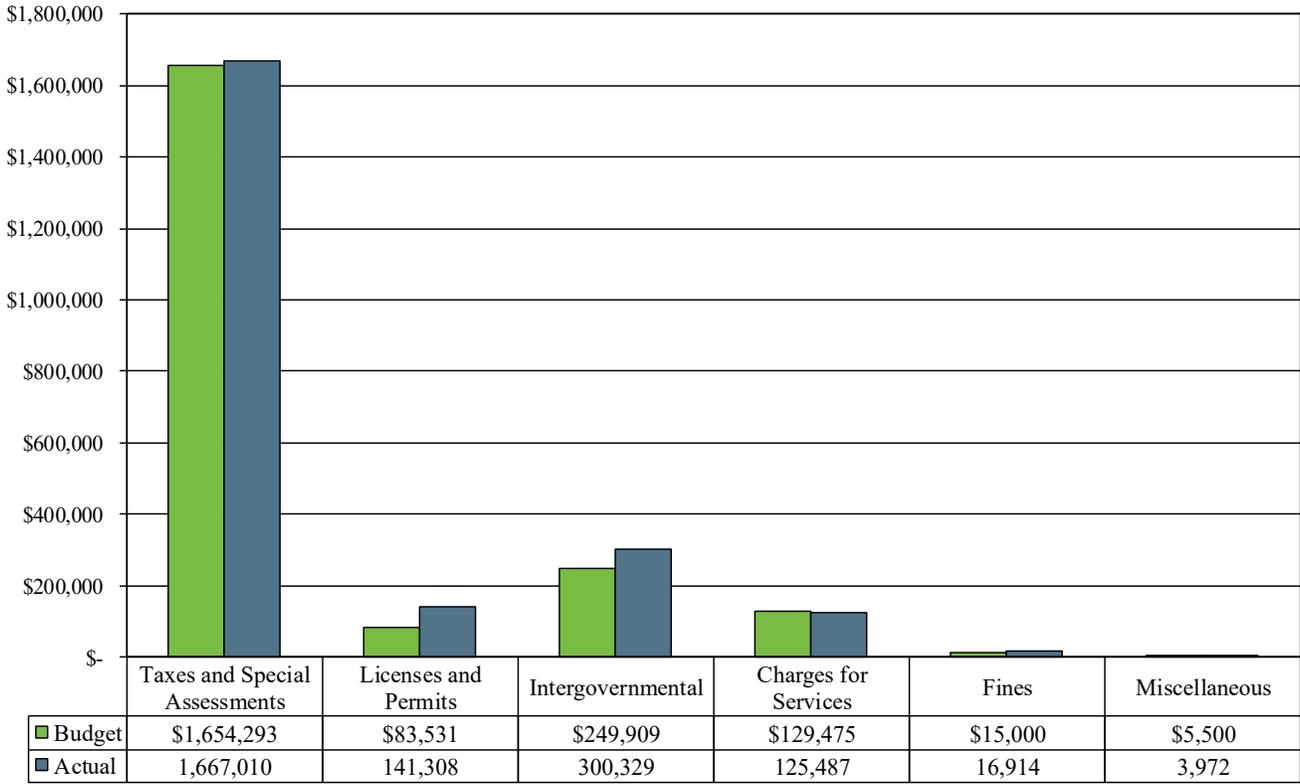
2017 General Fund Revenues



**City of Elko New Market
Financial Analysis**

GENERAL FUND REVENUES BUDGET TO ACTUAL

**2018 General Fund Revenues
Budget to Actual**



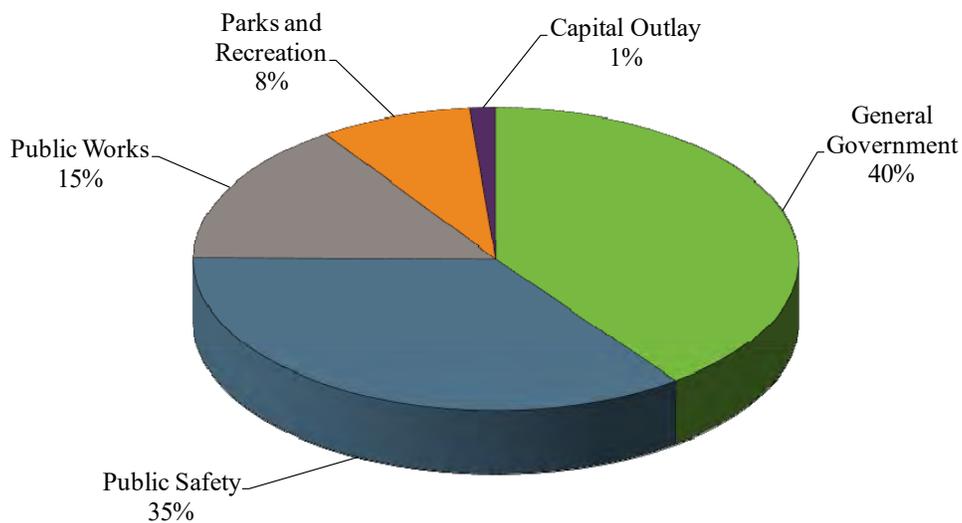
The City Council approved a total 2018 General Fund revenue budget of \$2,137,708. Actual revenues for 2018 totaled \$2,255,020 or \$117,312 (5.5%), more than the budgeted amount. The most significant variance occurred in the category of licenses and permits which was \$57,777 over budget due to conservative budgeting for building permits. Intergovernmental revenue was \$50,420 over budget due to not budgeting for grant funds that were received during the year, particularly the small city assistance grant.

City of Elko New Market Financial Analysis

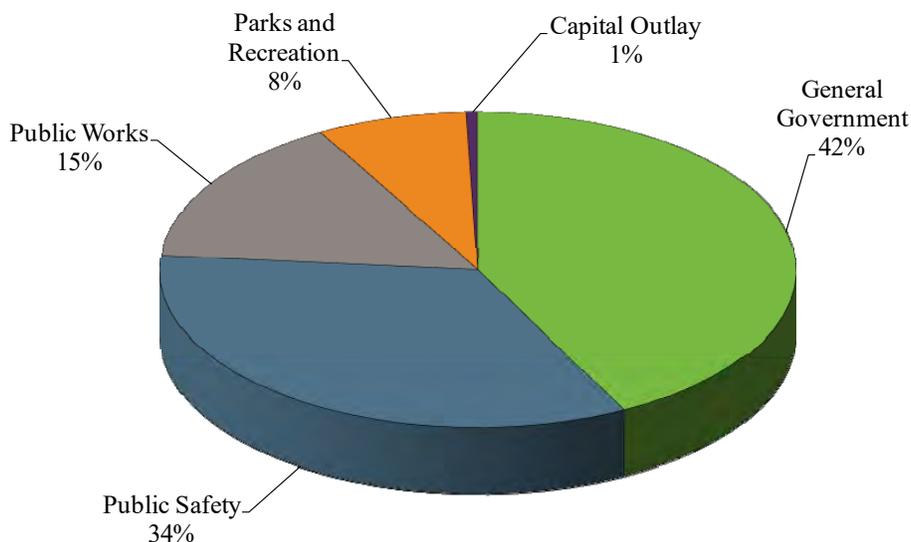
GENERAL FUND EXPENDITURES

The following charts represent the General Fund expenditures by function for 2018 and 2017. In total, expenditures increased by \$133,646 from 2017 to 2018. Public safety expenditures increased \$68,961 due to additional staffing salary and benefit expenditures in 2018 and an increase in building inspection fees. The remaining allocation of expenditures remained relatively consistent from 2017 to 2018, a sign of consistent budgeting and spending patterns.

2018 General Fund Expenditures

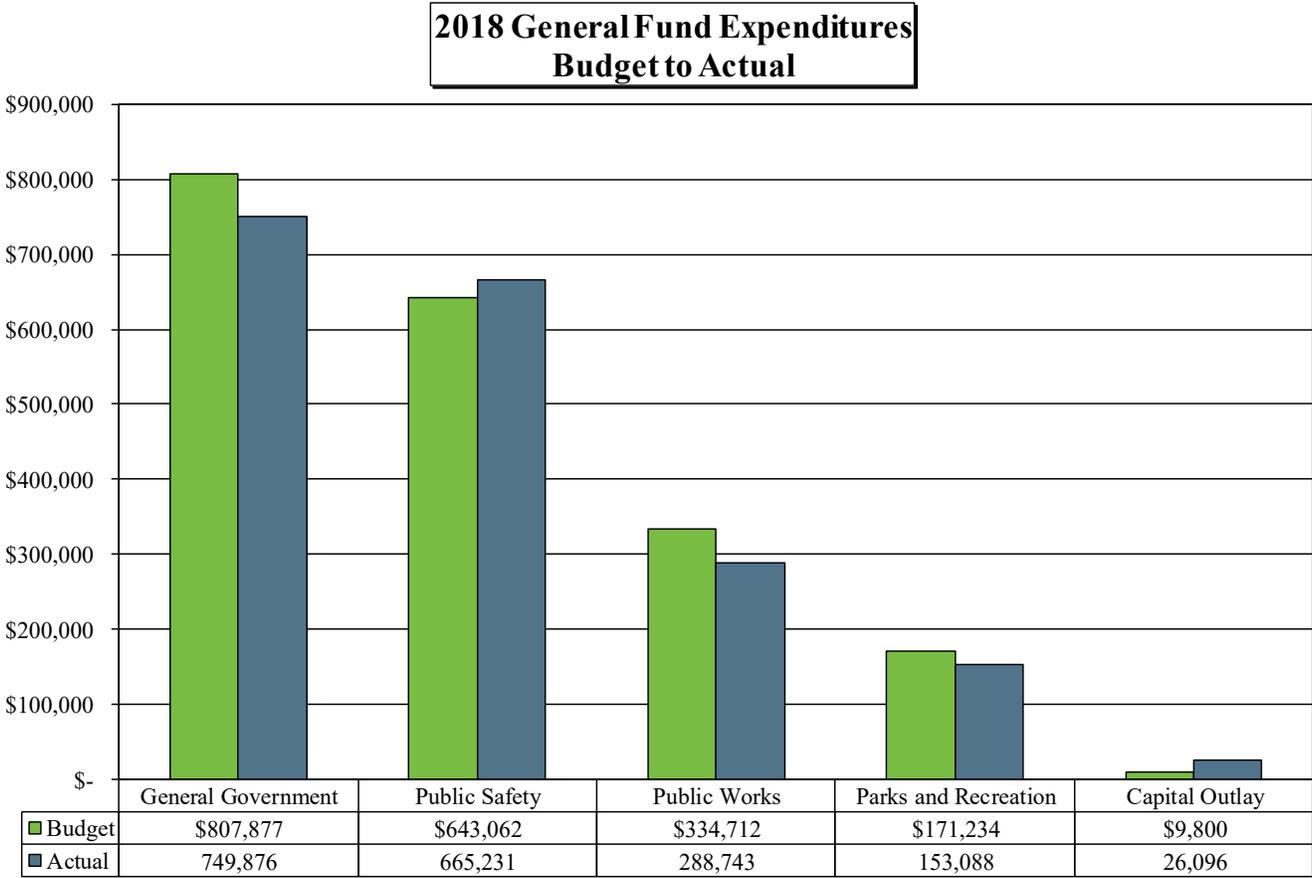


2017 General Fund Expenditures



**City of Elko New Market
Financial Analysis**

GENERAL FUND EXPENDITURES BUDGET TO ACTUAL

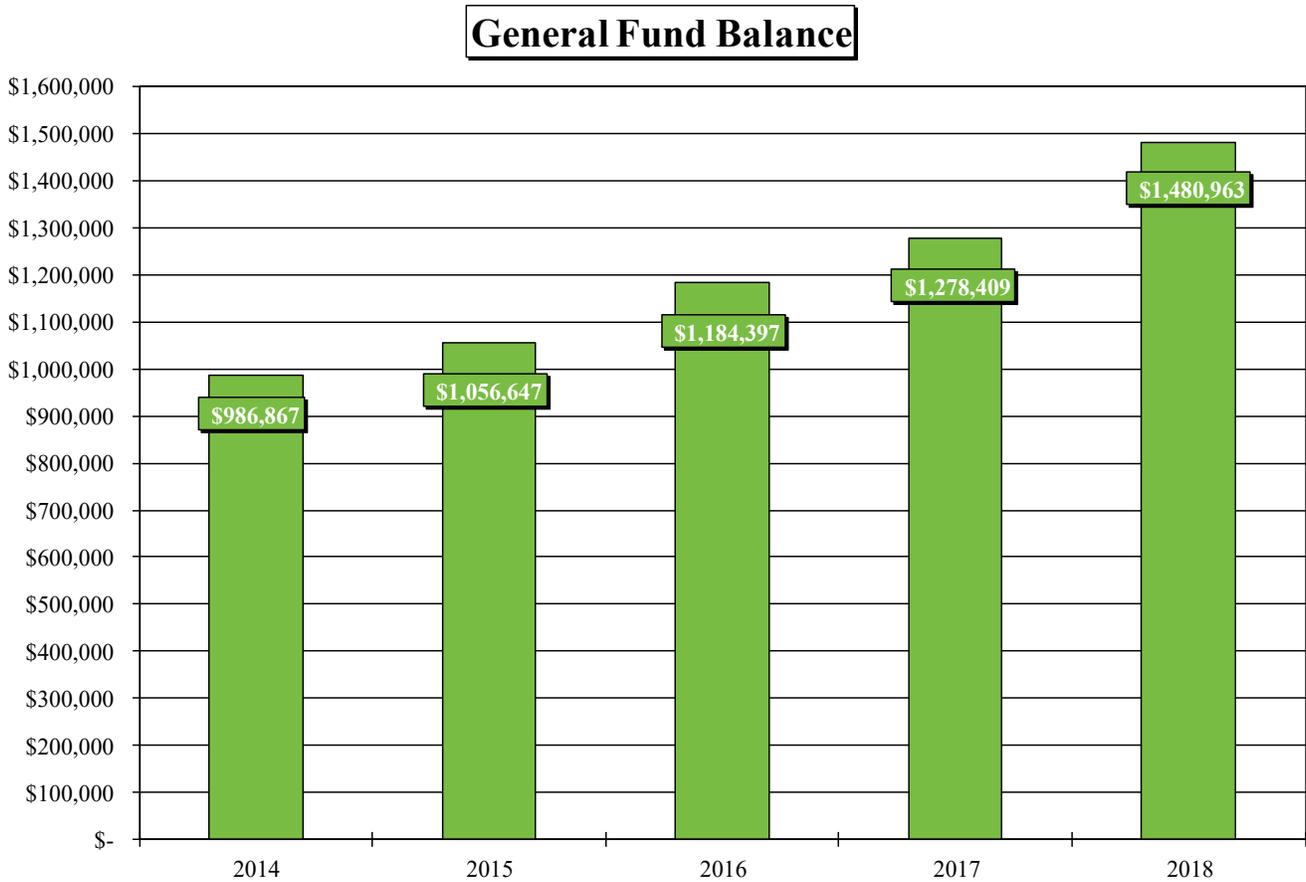


The City Council approved a total 2018 General Fund expenditures budget of \$1,966,685. Actual expenditures for 2018 totaled \$1,883,034 or \$83,651 (4.3%) less than the budgeted amount. The most significant variance occurred in general government where expenditures were \$58,001 lower than budget due to engineering and legal fees being lower than anticipated as well as staffing vacancies. Public works was also under budget \$45,969 due to budgeting for more part-time employment wages and insurance than what was actually incurred during 2018.

City of Elko New Market Financial Analysis

GENERAL FUND BALANCE

The graph below shows the General Fund balance trend for the past five years. The fund balance increased \$202,554, or 15.8%, from December 31, 2017 to December 31, 2018. General Fund balance amounted to \$1,480,963 at 2018 year-end, the highest of the five years presented, which represents 78.6% of 2018 actual General Fund expenditures.

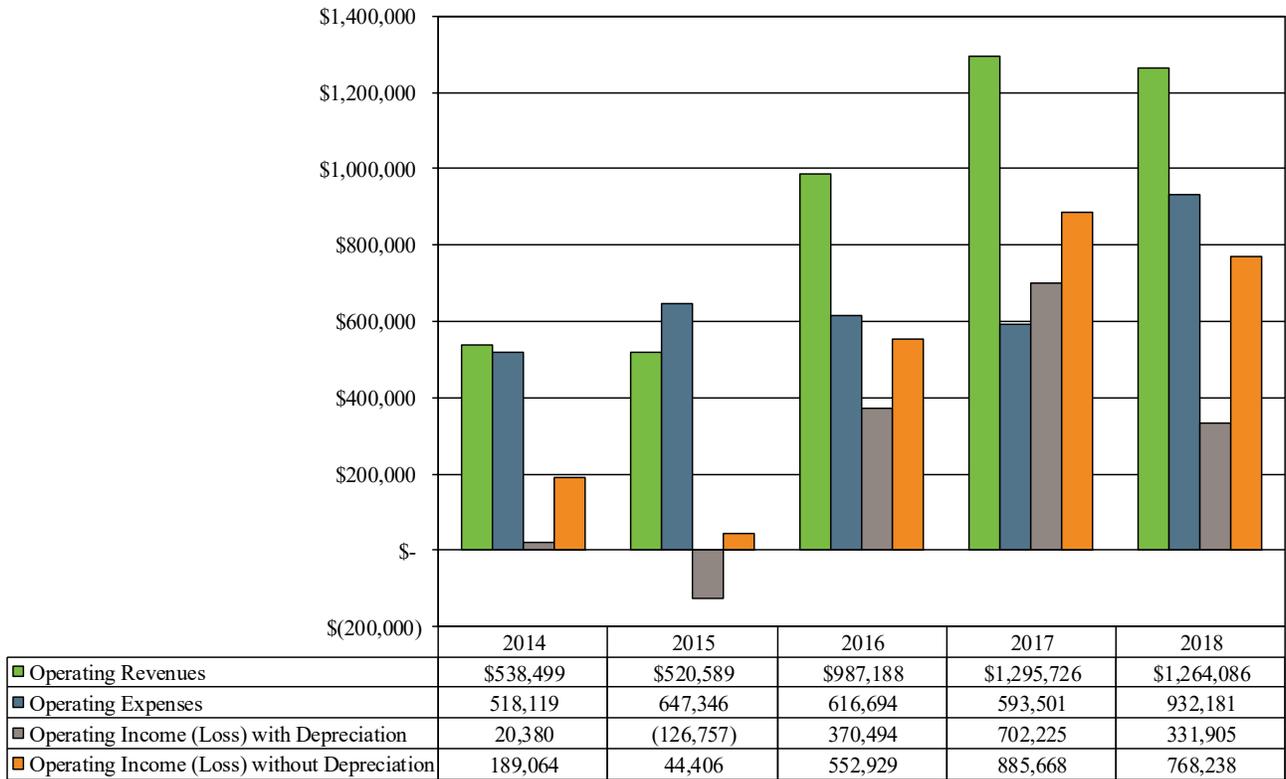


**City of Elko New Market
Financial Analysis**

WATER ENTERPRISE FUND OPERATING REVENUES AND EXPENSES

Below is a table outlining the operating revenues and expenses for the Water Enterprise Fund for the past five years. In 2018, operating revenues decreased by \$31,640, or 2.4%. Permit and hookup revenues decreased \$32,614 from 2017 to 2018 due to higher new developer agreements in 2017, while miscellaneous operating revenues decreased \$66,012 over the same period due to less refunds and reimbursements. Operating expenses increased \$338,680, or 57.1%, in 2018 due primarily to an increase in depreciation expense related to the capitalization of the new water treatment plant during 2017.

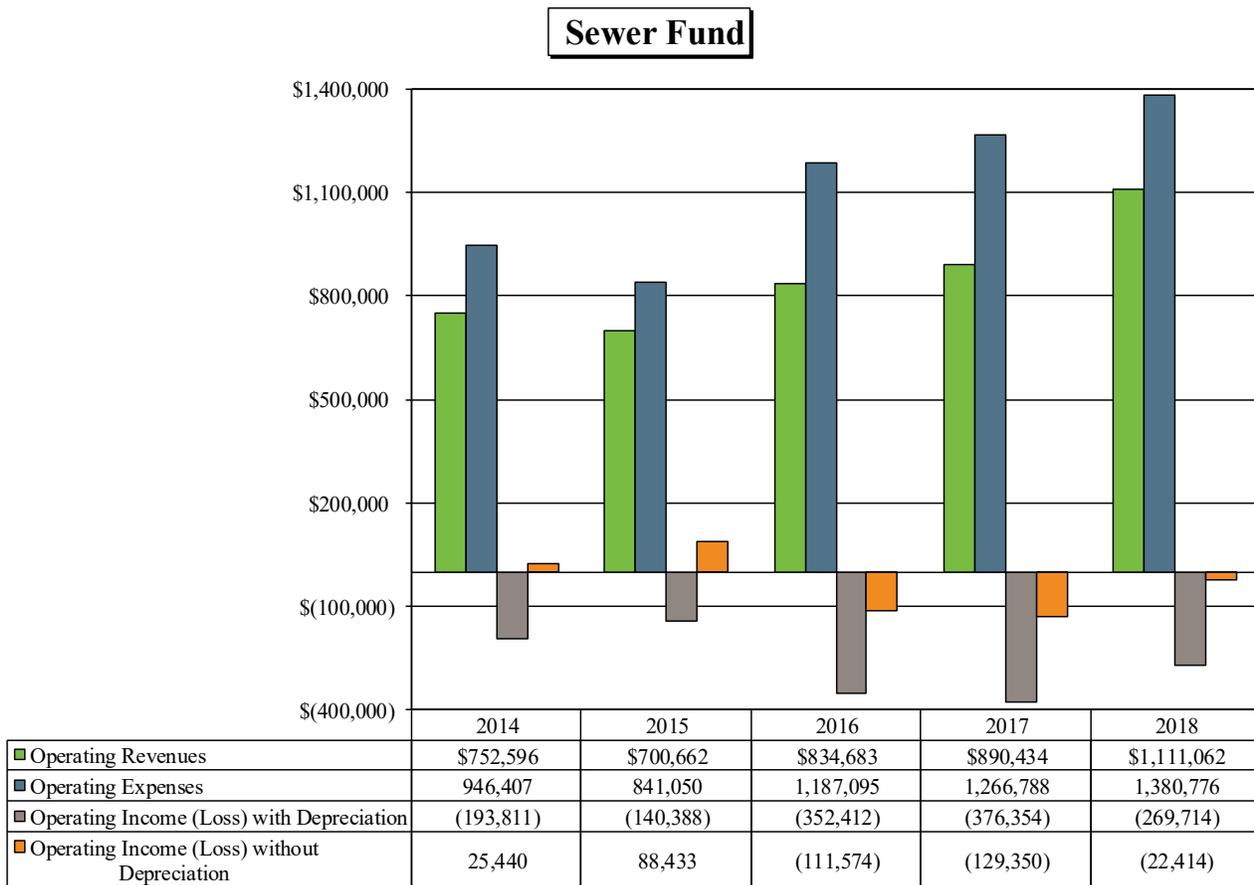
Water Fund



City of Elko New Market Financial Analysis

SEWER ENTERPRISE FUND OPERATING REVENUES AND EXPENSES

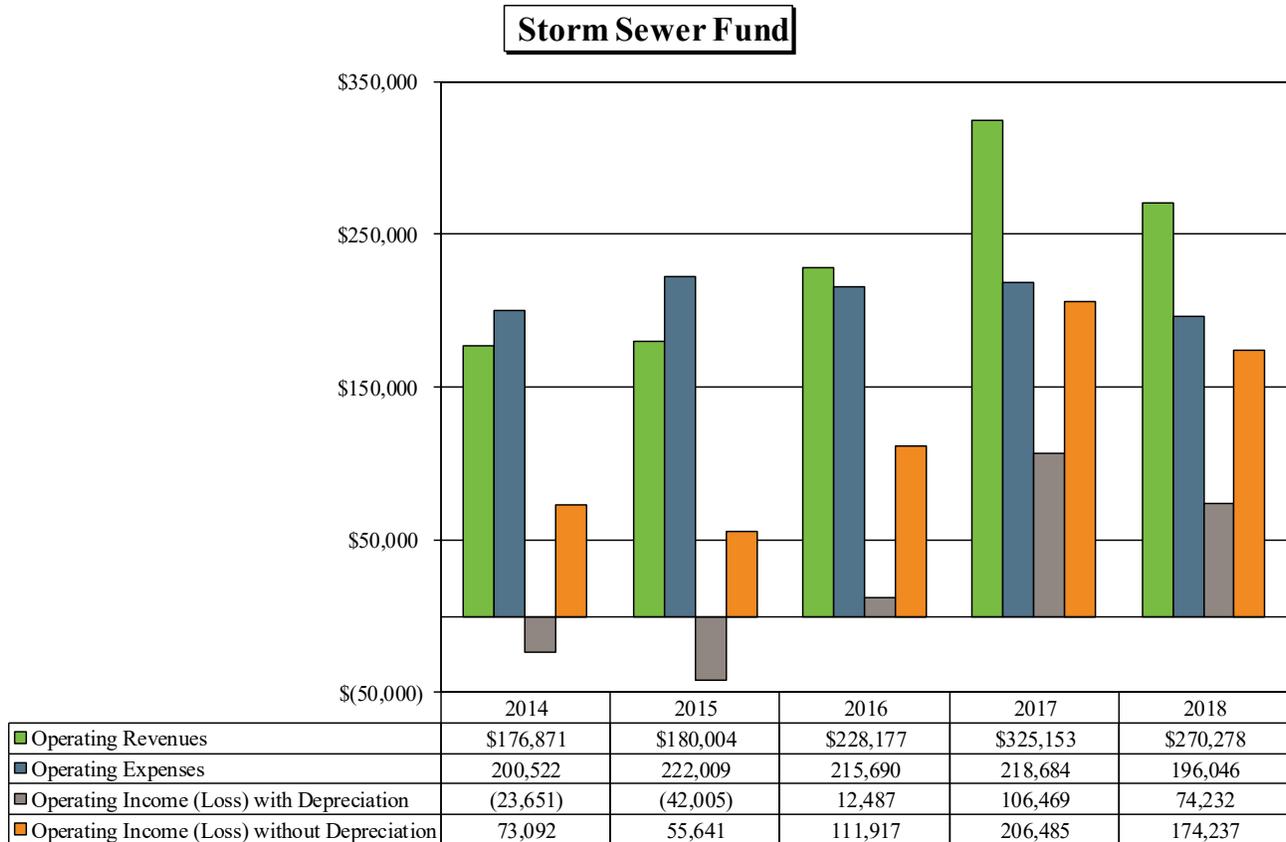
Below is a table outlining the operating revenues and expenses for the Sewer Enterprise Fund for the past five years. In 2018, operating revenues increased by \$220,628, or 24.8%. Permit and hookup revenues increased \$168,922 from 2017 to 2018 due to increased sewer access charge, hook up, and trunk fee revenues. Operating expenses increased \$113,988, or 9.0%, in 2018, due primarily to additional sewer availability charges through Metropolitan Council along with an uptick in employee salaries.



**City of Elko New Market
Financial Analysis**

STORM SEWER ENTERPRISE FUND OPERATING REVENUES AND EXPENSES

Below is a table outlining the operating revenues and expenses for the Storm Sewer Enterprise Fund for the past five years. From 2017 to 2018 operating revenues decreased \$54,875, or 16.9% due to fewer storm water access charges and utility rates decreasing in 2018. Operating expenses decreased \$22,638 or 10.4% due to less engineering fees in 2018 when compared to 2017.



City of Elko New Market Emerging Issues

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update – GASB Statement No. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.
- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

**City of Elko New Market
Emerging Issues**

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES* (CONTINUED)

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – *LEASES*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

**City of Elko New Market
Emerging Issues**

**ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)**

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

**City of Elko New Market
Scott County, Minnesota**

Financial Statements

December 31, 2018

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**City of Elko New Market
Elected Officials and Administration
December 31, 2018**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Bob Crawford	Mayor	December 31, 2018
Josh Berg	Council Member	December 31, 2018
Kate Timmerman	Council Member	December 31, 2018
Joe Julius	Council Member	December 31, 2020
Dawn Seepersaud	Council Member	December 31, 2020

Administration

Thomas Terry	City Administrator
Mark Nagel	Assistant City Administrator
Lynda Jirak	Deputy Clerk
Renee Christianson	Community Development Specialist
Stephanie Schultz	Administrative Assistant

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Elko New Market
Elko New Market, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Fire Department Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko New Market's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 June 17, 2019 on our consideration of the City of Elko New Market'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Elko New Market's internal control over financial reporting and compliance.

Bergan KDV Ltd .

Minneapolis, Minnesota
June 17, 2019

City of Elko New Market Management Discussion and Analysis

As management of the City of Elko New Market (the "City"), we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- With the consolidation of the Cities of Elko and New Market effective January 1, 2007, this is the twelfth year of financial statements for the City. Prior to 2007, separate financial statements were prepared for the City of Elko, the City of New Market, and the Elko New Market Joint Sewer Board.
- The City established fiscal policies in 2009 to provide a framework for guiding the responsible use of municipal resources and contribute the City's overall financial health. The policies addressed revenues, cash management and investments, reserves, operating budget, capital budget, debt management, accounting and financial reporting and purchasing. The policies were updated annually 2011 through 2018.
- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,878,135 (net position). Of this amount \$2,756,185 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The fund balances for governmental funds increased by \$125,395. The net position associated with governmental activities increased by \$176,192. The increase in fund balance was primarily due to a combination of excess revenue and expenditures under budget in the General Fund. The increase in net position was primarily due to the non-recognition of principal bond payments, offset with depreciation expense and reduction of deferred and delinquent special assessments in 2018.
- As of the close of the current fiscal year, the unassigned fund balance for the General Fund was \$1,465,811, equivalent to 74.5% of the 2018 General Fund approved operating budget. This is an increase of \$202,554 from the end of the 2017 fiscal year. The difference is due to the increase in building permits and intergovernmental revenue and lower expenditures with the General Government function overall.
- The City's total debt decreased by \$1,177,733 during the current fiscal year. The City issued \$10,357,038 for a PFA Note Series 2013 General Obligation Drinking Water Revenue Note in order to fund a water treatment facility, rehabilitate a water storage tower, and add an additional well. City's debt related to this debt issuance in 2014 decreased from \$9,102,194 to \$8,608,000 in 2018 as this is a PFA reimbursable note that was finalized in 2017. Net pension liability was added as a liability in 2015 with the implementation of GASB 68, which decreased by \$99,573 during 2018. Net pension liability is related to public employee retirement and is not expected to impact future expenditures.
- The Water Fund had an operating income of \$331,905. This is primarily due to increased water usage for the 2018 fiscal year along with new development within the City which brings in permit and hookup fees to the fund.

**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

- The Sewer Fund recognized an operating loss of \$269,714. This is primarily due to \$247,300 in depreciation expense. The Fund had a decrease of net position in the amount of \$290,136 due to special assessments which are not considered an operating revenue.
- The Storm Sewer Fund had an operating income of \$74,232. This is primarily due to lower than expected expenses. The Fund also had an increase of net position in the amount of \$68,495.
- The balance of the Capital Projects Fund decreased during the current fiscal year by \$272,745 for an ending balance of \$812,164. The Fund was established for the purpose of planning, design, construction, expansion, remodels, and acquisition of land for future facilities.
- The fund balance of the 2015B G.O. Refunding Bonds Fund increased during the current fiscal year by \$141,111 for an ending balance of \$32,409. The Fund was used to hold bond proceeds received in fiscal year 2015 until the refunding bond could pay off the 2008 refunded bond in the 2017 fiscal year. The increase in fund balance is due to a transfer of funds from the Capital Projects and Fire funds.
- The balance of the Economic Development Fund decreased during the current fiscal year by \$20,939 for an ending balance of \$126,119. The Fund was established for the purpose of supporting economic development activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City basic financial statements. The City basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the City assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.

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

City of Elko New Market Management Discussion and Analysis

FINANCIAL HIGHLIGHTS (CONTINUED)

Government-Wide Financial Statements (Continued)

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

The government-wide financial statements include only the City itself (known as the primary government). The City reports the Elko New Market Economic Development Authority (EDA) as a blended component unit. The City has no other component units.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Proprietary Funds

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water, sanitary sewer, and storm drainage, all of which are considered to be major funds of the City.

**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The City's net position that is unrestricted is 10.3% of the total. By far, the largest portion of the City's net position (84.7%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City was able to report a positive balance in its net position for the government as a whole, as well as its separate governmental and business-type activities.

The City's Net Position

	Government Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 5,334,814	\$ 5,403,093	\$ 495,496	\$ 606,656	\$ 5,830,310	\$ 6,009,749
Net pension asset	529,649	884,021	-	-	529,649	884,021
Capital assets	10,436,690	10,744,732	26,694,922	27,478,560	37,131,612	38,223,292
Total assets	16,301,153	17,031,846	27,190,418	28,085,216	43,491,571	45,117,062
Deferred Outflows of Resources						
Deferred outflows of resources related to fire relief	-	-	-	-	-	-
Deferred outflows of resources related to city	745,736	737,376	63,614	73,154	809,350	810,530
Total deferred outflows of resources	745,736	737,376	63,614	73,154	809,350	810,530
Total assets and deferred outflows of	\$ 17,046,889	\$ 17,769,222	\$ 27,254,032	\$ 28,158,370	\$ 44,300,921	\$ 45,927,592
Liabilities						
Current and other liabilities	\$ 696,675	\$ 900,655	\$ 1,004,161	\$ 1,323,688	\$ 1,700,836	\$ 2,224,343
Net pension liability	645,446	731,999	256,765	269,785	902,211	1,001,784
Long term liabilities	3,363,301	3,829,518	10,666,831	11,256,051	14,030,132	15,085,569
Total liabilities	4,705,422	5,462,172	11,927,757	12,849,524	16,633,179	18,311,696
Deferred Inflows of Resources						
Deferred inflows of resources related to city	728,168	869,943	61,439	44,506	789,607	914,449
Net Position						
Net investment in capital assets	6,639,560	6,297,919	16,130,613	16,103,044	22,770,173	22,400,963
Restricted	1,351,777	1,395,698	-	-	1,351,777	1,395,698
Unrestricted	3,621,962	3,743,490	(865,777)	(838,704)	2,756,185	2,904,786
Total net position	11,613,299	11,437,107	15,264,836	15,264,340	26,878,135	26,701,447
Total liabilities, deferred inflows of and net position	\$ 17,046,889	\$ 17,769,222	\$ 27,254,032	\$ 28,158,370	\$ 44,300,921	\$ 45,927,592

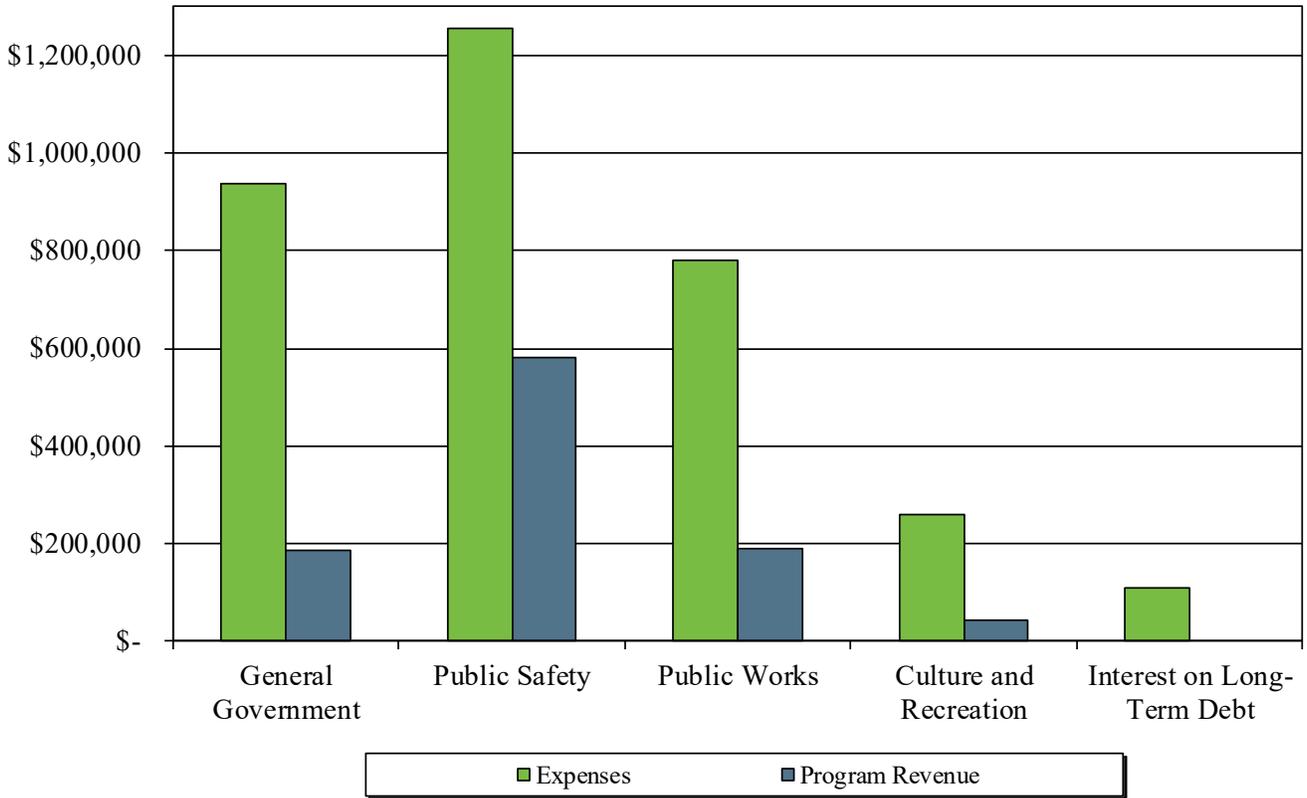
**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

Governmental Activities

Governmental activities increased the City's net position by \$176,192.

Expenses and Program Revenues - Governmental Activities

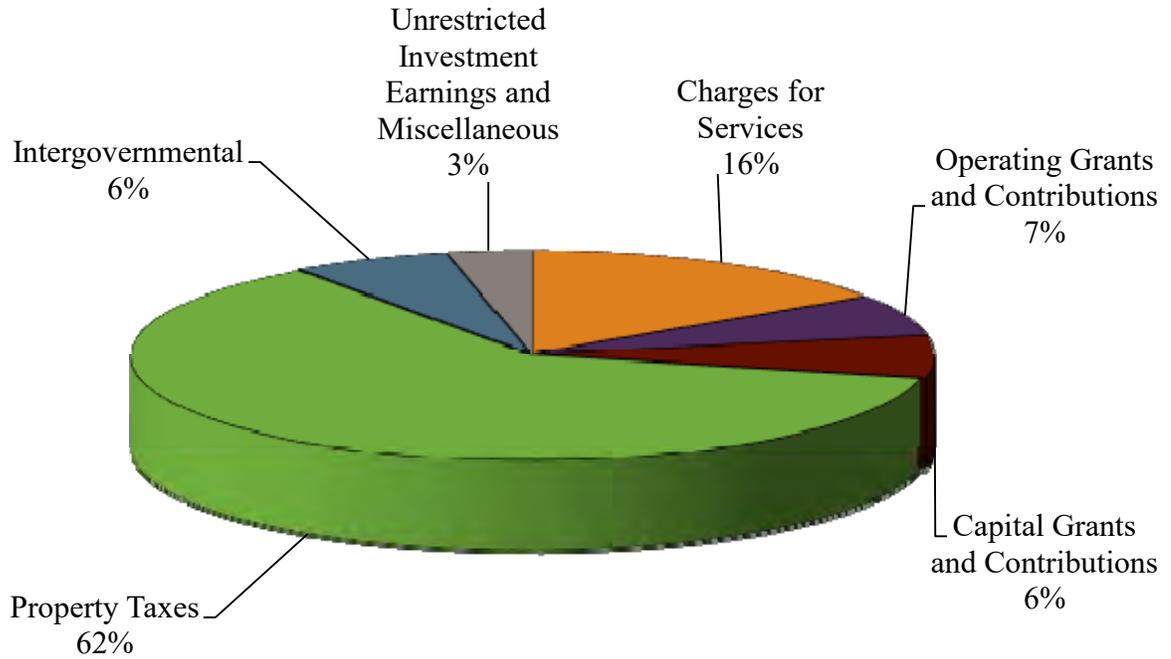


**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

Governmental Activities (Continued)

Revenues by Source - Governmental Activities

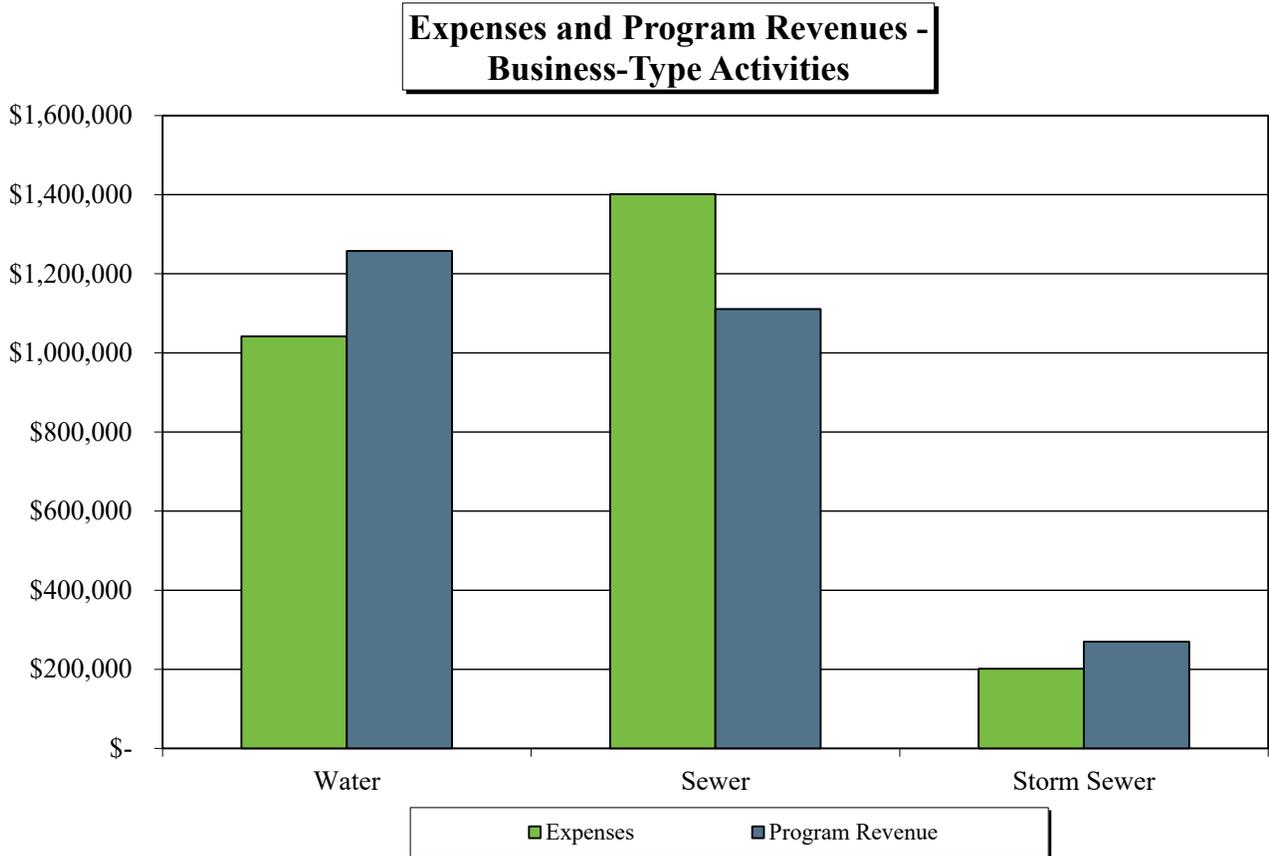


**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

Business-Type Activities

Business-type activities increased the City's net position by \$496.

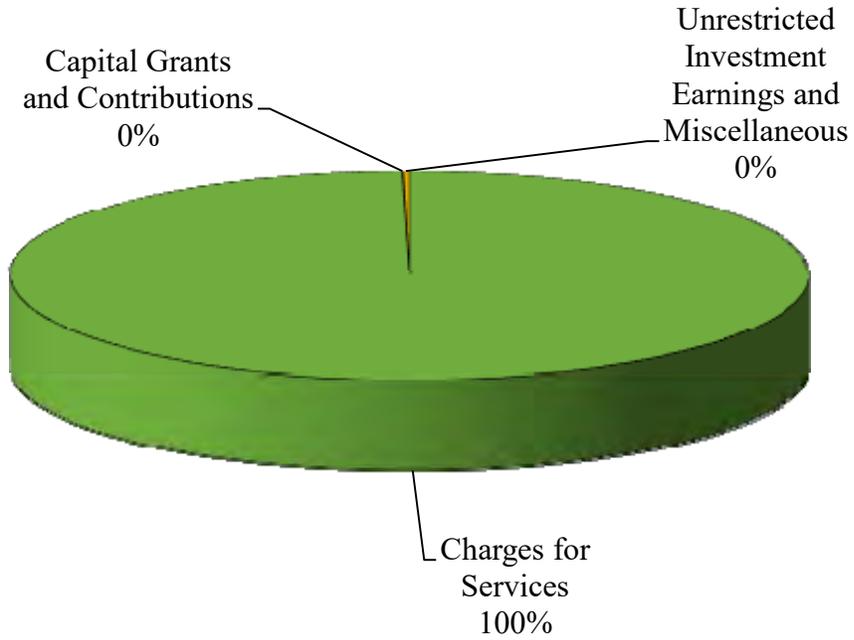


**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

Business-Type Activities (Continued)

Revenues by Source - Business-Type Activities



**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

The City's Change in Net Position

	Government Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 551,815	\$ 499,364	\$ 2,639,522	\$ 2,425,847	\$ 3,191,337	\$ 2,925,211
Operating grants and	228,164	169,061	-	-	228,164	169,061
Capital grants and contributions	222,759	151,085	(1,169)	34,631	221,590	185,716
General revenues						
Property taxes	2,169,048	2,066,946	-	-	2,169,048	2,066,946
Intergovernmental	226,283	216,571	-	-	226,283	216,571
Other general revenue	104,903	74,993	5,538	87,970	110,441	162,963
Gain on sale of capital assets	-	40,467	-	-	-	40,467
Investment earnings	14,722	11,430	862	10,830	15,584	22,260
Total revenues	3,517,694	3,229,917	2,644,753	2,559,278	6,162,447	5,789,195
Expenses						
General government	936,216	835,367	-	-	936,216	835,367
Public safety	1,256,746	1,106,938	-	-	1,256,746	1,106,938
Public works	781,409	609,817	-	-	781,409	609,817
Culture and recreation	258,759	186,059	-	-	258,759	186,059
Interest on long-term debt	108,372	142,025	-	-	108,372	142,025
Water	-	-	1,041,282	713,735	1,041,282	713,735
Sewer	-	-	1,401,198	1,287,727	1,401,198	1,287,727
Storm sewer	-	-	201,777	229,952	201,777	229,952
Total expenses	3,341,502	2,880,206	2,644,257	2,231,414	5,985,759	5,111,620
Change in net position	176,192	349,711	496	327,864	176,688	677,575
January 1	11,437,107	11,087,396	15,264,340	14,936,476	26,701,447	26,023,872
Prior period adjustment*					-	-
January 1, restated	11,437,107	11,087,396	15,264,340	14,936,476	26,701,447	26,023,872
December 31	\$ 11,613,299	\$ 11,437,107	\$ 15,264,836	\$ 15,264,340	\$ 26,878,135	\$ 26,701,447

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds

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

As of the end of the current fiscal year, the City governmental funds reported combined ending fund balances of \$4,131,089, an increase of \$125,395 from the prior year fund balance. The increase was primarily due to a combination of excess revenues and expenditures under budget in the General Fund.

The General Fund is the chief operating fund of the City. At the end of the 2018 fiscal year, the unassigned fund balance of the General Fund was \$1,465,811. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to fund expenditures. The unassigned fund balance represents 74.5% of total 2018 General Fund budgeted expenditures.

**City of Elko New Market
Management Discussion and Analysis**

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED)

Governmental Funds (Continued)

The City's General Fund balance increased by \$202,554 in 2018. The difference is due to the increase in Licenses and Permits and Intergovernmental revenues and lower expenditures with the General Government, Public Works, and Parks and Recreation functions overall.

Significant revenue variances from final budget to actual where actual was over budget include:

- Licenses and permits in the amount of \$57,777 due to higher than expected building activity.
- Intergovernmental in the amount of \$50,420 due to additional grant money received during 2018 mostly related to the small cities assistance grant for \$33,662.

Significant expenditure variances from final budget to actual where actual was under budget include:

- General Government in the amount of \$58,001 due to lower than anticipated consulting expenses.
- Public Works in the amount of \$45,969 due to snow plowing removal and deicing materials.
- Parks and Recreation in the amount of 18,146 due to lower personnel costs.

Significant variances from final budget to actual where actual was over budget include:

- Public Safety in the amount of \$22,169 due to building inspection costs from increased activities.

Overall, General Fund actual expenditures were under the final approved budget by \$83,651 and the excess of revenues over budgeted amounts was \$117,312.

FINANCIAL ANALYSIS OF PROPRIETARY FUNDS

Proprietary Funds

The City proprietary funds provide the same type of information found in the government-wide financial statements.

Total operating revenues exceeded operating expenses by \$331,905 in the Water Fund. At year end, the unrestricted net position of the Water Fund amounted to \$159,884.

The Sewer Fund had a net operating loss of \$269,714. This is primarily due to \$247,300 in depreciation expense. The unrestricted net position of the sewer fund amounted to (\$1,156,149).

The Storm Sewer Fund had a net operating income of \$74,232. This is primarily due to expenses being lower than budgeted. The unrestricted net position of the Storm Sewer Fund amounted to \$130,488.

Total unrestricted net position of the proprietary funds were (\$865,777) at the end of 2018.

**City of Elko New Market
Management Discussion and Analysis**

GENERAL FUND BUDGETARY HIGHLIGHTS

There are no differences between the original budget and the final amended budget during 2018. Variances from General Fund budget are summarized as follows:

- Licenses and permits in the amount of \$57,777 due to higher than expected building activity.
- Intergovernmental in the amount of \$50,420 due to additional grant money received during 2018 mostly related to the small cities assistance grant for \$33,662.
- General Government in the amount of \$58,001 due to lower than anticipated consulting expenses.
- Public Works in the amount of \$45,969 due to snow plowing removal and deicing materials.
- Public Safety in the amount of \$22,169 due to building inspection costs from increased activities.
- Parks and Recreation in the amount of 18,146 due to lower personnel costs.

As of the close of the current fiscal year, the unassigned fund balance for the General Fund was \$1,465,811, equivalent to 74.5% of the 2018 General Fund approved operating budget. This is an increase of \$202,554 from the end of the 2017 fiscal year. The difference is due to the increase in Licenses and Permits and Intergovernmental revenues and lower expenditures with the General Government, Public Works, and Parks and Recreation functions overall.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to \$37,131,612 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment and infrastructure.

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

- The City purchased several new and replacement pieces of equipment, including computer equipment, a skid loader, two pick-up trucks and a Ford Explorer.

The City's Capital Assets

	Government Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,007,777	\$ 1,007,777	\$ -	\$ -	\$ 1,007,777	\$ 1,007,777
Construction in progress	-	599,283	187,380	187,380	187,380	786,663
Building	1,410,143	1,437,567	-	-	1,410,143	1,437,567
Machinery and equipment	1,572,924	1,499,821	43,036	68,007	1,615,960	1,567,828
Improvements	1,039,702	526,281	-	-	1,039,702	526,281
Infrastructure	5,406,144	5,674,003	-	-	5,406,144	5,674,003
Water main and system	-	-	15,854,475	16,284,832	15,854,475	16,284,832
Sanitary sewer main and	-	-	7,102,074	7,333,843	7,102,074	7,333,843
Storm sewer system	-	-	3,507,957	3,604,498	3,507,957	3,604,498
Net capital assets	\$ 10,436,690	\$ 10,744,732	\$ 26,694,922	\$ 27,478,560	\$ 37,131,612	\$ 38,223,292

**City of Elko New Market
Management Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At the end of the current fiscal year, the City had total bonds and notes outstanding of \$14,361,439 and loans payable of \$852,281. The total bonds, notes, and loans decreased by \$1,177,733 during the 2018 fiscal year. City's debt related to the debt issuance of PFA Note Series 2013 General Obligation Drinking Water Revenue Note decreased from \$9,102,194 to \$8,608,000 in 2018.

In April of 2010, the City's credit rating by Moody's Investment Service was upgraded to "A1" from "A3". This rating was reaffirmed for issuance of debt in 2011 and again in 2012. In November of 2013, the City was assigned a credit rating of "AA+" by Standard & Poor's Ratings Services.

The City's Outstanding Debt

	Government Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
G.O. bonds and notes	\$ 3,797,130	\$ 4,380,717	\$ 9,784,309	\$ 10,439,300	\$ 13,581,439	\$ 14,820,017
G.O. revenue bonds	-	-	780,000	895,000	780,000	895,000
Loans	-	-	852,281	676,436	852,281	676,436
Total	\$ 3,797,130	\$ 4,380,717	\$ 11,416,590	\$ 12,010,736	\$ 15,213,720	\$ 16,391,453

NEXT YEARS BUDGETS AND RATES

The City considered the following factors in preparing the City's budget for the 2019 fiscal year.

- The City is expecting a similar level of development activity to 2018 in 2019. However, the 2019 budget is based on conservative assumptions regarding development activity, a modest increase from the 2018 budget assumptions. This is reflected in projected revenue and expenditures.
- The City Council assumes the receipt of Local Government Aid and a 75% transfer from the General Fund to the Capital Improvement Funds.
- The City Council annually completes a fee analysis for the proprietary funds and intends to continue to amend the fee structure, as necessary, to address any projected disparities between revenues and expenses.
- The City Council annually updates its Capital Improvement Plan, which includes major capital projects and purchase for the next five years. The Plan assists the City in its long-term financial planning. The Plan identifies costs, projected debt service, and funding sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Elko New Market, 601 Main Street, P.O. Box 99, Elko New Market, Minnesota 55020.

BASIC FINANCIAL STATEMENTS

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**City of Elko New Market
Statement of Net Position
December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 3,681,265	\$ 235,681	\$ 3,916,946
Receivables			
Property tax receivable	25,512	-	25,512
Accounts receivable	58,713	130,229	188,942
Due from other governments	118,524	266,364	384,888
Due from other funds (internal balances)	309,234	(309,234)	-
Interfund loan receivable (internal balances)	78,508	(78,508)	-
Special assessments receivable			
Current	608	2,443	3,051
Delinquent	1,357	15,839	17,196
Deferred	1,026,501	217,121	1,243,622
Land held for resale	13,689	-	13,689
Prepaid items	20,903	15,561	36,464
Net pension asset - Fire Relief Association	529,649	-	529,649
Capital assets not being depreciated			
Land	1,007,777	-	1,007,777
Construction in progress	-	187,380	187,380
Capital assets net of accumulated depreciation			
Buildings	1,410,143	-	1,410,143
Machinery and equipment	1,572,927	43,036	1,615,963
Improvements	1,039,702	-	1,039,702
Infrastructure	5,406,141	-	5,406,141
Sewer and water improvements	-	26,464,506	26,464,506
Total assets	16,301,153	27,190,418	43,491,571
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	745,736	63,614	809,350
Total assets and deferred outflows of resources	\$ 17,046,889	\$ 27,254,032	\$ 44,300,921
Liabilities			
Accounts payable	\$ 121,671	\$ 34,198	\$ 155,869
Due to other governments	-	120,983	120,983
Salaries and benefits payable	42,761	11,658	54,419
Interest payable	42,938	60,717	103,655
Net pension liability	645,446	256,765	902,211
Bond principal payable			
Due within one year	433,829	252,172	686,001
Due in more than one year	3,363,301	1,704,137	5,067,438
Loan payable			
Payable within one year	-	10,534	10,534
Due in more than one year	-	841,747	841,747
PFA notes payable			
Payable within one year	-	499,000	499,000
Payable after one year	-	8,109,000	8,109,000
Compensated absences payable			
Payable within one year	55,476	14,899	70,375
Payable after one year	-	11,947	11,947
Total liabilities	4,705,422	11,927,757	16,633,179
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	728,168	61,439	789,607
Net Position			
Net investment in capital assets	6,639,560	16,130,613	22,770,173
Restricted for			
Debt service	1,258,247	-	1,258,247
Other	93,530	-	93,530
Unrestricted	3,621,962	(865,777)	2,756,185
Total net position	11,613,299	15,264,836	26,878,135
Total liabilities, deferred inflows of resources, and net position	\$ 17,046,889	\$ 27,254,032	\$ 44,300,921

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**City of Elko New Market
Statement of Activities
Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 936,216	\$ 52,501	\$ 134,290	\$ -	\$ (749,425)	\$ -	\$ (749,425)
Public safety	1,256,746	371,546	92,047	118,524	(674,629)	-	(674,629)
Public works	781,409	86,991	-	104,235	(590,183)	-	(590,183)
Parks and recreation	258,759	40,777	1,827	-	(216,155)	-	(216,155)
Interest on long-term debt	108,372	-	-	-	(108,372)	-	(108,372)
Total governmental activities	<u>3,341,502</u>	<u>551,815</u>	<u>228,164</u>	<u>222,759</u>	<u>(2,338,764)</u>	<u>-</u>	<u>(2,338,764)</u>
Business-type activities							
Water	1,041,282	1,258,548	-	(1,169)	-	216,097	216,097
Sewer	1,401,198	1,111,062	-	-	-	(290,136)	(290,136)
Storm sewer	201,777	269,912	-	-	-	68,135	68,135
Total business-type activities	<u>2,644,257</u>	<u>2,639,522</u>	<u>-</u>	<u>(1,169)</u>	<u>-</u>	<u>(5,904)</u>	<u>(5,904)</u>
Total governmental and business-type activities	<u>\$ 5,985,759</u>	<u>\$ 3,191,337</u>	<u>\$ 228,164</u>	<u>\$ 221,590</u>	<u>(2,338,764)</u>	<u>(5,904)</u>	<u>(2,344,668)</u>
General revenues							
Property taxes					2,169,048	-	2,169,048
Intergovernmental					226,283	-	226,283
Unrestricted investment earnings					14,722	862	15,584
Other general revenue					104,903	5,538	110,441
Total general revenues					<u>2,514,956</u>	<u>6,400</u>	<u>2,521,356</u>
Change in net position					176,192	496	176,688
Net position - beginning					<u>11,437,107</u>	<u>15,264,340</u>	<u>26,701,447</u>
Net position - ending					<u>\$ 11,613,299</u>	<u>\$ 15,264,836</u>	<u>\$ 26,878,135</u>

**City of Elko New Market
Balance Sheet - Governmental Funds
December 31, 2018**

	<u>Special Revenue</u>	
	<u>General Fund (101)</u>	<u>Fire Department (103)</u>
Assets		
Cash and investments	\$ 1,530,605	\$ 79,857
Taxes receivable - current	14,077	-
Taxes receivable - delinquent	11,435	-
Special assessments receivable		
Current	106	-
Delinquent	699	-
Deferred	6,519	-
Accounts receivable	13,818	34,700
Due from other funds	-	-
Interfund loan receivable	-	-
Due from other governments	-	-
Land held for resale	-	-
Prepaid items	15,152	5,751
	<hr/>	<hr/>
Total assets	<u>\$ 1,592,411</u>	<u>\$ 120,308</u>
Liabilities		
Accounts payable	\$ 50,064	\$ 7,816
Due to other funds	-	-
Salaries and benefits payable	42,731	30
Total liabilities	<u>92,795</u>	<u>7,846</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	11,435	-
Unavailable revenue - special assessments	7,218	-
Total deferred inflows of resources	<u>18,653</u>	<u>-</u>
Fund Balances (Deficits)		
Nonspendable	15,152	5,751
Restricted	-	-
Committed	-	106,711
Assigned	-	-
Unassigned	1,465,811	-
Total fund balances	<u>1,480,963</u>	<u>112,462</u>
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,592,411</u>	<u>\$ 120,308</u>

See notes to financial statements.

<u>Debt Service</u> 2011A G.O. Improvement Refunding Bond (318)	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 164,681	\$ 1,906,122	\$ 3,681,265
-	-	14,077
-	-	11,435
-	502	608
-	658	1,357
993,953	26,029	1,026,501
-	10,195	58,713
-	394,658	394,658
-	78,508	78,508
-	118,524	118,524
13,689	-	13,689
-	-	20,903
<u>\$ 1,172,323</u>	<u>\$ 2,535,196</u>	<u>\$ 5,420,238</u>
\$ 1,031	\$ 62,760	\$ 121,671
-	85,424	85,424
-	-	42,761
<u>1,031</u>	<u>148,184</u>	<u>249,856</u>
-	-	11,435
993,953	26,687	1,027,858
<u>993,953</u>	<u>26,687</u>	<u>1,039,293</u>
13,689	-	34,592
163,650	224,608	388,258
-	150,004	256,715
-	2,111,011	2,111,011
-	(125,298)	1,340,513
<u>177,339</u>	<u>2,360,325</u>	<u>4,131,089</u>
<u>\$ 1,172,323</u>	<u>\$ 2,535,196</u>	<u>\$ 5,420,238</u>

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**City of Elko New Market
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2018**

Total fund balances - governmental funds \$ 4,131,089

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	15,779,591
Less accumulated depreciation	(5,342,901)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. long-term liabilities at year-end consist of:

Bond principal payable	(3,738,238)
Unamortized bond premium	(58,892)
Compensated absences payable	(55,476)

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes	11,435
Special assessments	1,357

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	1,026,501
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Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(728,168)
Deferred outflows of resources related to pensions	745,736

Net pension liability	(645,446)
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Fire relief association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.

529,649

Governmental funds do not report a liability for accrued interest until due and payable.

(42,938)

Total net position - governmental activities	<u><u>\$ 11,613,299</u></u>
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City of Elko New Market
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2018

	General Fund (101)	Special Revenue Fire Department (103)
Revenues		
Property taxes	\$ 1,660,044	\$ 122,143
Special assessments	6,966	-
Licenses and permits	141,308	-
Intergovernmental	300,329	57,247
Charges for services	125,487	231,182
Fines and forfeitures	16,914	-
Miscellaneous		
Investment income	1,469	913
Contributions and donations	2,503	-
Other	-	6,402
Total revenues	2,255,020	417,887
Expenditures		
Current		
General government	749,876	-
Public safety	665,231	329,182
Public works	288,743	-
Parks and recreation	153,088	-
Debt service		
Principal	-	30,000
Interest and other charges	-	316
Capital outlay		
General government	25,480	-
Public safety	616	-
Public works	-	-
Total expenditures	1,883,034	359,498
Excess of revenues over (under) expenditures	371,986	58,389
Other Financing Sources (Uses)		
Proceeds from sale of capital asset	-	-
Transfers in	-	-
Transfers out	(169,432)	(241,112)
Total other financing sources (uses)	(169,432)	(241,112)
Net change in fund balances	202,554	(182,723)
Fund Balances		
Beginning of year	1,278,409	295,185
End of year	\$ 1,480,963	\$ 112,462

See notes to financial statements.

<u>Debt Service</u> <u>2011A G.O.</u> <u>Improvement</u> <u>Refunding Bond</u> <u>(318)</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 20,000	\$ 372,499	\$ 2,174,686
46,739	7,624	61,329
-	3,495	144,803
-	100,628	458,204
-	-	356,669
-	3,687	20,601
-	12,340	14,722
-	133,089	135,592
242,982	107,418	356,802
<u>309,721</u>	<u>740,780</u>	<u>3,723,408</u>
-	122,241	872,117
-	496	994,909
-	-	288,743
-	10,357	163,445
105,000	507,479	642,479
37,078	85,796	123,190
-	133,842	159,322
-	165,352	165,968
-	199,840	199,840
<u>142,078</u>	<u>1,225,403</u>	<u>3,610,013</u>
167,643	(484,623)	113,395
-	12,000	12,000
116,093	655,972	772,065
-	(361,521)	(772,065)
<u>116,093</u>	<u>306,451</u>	<u>12,000</u>
283,736	(178,172)	125,395
<u>(106,397)</u>	<u>2,538,497</u>	<u>4,005,694</u>
<u>\$ 177,339</u>	<u>\$ 2,360,325</u>	<u>\$ 4,131,089</u>

**City of Elko New Market
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
For the Year Ended December 31, 2018**

Net change in fund balances - governmental funds \$ 125,395

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. this is the amount of capital outlays in the current period.

Capital outlays	319,971
Depreciation expense	(601,543)
Net capital asset disposal	(26,470)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	24,940
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities.	649,683
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	7,614
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Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	(117,684)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes delinquent	(5,638)
Special assessments deferred and delinquent	(200,076)

Change in net position - governmental activities	\$ 176,192
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**City of Elko New Market
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2018**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget-Over (Under)
Revenues			
Property taxes	\$ 1,654,293	\$ 1,660,044	\$ 5,751
Special assessments	-	6,966	6,966
Licenses and permits	83,531	141,308	57,777
Intergovernmental	249,909	300,329	50,420
Charges for services	129,475	125,487	(3,988)
Fines and forfeitures	15,000	16,914	1,914
Investment income	1,500	1,469	(31)
Contributions and donations	1,000	2,503	1,503
Other	3,000	-	(3,000)
Total revenues	2,137,708	2,255,020	117,312
Expenditures			
Current			
General government	807,877	749,876	(58,001)
Public safety	643,062	665,231	22,169
Public works	334,712	288,743	(45,969)
Parks and recreation	171,234	153,088	(18,146)
Capital outlay			
General government	8,300	25,480	17,180
Public safety	1,500	616	(884)
Total expenditures	1,966,685	1,883,034	(83,651)
Excess of revenues over expenditures	171,023	371,986	200,963
Other Financing Uses			
Transfers out	(169,432)	(169,432)	-
Net change in fund balance	\$ 1,591	202,554	\$ 200,963
Fund Balance			
Beginning of year		1,278,409	
End of year		\$ 1,480,963	

**City of Elko New Market
Scott County, Minnesota
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Fire Department Fund
Year Ended December 31, 2018**

	Budgeted Amounts		Variance with Final Budget-Over
	Original and Final	Actual Amounts	
Revenues			
Property taxes	\$ 184,151	\$ 122,143	\$ (62,008)
Intergovernmental	45,000	57,247	12,247
Charges for services	213,826	231,182	17,356
Miscellaneous revenues			
Investment income	-	913	913
Contributions and donations	25,000	-	(25,000)
Other	-	6,402	6,402
Total revenues	467,977	417,887	(50,090)
Expenditures			
Current			
Public safety	323,507	329,182	5,675
Debt service			
Principal	103,995	30,000	(73,995)
Interest and other charges	12,855	316	(12,539)
Total expenditures	440,357	359,498	(80,859)
Excess of revenues over expenditures	27,620	58,389	30,769
Other Financing Uses			
Transfers out	(27,620)	(241,112)	(213,492)
Net change in fund balance	\$ -	(182,723)	\$ (182,723)
Fund Balance			
Beginning of year		295,185	
End of year		\$ 112,462	

See notes to financial statements.

City of Elko New Market
Statement of Net Position - Proprietary Funds
December 31, 2018

	Water (601)	Sewer (602)	Storm Sewer (620)	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 78,976	\$ -	\$ 156,705	\$ 235,681
Special assessments receivable				
Current	1,268	815	360	2,443
Delinquent	8,115	6,593	1,131	15,839
Deferred	89,024	95,018	33,079	217,121
Accounts receivable	54,545	58,631	17,053	130,229
Short-term due from other governments	37,740	39,792	11,256	88,788
Prepaid Expenses	7,532	6,470	1,559	15,561
Total current assets	<u>277,200</u>	<u>207,319</u>	<u>221,143</u>	<u>705,662</u>
Noncurrent assets				
Long-term due from other governments	75,480	79,583	22,513	177,576
Capital assets				
Water main and system	18,787,261	-	-	18,787,261
Sanitary sewer main and system	-	13,344,964	-	13,344,964
Storm sewer system	-	-	4,827,079	4,827,079
Machinery and equipment	54,222	99,479	18,267	171,968
Construction in progress	87,936	99,444	-	187,380
Total capital assets	<u>18,929,419</u>	<u>13,543,887</u>	<u>4,845,346</u>	<u>37,318,652</u>
Less accumulated depreciation	<u>(2,975,666)</u>	<u>(6,317,619)</u>	<u>(1,330,445)</u>	<u>(10,623,730)</u>
Net capital assets	<u>15,953,753</u>	<u>7,226,268</u>	<u>3,514,901</u>	<u>26,694,922</u>
Total noncurrent assets	<u>16,029,233</u>	<u>7,305,851</u>	<u>3,537,414</u>	<u>26,872,498</u>
Deferred outflows of resources				
Deferred outflows of resources related to pensions	30,942	27,233	5,439	63,614
Total assets and deferred outflows of resources	<u>\$ 16,337,375</u>	<u>\$ 7,540,403</u>	<u>\$ 3,763,996</u>	<u>\$ 27,641,774</u>
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 6,285	\$ 22,522	\$ 5,391	\$ 34,198
Salaries and benefits payable	5,778	4,733	1,147	11,658
Interest payable	44,288	13,118	3,311	60,717
Due to other funds	-	309,234	-	309,234
Interfund loan payable	-	-	78,508	78,508
Due to other governments	-	120,983	-	120,983
Compensated absences - current	7,337	6,451	1,111	14,899
Bonds payable due within one year	114,556	103,586	34,030	252,172
Loan payable due within one year	-	10,534	-	10,534
PFA notes payable due within one year	499,000	-	-	499,000
Total current liabilities	<u>677,244</u>	<u>591,161</u>	<u>123,498</u>	<u>1,391,903</u>
Noncurrent liabilities				
Compensated absences	5,275	4,739	1,933	11,947
Bonds payable	737,911	770,957	195,269	1,704,137
Loan payable	-	841,747	-	841,747
PFA notes payable	8,109,000	-	-	8,109,000
Net pension liability	124,891	109,921	21,953	256,765
Total noncurrent liabilities	<u>8,977,077</u>	<u>1,727,364</u>	<u>219,155</u>	<u>10,923,596</u>
Total liabilities	<u>9,654,321</u>	<u>2,318,525</u>	<u>342,653</u>	<u>12,315,499</u>
Deferred inflows of resources				
Deferred inflows of resources related to pensions	29,884	26,302	5,253	61,439
Net Position				
Net investment in capital assets	6,493,286	6,351,725	3,285,602	16,130,613
Unrestricted	159,884	(1,156,149)	130,488	(865,777)
Total net position	<u>6,653,170</u>	<u>5,195,576</u>	<u>3,416,090</u>	<u>15,264,836</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,337,375</u>	<u>\$ 7,540,403</u>	<u>\$ 3,763,996</u>	<u>\$ 27,641,774</u>

See notes to financial statements.

City of Elko New Market
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2018

	Water (601)	Sewer (602)	Storm Sewer (620)	Total
Operating Revenues				
Charges for services	\$ 1,101,530	\$ 827,069	\$ 192,106	\$ 2,120,705
Permits, hookup fees, and penalties	156,216	283,957	59,513	499,686
Miscellaneous operating revenues	6,340	36	18,659	25,035
Total operating revenues	<u>1,264,086</u>	<u>1,111,062</u>	<u>270,278</u>	<u>2,645,426</u>
Operating Expenses				
Wages and salaries	171,349	149,705	31,440	352,494
Employee benefits	60,769	52,787	11,147	124,703
Materials and supplies	30,517	12,109	8,144	50,770
Repairs and maintenance	52,657	36,253	6,645	95,555
Professional services	57,890	50,409	26,726	135,025
Insurance	8,528	7,418	1,343	17,289
Utilities	74,914	13,605	420	88,939
Depreciation	436,333	247,300	100,005	783,638
Bad debt expense	5,943	5,943	-	11,886
Small tools	9,007	3,916	649	13,572
Miscellaneous	24,274	801,331	9,527	835,132
Total operating expenses	<u>932,181</u>	<u>1,380,776</u>	<u>196,046</u>	<u>2,509,003</u>
Operating income (loss)	331,905	(269,714)	74,232	136,423
Nonoperating Revenues (Expenses)				
Investment income	502	-	360	862
Special assessments	(1,169)	-	(366)	(1,535)
Interest expense	(109,101)	(20,422)	(5,731)	(135,254)
Total nonoperating revenues (expenses)	<u>(109,768)</u>	<u>(20,422)</u>	<u>(5,737)</u>	<u>(135,927)</u>
Change in net position	222,137	(290,136)	68,495	496
Net Position				
Beginning of year	<u>6,431,033</u>	<u>5,485,712</u>	<u>3,347,595</u>	<u>15,264,340</u>
End of year	<u>\$ 6,653,170</u>	<u>\$ 5,195,576</u>	<u>\$ 3,416,090</u>	<u>\$ 15,264,836</u>

City of Elko New Market
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2018

	Water (601)	Sewer (602)	Storm Sewer (620)	Total
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,432,469	\$ 1,101,346	\$ 276,596	\$ 2,810,411
Payments to suppliers	(279,942)	(1,172,977)	(60,636)	(1,513,555)
Payments to employees	(229,838)	(202,947)	(42,651)	(475,436)
Net cash flows - operating activities	<u>922,689</u>	<u>(274,578)</u>	<u>173,309</u>	<u>821,420</u>
Cash Flows - Noncapital Financing Activities				
Payments to/from other funds for interfund borrowing	<u>(99,114)</u>	<u>222,334</u>	<u>(14,839)</u>	<u>108,381</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(630,535)	73,245	(73,080)	(630,370)
Interest paid on debt	<u>(114,566)</u>	<u>(21,001)</u>	<u>(8,188)</u>	<u>(143,755)</u>
Net cash flows - capital and related Financing activities	<u>(745,101)</u>	<u>52,244</u>	<u>(81,268)</u>	<u>(774,125)</u>
Cash Flows - Investing Activities				
Interest and dividends received	<u>502</u>	<u>-</u>	<u>360</u>	<u>862</u>
Net change in cash and cash equivalents	78,976	-	77,562	156,538
Cash and Cash Equivalents				
January 1	<u>-</u>	<u>-</u>	<u>79,143</u>	<u>79,143</u>
December 31	<u>\$ 78,976</u>	<u>\$ -</u>	<u>\$ 156,705</u>	<u>\$ 235,681</u>
Reconciliation of Operating Loss to Net Cash Flows - Operating Activities				
Operating loss	\$ 331,905	\$ (269,714)	\$ 74,232	\$ 136,423
Adjustments to reconcile operating loss To net cash flows - operating activities				
Miscellaneous revenue	(1,169)	-	(366)	(1,535)
Depreciation expense	436,333	247,300	100,005	783,638
Pension related activity	7,917	5,278	258	13,453
Special assessments receivable	(5,037)	(3,228)	4,494	(3,771)
Accounts receivable	11,533	(6,488)	2,190	7,235
Due from other governments	163,056	-	-	163,056
Prepaid items	(3,290)	(2,788)	(1,125)	(7,203)
Accounts payable	(11,059)	(4,253)	(5,611)	(20,923)
Due to other governmental units	(1,863)	(234,952)	(446)	(237,261)
Salaries payable	(1,753)	(2,004)	(201)	(3,958)
Compensated absences payable	(3,884)	(3,729)	(121)	(7,734)
Total adjustments	<u>590,784</u>	<u>(4,864)</u>	<u>99,077</u>	<u>684,997</u>
Net cash flows - operating activities	<u>\$ 922,689</u>	<u>\$ (274,578)</u>	<u>\$ 173,309</u>	<u>\$ 821,420</u>

City of Elko New Market
Statement of Fiduciary Net Position
December 31, 2018

	Agency Fund - Developer Escrow (400)
Assets	
Cash and investments	\$ 124,278
Other receivables	5,473
	<hr/>
Total assets	\$ 129,751
	<hr/> <hr/>
Liabilities	
Accounts payable	\$ 129,751
	<hr/> <hr/>

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Elko New Market is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

1. Blended Component Unit

The Elko New Market Economic Development Authority (EDA) is fiscally dependent upon the City, and its governing body consists of City Council Members. Therefore, the Elko New Market EDA is included as a component unit of the City. The Elko New Market EDA's financial data has been blended with that of the City.

2. Joint Ventures and Jointly Governed Organizations

The City is a member of a joint powers agreement, together with the Cities of Shakopee, Savage, Prior Lake, Belle Plaine, and Jordan, Minnesota, to provide for the joint exercise of prosecutorial powers. The Cities each shall appoint one individual to serve on the Scott County Joint Prosecution Association Board with each representative having one vote. Each Member City contributes funds to cover their proportionate share of the costs of performing prosecution services. The City contributed \$16,914 in 2018. The financial activity of this organization is presented within the financial statements of Scott County and no separate financial statements are issued.

City of Elko New Market
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position at the fund financial statement level.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Agency Funds are presented in the fiduciary fund financial statement. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these Funds are not incorporated into the government-wide statements.

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

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

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

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds:

Major Governmental Funds:

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

Fire Department – This fund accounts for resources accumulated and costs associated with providing fire protection services.

2011A General Obligation (G.O.) Improvement Refunding Bond – This fund accounts for resources accumulated and debt service payments made on this bond issue.

Proprietary Funds:

Water Fund – This fund accounts for the operations of the City's water utility.

Sanitary Sewer Fund – This fund accounts for the operations of the City's sanitary sewer utility.

Storm Water Fund – This fund accounts for the activities of the City's storm water operations.

Fiduciary Funds:

Developer Escrow Fund – This fund accounts for development related funds held by the City in a strictly custodial capacity.

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

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

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

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

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value.

2. Receivables and Payables

All utility and property tax receivables are shown at a gross amount since both are assessable to the property and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Scott County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

2. Receivables and Payables (Continued)

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

3. Land Held for Resale

Land is acquired by the City for subsequent resale for redevelopment purposes. Land held for resale is reported as an asset at the lower of cost or estimated realizable value in the fund that acquired it.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Assets	Years
Light vehicles	4-5
Machinery and equipment	5-20
Building improvements	10-40
Infrastructure	20-50
Buildings	40-50
Utility distribution system	50

The City has elected not to retroactively report governmental infrastructure assets.

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

6. Compensated Absences

The City compensates all employees for unused flex leave; this is in lieu of employees taking sick leave or vacation leave under the City leave policy. Eligible employees are compensated for accrual of compensatory hours upon termination. Flex leave can be accrued up to 1.5 years of annual flex, any amount over this will be converted to extended sick leave hours. Employees terminating their employment with the City receive 100% of the flex leave balance, not including extended sick leave bank balance, based on the rate of pay in effect for the employee on the date of termination.

Accumulated flex leave estimated to be payable as termination pay is accrued as incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignation and retirement.

The City compensates all employees for unused flex leave; this is in lieu of employees taking sick leave or vacation leave under the City leave policy. Eligible employees are compensated for accrual of compensatory hours upon termination. Flex leave can be accrued up to 1.5 years of annual flex, any amount over this will be converted to extended sick leave hours. Employees terminating their employment with the City receive 100% of the flex leave balance, not including extended sick leave bank balance, based on the rate of pay in effect for the employee on the date of termination.

City of Elko New Market
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

6. Compensated Absences (Continued)

Accumulated flex leave estimated to be payable as termination pay is accrued as incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

7. Long-Term Obligations

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

8. 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 the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

9. Other Post Employment Benefits

The City charges actual age-rated premium costs to current employees and any retired employees, resulting in no implicit rate subsidy obligation. No other benefits offered by the City qualify as other post employment benefits (OPEB); therefore, no liability related to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* has been recorded in the financial statements.

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

10. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – This category includes fund balance that cannot be spent because it is either (1) not in spendable form or (2) is legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Administrator.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance and Net Position

The City's target General Fund balance is to maintain an unassigned fund balance equivalent to at least 50% of the current year's operating budget. The City will maintain restricted fund balances in its capital project funds to provide adequate working capital for current expenditure needs. The City will maintain net position in its enterprise funds to provide adequate working capital for current expense needs.

**City of Elko New Market
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

11. Net Position

Net position represents the difference between assets deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

E. Use of Estimates

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Fire Department, and Proprietary Funds. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

**City of Elko New Market
Notes to Financial Statements**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

At December 31, 2018, the following Funds had deficit fund balances:

2006A G.O. Improvement Bonds	\$ (901)
2012B Refunding/2003 G.O. Bonds	(5,485)
2015A G.O. Refunding Bonds	(1)
Roundabout Construction	(91,098)
2019 Pavement Rehab Project	(27,814)

The deficits may be eliminated through the collections of property taxes and special assessments or reimbursement from utility enterprise funds.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as cash and cash equivalents or investments. For purposes of identifying risk of investing public funds, the balances, and related restrictions are summarized as follows.

A. Deposits

Custodial Credit Risk – Deposits: Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has adopted a deposit policy to address custodial risk for deposits that states all depositories approved by the City Council must maintain a sufficient level of depository insurance and collateralized securities to cover deposits made by the City.

As of December 31, 2018, the City's bank balance was not exposed to custodial credit risk because it was fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

As of December 31, 2018, the City had the following deposits and cash on hand:

Checking	\$ 458,468
Savings	2,250,661
CDARS	1,299,082
Petty cash	<u>542</u>
 Total deposits	 <u><u>\$ 4,008,753</u></u>

**City of Elko New Market
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2018, the City had the following investments:

<u>Investment</u>	<u>Type</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Market Value</u>	<u>Concentration Credit Risk</u>
4M Fund	MM	N/A	NR	\$ 32,470	100.0%
Due within year				<u>32,470</u>	<u>100.0%</u>

Concentration of Credit Risk: Investments should be diversified to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City's investment policy addresses diversification of maturity dates, and liquidity of the investment portfolio. The policy also states to protect City funds from concentration of credit risk, the City will disclose when more than 5% of its investments are with one issuer.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy refers to *Minnesota Statutes 118A. Minnesota Statutes 118A.04 and 118A.05* limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market value interest rates. The City's objective relating to interest rate risk is to mitigate declines in market value of investments due to changes in interest rates. The City's investment policy addresses diversification of maturity dates, and liquidity of the investment portfolio which will prevent over investing in specific instruments.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states all investments of City funds must be covered by security investor protection or other acceptable brokerage insurance to limit the City's exposure to custodial credit risk.

C. Deposits and Investments

Summary of cash deposits and investments as of December 31, 2018 were as follows:

Deposits and cash on hand (Note 3. A)	\$ 4,008,753
Investments (Note 3. B.)	<u>32,470</u>
Total deposits and investments	<u><u>\$ 4,041,223</u></u>

**City of Elko New Market
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented in the December 31, 2018 basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 3,916,945
Statement of Fiduciary Net Position	<u>124,278</u>
Total deposits and investments	<u><u>\$ 4,041,223</u></u>

NOTE 4 – DUE FROM OTHER GOVERNMENTS

In 2010, the City entered an agreement with the Scott County Community Development Agency (CDA) to financially assist with the construction of a library facility. This agreement was amended in 2013 to require the CDA to pay the City for \$642,560 of trunk, access, and connection fees over a fifteen year period. Accordingly, due from other governments receivables are recorded in the Water, Sewer, and Storm Sewer Enterprise Funds. The 2017 and 2018 payment will be made for \$59,192 in 2019 in addition to annual payments from 2019 to 2025 of \$29,596.

**City of Elko New Market
Notes to Financial Statements**

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and easements	\$ 1,007,777	\$ -	\$ -	\$ 1,007,777
Construction in progress	599,283	-	599,283	-
Total capital assets not being depreciated	<u>1,607,060</u>	<u>-</u>	<u>599,283</u>	<u>1,007,777</u>
Capital assets being depreciated				
Buildings	1,976,546	21,588	-	1,998,134
Machinery and equipment	2,694,200	298,383	209,565	2,783,018
Improvements	877,144	599,283	-	1,476,427
Infrastructure	8,514,235	-	-	8,514,235
Total capital assets being depreciated	<u>14,062,125</u>	<u>919,254</u>	<u>209,565</u>	<u>14,771,814</u>
Less accumulated depreciation for				
Buildings	538,979	49,012	-	587,991
Machinery and equipment	1,194,379	198,807	183,095	1,210,091
Improvements	350,864	85,861	-	436,725
Infrastructure	2,840,231	267,863	-	3,108,094
Total accumulated depreciation	<u>4,924,453</u>	<u>601,543</u>	<u>183,095</u>	<u>5,342,901</u>
Total capital assets being depreciated, net	<u>9,137,672</u>	<u>317,711</u>	<u>26,470</u>	<u>9,428,913</u>
Governmental activities capital assets, net	<u>\$ 10,744,732</u>	<u>\$ 317,711</u>	<u>\$ 625,753</u>	<u>\$ 10,436,690</u>

**City of Elko New Market
Notes to Financial Statements**

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 187,380	\$ -	\$ -	\$ 187,380
Total capital assets not being depreciated	187,380	-	-	187,380
Capital assets being depreciated				
Water main and system	18,787,261	-	-	18,787,261
Sanitary sewer main and system	13,344,964	-	-	13,344,964
Storm sewer system	4,827,079	-	-	4,827,079
Machinery and equipment	171,968	-	-	171,968
Total capital assets being depreciated	37,131,272	-	-	37,131,272
Less accumulated depreciation for				
Water main and system	2,502,429	430,357	-	2,932,786
Sanitary sewer main and system	6,011,121	231,769	-	6,242,890
Storm sewer system	1,222,581	96,541	-	1,319,122
Machinery and equipment	103,961	24,971	-	128,932
Total accumulated depreciation	9,840,092	783,638	-	10,623,730
Total capital assets being depreciated, net	27,291,180	(783,638)	-	26,507,542
Business-type activities capital assets, net	\$ 27,478,560	\$ (783,638)	\$ -	\$ 26,694,922

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

Governmental activities	
General government	\$ 47,339
Public safety	135,237
Public works	332,139
Parks and recreation	86,828
Total depreciation expense - governmental activities	\$ 601,543
Business-type activities	
Water	\$ 436,333
Sewer	247,300
Storm sewer	100,005
Total depreciation expense - business-type activities	\$ 783,638

**City of Elko New Market
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT

A. G.O. Bonds

The City issues G.O. bonds to provide for financing utility projects and street improvements. Debt service is covered respectively by utility revenue and special assessments against benefited properties with any shortfalls being paid from general taxes.

B. Loans Payable

A loan from the Metropolitan Council was recorded during 2010 for the sum of \$239,000 to cover the cost of City trunk sewer connections under CSAH 2 as part of the construction of the CSAH 2 portion of the Elko New Market interceptor. The first payment was made in 2012 with final payment due in 2031. Payments will be \$17,695 each year which includes interest paid at 4.07%.

A Reserve Capacity Loan from the Metropolitan Council was recorded during 2012 for the sum of \$197,568 to cover the increment cost of City trunk sewer connections. Since 2012, additional borrowing and payments occurred resulting in an ending balance of \$676,346. Interest on financing is effective at 3.6% charged on prior year-end balance. Principal and interest is payable on the loan annually but can fluctuate based on the difference between forecasted and actual sewer access charges and therefore this loan was included as loans payable at December 31, 2018, but excluded from the maturity schedules due to uncertainty of future annual payments.

C. PFA Notes Payable

In 2018, the City received final reimbursement from the Minnesota Public Facilities Authority to finance construction costs. This reimbursement along with prior reimbursements totaled \$10,194,232 for the purpose of financing the eligible project costs of the Drinking Water Revolving Fund project to construct treatment to remove radium, rehabilitate storage tower, and add an additional well. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 1% per annum accruing from and after the date of the Note, which is December 24, 2014, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

There is a regular interest and principal payment due August 20, 2016, and every six months thereafter on a semi-annual basis. Interest will be payable beginning on February 20, 2016. This is projected to continue until August 20, 2034, if all amounts are disbursed as projected, and all payments are made on a timely basis.

**City of Elko New Market
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT (CONTINUED)

D. Components of Long-Term Liabilities

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Governmental activities						
G.O. Bonds and notes, including						
refunding bonds						
G.O. Equipment certificate						
2009A	04/08/09	4.00%	\$ 60,500	02/01/19	\$ 8,000.00	\$ 8,000.00
G.O. Taxable library notes 2010A	12/14/10	3.07%	426,323	02/01/32	370,323	23,000
G.O. Improvement Refunding						
Bonds 2011A						
	07/01/11	2.00%-3.75%	1,380,000	02/01/26	935,000	105,000
G.O. Refunding Bonds 2012A	01/24/12	0.50%-1.70%	75,000	02/01/19	10,000	10,000
G.O. Refunding Bonds 2012B	11/05/12	0.60%-2.10%	115,000	02/01/24	60,000	10,000
G.O. Bonds 2013A	12/15/13	3.00%-3.50%	1,272,000	02/01/29	944,915	87,829
G.O. Bonds 2015A	08/20/15	2.00%-3.00%	1,385,000	02/01/26	1,120,000	140,000
G.O. Refunding Bonds 2015B	08/20/15	2.00%-2.50%	365,000	02/01/24	290,000	50,000
Bond premium					58,892	-
Total G.O. Bonds and notes					3,797,130	433,829
Compensated absences					55,476	55,476
Total governmental activities					<u>\$ 3,852,606</u>	<u>\$ 489,305</u>
	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Business-type activities						
G.O. Bonds and notes, including						
Refunding Bonds						
G.O. Refunding Bonds 2012B	11/05/12	0.60%-2.10%	\$ 1,175,000	02/01/25	\$ 780,000	\$ 110,000
G.O. Bonds 2013A	12/15/13	3.00%-3.50%	828,000	02/01/29	615,086	57,172
G.O. PFA note water treatment facility						
2013 PFA						
	10/29/14	0.11%-2.85%	10,194,232	08/20/34	8,608,000	499,000
G.O. Refunding Bonds 2015B	08/20/15	2.00%-2.50%	605,000	02/01/24	525,000	85,000
Bond premium/discount					36,223	-
Total G.O. Bonds and notes					10,564,309	751,172
Metropolitan council loan payable	2010	4.07%	239,000	2031	175,935	10,534
Metropolitan council loan payable	2012	4.07%	353,900	2031	676,346	-
Compensated absences					26,846	14,899
Total business-type activities					<u>\$ 11,443,436</u>	<u>\$ 776,605</u>

Compensated absences are liquidated by either the General Fund or enterprise funds, depending upon where employees' time is assigned.

**City of Elko New Market
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT (CONTINUED)

E. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable					
G.O. Bonds and notes	\$ 4,380,717	\$ -	\$ 642,479	\$ 3,738,238	\$ 433,829
Bond premium	66,096	-	7,204	58,892	-
Total bonds and notes payable	<u>4,446,813</u>	<u>-</u>	<u>649,683</u>	<u>3,797,130</u>	<u>433,829</u>
Compensated absences	80,416	52,302	77,242	55,476	55,476
Total governmental Activities	<u>4,527,229</u>	<u>52,302</u>	<u>726,925</u>	<u>3,852,606</u>	<u>489,305</u>
Business-type activities					
Bonds payable					
G.O. Revenue bonds	895,000	-	115,000	780,000	110,000
G.O. Bonds	1,337,106	-	197,021	1,140,086	142,172
Bond premium/discount	41,216	-	4,993	36,223	-
Total bonds payable	<u>2,273,322</u>	<u>-</u>	<u>317,014</u>	<u>1,956,309</u>	<u>252,172</u>
PFA note	9,102,194	-	494,194	8,608,000	499,000
Loan payable	676,436	394,000	218,155	852,281	10,534
Compensated absences	34,580	7,165	14,899	26,846	14,899
Total business-type activities	<u>12,086,532</u>	<u>401,165</u>	<u>1,044,262</u>	<u>11,443,436</u>	<u>776,605</u>
Total long-term liabilities	<u>\$ 16,613,761</u>	<u>\$ 453,467</u>	<u>\$ 1,771,187</u>	<u>\$ 15,296,042</u>	<u>\$ 1,265,910</u>

The annual requirements to amortize outstanding long-term debt are as follows:

Years Ending December 31,	Governmental Activities		
	G.O. Bonds and Notes		
	Principal	Interest	Total
2019	\$ 433,829	\$ 97,870	\$ 531,699
2020	426,886	87,430	514,316
2021	437,886	76,671	514,557
2022	451,914	65,300	517,214
2023	467,971	53,209	521,180
2024-2028	1,330,685	106,922	1,437,607
2029-2033	<u>189,067</u>	<u>9,329</u>	<u>198,396</u>
Total	<u>\$ 3,738,238</u>	<u>\$ 496,731</u>	<u>\$ 4,234,969</u>

**City of Elko New Market
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT (CONTINUED)

E. Change in Long-Term Liabilities (Continued)

Years Ending December 31,	Business-Type Activities					
	G.O. Revenue Bonds			G.O. Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 110,000	\$ 12,285	\$ 122,285	\$ 142,171	\$ 29,765	\$ 171,936
2020	110,000	10,965	120,965	146,114	26,186	172,300
2021	115,000	9,387	124,387	141,114	22,497	163,611
2022	115,000	7,548	122,548	153,086	18,609	171,695
2023	120,000	5,490	125,490	157,029	14,407	171,436
2024-2028	210,000	3,990	213,990	349,315	30,031	379,346
2029-2033	-	-	-	51,257	897	52,154
2034	-	-	-	-	-	-
Total	\$ 780,000	\$ 49,665	\$ 829,665	\$ 1,140,086	\$ 142,392	\$ 1,282,478

Years Ending December 31,	Loans			PFA Note		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 10,534	\$ 7,161	\$ 17,695	\$ 499,000	\$ 86,080	\$ 585,080
2020	10,963	6,732	17,695	504,000	81,090	585,090
2021	11,409	6,286	17,695	509,000	76,050	585,050
2022	11,874	5,821	17,695	514,000	70,960	584,960
2023	12,357	5,338	17,695	519,000	65,820	584,820
2024-2028	69,751	18,724	88,475	2,674,000	250,170	2,924,170
2029-2033	49,047	4,038	53,085	2,811,000	113,810	2,924,810
2034	-	-	-	578,000	5,780	583,780
Total	\$ 175,935	\$ 54,100	\$ 230,035	\$ 8,608,000	\$ 749,760	\$ 9,357,760

Years Ending December 31,	Total Business-Type Activities		
	Principal	Interest	Total
2019	\$ 761,705	\$ 135,291	\$ 896,996
2020	771,077	\$ 124,973	896,050
2021	776,523	\$ 114,220	890,743
2022	793,960	\$ 102,938	896,898
2023	808,386	\$ 91,055	899,441
2024-2028	3,303,066	\$ 302,915	3,605,981
2029-2033	2,911,304	\$ 118,745	3,030,049
2034	578,000	\$ 5,780	583,780
Total	\$ 10,704,021	\$ 995,917	\$ 11,699,938

**City of Elko New Market
Notes to Financial Statements**

NOTE 7 – EQUITY

	General	Fire Department	2011A G.O. Improvement Refunding Bond	Nonmajor Governmental Funds	Total
Nonspendable					
Land held for resale	\$ -	\$ -	\$ 13,689	\$ -	\$ 13,689
Prepaid items	15,152	5,751	-	-	20,903
Restricted					
Police forfeitures	-	-	-	16,229	16,229
Park dedication	-	-	-	52,639	52,639
Charitable gambling	-	-	-	31,965	31,965
Debt service	-	-	163,650	123,775	287,425
Committed					
Fire department	-	106,711	-	-	106,711
Economic development	-	-	-	126,119	126,119
Community events	-	-	-	13,209	13,209
PEG programming	-	-	-	10,676	10,676
Assigned					
Capital projects	-	-	-	2,111,011	2,111,011
Unassigned	1,465,811	-	-	(125,298)	1,340,513
Total	<u>\$ 1,480,963</u>	<u>\$ 112,462</u>	<u>\$ 177,339</u>	<u>\$ 2,360,325</u>	<u>\$ 4,131,089</u>

NOTE 8 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2018 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2018, there were no other claims or liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2018, was \$306,407. The components of pension expense are noted in the following plan summaries.

The General Fund and Proprietary Funds typically liquidate the liability related to pensions.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan (General Employees Plan, accounted for in the General Employees Fund)

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.

Public Employees Police and Fire Plan (Police and Fire Plan, accounted for in the Police and Fire Fund)

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by 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

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 a Coordinated members is 1.2% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. 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.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after 5 years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0% increase. An annual adjustment will equal 2.5% any time the plan exceeds a 90% funded ratio for 2 consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80% for one year or 85% for 2 consecutive years, the post-retirement benefit increase will be lowered to 1%. 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. For retirements after May 31, 2014, the first increase will be delayed two years.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50%, of their annual covered salary in calendar year 2018. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The City's contributions to the General Employees Fund for the year ended December 31, 2018, were \$55,232. The City's contributions were equal to the required contributions as set by state statute.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

Police and Fire Fund Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2018. The City was required to contribute 16.20% of pay for members in calendar year 2018. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$55,577. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$571,402 for its proportionate share of the General Employees Fund'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 \$18,852. 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 June 30, 2018, the City's proportion share was 0.0103%, which was an increase of 0.007% from its proportion measured as of June 30, 2017.

City's proportionate share of the net pension liability	\$ 571,402
State of Minnesota's proportionate share of the net pension liability associated with the City	18,852
	18,852
Total	\$ 590,254

For the year ended December 31, 2018, the City recognized pension expense of \$78,409 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$4,396 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.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,144	\$ 14,886
Changes in actuarial assumptions	48,754	61,216
Difference between projected and actual investment earnings	-	60,623
Changes in proportion	51,052	-
Contributions paid to PERA subsequent to the measurement date	27,616	-
Total	\$ 141,566	\$ 136,725

\$27,616 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2019	\$ 34,386
2020	(11,940)
2021	(33,295)
2022	(11,926)
Total	\$ (22,775)

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of \$330,809 for its proportionate share of the Police and Fire Fund's net pension liability. 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 June 30, 2018, the City's proportion was 0.0313%, which was an increase of 0.0023% from its proportion measured as of June 30, 2017. The City also recognized \$2,817 for the year ended December 31, 2018 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of \$53,801 for its proportionate share of the Police and Fire Fund's pension expense.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,874	\$ 65,373
Changes in actuarial assumptions	331,293	455,870
Difference between projected and actual investment earnings	-	80,220
Changes in proportion	143,691	-
Contributions paid to PERA subsequent to the measurement Date	27,789	-
	\$ 515,647	\$ 601,463

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

\$27,789 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2019	\$ 8,382
2020	(3,990)
2021	(29,175)
2022	(92,897)
2023	4,075
Total	\$ (113,605)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.0% per year for the Police and Fire Plan, and 2.0% per year for the Correctional Plan.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six year experience study in the General Employees Plan was completed in 2015. The most recent four year experience study for Police and Fire Plan was completed in 2016. The five year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2017 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 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

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
	<hr/>	
Total	<hr/> <hr/> 100%	

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5%. 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 those assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire 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 table presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 928,601	\$ 571,402	\$ 276,544
	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 712,498	\$ 330,809	\$ 15,168

H. Pension Plan Fiduciary Net Position

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

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association

A. Plan Description

The Elko New Market Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Elko New Market Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Elko New Market Firefighter's Association, PO Box 127, Elko New Market, MN 55020 or by calling 952-461-2777.

B. Benefits Provided

Volunteer firefighters of the City are members of the Elko New Market Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 10 years of service for a lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

C. Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>28</u>
Total	<u><u>36</u></u>

D. Contributions.

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$57,247 made by the State of Minnesota for the Relief Association.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

E. Net Pension Liability (Continued)

Actuarial assumptions:

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increase	N/A average, including inflation
Investment rate of return	6.50 net of pensions plan investment expenses: including inflation

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5 %	0.79 %
International equity	10	5.20
Domestic equity	50	5.39
Fixed income	35	1.98
Real estate	0	4.25
Total	<u>100 %</u>	

Discount rate:

The discount rate used to measure the total pension liability was 6.50%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2018	\$ 1,986,826	\$ 2,870,847	\$ (884,021)
Changes for the year			
Service cost	75,141	-	75,141
Interest cost	120,993	-	120,993
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	232,390	-	232,390
State and local contributions	-	175,694	(175,694)
Donations and other income	-	8,100	(8,100)
Projected investment return	-	-	-
Net Investment Income	-	(109,642)	109,642
Benefit payments	(401,080)	(401,080)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net charges	27,444	(326,928)	354,372
Balances at December 31, 2018	\$ 2,014,270	\$ 2,543,919	\$ (529,649)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's net pension liability	\$ (486,237)	\$ (529,649)	\$ (571,088)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

**City of Elko New Market
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions**

For the year ended December 31, 2018, the City recognized pension expense of \$116,950. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,627
Changes of assumptions	15,067	16,792
Net difference between projected and actual earnings on pension plan investments	137,070	-
Total	\$ 152,137	\$ 51,419
<u>Year Ending December 31,</u>		<u>Total</u>
2019		\$ 46,107
2020		7,671
2021		3,766
2022		49,098
2022		(4,453)
Thereafter		(1,471)
Total		\$ 100,718

H. Payable to the Pension Plan

At December 31, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

**City of Elko New Market
Notes to Financial Statements**

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due from/to Other Funds

The composition of interfund balances as of December 31, 2018, was as follows:

Receivable Fund	Payable Fund	Amount
Other governmental funds	Other governmental funds	\$ 85,424
Other governmental funds	Sewer	309,234
		<u>394,658</u>
Total Interfund Balances		<u>\$ 394,658</u>

The interfund balances above are short-term borrowings to cover negative cash balances at the end of the year.

B. Interfund Loan Payable

	Payable Fund	Amount
Other Governmental Funds	Storm Sewer	<u>\$ 78,508</u>

On March 28, 2013, an interfund loan was approved between the Capital Projects Fund and the Storm Sewer Fund for the amount of \$150,000. The loan is payable over ten years, with yearly principal payments and annual interest of 1.89%.

C. Transfers

	Transfers In		Total
	2011A G.O. Improvement Refunding Bond	Other Governmental Funds	
Transfers out			
General fund	\$ -	\$ 169,432	\$ 169,432
Fire department	-	241,112	241,112
Other governmental funds	116,093	245,428	361,521
Total transfers	<u>\$ 116,093</u>	<u>\$ 655,972</u>	<u>\$ 772,065</u>

A transfer was made from the General Fund to the Capital Projects Fund and Capital Outlay Fund for amounts over 50% of fund reserves. Transfers were made from the Fire Fund and Capital Projects Fund to debt service funds to eliminate negative fund balances and assist with debt service requirements.

City of Elko New Market
Notes to Financial Statements

NOTE 11 – CONTINGENCIES

In the normal course of operations, the City is exposed to various claims and litigation. As of December 31, 2018, none of these activities are deemed to have a material impact on the City's financial statements.

NOTE 12 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending December 31, 2019.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

**City of Elko New Market
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.0103%	\$ 571,402	\$ 18,852	\$ 590,254	\$ 693,653	82.38%	79.53%
2017	0.0096%	612,858	7,705	620,563	618,387	99.11%	75.90%
2016	0.0092%	746,994	9,840	756,834	573,013	130.36%	68.91%
2015	0.0091%	471,609	-	471,609	525,533	89.74%	78.19%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.0313%	\$ 330,809	\$ 330,315	100.15%	88.84%
2017	0.0290%	388,925	301,537	128.98%	85.43%
2016	0.0250%	1,001,044	238,173	420.30%	63.88%
2015	0.0250%	284,059	224,852	126.33%	86.61%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**City of Elko New Market
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2018	\$ 55,232	\$ 55,232	\$ -	736,427	7.50%
2017	43,041	43,041	-	573,880	7.50%
2016	40,907	40,907	-	545,427	7.50%
2015	41,511	41,511	-	553,480	7.50%

* These schedules are intended to show ten year trend. Additional years will be displayed as they become available.

**Schedule of City Contributions
Public Employees Police and Fire Retirement Fund
Last Ten Years***

Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2018	\$ 55,577	\$ 55,577	\$ -	\$ 343,068	16.20%
2017	51,233	51,233	-	316,253	16.20%
2016	41,339	41,339	-	255,179	16.20%
2015	36,157	36,157	-	223,191	16.20%

* These schedules are intended to show ten year trend. Additional years will be displayed as they become available.

City of Elko New Market
Schedule of Changes in Net Pension Liability -
Fire Relief Association

	Measurement Date			
	2015	2016	2017	2018
Total pension liability (TPL)				
Service cost	\$ 67,600	\$ 82,614	\$ 72,898	\$ 75,141
Interest on the pension liability	97,341	109,560	129,323	120,993
Differences between expected and actual experience	-	-	(47,669)	-
Changes of assumptions	10,394	(28,933)	12,969	-
Changes of benefit terms	136,386	-	39,950	232,390
Benefit payments	(116,388.0)	-	(127,273)	(401,080)
Net change in TPL	<u>195,333</u>	<u>163,241</u>	<u>80,198</u>	<u>27,444</u>
TPL - beginning	<u>1,548,054</u>	<u>1,743,387</u>	<u>1,906,628</u>	<u>1,986,826</u>
TPL - ending	<u>\$ 1,743,387</u>	<u>\$ 1,906,628</u>	<u>\$ 1,986,826</u>	<u>\$ 2,014,270</u>
Plan fiduciary net position (PFNP)				
Fire state aid	\$ 43,428	\$ 44,342	\$ 44,722	\$ 46,244
Fire supplemental aid	10,626	10,756	10,821	11,003
Municipal contribution	103,144	107,833	112,521	118,447
Donations and other income	29,000	16,000	9,000	8,100
Net investment income	(57,138)	111,403	392,217	(109,642)
Administrative fee	(13)	-	-	-
Benefit payments	(116,388)	-	(127,273)	(401,080)
Net change in PFNP	<u>12,659</u>	<u>290,334</u>	<u>442,008</u>	<u>(326,928)</u>
PFNP - beginning	<u>2,125,846</u>	<u>2,138,505</u>	<u>2,428,839</u>	<u>2,870,847</u>
PFNP - ending	<u>\$ 2,138,505</u>	<u>\$ 2,428,839</u>	<u>\$ 2,870,847</u>	<u>\$ 2,543,919</u>
Net pension liability - ending	<u>\$ (395,118)</u>	<u>\$ (522,211)</u>	<u>\$ (884,021)</u>	<u>\$ (529,649)</u>
Plan fiduciary net position as a percentage of the total pension liability	122.7%	127.4%	144.5%	126.3%

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required to a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

**City of Elko New Market
Schedule of Employer Contributions
and Non-Employer Contributing
Entities - Fire Relief Association**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Actual contribution	<u>(103,144)</u>	<u>(107,833)</u>	<u>(112,521)</u>	<u>(118,447)</u>
Contribution deficiency (excess)	<u>\$ (103,144)</u>	<u>\$ (107,833)</u>	<u>\$ (112,521)</u>	<u>\$ (118,447)</u>
Non-employer				
2% aid	<u>\$ 54,054</u>	<u>\$ 55,098</u>	<u>\$ 55,543</u>	<u>\$ 57,247</u>

The Association implemented the provisions of Governmental Accounting Standards Board Statement No 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

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City of Elko New Market
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

POLICE AND FIRE FUND

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

City of Elko New Market
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be 3 years younger) and female members (husbands assumed to be 4 years older) to the assumption that males are 2 years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

**City of Elko New Market
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property taxes	\$ 1,654,293	\$ 1,654,293	\$ 1,660,044	\$ 5,751
Special assessments	-	-	6,966	6,966
Licenses and permits	83,531	83,531	141,308	57,777
Intergovernmental revenue				
Local government aid	225,909	225,909	225,909	-
Market value credit	-	-	374	374
Police aid	24,000	24,000	34,800	10,800
Other grants and aids	-	-	39,246	39,246
Total intergovernmental revenue	<u>249,909</u>	<u>249,909</u>	<u>300,329</u>	<u>50,420</u>
Charges for services				
General government	42,000	42,000	31,729	(10,271)
Public safety	-	-	(30)	(30)
Public works	84,975	84,975	91,011	6,036
Parks and recreation	2,500	2,500	2,777	277
Total charges for services	<u>129,475</u>	<u>129,475</u>	<u>125,487</u>	<u>(3,988)</u>
Fines and forfeitures	15,000	15,000	16,914	1,914
Miscellaneous revenues				
Investment income	1,500	1,500	1,469	(31)
Contributions and donations	1,000	1,000	2,503	1,503
Other	3,000	3,000	-	(3,000)
Total miscellaneous revenues	<u>5,500</u>	<u>5,500</u>	<u>3,972</u>	<u>(1,528)</u>
Total revenues	<u>2,137,708</u>	<u>2,137,708</u>	<u>2,255,020</u>	<u>117,312</u>
Expenditures				
General government				
Mayor and council	42,069	42,069	45,340	3,271
Administrative and finance	630,408	630,408	588,483	(41,925)
Other general government	135,400	135,400	116,053	(19,347)
Capital outlay	8,300	8,300	25,480	17,180
Total general government	<u>816,177</u>	<u>816,177</u>	<u>775,356</u>	<u>(40,821)</u>
Public safety				
Police				
Current	574,842	574,842	542,824	(32,018)
Capital outlay	1,500	1,500	616	(884)
Total police	<u>576,342</u>	<u>576,342</u>	<u>543,440</u>	<u>(32,902)</u>
Other				
Current	68,220	68,220	122,407	54,187
Total public safety	<u>644,562</u>	<u>644,562</u>	<u>665,847</u>	<u>21,285</u>

**City of Elko New Market
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Public works				
Streets and highways				
Street maintenance and storm sewers	\$ 334,712	\$ 334,712	\$ 288,743	\$ (45,969)
Parks and recreation				
Parks and recreation				
Current	171,234	171,234	153,088	(18,146)
Total expenditures	1,966,685	1,966,685	1,883,034	(83,651)
Excess of revenues over expenditures	171,023	171,023	371,986	200,963
Other Financing Uses				
Transfers out	(169,432)	(169,432)	(169,432)	-
Net change in fund balance	<u>\$ 1,591</u>	<u>\$ 1,591</u>	<u>202,554</u>	<u>\$ 200,963</u>
Fund Balance				
Beginning of year			<u>1,278,409</u>	
End of year			<u>\$ 1,480,963</u>	

**City of Elko New Market
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2018**

	Special Revenue			
	Police Forfeitures (104)	Park Dedication (230)	Charitable Gambling (240)	Economic Development (260)
Assets				
Cash and investments	\$ 16,229	\$ 52,639	\$ 31,965	\$ 147,187
Special assessments receivable				
Current	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Interfund loan receivable	-	-	-	-
Due from other governments	-	-	-	-
	<u>16,229</u>	<u>52,639</u>	<u>31,965</u>	<u>147,187</u>
Total assets	<u>\$ 16,229</u>	<u>\$ 52,639</u>	<u>\$ 31,965</u>	<u>\$ 147,187</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 21,068
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,068</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Fund Balances (Deficits)				
Restricted	16,229	52,639	31,965	-
Committed	-	-	-	126,119
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>16,229</u>	<u>52,639</u>	<u>31,965</u>	<u>126,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,229</u>	<u>\$ 52,639</u>	<u>\$ 31,965</u>	<u>\$ 147,187</u>

Special Revenue			Debt Service				
Community Events (280)	Public Education and Government Programming (270)	Total	2012A Refunding/ 1998 G.O. Bonds (306)	2012B Refunding/ 2003 G.O. Bonds (307)	2006A G.O. Improvement Bonds (311)	2015B G.O. Refunding Bonds (315)	
\$ 12,909	\$ 10,676	\$ 271,605	\$ 12,171	\$ -	\$ -	\$ 31,907	
-	-	-	-	-	-	502	
-	-	-	-	-	-	658	
-	-	-	-	-	-	25,071	
300	-	300	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>\$ 13,209</u>	<u>\$ 10,676</u>	<u>\$ 271,905</u>	<u>\$ 12,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,138</u>	
\$ -	\$ -	\$ 21,068	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	5,485	901	-	
-	-	21,068	-	5,485	901	-	
-	-	-	-	-	-	25,729	
-	-	100,833	12,171	-	-	32,409	
13,209	10,676	150,004	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	(5,485)	(901)	-	
<u>13,209</u>	<u>10,676</u>	<u>250,837</u>	<u>12,171</u>	<u>(5,485)</u>	<u>(901)</u>	<u>32,409</u>	
<u>\$ 13,209</u>	<u>\$ 10,676</u>	<u>\$ 271,905</u>	<u>\$ 12,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,138</u>	

**City of Elko New Market
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2018**

	Debt Service			
	2009A G.O. Equipment Certificate Fire Department (316)	2010 G.O. Library Note (317)	2007A France Avenue Improvement Bond (313)	2013A G.O. Bonds (319)
Assets				
Cash and investments	\$ 6,420	\$ 27,404	\$ 23,365	\$ 22,006
Special assessments receivable				
Current	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Interfund loan receivable	-	-	-	-
Due from other governments	-	-	-	-
	<u>\$ 6,420</u>	<u>\$ 27,404</u>	<u>\$ 23,365</u>	<u>\$ 22,006</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Fund Balances (Deficits)				
Restricted	6,420	27,404	23,365	22,006
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>6,420</u>	<u>27,404</u>	<u>23,365</u>	<u>22,006</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,420</u>	<u>\$ 27,404</u>	<u>\$ 23,365</u>	<u>\$ 22,006</u>

Debt Service		Capital Projects				
2015 A.G.O. Improvement Bond (320)	Total	Capital Projects (250)	Road Construction and Maintenance (290)	Fishrock Carwash Removal (433)	2015 Public Safety Improvements (442)	Roundabout Construction (445)
\$ -	\$ 123,273	\$ 338,998	\$ 24,821	\$ 4,632	\$ 63,697	\$ -
-	502	-	-	-	-	-
-	658	-	-	-	-	-
-	25,071	-	-	958	-	-
-	-	-	-	-	-	-
-	-	394,658	-	-	-	-
-	-	78,508	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 149,504</u>	<u>\$ 812,164</u>	<u>\$ 24,821</u>	<u>\$ 5,590</u>	<u>\$ 63,697</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,028
-	6,386	-	-	-	-	67,070
-	6,386	-	-	-	-	91,098
-	25,729	-	-	958	-	-
-	123,775	-	-	-	-	-
-	-	-	-	-	-	-
-	-	812,164	24,821	4,632	63,697	-
-	(6,386)	-	-	-	-	(91,098)
-	117,389	812,164	24,821	4,632	63,697	(91,098)
<u>\$ -</u>	<u>\$ 149,504</u>	<u>\$ 812,164</u>	<u>\$ 24,821</u>	<u>\$ 5,590</u>	<u>\$ 63,697</u>	<u>\$ -</u>

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**City of Elko New Market
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2018**

	Capital Projects				Total Governmental Funds
	2019 Pavement Rehab Project (446)	General Capital Outlay (501)	Capital Outlay Fire Department (503)	Total	
Assets					
Cash and investments	\$ -	\$ 760,229	\$ 318,867	\$ 1,511,244	\$ 1,906,122
Special assessments receivable					
Current	-	-	-	-	502
Delinquent	-	-	-	-	658
Deferred	-	-	-	958	26,029
Accounts receivable	-	9,895	-	9,895	10,195
Due from other funds	-	-	-	394,658	394,658
Interfund loan receivable	-	-	-	78,508	78,508
Due from other governments	-	-	118,524	118,524	118,524
Total assets	\$ -	\$ 770,124	\$ 437,391	\$ 2,113,787	\$ 2,535,196
Liabilities					
Accounts payable	\$ 15,846	\$ -	\$ 1,818	\$ 41,692	\$ 62,760
Due to other funds	11,968	-	-	79,038	85,424
Total liabilities	27,814	-	1,818	120,730	148,184
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	-	958	26,687
Fund Balances (Deficits)					
Restricted	-	-	-	-	224,608
Committed	-	-	-	-	150,004
Assigned	-	770,124	435,573	2,111,011	2,111,011
Unassigned	(27,814)	-	-	(118,912)	(125,298)
Total fund balances	(27,814)	770,124	435,573	1,992,099	2,360,325
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 770,124	\$ 437,391	\$ 2,113,787	\$ 2,535,196

City of Elko New Market
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2018

	Special Revenue				
	Police Forfeitures (104)	Park Dedication (230)	Charitable Gambling (240)	Economic Development (260)	Community Events (280)
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,300
Special assessments	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	100,628	-
Fines and forfeitures	3,687	-	-	-	-
Miscellaneous					
Investment income	68	303	109	674	66
Contributions and donations	-	-	-	-	4,670
Other	-	38,000	10,011	-	2,459
Total revenues	<u>3,755</u>	<u>38,303</u>	<u>10,120</u>	<u>101,302</u>	<u>9,495</u>
Expenditures					
Current					
General government	-	-	-	122,241	-
Public safety	496	-	-	-	-
Park and recreation	-	-	-	-	10,357
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Total expenditures	<u>496</u>	<u>-</u>	<u>-</u>	<u>122,241</u>	<u>10,357</u>
Excess of revenues over (under) expenditures	3,259	38,303	10,120	(20,939)	(862)
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Asset	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,259	38,303	10,120	(20,939)	(862)
Fund Balances					
Beginning of year	<u>12,970</u>	<u>14,336</u>	<u>21,845</u>	<u>147,058</u>	<u>14,071</u>
End of year	<u>\$ 16,229</u>	<u>\$ 52,639</u>	<u>\$ 31,965</u>	<u>\$ 126,119</u>	<u>\$ 13,209</u>

Special Revenue		Debt Service				
Public Education and Government Programming (270)	Total	2012A Refunding/1998 G.O. Bonds (306)	2012B Refunding/2003 G.O. Bonds (307)	2006A G.O. Improvement Bonds (311)	2015B G.O. Refunding Bonds (315)	2009A G.O. Equipment Certificate Fire Department (316)
\$ -	\$ 2,300	\$ 10,153	\$ 11,544	\$ 33,943	\$ -	\$ -
-	-	575	-	-	5,976	-
3,495	3,495	-	-	-	-	-
-	100,628	-	-	-	-	-
-	3,687	-	-	-	-	-
40	1,260	2	-	18	-	-
-	4,670	-	-	-	-	-
-	50,470	-	-	-	-	-
<u>3,535</u>	<u>166,510</u>	<u>10,730</u>	<u>11,544</u>	<u>33,961</u>	<u>5,976</u>	<u>-</u>
-	122,241	-	-	-	-	-
-	496	-	-	-	-	-
-	10,357	-	-	-	-	-
-	-	10,000	10,000	55,000	45,000	7,500
-	-	450	1,305	3,455	7,520	468
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>133,094</u>	<u>10,450</u>	<u>11,305</u>	<u>58,455</u>	<u>52,520</u>	<u>7,968</u>
3,535	33,416	280	239	(24,494)	(46,544)	(7,968)
-	-	-	-	-	-	-
-	-	-	-	-	187,655	8,684
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,655</u>	<u>8,684</u>
3,535	33,416	280	239	(24,494)	141,111	716
7,141	217,421	11,891	(5,724)	23,593	(108,702)	5,704
<u>\$ 10,676</u>	<u>\$ 250,837</u>	<u>\$ 12,171</u>	<u>\$ (5,485)</u>	<u>\$ (901)</u>	<u>\$ 32,409</u>	<u>\$ 6,420</u>

City of Elko New Market
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2018

	Debt Service			
	2010 G.O. Library Note (317)	2007A France Avenue Improvement Bond (313)	2013A G.O. Bonds (319)	2015A G.O. Improvement Bond (320)
Revenues				
Property taxes	\$ 36,657	\$ 56,534	\$ 31,168	\$ -
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment income	22	7	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>36,679</u>	<u>56,541</u>	<u>31,168</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Park and recreation	-	-	-	-
Debt service				
Principal	22,000	133,179	84,800	140,000
Interest and other charges	12,249	4,368	31,056	24,925
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>34,249</u>	<u>137,547</u>	<u>115,856</u>	<u>164,925</u>
Excess of revenues over (under) expenditures	2,430	(81,006)	(84,688)	(164,925)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	-	92,656	164,925
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>92,656</u>	<u>164,925</u>
Net change in fund balances	2,430	(81,006)	7,968	-
Fund Balances				
Beginning of year	<u>24,974</u>	<u>104,371</u>	<u>14,038</u>	<u>-</u>
End of year	<u>\$ 27,404</u>	<u>\$ 23,365</u>	<u>\$ 22,006</u>	<u>\$ -</u>

<u>Debt Service</u>		<u>Capital Projects</u>		
			Road Construction and Maintenance (290)	Fishrock Carwash Removal (433)
<u>Total</u>	<u>Capital Projects (250)</u>			
\$ 179,999	\$ -	\$ -	\$ -	\$ -
6,551	-	-	-	1,073
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
49	6,357	117	18	
-	-	-	-	-
-	-	-	-	-
<u>186,599</u>	<u>6,357</u>	<u>117</u>	<u>1,091</u>	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
507,479	-	-	-	-
85,796	-	-	-	-
-	92,013	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>593,275</u>	<u>92,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
(406,676)	(85,656)	117	1,091	
-	-	-	-	-
453,920	169,432	-	-	-
-	(356,521)	-	-	-
<u>453,920</u>	<u>(187,089)</u>	<u>-</u>	<u>-</u>	<u>-</u>
47,244	(272,745)	117	1,091	
70,145	1,084,909	24,704	3,541	
<u>\$ 117,389</u>	<u>\$ 812,164</u>	<u>\$ 24,821</u>	<u>\$ 4,632</u>	

City of Elko New Market
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2018

	Capital Projects		
	2015 Public Safety Improvements (442)	Roundabout Construction (445)	2019 Pavement Rehab Project (446)
Revenues			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Fines and forfeitures	-	-	-
Miscellaneous			
Investment income	-	-	-
Contributions and donations	-	-	-
Other	-	-	-
Total revenues	-	-	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Park and recreation	-	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	70,806	27,814
Total expenditures	-	70,806	27,814
Excess of revenues over (under) expenditures	-	(70,806)	(27,814)
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Asset	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(70,806)	(27,814)
Fund Balances			
Beginning of year	63,697	(20,292)	-
End of year	\$ 63,697	\$ (91,098)	\$ (27,814)

Capital Projects

General Capital Outlay (501)	Capital Outlay Fire Department (503)	Total	Total Other Governmental Funds
\$ 190,200	\$ -	190,200	\$ 372,499
-	-	1,073	7,624
-	-	-	3,495
-	-	-	100,628
-	-	-	3,687
3,066	1,473	11,031	12,340
9,895	118,524	128,419	133,089
56,948	-	56,948	107,418
<u>260,109</u>	<u>119,997</u>	<u>387,671</u>	<u>740,780</u>
-	-	-	122,241
-	-	-	496
-	-	-	10,357
-	-	-	507,479
-	-	-	85,796
41,829	-	133,842	133,842
40,523	124,829	165,352	165,352
101,220	-	199,840	199,840
<u>183,572</u>	<u>124,829</u>	<u>499,034</u>	<u>1,225,403</u>
76,537	(4,832)	(111,363)	(484,623)
-	12,000	12,000	12,000
-	32,620	202,052	655,972
(5,000)	-	(361,521)	(361,521)
<u>(5,000)</u>	<u>44,620</u>	<u>(147,469)</u>	<u>306,451</u>
71,537	39,788	(258,832)	(178,172)
<u>698,587</u>	<u>395,785</u>	<u>2,250,931</u>	<u>2,538,497</u>
<u>\$ 770,124</u>	<u>\$ 435,573</u>	<u>\$ 1,992,099</u>	<u>\$ 2,360,325</u>

City of Elko New Market
Statement of Changes in Agency Fund Assets and Liabilities
December 31, 2018

	Developer Escrow (400)			12/31/18
	12/31/17	Additions	Deductions	
Assets				
Cash and investments	\$ 75,987	\$ 907,069	\$ (858,778)	\$ 124,278
Other receivables	18,499	60,293	(73,319)	5,473
 Total assets	 <u>\$ 94,486</u>	 <u>\$ 967,362</u>	 <u>\$ (932,097)</u>	 <u>\$ 129,751</u>
Liabilities				
Accounts payable	<u>\$ 94,486</u>	<u>\$ 224,067</u>	<u>\$ (188,802)</u>	<u>\$ 129,751</u>

**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***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Elko New Market
Elko New Market, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or 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.

Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described in the accompanying Schedule of Findings and Responses on Internal Control and Legal Compliance to be material weaknesses, Audit Findings 2018-001 and 2018-002.

Compliance and Other Matters

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

City's Response to the Findings

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

Purpose of this Report

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

Bergan KDV Ltd.

Minneapolis, Minnesota
June 17, 2019

Minnesota Legal Compliance**Independent Auditor's Report**

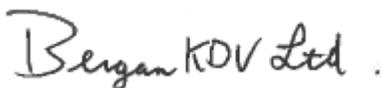
Honorable Mayor and Members
of the City Council
City of Elko New Market
Elko New Market, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, and have our report thereon dated June 17, 2019.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statute* § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because it is not applicable to the City.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Elko New Market failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, except as described in the accompanying Schedule of Findings and Responses on Internal Control and Legal Compliance. 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 the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Minneapolis, Minnesota
June 17, 2019

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**City of Elko New Market
Schedule of Findings and Responses on
Internal Control and Legal Compliance**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING:

Material Weaknesses:

Audit Finding 2018-001 – Lack of Segregation of Accounting Duties

The City had a lack of segregation of accounting duties. In order to have appropriate segregation, the performance of the following duties would need to be completed by different employees: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions, and financial information and custody of assets. The lack of adequate segregation of accounting 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.

As part of this year's audit, we reviewed the City's documentation of its internal control over significant areas including: cash receipts, cash disbursements, capital assets, payroll, and utility billing. The lack of adequate segregation of accounting 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. Some of the areas in which we noticed a lack of segregation or an overlap in duties are as follows:

Utility Billing Process

The Utility Billing Clerk enters new accounts into the utility billing system and uploads meter readings via interfacing with electronic readers. The Utility Billing Clerk enters any rate changes to the system. The Utility Billing Clerk can enter manual adjustments, calculates, and enters final bills, prints, and mails utility bills, reconciles receipts to billed amounts, and enters receipt batches.

Payroll Process

The City Clerk enters employee's time, processes and posts payroll, generates a payroll report, distributes paystubs to employees, and posts the journal entries related to payroll. In addition, this same employee reconciles payroll accruals and time off balances. The City Administrator does review payroll reports and time off balances, and calculates compensated absences balances for the audit.

Capital Assets Process

The Finance Director records, processes, reconciles, and posts journal entries related to capital assets. Department heads review their listing for accuracy

Cash Receipts

The Office Specialist or City Administrator enters cash and checks into the point of sale system, reconcile the entries, and prepare the deposit. The Police Records Specialist records police receipts, receives payments, and reconciles the collections. The Finance Director or police take deposits to the bank.

**City of Elko New Market
Schedule of Findings and Responses on
Internal Control and Legal Compliance**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDING: (CONTINUED)

Material Weaknesses: (Continued)

Audit Finding 2018-001 – Lack of Segregation of Accounting Duties (Continued)

Cash Reconciliation and Access

The Finance Director performs the above noted responsibilities while also reconciling cash and generating journal entries.

During the course of our audit, we proposed a material audit adjustment that may have not been identified as a result of the City's existing internal control and, therefore, could have resulted in a material misstatement of the financial statements.

City's Response:

Due to the limited number of staff, it is not feasible to fully segregate all accounting duties. The City has adopted accounting procedures that provide for internal control that segregate accounting duties. The City will continue to implement and improve follow through with the internal control plan. The City also intends to continue to develop more approval, verification, and supervision controls of key activities to help mitigate identified risks.

Audit Finding 2018-002 – Material Audit Adjustments

During the course of our audit, we proposed material audit adjustment that would not have been identified as a result of the City's existing internal controls and, therefore, could have resulted in a material misstatement of the City's financial statements.

In order to ensure the financial statements were free from material misstatement, audit adjustments were required in the following areas:

- Due from other governments and related revenue
- Deferred special assessments receivable and deferred inflows of resources

City's Response:

The City will annually review all the activity in the areas noted above to ensure items are properly recorded.

**City of Elko New Market
Schedule of Findings and Responses on
Internal Control and Legal Compliance**

PRIOR YEAR LEGAL COMPLIANCE FINDING

Audit Finding 2017-003 – Contracting and Bidding

During the course of our audit, we identified issues surrounding the contracting and bidding process and noted instances where *Minnesota State Statutes* were not followed for the Well No. 3 project.

Corrective Action Taken

No issues were identified surrounding contracting and bidding processes during 2018.



STAFF MEMORANDUM

SUBJECT:	Webster Wetland Restoration Agreement
MEETING DATE:	June 27, 2019
PREPARED BY:	Haley Sevening, Community Development/Administrative Intern
REQUESTED ACTION:	Approve Webster Wetland Restoration Agreement

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND / HISTORY:

In early-2018 the Vermillion River Watershed Joint Powers Organization (VRWJPO) and the Minnesota Board of Water and Soil Resources (BWSR) reached out to staff looking for proposals for a water quality improvement project for the Watershed's 2019 Watershed Based Funding Metro Grant Work Plan.

Staff submitted a proposal for the restoration of a six acre, partially drained, wetland located on City owned property southeast of the Webster St. and Aaron Dr. intersection. The wetland is located in the highest tributary reach of the Vermillion River and is currently drained by a field tile that runs in a northwest direction across the property. This field tile also serves as a drain for a wetland complex further upstream on private property. It is unknown whether secondary tile lines connect to this tile and further drain the wetland.

The City proposes to replace the field tile through this wetland with solid pipe (to maintain the upstream drainage) and construct an outlet structure to protect Webster/Zane Avenue from overtopping and provide a consistent normal water level. The restored water level would result in depths of 6 to 36 inches in the center of the wetland (deep marsh) and surface saturation to 6 inches deep at the edges (shallow marsh). The wetland has been used to raise alfalfa for decades, so emergent native wetland vegetation establishment below the resulting water level is proposed to be part of the design. The partially drained condition has allowed Reed Canary Grass to become dominant. This species has little to offer from a natural, visual, or recreational perspective and will be drowned out by the restored hydrology. The full project proposal with location and existing condition maps are attached.

A cost estimate for the proposed project is \$73,293. A line item cost estimate is attached; however, no design has yet been prepared. The City Engineer's opinion is that a design to essentially replace the pipe adjacent to its existing alignment and provide only a performance based specification can be done for 10% of the construction cost. The construction estimate includes a 10% contingency that would cover design if the contingency is not used. If the full contingency is required, the total project cost is \$80,622.30. In compliance with the City's Fiscal Policy, quotes would be solicited from known contractors. The City Engineer assumes that for a straight-forward and shallow pipe installation in a permanent open area that full-time observation would not be justified, so no construction engineering is included. It would be performed by City staff. If the work is done by a contractor, Staff would include a requirement that the line be mandrel tested to demonstrate it was placed with adequate side-support. The contractor would be required to provide his own grade control for a straight-line grade to match existing pipes.

DISCUSSION:

On May 10, 2019, staff received the Webster Wetland Restoration Grant Agreement from Scott County. At this time, staff is asking the Council to approve the attached Webster Wetland Restoration Agreement. The restoration project will not only eliminate reduce the field tile as a maintenance liability to the City, but will also help to enhance water quality and improve aesthetics of the property. If approved, staff will move forward with project planning.

BUDGET IMPACT:

The budget impact for this item are the costs associated with design and bidding of the project and a 10% match of the project cost (up to \$7,329). The grant funding received covers up to \$67,000 of project costs.

Up to \$60,000 of the grant funding is to be reimbursed within 30 days after receipt of invoices documenting actual expenses and the required proportional City match. The reimbursement for the remainder of project costs (not to exceed \$67,000) will be made once the City has completed all required reporting to BWSR.

CITY ATTORNEY RECOMMENDATION:

The City Attorney has reviewed the Webster Wetland Restoration Agreement and recommends approval of the contract. She notes that the contract for the work should include compliance with the requirements of the grant and this agreement.

Attachments:

Project Proposal
Project Location Map
Existing Conditions Topographic Map
Soils Map
Cost Estimate
Webster Wetland Restoration Agreement

City of Elko New Market
Webster Wetland Restoration
April 26, 2018

The City of Elko New Market is proposing to restore a six acre, partially drained wetland that is located in the highest tributary reach of the Vermillion River. The wetland area to be restored is located in an outlot owned by the City, which was platted as part of a subdivision known as the The Farm 3rd Addition.

This wetland is listed as a farmed, Type 1 (PEMC/Ad) basin in the August, 2013 wetland report prepared for an earlier investigation into restoring this wetland. The overall wetland plant community is dominated by reed canary grass, with scattered curly dock, field penny cress, and cinquefoil. The Scott County Soil Survey indicates that the soils consist of Peat, surrounded by Webster-Glencoe silty clay loams, both of which are hydric soils. This wetland shows up on the National Wetland Inventory maps as a PEMC wetland.

There is a field tile that runs in a northwest direction that is installed through the middle of the wetland, running the entire length. This tile currently drains the wetland between rainfall events. This field tile also serves as a drain for a farmed wetland further upstream on private property. It is unknown whether secondary tile lines connect to this tile and further drain the wetland.

The City proposes to replace the field tile through this wetland with solid pipe (to maintain the upstream drainage) and construct an outlet structure to protect Webster/Zane Avenue from overtopping and provide a consistent normal water level. The restored water level would result in depths of 6 to 36 inches in the center of the wetland (deep marsh) and surface saturation to 6 inches deep at the edges (shallow marsh). The field has been used to raise alfalfa for decades, so emergent native wetland vegetation establishment below the resulting water level is proposed to be part of the design. The partially drained condition has allowed Reed Canary Grass to become dominant. This species will be drowned out by the restored hydrology. It is not proposed to attempt eradication or replacement of this species above the restored water level.

This project will result in increased water quality benefits to Whispering Creek and the Vermillion River. Using the P8 Urban Catchment Model, the predicted removal amounts for Total Suspended Sediment (TSS), Total Phosphorus (TP) and Total Kjeldahl Nitrogen (TKN) are as follows:

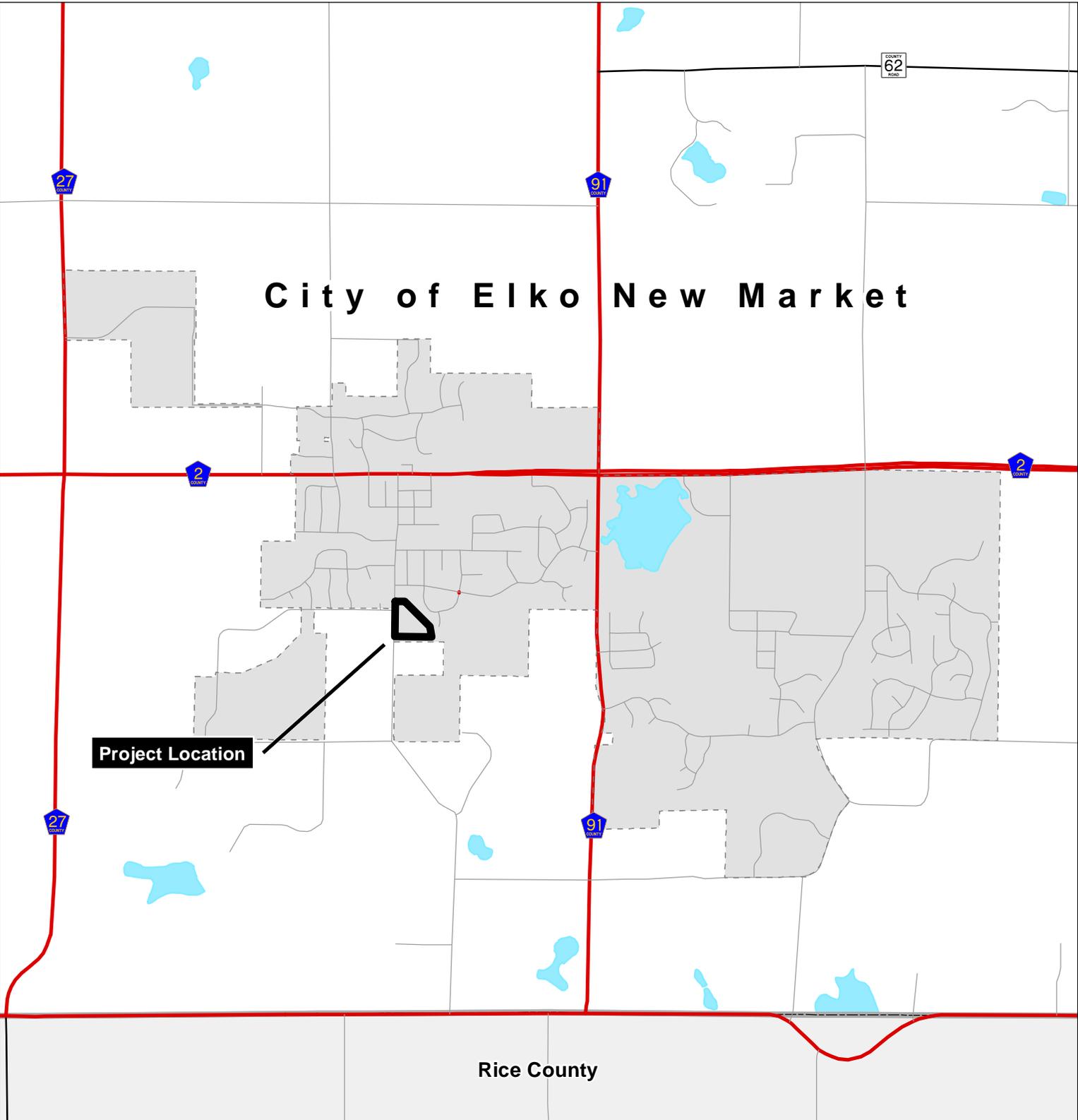
<u>Component</u>	<u>lbs/yr</u>
TSS	11,063 lbs/yr
TP	26.4 lbs/yr
TKN	110.4 lbs/yr

This project would offer benefits in addition to water quality improvements resulting from capture of sediments and nutrients. The restored emergent vegetation would improve wildlife

habitat, enhance open space in the growing community, and exemplify the potential for future, additional wetland restoration upstream.

Plat maps from before the turn of the 20th century depict a shallow lake titled “Vermillion Lake” in the drained and farmed wetland upstream of this project on the same tile line. As the community grows to encompass this area, restoration of the shallow lake is envisioned as the land would likely be unsuitable for development. The Webster wetland could be tied to this future shallow lake restoration via trails and greenways. This project would provide part of the future infrastructure needed for level and flood control of the future lake. Restoration of the shallow lake is not part of this project and is currently in no City Capital Improvement Plan.

The estimated project cost for the Webster Wetland Restoration is \$50,000 to \$100,000, depending upon the vegetation design.



Real People. Real Solutions.



- Project Limits
- Municipal Boundary
- County Boundary
- Park
- Lake or River
- Local Road
- Collector
- Arterial Highway

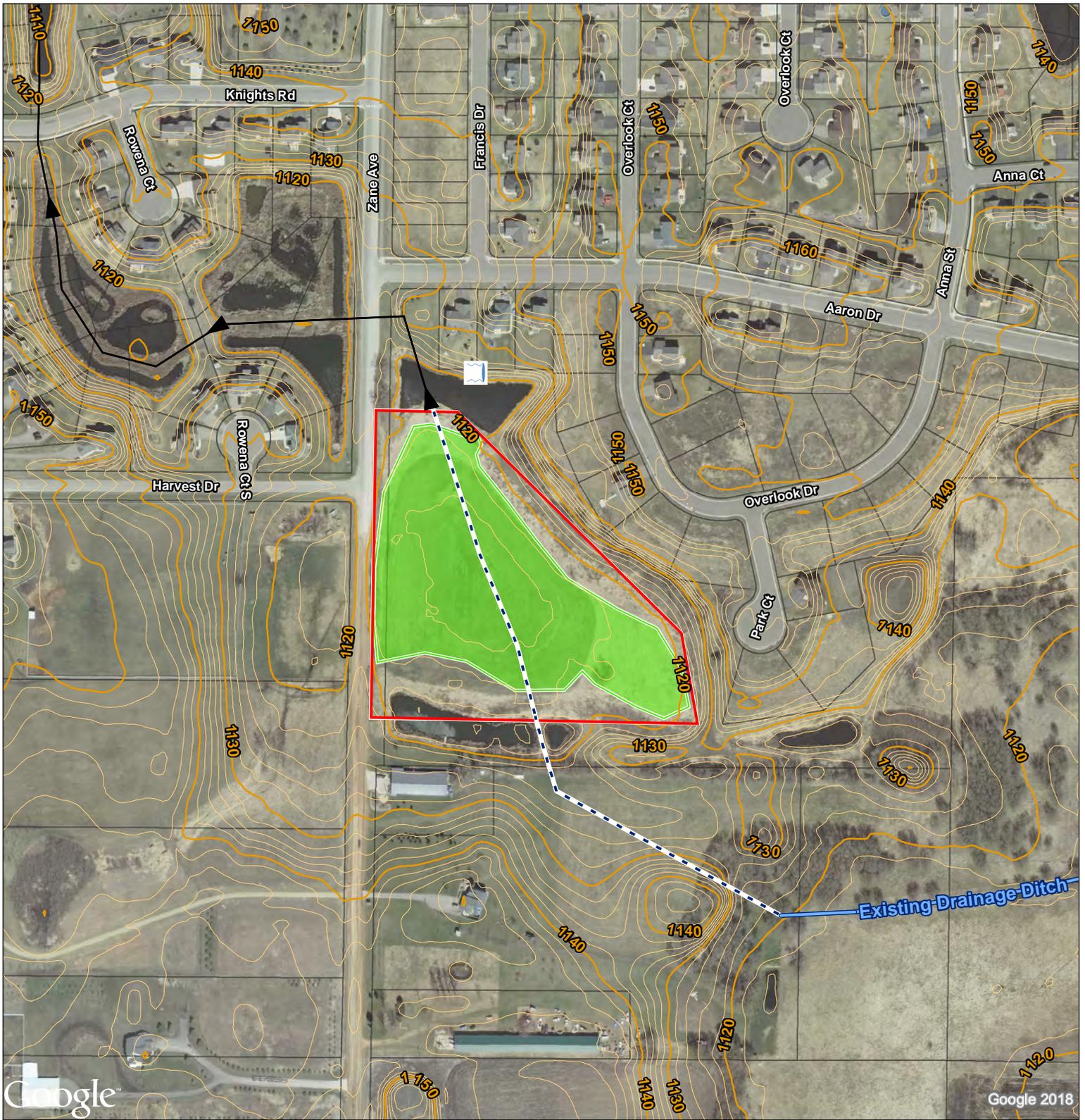
Twin Cities Metro Area



WEBSTER WETLAND RESTORATION

Project Location

April 2018



Google

Google 2018

BOLTON & MENK
Real People. Real Solutions.

- Existing Drainage Ditch
- Existing Drainage Pipe (Clay)
- Existing Drainage Pipe (Thermoplastic)
- Culvert
- Delineated Wetland
- Parcel
- Project Boundary
- 10' Elevation Contour
- 2' Elevation Contour

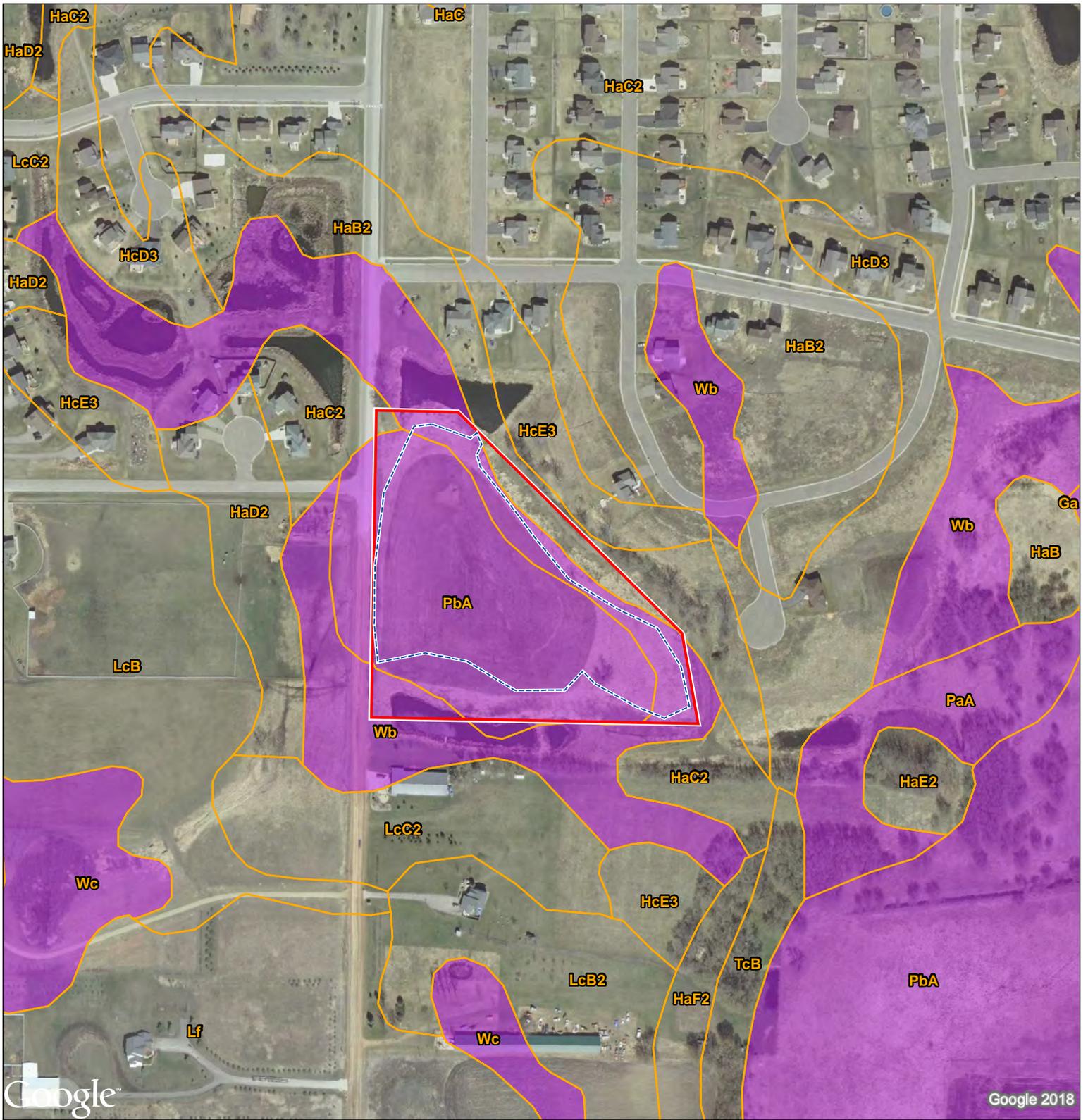
WEBSTER WETLAND RESTORATION

Existing Conditions Topographic Map

0 300 Feet
Source: Met Council Imagery, City of Elko New Market

April 2018

Map Document: H:\ELNMT\15100717\Webster Wetland Bank\ArcView\Maps\2018_100717 Existing Conditions 8x11.mxd
Date Saved: 4/25/2018 3:26:25 PM



-  Soil Boundary
-  Hydric Soils
-  Delineated Wetland
-  Project Boundary

WEBSTER WETLAND RESTORATION

Soils



Source: Bing Aerial Photography, NRCS

April 2018

BID FORM
WEBSTER WETLAND DRAINAGE IMPROVEMENT
CITY OF ELKO NEW MARKET, MN

Engineer's Estimate

LINE	ITEM	APPROX. QUANT.	UNIT	UNIT PRICE	TOTAL AMOUNT
1	MOBILIZATION	1	LUMP SUM	<u>\$4,000.00</u>	<u>\$4,000.00</u>
2	COMMON EXCAVATION	500	CY	<u>\$8.00</u>	<u>\$4,000.00</u>
3	48" DIA. OUTLET CONTROL STRUCTURE	1	EACH	<u>\$10,000.00</u>	<u>\$10,000.00</u>
4	OBSERVATION MANHOLE	1	EACH	<u>\$2,800.00</u>	<u>\$2,800.00</u>
5	15" HDPE	1000	LF	<u>\$40.00</u>	<u>\$40,000.00</u>
6	PERENNIAL PLANT PLUGS	5.30	AC	<u>\$1,100.00</u>	<u>\$5,830.00</u>
	SUBTOTAL =				\$66,630.00
	10% CONTIGENCY =				\$6,663.00
	TOTAL AMOUNT				<u><u>\$73,293.00</u></u>



SCOTT COUNTY TRANSPORTATION SERVICES DIVISION

COUNTY HIGHWAYS, MOBILITY MANAGEMENT, FLEET
600 COUNTRY TRAIL EAST · JORDAN, MN 55352-9339
(952) 496-8346 · Fax: (952) 496-8365 · www.scottcountymn.gov

LISA J. FREESE
Transportation Services Director

ANTHONY J. WINIECKI, P.E.
County Engineer

TROY BEAM
Mobility Services/Fleet Mgr.

May 10, 2019

Thomas Terry
City Administrator
601 Main Street
Elko New Market, MN 55020

SUBJECT: Webster Wetland Restoration Agreement

Enclosed are two copies of the Agreement with Scott County.

Please sign and mail both originals to my attention at the address above.

Let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mandy Flum". The signature is fluid and cursive, with a large loop at the end.

Mandy Flum
Program Specialist
Scott County Transportation Services
mflum@co.scott.mn.us
952-496-8043

Enclosures

AGREEMENT FOR PASS THROUGH FUNDING FOR WEBSTER WETLAND RESTORATION AND WATER QUALITY BENEFITS TO THE VERMILLION RIVER

THIS AGREEMENT, Made and entered into this ____ day of _____, 2019, by and between the **County of Scott**, a body politic and corporate under the laws of the State of Minnesota, acting as the Vermillion River Watershed, hereafter referred to as the “**Watershed**”, and the **City of Elko New Market**, a body politic and corporate under the laws of the State of Minnesota, hereinafter referred to as the “**City**”.

RECITALS:

- A. WHEREAS, the City and the Watershed desire to improve river water quality; and
- B. WHEREAS, the Watershed and the City worked together to include a request for funding for an Activity titled “Webster Wetland Restoration” for water quality improvements to the Vermillion River to be led by the City as part of the Watershed’s 2019 Watershed Based Funding Metro Grant Work Plan, hereinafter referred to as the “Activity”; and
- C. WHEREAS, the 2019 Watershed Based Metro Grant Work Plan, hereinafter referred to as the “Work Plan”, has been approved by the Board of Water and Soil Resources (BWSR), and the contract for associated State grant funding is held by the Watershed; and
- D. WHEREAS, The Work Plan and approved grant funding includes up to sixty seven thousand dollars and no cents (\$67,000.00) for the Activity being led by the City; and
- E. WHEREAS, the Work Plan includes a required ten percent (10%) match up to seven thousand three hundred twenty-nine dollars and no cents (\$7,329.00) be provided by the City; and
- F. WHEREAS, the Scott County Board of Commissioners included the grant funding of up to sixty seven thousand dollars and no cents (\$67,000.00) in the 2018 and 2019 Vermillion Special Taxing District budget for the City to complete this Activity using revenue from the Work Plan.

NOW, THEREFORE, IT IS HEREBY AGREED:

- 1. The Recitals set forth above are incorporated by reference as if fully set forth herein.
- 2. The Activity as described in the approved Work Plan consists of a six (6) acre partially drained wetland restoration located in an outlot, in the highest tributary reach of the Vermillion River which was platted as part of a subdivision known as The Farm 3rd Addition and is owned by the City. The Activity will be completed by the City of Elko New Market per the City’s Capital Improvement Plan to improve water quality to the Vermillion River and is referenced by the City as its 2019 – 05 Webster Wetland Restoration project.

3. Milestones included in the approved workplan with the grant agency (i.e. Board of Water & Soil Resources) for the activity include: 1) entering this agreement with Scott County; 2) starting design and applying for permits; 3) completing construction.
4. The Activity, including construction oversight and coordination will be completed by an engineering firm, Bolton & Menk, under a contract with the City of Elko New Market.
5. The City will comply with all of the terms and conditions of the grant agreement between the County and the granting agency as set forth in the grant agreement between the County and the granting agency included as Exhibit B.
6. The City will follow the administrative and programmatic grant requirements of the Board of Water and Soil Resources (BWSR) applicable to the work Activity as described in Grants Administration Manual available at www.bwsr.state.mn.us/grant/manual, and will be responsible for the timely completion of the reporting requirements in BWSR's e-Link system for this Activity.
7. The County shall reimburse the City the actual cost of the Activity, not to exceed Sixty Seven Thousand Dollars and no cents (\$67,000.00). Reimbursements for up to Sixty Thousand Dollars and no cents (\$60,000.00) shall be made within thirty (30) days after receipt of invoices documenting actual expenses and the required proportional City match. Payment for the final Seven thousand dollars and no cents (\$7,000.00), or the final billing of actual expenses, whichever is larger, will not be made until confirmation that the City has completed all required reporting for the Activity in BWSR's e-Link system.
8. Neither party, its officers, agents or employees, either in their individual or official capacity, shall be responsible or liable in any manner to the other party for any claim, demand, action or cause of action of any kind or character arising out of, allegedly arising out of or by reason of the performance, negligent performance or nonperformance of the described maintenance, restoration, repair or replacement work by the other party, or arising out of the negligence of any contractor under any contract let by the other party for the performance of said work; and each party agrees to defend, save, keep and hold harmless the other, its officers, agents and employees harmless from all claims, demands, actions or causes of action arising out of negligent performance by its officers, agents or employees.
9. It is further agreed that neither party to this Agreement shall be responsible or liable to the other or to any other person or entity for any claims, damages, actions, or causes of actions of any kind or character arising out of, allegedly arising out of or by reason of the performance, negligent performance or nonperformance of any work or part hereof by the other as provided herein; and each party further agrees to defend at its sole cost and

expense and indemnify the other party for any action or proceeding commenced for the purpose of asserting any claim of whatsoever character arising in connection with or by virtue of performance of its own work as provided herein. Each party's obligation to indemnify the other under this clause shall be limited in accordance with the statutory tort liability limitation as set forth in Minnesota Statutes Chapter 466.04 to limit each party's total liability for all claims arising from a single occurrence, include the other party's claim for indemnification, to the limits prescribed under 466.04. It is further understood and agreed that the Parties' total liability shall be limited by Minnesota Statute Section 471.59, Subdivision 1(a) as a single governmental unit.

10. It is further agreed that any and all employees of each party and all other persons engaged by a party in the performance of any work or services required or provided herein to be performed by the party shall not be considered employees, agents or independent contractors of the other party, and that any and all claims that may or might arise under the Worker's Compensation Act or the Unemployment Compensation Act of the State of Minnesota on behalf of said employees while so engaged and any and all claims made by any third parties as a consequence of any act or omission on the part of said employees while so engaged shall be the sole responsibility of the employing party and shall not be the obligation or responsibility of the other party.
11. The provisions of Minn. Stat. Sec. 181.59 and of any applicable local ordinance relating to Civil Rights and discrimination and the affirmative action policy statement of Scott County shall be considered a part of this Agreement as though fully set forth herein, including Exhibit A, which is attached and hereby incorporated.
12. Pursuant to Minn. Stat. Sec. 16C.05, subd. 5, the books, records, documents, and accounting procedures and practices of the County and City pursuant to this Agreement shall be subject to examination by the County, City and the State Auditor. Complete and accurate records of the work performed pursuant to this Agreement shall be kept by the County and City for a minimum of six (6) years following termination of this Agreement for such auditing purposes. The retention period shall be automatically extended during the course of any administrative or judicial action involving the County or the City regarding matters to which the records are relevant. The retention period shall be automatically extended until the administrative or judicial action is finally completed or until the authorized agent of the County or City notifies each party in writing that the records no longer need to be kept.
13. The laws of the State of Minnesota shall govern all questions and interpretations concerning the validity and construction of this Agreement and the legal relations between

the parties and performance under it. The appropriate venue and jurisdiction for any litigation hereunder shall be those courts located with the County of Scott, State of Minnesota. Litigation, however, in the federal courts involving the parties shall be in the appropriate federal court within the State of Minnesota.

14. In the event any provision of this Agreement shall be held invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties unless such invalidity or non-enforceability would cause the Agreement to fail its purpose. One or more waivers by either party of any provision, term, condition or covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.
15. The County's Authorized Agent for the purpose of the administration of this Agreement is Paul Nelson, Environmental Services Program Manager, or his successor. His current address and phone number are Scott County Government Center, 200 Fourth Avenue West, Shakopee, MN 55379, (952) 496-8054. The City's Authorized Agent for the purpose of the administration of this Agreement is Thomas Terry, City Administrator, or his successor. His current address and phone number are 601 Main Street, Elko New Market, MN 55020, (952) 461-2777. Any change in name, address, or telephone shall be noticed to the other party.

IN TESTIMONY WHEREOF, The parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

CITY OF ELKO NEW MARKET

(SEAL)

By _____

By _____

By _____

By _____

Date _____

Date _____

COUNTY OF SCOTT COUNTY

By _____

Paul Nelson
Scott County, Environmental Services Program Manager

Date _____

Approved as to form:

Jeanne Andersen
Assistant Scott County Attorney

Date _____

INSERT COUNTY CONTRACT WITH BWSR



FY 2019 STATE OF MINNESOTA
BOARD OF WATER and SOIL RESOURCES
WATERSHED BASED FUNDING GRANTS
PROGRAM
GRANT AGREEMENT

Vendor:	00019/209	VN#:	18407
PO#:	30000056		11/13/18

This Grant Agreement is between the State of Minnesota, acting through its Board of Water and Soil Resources (Board) and Vermillion River Watershed JPO, 1590 Hwy 55, Hastings, MN 55033 (Grantee).

Fiscal Agent: Dakota County

This grant is for the following Grant Programs :

P19-3283	2019 - Watershed Based Funding Metro Vermillion River Watershed JPO)	S436,180
Total Grant Awarded: \$436,180		

Recitals

1. The Laws of Minnesota 2017, Chapter 91, Article 2, Section 7 (a), appropriated Clean Water Funds (CWF) to the Board for the FY 2019 Watershed-based Funding Pilot Program.
2. The Board adopted the Clean Water Fund Watershed-based Funding Pilot Program Policy and authorized the Watershed-based Funding Pilot Program Grants through Board Resolution 17-96.
3. The Board adopted Board Resolution 17-96 to allocate funds for the FY 2019 Watershed-based Funding Pilot Program.
4. The Grantee has submitted a BWSR approved work plan for this Program which is incorporated into this agreement by reference.
5. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant agreement to the satisfaction of the State.
6. As a condition of the grant, Grantee agrees to minimize administration costs.

Authorized Representative

The State's Authorized Representative is Marcey Westrick, Clean Water Coordinator, BWSR, 520 Lafayette Road North, Saint Paul, MN 55155, 651-284-4153, or her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services and performance provided under this Grant Agreement.

The Grantee's Authorized Representative is: **Mike Slavik, Chair**
Vermillion River Watershed Joint Powers Organization
1590 Highway 55
Hastings, MN 55033-2343

If the Grantee's Authorized Representative changes at any time during this Grant Agreement, the Grantee must immediately notify the Board.

Grant. Agreement

1. **Term of Grant Agreement.**
 - 1.1. **Effective date:** The date the Board obtains all required signatures under Minn. Stat. § 1613.98, Subd.5. **The State's Authorized Representative will notify the Grantee when this grant agreement has been executed. The Grantee must not begin work under this grant agreement until it is executed.**
 - 1.2. **Expiration date:** December 31, 2021, or until all obligations have been satisfactorily fulfilled, whichever comes first.
 - 1.3. **Survival of Terms:** The following clauses survive the expiration or cancellation of this Agreement: 7. Liability; 8. State

Audits; 9. Government Data Practices; 11. Publicity and Endorsement; 12. Governing Law, Jurisdiction, and Venue; 14. Data Disclosure; and 18. Intellectual Property Rights.

2. Grantee's Duties.

The Grantee will comply with required grants management policies and procedures set forth through Minn. Stat. § 16B.97, Subd. 4(a)(1). The Grantee is responsible for the specific duties for the Program as follows:

2.1. **Implementation:** The Grantee will implement their work plan, which is incorporated into this Agreement by reference. 2.2. **Reporting:** All data and information provided in a Grantee's report shall be considered public.

2.2.1. The Grantee will submit an annual progress report to the Board by February 1 of each year on the status of program implementation by the Grantee. Information provided must conform to the requirements and formats set by the Board. All individual grants over \$500,000 will also require a reporting of expenditures by June 30 of each year.

2.2.2. The Grantee will prominently display on its website the Clean Water Legacy Logo and a link to the Legislative Coordinating Commission website.

2.2.3. Final Progress Report: The Grantee will submit a final progress report to the Board by February 1, 2022 or within 30 days of completion of the project, whichever occurs sooner. Information provided must conform to the requirements and formats set by the Board.

2.3. **Match:** The Grantee will ensure any local match requirement will be provided as stated in Grantee's approved work plan.

3. **Time.** The Grantee must comply with all the time requirements described in this Grant Agreement. In the performance of this Grant Agreement, time is of the essence.

4. Terms of Payment.

4.1. Grant funds will be distributed in three installments: 1) The first payment of 50% will be distributed after the execution of the Grant Agreement. 2) The second payment of 40% will be distributed after the first payment of 50% has been expended and reporting requirements have been met. An eLINK Interim Financial Report that summarizes expenditures of the first 50% must be signed by the Grantee and approved by BWSR. Selected grantees may be required at this point to submit documentation of the expenditures reported on the Interim Financial Report for verification. 3) The third payment of 10% will be distributed after the grant has been fully expended and reporting requirements are met. The final, 10% payment must be requested within 30 days of the expiration date of the Grant Agreement. An eLINK Final Financial Report that summarizes final expenditures for the grant must be signed by the grantee and approved by BWSR.

4.2. All costs must be incurred within the grant period.

4.3. All incurred costs must be paid before the amount of unspent grant funds is determined. Unspent grant funds must be returned within 30 days of the expiration date of the Grant Agreement.

4.4. The obligation of the State under this Grant Agreement will not exceed the amount stated above.

4.5. This grant includes an advance payment of 50 percent of the grant's total amount. Advance payments allow the grantee to have adequate operating capital for start-up costs, ensure their financial commitment to landowners and contractors, and to better schedule work into the future.

5. **Conditions of Payment.** All services provided by the Grantee under this Grant Agreement must be performed to the State's satisfaction, as set forth in this Agreement and in the BWSR approved work plan for this program. Compliance will be determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, State, and local laws, policies, ordinances, rules, FY 2018 Clean Water Fund Competitive Grants Policy, and regulations. All Grantees must follow the Grants Administration Manual policy. Minnesota Statutes §103C.401 (2014) establishes BWSR's obligation to assure program compliance. If the noncompliance is severe, or if work under the grant agreement is found by BWSR to be unsatisfactory or performed in violation of federal, state, or local law, BWSR has the authority to require the repayment of grant funds, or an additional penalty. Penalties can be assessed at a rate up to 150% of the grant agreement.

6. Assignment, Amendments, and Waiver.

- 6.1. **Assignment.** The Grantee may neither assign nor transfer any rights or obligations under this Grant Agreement without the prior consent of the State and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this Grant Agreement, or their successors in office.
- 6.2. **Amendments.** Any amendment to this Grant Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Grant Agreement, or their successors in office. Amendments must be executed prior to the expiration of the original agreement or any amendments thereto.
- 6.3. **Waiver.** If the State fails to enforce any provision of this Grant Agreement, that failure does not waive the provision or its right to enforce it.

7. Liability. The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this Grant Agreement by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this Grant Agreement.

8. State Audits. Under Minn. Stat. § 16B.98, subd. 8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this Grant Agreement or transaction are subject to examination by the Board and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Grant Agreement, receipt and approval of all final reports, or the required period of time to satisfy all State and program retention requirements, whichever is later.

- 8.1. The books, records, documents, accounting procedures and practices of the Grantee and its designated local units of government and contractors relevant to this grant, may be examined at any time by the Board or Board's designee and are subject to verification. The Grantee or delegated local unit of government will maintain records relating to the receipt and expenditure of grant funds.

9. Government Data Practices. The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this Agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this Grant Agreement. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State.

10. Workers' Compensation. The Grantee certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

11. Publicity and Endorsement.

- 11.1. **Publicity.** Any publicity regarding the subject matter of this Grant Agreement must identify the Board as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Grant Agreement.
- 11.2. **Endorsement.** The Grantee must not claim that the State endorses its products or services.

12. Governing Law, Jurisdiction, and Venue. Minnesota law, without regard to its choice-of-law provisions, governs this Grant Agreement. Venue for all legal proceedings out of this Agreement, or its breach, must be in the appropriate State or federal court with competent jurisdiction in Ramsey County, Minnesota.

13. Termination.

- 13.1. The State may cancel this Grant Agreement at any time, with or without cause, upon 30 days' written notice to the

Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

13.2. In the event of a lawsuit, an appropriation from a Clean Water Fund is canceled to the extent that a court determines that the appropriation unconstitutionally substitutes for a traditional source of funding.

13.3. The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this grant contract, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14. Data Disclosure. Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and State tax agencies and State personnel involved in the payment of State obligations. These identification numbers may be used in the enforcement of federal and State tax laws which could result in action

Page 3 of 4

VRWJPO Contract #GR01222 Grant
Agreement - Page 4 of 4

requiring the Grantee to file State tax returns and pay delinquent State tax liabilities, if any.

15. Prevailing Wage. It is the responsibility of the Grantee or contractor to pay prevailing wages for projects that include construction work of \$25,000 or more, prevailing wage rules apply per Minn. Stat. §§177.41 through 177.44. All laborers and mechanics employed by grant recipients and subcontractors funded in whole or in part with these State funds shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality. Bid requests must state the project is subject to prevailing wage.

16. Municipal Contracting Law, Per Minn. Stat. §471.345, grantees that are municipalities as defined in Subd. 1 of this statute must follow the Uniform Municipal Contracting Law. Supporting documentation of the bidding process utilized to contract services must be included in the Grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.

17. Constitutional Compliance. It is the responsibility of the Grantee to comply with requirements of the Minnesota Constitution regarding use of Clean Water Funds to supplement traditional sources of funding.

18. Signage. It is the responsibility of the Grantee to comply with requirements for project signage as provided in Minnesota Laws 2010, Chapter 361, article 3, section 5 (b) for Clean Water Fund projects.

19. Intellectual Property Rights. The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the Works and Documents *created and paid for under this grant*. Works means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this grant. Works includes "Documents." Documents are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents, or subcontractors, in the performance of this grant. The Documents will be the exclusive property of the State and all such Documents must be immediately returned to the State by the Grantee upon completion or cancellation of this grant at the State's request. To the extent possible, those Works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." The Grantee assigns all right, title, and interest it may have in the Works and the Documents to the State. The Grantee must, at the request of the State, execute all papers and perform **all other acts** necessary to transfer or record the State's ownership interest in the Works and Documents.

IN WITNESS WHEREOF, the parties have caused this Grant Agreement to be duly executed intending to be bound thereby.

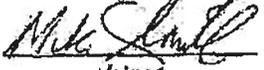
Approved:

Vermillion River Watershed JPO

Board of Water and Soil Resources

By: Mike Slavik

(print)



(signature)

ue!

By: _____

Title: Chair

Title: Asst. Sec. Mgr

Date: 11` b g

Date: _____

VRW Res. No. 18-34

Approved as to
Form:



STAFF MEMORANDUM

SUBJECT:	Amending Unintentional Use Adjustment Policy
MEETING DATE:	June 13, 2019
PREPARED BY:	Kellie Stewart, Accountant
REQUESTED ACTION:	Council is being asked to review the current Unintentional Use Adjustment Policy and provide direction on any changes.

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

City Council adopted Resolution 16-11 Establishing the Unintentional Use Adjustment Policy on February 25, 2016. This policy allows the City Administrator or their designee to make administrative adjustments to utility accounts and provide relief to utility customers who are in good standing and meet all criteria in the event that they have excessive water usage resulting from unintentional water use or a leaking fixture. The Council later adopted Resolution 17-50 on August 24, 2017 allowing for two months of water adjustments instead of only one.

The policy provides the following eligibility criteria:

- All utility accounts for properties owned by the same individual or entity within the City are current at the time of the request for adjustment; and
- All accounts for properties owned by the same individual or entity within the City have been current for the twelve months prior to the month requested to be adjusted; and
- The City has not certified property tax assessment for delinquencies on the account to be adjusted and any accounts for other properties within the City owned by the same individual or entity within the last three years; and
- If the property owner has owned the property or other properties in the City for less than twelve months for purposes of determining account currency or three years for evaluating past tax assessments for delinquencies , the determination of “good standing” will be made based on the time period the property has been owned; and
- The usage in the month to be adjusted must be in excess of 20,000 gallons and at least 100% greater than the highest usage month in the previous twelve months.

The policy provides staff can provide the following relief:

- The adjustment will be only for up to two months of usage; and
- The cost of usage in excess of 20,000 gallons shall be reduced to the amount applied to usage between 10,000 and 20,000 gallons; and
- Such relief will only be provided to a property owner once every 36 months, provided the eligibility criteria can be met at that time.

Since the adoption of this policy there have been twenty seven requests submitted for relief due to unintentional water use. Of these requests, only twenty were in good standing and met the criteria to receive an adjustment to their utility bill. Requests ranged from 26,000 to 383,000 gallons. The average usage per request was 70,000 gallons of water and all but four were less than that amount. The approved adjustments ranged from \$57.91 to \$3,387.78. If the top four adjustments were excluded (these ranged from \$370.96 to \$3,387.78), the average adjustment was \$157.30.

At the May 22, 2019 City Council meeting, resident Guy Bosch, requested that the Council review of the Unintentional Use Adjustment Policy. Mr. Bosch suggested that the Unintentional Use Adjustment Policy should provide greater relief for utility customers in good standing than is provided under the current policy. The Council directed staff to schedule this item for discussion at a future meeting.

DISCUSSION:

The City Council is being asked to whether or not they want to make changes to the Unintentional Use Adjustment Policy. The three primary approaches to on considering this item are:

- Make no changes to the current policy
- Reduce the charges during the two month relief period to Tier 1
- “Write off” any excessive usage during the two month period

Staff is seeking direction from the City Council regarding this item. Additionally, Mr. Bosch has requested that any changes to the policy that are beneficial to his situation be retroactively applied to his unintentional use.

It should also be noted that Mr. Bosch expressed concerns regarding the aggressiveness of the City’s tier structure for water usage rates. Unless otherwise directed by the City Council, it would be Staff’s intent to evaluate the City’s utility rate structure as part of the annual utility budget and rate analysis later this year.

BUDGET IMPACT:

If the Council implements changes to the Unintentional Use Adjustment Policy, it would result in a reduction in revenue to the City equivalent to the amount of the relief provided under the terms of the policy.

Attachments:

- Resolution 16-11 Adopt Unintentional Use Adjustment Policy
- Resolution 17-50 Amending Unintentional Use Adjustment Policy
- Unintentional Use Adjustment Policy

CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA

RESOLUTION NO. 16-11

WHEREAS; the City of Elko New Market provides municipal water service and has established associated fees and charges; and

WHEREAS; the Elko New Market City Council desires to establish a policy for the City Administrator or their designee to make administrative adjustments to utility accounts and provide relief to utility customers who are in good standing in the event that they have excessive water usage resulting from unintentional use or leaking fixture; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of Elko New Market, Minnesota, that the Unintentional Use Adjustment Policy, attached as Exhibit A is hereby adopted.

APPROVED AND ADOPTED this 25th day of February, 2016.

CITY OF ELKO NEW MARKET

By: _____
Robert Crawford, Mayor

ATTEST:

Sandra Green, City Clerk

CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA

RESOLUTION NO. 17-50

WHEREAS; the City of Elko New Market provides municipal water service and has established associated fees and charges; and

WHEREAS; the Elko New Market City Council established a policy for the City Administrator or their designee to make administrative adjustments to utility accounts and provide relief to utility customers who are in good standing in the event that they have excessive water usage resulting from unintentional use or leaking fixture; and

WHEREAS; in the best interest of the residents of the City that the Unintentional Use Adjustment Policy Amendment be approved.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Elko New Market, Minnesota, that the amendment to the Unintentional Use Adjustment Policy adjustment for excessive water usage be extended up to two months effective immediately upon passage of resolution.

APPROVED AND ADOPTED this 24th day of August, 2017.

CITY OF ELKO NEW MARKET

By: _____
Robert Crawford, Mayor

ATTEST:

Sandra Green, City Clerk

Unintentional Use Adjustment Policy

Purpose:

To establish a policy for staff to make administrative adjustment to utility accounts and provide relief to utility customers who are in good standing in the event that they have excessive water usage resulting from unintentional use or leaking fixture.

Eligibility:

The following criteria must be met in order for the account to eligible for an adjustment under the provisions of this policy:

- All utility accounts for properties owned by the same individual or entity within the City are current at the time of the request for adjustment; and
- All accounts for properties owned by the same individual or entity within the City have been current for the twelve months prior to the month requested to be adjusted; and
- The City has not certified property tax assessment for delinquencies on the account to be adjusted and any accounts for other properties within the City owned by the same individual or entity within the last three years; and
- If the property owner has owned the property or other properties in the City for less than twelve months for purposes of determining account currency or three years for evaluating past tax assessments for delinquencies , the determination of “good standing” will be made based on the time period the property has been owned; and
- The usage in the month to be adjusted must be in excess of 20,000 gallons and at least 100% greater than the highest usage month in the previous twelve months.

Relief:

- The adjustment will be only for up to two months of usage; and
- The cost of usage in excess of 20,000 gallons shall be reduced to the amount applied to usage between 10,000 and 20,000 gallons; and
- Such relief will only be provided to a property owner once every 36 months, provided the eligibility criteria can be met at that time.



STAFF MEMORANDUM

SUBJECT:	Acquisition of Easements Related to CSAH 2 & 91 Roundabout Project - New Market Bank
MEETING DATE:	June 27, 2019
PREPARED BY:	Renee Christianson, Community Development Specialist
REQUESTED ACTION:	Authorize Payment to New Market Bank for Easements Related to CSAH 2 & 91 Roundabout Project

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

In February of 2019, the City Council approved a Joint Powers Agreement (JPA) with Scott County regarding the CSAH 2 & 91 roundabout project. The JPA designated the City of Elko New Market as the lead agency to acquire right-of-way for the project and also identified the City as being responsible for the cost of any needed acquisitions. Following approval of the JPA, the City of Elko New Market entered into a Professional Services Agreement with SRF Consulting, allowing SRF to act as the City's right-of-way agent for the project.

Bolton & Menk has identified a need for 3,016 square feet of easement area needed from the New Market Bank property located at the southeast corner of CSAH 2 and Marketplace Blvd. The easement is needed primarily for the purposes of constructing a pedestrian trail in this location. The City Attorney's Office prepared both a Highway Easement and Drainage, Utility & Trail Easement which convey the 3,016 square foot easement area to Scott County.

The property owner signed the easements and agreed to compensation of \$5 per square foot for the easement area, totaling \$15,060. They have also waived their right to an appraisal. Based on recent sales of commercially zoned property, specifically the property where the Elko New Market Retail Center is located, City staff believes that \$5 per square foot is a fair value for the easement acquisition. The referenced comparable property sold for \$4.70 per square foot in September of 2017.

SRF has worked with the property owner representative to ensure that the easement acquisition process complies with the Uniform Relocation and Real Property Acquisition Policies Act of 1970, as well as all State and Federal guidelines, and is recommending that the City Council approve the Memorandum of Agreement and Payment Authorization with New Market Bank.

CITY ATTORNEY RECOMMENDATION:

The City Attorney has prepared the necessary easement documents, has reviewed the information from SRF Consulting, and has no objection the City Council approving the Memorandum of Agreement and Payment Authorization with New Market Bank.

REQUESTED COUNCIL ACTION:

The City Council is being asked to approve the Memorandum of Agreement between New Market Bank and the City of Elko New Market, and to approve the Payment Authorization in the amount of \$15,060.

Attachments:

SRF correspondence dated March 27, 2019 which includes:

- Memorandum of Agreement
- Payment Authorization



SRF No. 12460.0290

March 27, 2019

Ms. Renee Christianson
Community Development Specialist
City of Elko New Market
601 Main Street
Elko New Market, MN 55054

SUBJECT: CSAH 2 & CSAH 91 ROUNDABOUT PROJECT
PARCEL NO. A
PROPERTY ADDRESS: 26033 MARKET PLACE BLVD., ELKO NEW MARKET

Dear Ms. Christianson:

Enclosed for your approval and recording are the acquisition documents for the above-referenced project and parcel. The executed documents include the following:

- 1) Executed Offer Letter
- 2) Value Calculation
- 3) Executed Waiver of Appraisal and Just Compensation
- 4) Executed Memorandum of Agreement (requires City signature)
- 5) Executed Highway Easement
- 6) Executed Drainage, Utility and Trail Easement
- 7) Executed Payment Authorization
- 8) Executed W-9 Form
- 9) Corporate Resolution

Please remit payments as described on the Payment Authorization. Also, please send us a copy when the acquisition check is available. If you have questions, please feel free to contact me.

Sincerely,

SRF CONSULTING GROUP, INC.

A handwritten signature in blue ink that reads "Cindy Wiste". The signature is written in a cursive, flowing style.

Cindy Wiste
Senior Associate

CW/tg

Enclosures

www.srfconsulting.com

One Carlson Parkway North, Suite 150 | Minneapolis, MN 55447-4443 | 763.475.0010 Fax: 1.866.440.6364

An Equal Opportunity Employer



March 18, 2019

New Market Bank
Attn: Dan Ringstad
20151 Icenic Trail
Lakeville, MN 55044

SRF No. 12460.0290

SUBJECT: OFFER TO ACQUIRE
CSAH 2 AND CSAH 91 ROUNDABOUT PROJECT
PROPERTY ADDRESS: 26033 MARKET PLACE BLVD., ELKO NEW MARKET, MN
PARCEL NO.: A

Dear Mr. Ringstad:

As you may be aware, The City of Elko New Market will be constructing a roundabout at the intersections of Scott County Highways 2 and 91. This letter constitutes the City's formal offer for the acquisition of the necessary land rights. The City of Elko New Market hereby offers all parties who may have an interest in the real estate to be acquired the sum of **\$15,060.00**. Attached to this letter is a *Value Calculation* setting out the basis for this offer.

The City of Elko New Market previously, or with this offer, has provided you with a copy of "*Acquisition Information for Property Owners*" brochure.

If you accept the offer, the parcel will be acquired by direct purchase and you will be paid upon satisfactory evidence of marketable title.

It is our understanding that you have agreed to the value of the necessary acquisition with the City. And as such an appraisal will not be completed for this parcel. With this offer we have included an Appraisal Waiver for your review. This is to document that you were aware of your right to receive an offer based on an appraisal and that you waived your right to this action.

Your signature on this OFFER TO ACQUIRE is only for the verification that such an offer has been made to you and verification that the "*Acquisition Information for Property Owners*" brochure has been received by you. Your signature below does not prejudice your right to have the final amount determined through eminent domain proceedings in the event you do not accept the offer.

www.srfconsulting.com

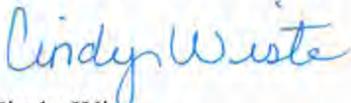
One Carlson Parkway North, Suite 150 | Minneapolis, MN 55447-4453 | 763.475.0010 Fax: 763.475.2429

An Equal Opportunity Employer

On behalf of The City of Elko New Market, we wish to thank you for your cooperation and assistance and we look forward to working with you toward a mutually satisfactory completion of the acquisition process.

Sincerely,

SRF CONSULTING GROUP, INC.



Cindy Wiste
Senior Associate

Attachments

ACKNOWLEDGMENT OF RECEIPT OF OFFER

I CERTIFY THAT on 20 day of MARCH, 2019, this *Offer to Acquire* and *Value Calculation* was received by me from the above Right of Way Specialist; I also acknowledge the receipt of a brochure explaining the land acquisition process and the Owner's rights, privileges and obligations.

Owner(s)
Market New Bank

By:  _____

Its: SR Vice President _____



SRF No. 12460.0290

VALUE CALCULATION

THE CITY OF ELKO NEW MARKET
CSAH 2 AND CSAH 91 ROUNDABOUT PROJECT

Parcel No.: A
Fee Owners: New Market Bank

Legal Description of property to be acquired:

See Attached Exhibit A

ACQUISITION INFORMATION

Permanent Easement: 3,012 square feet

VALUATION

Permanent Easement of 3,012 SF @ \$5.00/sf = \$15,060.00

TOTAL = \$ 15,060.00

PROPOSED EASEMENT DESCRIPTION

A perpetual easement for roadway, trail, drainage and utility purposes over, under and across the most northerly 17.00 feet, as measured at a right angle, of Outlot A, ELKO MARKET PLACE, according to the recorded plat thereof, Scott County, Minnesota.

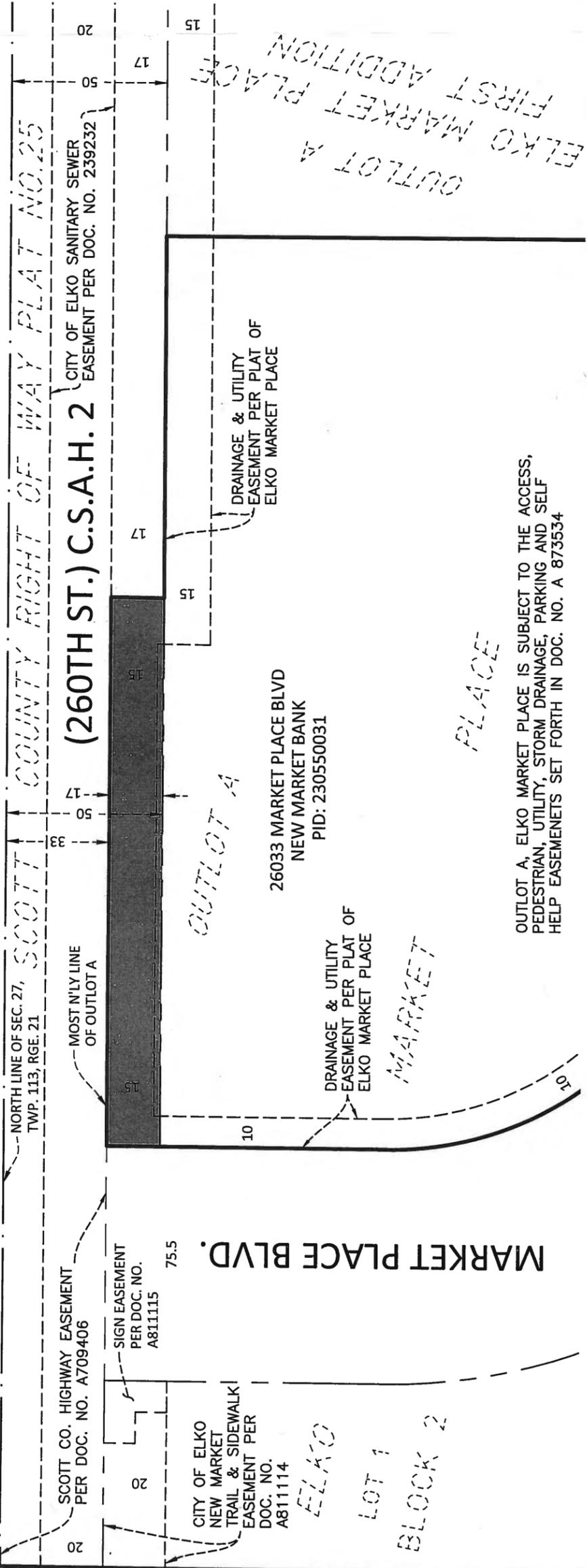
150

TWP. 113

SE 1/2 - SW 1/4

UNPLATTED

RGE. 21



PROPOSED PERPETUAL ROADWAY,
TRAIL, DRAINAGE & UTILITY EASEMENT
(AREA: 3,012 SQ. FT.)

SURVEYOR'S CERTIFICATION

I hereby certify that this survey, plan, or report was prepared by me or under my direct supervision and that I am a duly Licensed Land Surveyor under the laws of the State of Minnesota.

Eric R. Wilfahrt
Eric R. Wilfahrt
License Number 48166
Date 2/19/2018

EASEMENT EXHIBIT

26033 MARKET PLACE BLVD, ELKO NEW MARKET, MN 55020



12224 NICOLLET AVENUE
BURNSVILLE, MINNESOTA 55337
(952) 890-0509

PART OF:
OUTLOT A
ELKO MARKET PLACE

FOR: CITY OF ELKO NEW MARKET

OUTLOT A, ELKO MARKET PLACE IS SUBJECT TO THE ACCESS, PEDESTRIAN, UTILITY, STORM DRAINAGE, PARKING AND SELF HELP EASEMENTS SET FORTH IN DOC. NO. A 873534



MEMORANDUM OF AGREEMENT

CSAH 2 AND CSAH 91 ROUNDABOUT PROJECT

Parcel No: A
Fee Owners: New Market Bank

On this 20 day of MARCH, 2019, New Market Bank, a banking corporation, organized and existing under the laws of the State of Minnesota, Owners of the above described parcel of property located in County of Scott, State of Minnesota, did execute and deliver a conveyance to the aforesaid real estate to the City of Elko New Market.

This agreement is now made and entered as a Memorandum of all the terms, and the only terms, agreed upon in connection with the above transaction. It is hereby acknowledged and agreed upon between the parties that:

1. The Owners have been furnished with the approved estimate of just compensation for the property acquired and a summary statement of the basis for the estimate. The Owners understand that the acquired property is for use in connection with the construction of the CSAH 2 and CSAH 91 Roundabout Project.
2. The Owners understand and acknowledge that SRF's representatives have no direct, indirect, present or contemplated future personal interest in the property or in any benefits from the acquisition of the property.
3. That in full compensation for the conveyance of said property, the City of Elko New Market shall pay the Owners the sum of \$15,060.00 for land and damages. Owners understand that payment by the City of Elko New Market must await approval of title and processing of a voucher.
4. Additionally:

It is understood and agreed that the entire agreement of the parties is contained in this Memorandum of Agreement and that this Agreement supersedes all oral agreements and negotiations between the parties.

Owner(s)
New Market Bank

City of Elko New Market

By: [Signature]

By: _____

Its: Sr. VICE PRESIDENT

Its: _____

HIGHWAY EASEMENT

Project 02-16
Parcel A

FOR VALUABLE CONSIDERATION, New Market Bank, a banking corporation, organized and existing under the laws of the State of Minnesota, ("Grantor"), hereby grants and conveys unto the County of Scott, a body politic and corporate under the laws of the State of Minnesota, ("Grantee"), an easement(s) for highway purposes to grade, construct, operate, maintain, use, alter, repair and remove a public highway, trails, sidewalks, bridges, structures, storm sewer, sanitary sewer, other transportation-related use(s), public facilities, utilities, boulevards and appurtenances, including for drainage and utility purposes and for other public and/or quasi-public uses and appurtenances permitted under Grantee's Management of Public Right-of-Way Ordinance, including as may be amended or superseded, together with all other rights necessary and convenient for the enjoyment and unrestricted use of same over, under and across the real property situated in Scott County, State of Minnesota, as described, as follows:

A perpetual easement for roadway purposes over, under and across the most northerly 17.00 feet, as measured at a right angle, of Outlot A, ELKO MARKET PLACE, according to the recorded plat thereof, Scott County, Minnesota.

Abstract Property

(PIN 230550031)

Grantor hereby conveys to Grantee all grass, shrubs, trees, natural growth, earthen materials, landscaping, improvements and structures existing or that may be planted or grown on the easement(s) described herein. Grantor hereby agrees to not damage, destroy or remove any grass, trees, shrubs or natural growth on the easement(s) described herein.

Grantor hereby releases Grantee from any and all claims for damages to the premises resulting from the uses and purposes granted herein and lying within the boundaries of the easement(s) described herein. Grantee shall have the right to use and remove all grass, shrubs, trees (including overhanging branches), earthen materials, structures and improvements, which lie within the boundaries of the easement(s) described herein.

To have and hold same, together with all of the rights belonging thereto, all of which shall run with the land and be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

DRAINAGE, UTILITY AND TRAIL EASEMENT

Project 02-16
Parcel A

FOR VALUABLE CONSIDERATION, New Market Bank, a banking corporation, organized and existing under the laws of the State of Minnesota, (“Grantor”), whether one or more, hereby grants unto the County of Scott, a body politic and corporate under the laws of the State of Minnesota, (“Grantee”), easement(s) for drainage, utility and trail purposes to construct, install, operate, maintain, repair, alter, use, repair and remove drainage ways, drainage swales, storm sewers, drainage pipes, ponds, basins, culverts and drainage structures, including appurtenances; slopes; utilities, poles, electrical lines, pipes, wires, cables, structures and facilities, including appurtenances; multi-use(s) trails, pathways and sidewalks, including appurtenances; all for public and quasi-public use(s) over, under and across the real property situated in Scott County, State of Minnesota, as described, as follows:

A perpetual easement for drainage, utility and trail purposes over, under and across the most northerly 17.00 feet, as measured at a right angle, of Outlot A, ELKO MARKET PLACE, according to the recorded plat thereof, Scott County, Minnesota.

Abstract Property

(PIN 230550031)

Grantor hereby conveys all grass, shrubs, trees, natural growth, earthen materials, landscaping, improvements and structures existing or that may be planted or grown on the easement(s) described herein. Grantor hereby agrees to not damage, destroy or remove any grass, trees, shrubs or natural growth on the easement(s) described herein.

Grantor hereby releases Grantee from any and all claims for damages to the premises resulting from the uses and purposes granted herein and lying within the boundaries of the easement(s) described herein. Grantee shall have the right to use and remove all grass, shrubs, trees (including overhanging branches), earthen materials, structures and improvements, which lie within the boundaries of the easement(s) described herein.

To have and hold same, together with all of the rights and appurtenances belonging thereto, all of which shall run with the land and be binding upon and inure to the benefit of the parties hereto, their successors and assigns.



SRF No. 12460.0290

PAYMENT AUTHORIZATION
The City of Elko New Market
CSAH 2 AND CSAH 91 ROUNDABOUT PROJECT

Parcel: A
Owner(s): New Market Bank
Mortgagee: N/A

Amount of Payment: \$ 15,060.00

Payable/Mail to: NEW MARKET BANK - ATTN DAN R.
20151 ICENIC TRAIL
LAKEVILLE, MN 55044

Approved by Owner(s)

New Market Bank

By: [Signature]
Its: Sr. Vice President

Date: March 20, 2019

Owner(s) Social Security No./TIN: _____

Approved by SRF Consulting Group, Inc.

Cindy Wiste
Cindy Wiste

Date: 3-27-19

Comments: _____



STAFF MEMORANDUM

SUBJECT:	Police Department Workload and Coverage Analysis
MEETING DATE:	June 27, 2019
PREPARED BY:	Brady Juell, Chief of Police
REQUESTED ACTION:	Informational – no action required

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

EXECUTIVE SUMMARY:

Every year the City Council reviews Police Department staffing needs to determine if the Department has adequate staffing resources to provide the desired level of police service to its citizens. A staffing analysis is needed to provide guidance to the current and future financial demands of the projected budget, long term financial planning for the City, and guidance for staff in planning. A staffing study/analysis has been conducted to provide the City Council with guidance on how to proceed for the immediate budget discussions and budgeting discussions in the future. This memo is meant to provide background, information for the discussion, and guidance on staffing goals for both immediate and future considerations.

DATA USED FOR ANALYSIS:

Informational basis for decisions on police staffing levels are derived from statistical data and police coverage. Both of which will be covered with additional statistics in a presentation at a future Council meeting.

Statistical Data

The statistical data is based on numbers generated from records management systems of the Police Department. This system has call data and times associated with most of the officer activities. Those numbers are then plugged into the *International Chiefs of Police Staffing Formula*. The formula takes statistical input from the records management system and applies a known "work load" to them. A workload is an amount of time it may take an officer to complete that call or task. It combines that assigned work load with known officer training and time off demands to come up with a "Full Time Equivalent" (FTE) number. One FTE is the equivalent of having an officer on one 8 hour shift for 365 days a year. This FTE is in turn used to assess staffing needs for a full time department.

The current analysis is based on the most current statistics possible. Both the statistics in the staff formula and records management system utilize data from June 10th of 2018 to June 10th of 2019. These numbers were used to provide the most current statistics possible for the Council to base decisions on. Past reviews used data collected from January to December.

The current *IACP* staffing formula (which will be shown and explained within a presentation to Council) indicates a potential deficiency of one full time officer (1.24FTE). This guide is meant to be just that, a guide. The staffing formula has limitations that keep it from being used as a hard fast rule. The staffing formula cannot take into consideration the peaks and valleys of work load and call volume, policies and procedures of a department, the experience of an officer, or geographical area the officer covers. For these reasons, past Councils have waited until the study indicates approximately (2) FTE's before considering hiring additional staff.

Coverage data

The second way to manage police staffing decisions is based on "Police Coverage." This is determined by how much time in the day, and days of the week an Elko New Market Police Officer is working in the City. When there is no officer working, emergency policing is provided by the Scott County Sheriff's Department. Deputies do not patrol the City providing crime prevention or pro-active policing. Deputies provide reactive policing, which to no fault of theirs, creates a much greater response time. This is due to the much larger geographic areas they cover. For one example, response times for Elko New Market Officers to active in progress

calls is 2.14 minutes. For Scott County Deputies that response time is 13.3 minutes. More details of this will be presented at a future presentation to the Council

Currently, The Elko New Market Police Department is staffed with a full time Chief of Police that works M-F 7a.m. to 4p.m. There are currently three other full time officers and one new full time officer in training. At the time of this report, the new officer is on track to be fully operational sometime in late August of 2019. With a new schedule that is being implemented due to this additional coverage, we are very close but, fall just short of 24 hour coverage.

Given the training demands, vacation and sick time off, and court the City will experience lapses in coverage about 10.4% of the days during the year. With two officers working the overnight shift, an estimate is that 38 shifts in a year will go without Police Coverage. This is only an estimate because it is very hard to determine how many days a year an officer will be off duty for those requirements. The more lapses in police coverage, however, the more frequent citizens will experience much higher response times by emergency personnel. Staff attempts to minimize those when possible through the use of part time officers and shift adjustments.

EXECUTIVE CONCLUSION:

At this point in time, using both the *IACP* staffing formula and the Coverage Analysis it is recommended to the Council that no additional staff is being requested for the 2020 budget year. In 2020 another study will be completed to give the Council guidance and recommendations to determine if additional staff is required in 2021 budget. More statistics will be presented to the council in the near future in presentation form.

**MINUTES
CITY OF ELKO NEW MARKET
PLANNING COMMISSION MEETING
MAY 28, 2019
5:00 PM**

1. CALL TO ORDER

Chairman Smith called the meeting of the Elko New Market Planning Commission to order at 7:00 p.m.

Commission members present: Smith, Kruckman, Hanson, Humphrey, Priebe and Ex-officio member Anderson

Members absent and excused: None

Staff Present: Community Development Specialist Christianson, Community Development Intern Sevensing, and City Engineer Rich Revering.

2. PLEDGE OF ALLEGIANCE

Chairman Smith led the Planning Commission in the Pledge of Allegiance.

3. APPROVAL OF AGENDA

A motion was made by Humphrey and seconded by Kruckman to approve the agenda as submitted. Motion carried: (5-0).

4. PUBLIC COMMENT

There was no public comment.

5. ANNOUNCEMENTS

There were no announcements.

6. APPROVAL OF MINUTES

A. It was moved by Hanson and seconded by Kruckman to approve the minutes of March 26, 2019 with one correction.

B. It was moved by Hanson and seconded by Humphrey to approve the minutes of April 22, 2019 with one correction.

7. PUBLIC HEARINGS

A. Request for Rezoning, Preliminary and Final Plat Approval of Sylvester's Meadows – Bernard Mahowald, Applicant

Christianson presented her staff report containing information regarding the request for rezoning and plat approval of Sylvester Meadows along with a Powerpoint presentation. She provided a background, noting that the property is currently located inside the city limits and that the developer is currently requesting approval of a nine-lot residential subdivision. She explained that Mr. Mahowald was also the developer of the Farm developments (1st, 2nd and 3rd Additions) which were platted between 2001 and 2005. She noted that the Mahowald family also owns one additional 40-acre tract of land along Webster Street.

Christianson displayed the current plat proposal overlaid on an aerial photograph. She reviewed the following items:

- 2030 Comprehensive Land Use Plan, which guides the property to Low Density Residential.
- Current Urban Reserve zoning of property, noting that R1 zoning is being proposed for only the portion to be platted into lots, with the remainder to remain zoned Urban Reserve.
- Criteria for rezoning, noting that the request meets the criteria stated in the zoning ordinance for rezoning.
- Minimum lot size requirement of 12,000 square feet for R1 district, and noting that proposed lots range from approx. 16,000 to 30,000 square feet, with average 20,429 square feet.
- Setback requirements.
- Easement requirements, noting that additional drainage and utility easements are being recommended for Lots 1, 2 and 9.
- Tree inventory requirements, noting that the developer needs to submit a tree inventory.
- Proposed sewer and water utility plan, noting that a sanitary sewer lift station is needed to service the development. Staff recommends stand-by generator.
- Current flow of stormwater from the site, and proposal to treat stormwater in an existing pond with minor modifications to the pond.
- Wetland on south side of proposed lots and wetland buffer requirements.
- DNR wetlands (none) and a 500-year flood plain covering wetland area on south side of property.
- Street which is proposed at 28' in width in a 50' right-of-way.
- Sidewalk and trail requirements.
- City Park and Trail Plan, which depicts a trail corridor along the south side of the proposed lots. She noted that the Parks Commission has reviewed the request and has recommended the following:
 - Land be dedicated within the development for park purposes, to be dedicated in the northwest corner of the property.
 - Future trail system in proposed park land which would connect existing Mahowald Park to proposed street.
- School district boundaries.

Christianson noted that a letter opposing the development had been submitted which will be read into the record during the public hearing. She also advised the Commission that

because city staff had knowledge of social media discussion regarding the proposed project, City Engineer Rich Revering has been asked to give a presentation to the Commission regarding area drainage issues.

Mr. Revering provided a detailed presentation outlining the approximate 253-acre drainage area that drains into the wetland on the south side of the proposed lots. He noted that the entire drainage area is currently drained by one 15" clay tile pipe that dates back to 1937 or before. He also noted that, should the pipe become plugged, the low portion of the drainage area would likely fill to a depth of 7' to 8' deep. Mr. Revering noted that based on requests from the Chlan family, City staff has televised the 15" pipe, jetted portions of the pipe, and cleared debris from the inlet in an effort to make sure the pipe is still flowing/functioning.

He also noted that historic plat maps show a water body in the area south of the proposed lots, and labeled as "Lake Vermillion". He stated that it was his belief that the tile system which drained the basin was installed sometime around 1937. In the early 1980's a ditch appears which further drains the basin area, and a lift station was also installed which pumps stormwater from the Chlan farm into the ditch and tile system.

He reviewed state climatology information, which indicates that over the past twenty to thirty years, rains have become more frequent and with larger amounts, and that trends show an increase in rainfall. He stated that it would take five days to drain a 1" rainfall through the existing 15" pipe. It is his belief that the pipe is too small for what it is being asked to do.

He concluded by stating that he could not identify any action items to solve any perceived drainage issues on the Chlan property that would be the responsibility of the City, and he did not know if permits could be obtained (from the Army Corp of Engineers) to increase the size of the drainage pipe.

Chairman Smith opened the public hearing at 7:45 p.m.

Christianson read into the record a letter dated May 23, 2019 submitted by Lampe Law Office, LLP which provided notice of objection to the proposed development on behalf of Mr. Dan Chlan.

Applicant Bernard Mahowald addressed the Commission, and introduced his engineer Greg Halling, and his brother Mike Mahowald and sister Barb Mahowald. He stated that while growing up on the farm the drainage area in question was a lake. He also spoke about a knoll area which is referred to as "Indian Hill", as Native American's camped there in early years. He stated that the area where the lots are proposed is high land, but not farmable. He stated that the runoff from his proposed 5-acre development is minuscule and he requested that Mr. Chlan remove objection to his proposed nine-lot development.

City Engineer Revering further described proposed stormwater management plan, noting that the proposal meets current local, state, and federal regulations.

Tim Kniefel, 1010 Theresa Marie Drive in Elko New Market, asked why additional lots were being proposed when there were still vacant lots within the Farm developments. Mr. Mahowald stated that eleven single-family lots and approximately seven townhome lots remained available within the Farm.

Andy Konczak, 3150 Aaron Drive in Elko New Market, asked Mr. Mahowald why he wanted to create the proposed lots. Mr. Mahowald stated that the piece of ground is not farmable and it will make beautiful lots overlooking the wildlife area. He also noted that they are selling out of the lots in the existing development. Mr. Konczak stated that there is a lot of water in the area currently.

Barbara Mahowald, 5601 West 133rd Street in Savage, asked for clarification regarding the proposed stormwater plan, and the effects of the development on area drainage. City Engineer Revering reviewed the stormwater plan.

Cindy Schultz Wade, 1157 Dorthy Lane in Elko New Market, stated that Mr. Chlan has no intention of adding value to his property by creating a lake or a wetland. His only intention is to keep farming and feed his cows. He has no intention of selling; his property is for his livestock, his family, his livelihood. She supports Mr. Chlan in this regard. Mr. Mahowald stated that this area was a lake and he feels it should be converted back into a lake.

Britt Bowe, 1441 Overlook Drive, stated that eleven months ago she received a brochure about the Farm, which did not depict any lots proposed in this area. She was led to believe that the entire area would always be a “preserve” area and no homes would be built in the proposed area. Commissioner Humphrey questioned Mrs. Bowe as to who was conveying this information, and whether they may have spoken out of turn.

Lance Heisler with Lampe Law Group, 105 East 5th Street in Northfield, representing Dan Chlan and Mary DeGross, addressed to Commission. He stated that he is working with Justin Klabo, a Water Resource Engineer, to complete a thorough, independent hydrology study of this area to better understand the factors involved in the drainage issue. He stated that Degross and Chlan have farmed their land for many years and they now have more than forty acres that is unfarmable. He also stated that he is working with an attorney representing the City regarding the matter.

He suggested that the Planning Commission postpone the action on the item until they get more information from the hydrology study. He stated that perhaps there was a solution that was practical, economically feasible, and would allow Degross and Chlan to keep farming.

Commissioner Humphrey asked Mr. Mahowald how he feels about a possible delay in action on the item; and if he would face any hardship if there was a deferred action. Mr. Mahowald stated that he doesn't see any reason to delay action on the request.

Commissioner Hanson stated that she would like to receive all of the information including what Mr. Chlan may bring to the table through his engineer, before she makes a recommendation.

Greg Halling, Halling Engineering, 3727 East 255th Street in Webster, asked City Engineer Revering how much expense the City has incurred in reviewing the drainage issues in response to Mr. Chlan's concerns. Revering stated that he does not have an estimated total amount, but the City has spent a significant amount of time over the past eight-to-ten years. Halling stated that he has met all City requirements in terms of stormwater.

Nadia Khalil, 1435 Overlook Drive in Elko New Market, stated she feels that she was misled because she did not know development was planned for the area. She also stated that there are vacant lots that have not yet been sold so she doesn't understand why the lots are being proposed at this time.

Rick Greuel, 1435 Overlook Drive in Elko New Market, stated that up to seven homes will be directly affected by the proposed development and that he doesn't see the value in the development.

The public hearing was closed at 8:43 p.m.

Following discussion by the Planning Commission, it was moved by Humphrey and seconded by Hanson to continue the request for rezoning and preliminary plat approval of Sylvester Meadows, noting the following:

- 1) Staff is directed to extend the City's statutory review period for an additional 60-days for a total of 120-days.
- 2) Lance Heisler with Lampe Law Group shall be given until July 8, 2019 to submit an independent hydrology study for consideration by the City in conjunction with the current request.
- 3) The applicant shall redraw the plat to address the park dedication as requested by the Parks Commission.
- 4) The applicant shall address the conditions contained in the May 28, 2019 staff report to the Planning Commission in future submittals.

Motion carried: (5-0)

8. GENERAL BUSINESS

A. Concept Plan Review and Annexation Petition for Residential Development – John Wichmann & Steve Soltau

Christianson advised the Commission that the City has received a petition for annexation of approximately 36 acres of land located along the east side of Xerxes Avenue and directly south of Pete's Hill Park. The applicant, Elko 34, LLC, is requesting the annexation in order to develop the property into a 46 lot residential development on urban services.

Christianson noted that the City has been reviewing various concept plans for the property for approximately three years. There are new investors in the ownership group who now wish to move the project forward. She introduced Steve Soltau who is representing Elko 34, LLC. Christianson explained that feedback has been received from the City Engineer and

Public Works Director. She provided a Powerpoint presentation and described the following:

- Neighborhood conditions and surrounding uses
- Street conditions of Xerxes Avenue, Beard Avenue and 273rd Street East
- 2030 Comprehensive Plan which guides the property to Low Density Residential
- Proposed Planned Unit Development (PUD) zoning of the property, and the reason that PUD zoning is being requested
- Lot size standards and setback requirements, and the developer's request for a 25' front setback.
- Utility issues, including issues related to sanitary sewer, water, and stormwater
- Landscaping and tree preservation requirements
- Wetlands on the property and proposed 7,100 square foot wetland impact
- Sidewalk and trail requirements, and the Park Commission's desire for a trail connection from the development to Pete's Hill Park.
- Issues related to park dedication requirements, which are currently being considered by the Park's Commission.

Christianson explained that the City does not typically annex property without a recommendation from the Planning Commission, and that annexation are typically only considered when a development proposal has been received.

New Market Township Board member and Ex-officio member Anderson stated that he did not see anything concerning to the Township with the conceptual layout. He did, however, ask about the maintenance of Beard Avenue adjacent to the development. Christianson stated that the City currently maintains Beard Avenue and has annexed to the centerline of the road. If the property were to be annexed, the City would own the entire road right-of-way for much of Beard Avenue.

Planning Commission feedback was requested on the following items:

- Does the Planning Commission support annexation of the property for the proposed development?
- Does the Planning Commission support the twin homes in the proposed locations?
- Does the Planning Commission support PUD zoning in this location and for the proposed development?
- Does the Planning Commission support the proposed 25' front setback?

Following discussion, it was moved by Humphrey and seconded by Hanson, to recommend to the City Council that the property be annexed into the City of Elko New Market based on the submitted concept development plan, and noting the following items:

- 1) The proposed use of the property meets the intent of the guided land use for the area which guides the property to low density residential. The development does not exceed the guided density range 2 to 5 units per acre.

- 2) Development of the property as shown on the concept plan dated 4/25/19 would require approval of Planned Unit Development (PUD) zoning.
- 3) A deviation from the lot size and width requirements is being proposed for eight of the proposed 23 single-family lots. Attempt should be made to meet the minimum lot size requirements.
- 4) The developer shall indicate how the development will meet the intended goals of the PUD by incorporating improved design elements that exceed the city's standards.
- 5) A 20' wide landscape buffer must be provided for lots abutting Xerxes Trail and 273rd Street East.
- 6) A tree inventory meeting the requirements of Section 12-9-9 of the City's Subdivision Ordinance must be completed and must identify the location of all significant trees on the property. 40% of the significant trees must be protected as part of the development.
- 7) The City will require that water be looped through the development and connect to the Windrose development. Future plan submittals should indicate the proposed connection to the Windrose development. 12" watermain will be required in 273rd Street East.
- 8) A stormwater plan meeting the requirements of Chapter 11 of the Zoning Ordinance and the City's Surface Water Management Plan must be submitted and approved by the City Engineer.
- 9) A (wetland) MnRAM report is required, to determine the quality of the wetlands on the site. Vegetative buffers are required adjacent to delineated wetlands, and buffer widths are based on the quality of the wetland.
- 10) Support for the concept plan dated 4/25/19 is subject to approval of a wetland replacement plan application. An application for wetland mitigation will need to be submitted and approved by the City in order to mitigate any wetlands on the property.
- 11) Additional right-of-way will need to be dedicated along Xerxes Trail, Beard Avenue, and 273rd Street East.
- 12) 273rd Street East adjacent to the proposed development must be improved to city standards. The street section/design shall match the existing street section on Xerxes Trail, with curbing on the north side of the street, and a rural section on the south side of the street.
- 13) A sidewalk must be added on the north side of proposed "Road C". A sidewalk may be required on proposed "Road B" (cul-de-sac).
- 14) A 10' wide trail that meets the intent of the City's Park & Trail Plan should be incorporated into the development plans. The trail should connect from Pete's Hill Park on the north side of the development, and continue through the development in a southeasterly fashion, possibly connecting to proposed "Road A or C".
- 15) Park land dedication is recommended on the north side of the proposed development, adjacent to Pete's Hill Park and surrounding the north wetland area. Additional input will be sought from the Parks Commission regarding park dedication.
- 16) Additional evaluation is needed regarding proposed single family lots #22 & 23, in terms of sanitary sewer and water service, and driveway access onto a major city collector street. These lots may not be buildable lots.
- 17) The existing well on the property must be properly sealed and the septic system must be properly abandoned. Demolition permits are required for removal/demolition of any existing structures.

- 18) The proposed monument sign must be located on a private lot, with an easement granted for monument sign purposes.
- 19) The proposed outlots depicted between single-family homes and twin homes must be incorporated into private lots. The proposed outlots must be removed from the development plan.

Motion carried: (5-0)

B. Concept Plan Review of 68-Unit Apartment Development – Global Properties

Sevening presented her concept plan staff report, along with a Powerpoint presentation for a proposed 68-unit apartment complex to be constructed in two buildings. She provided some history regarding the property, noting that the property was previously owned by the City who recently sold the property to Global Properties.

She reviewed the following items related to the proposed development:

- 2030 Comprehensive Plan, which guides the property to Residential Mixed Use
- 2040 Draft Comprehensive Plan guidance, which guides the property to High Density Residential
- Current zoning of the property of High Density Residential
- Minimum lot criteria and required setbacks
- Proposed setback variances which would be required to accommodate the development as currently proposed
- Additional building height being request which would require a conditional use permit
- Utility issues, including how the property would be served with sanitary sewer, water, and stormwater
- Wetland issues
- Tree inventory requirements
- Lighting plan requirements
- Parking requirements for apartments, and the parking being proposed by the applicant.
- Property access issues from James Parkway and the private development to the east, noting that the c
- Snow storage requirements
- Sidewalks, trail, and park requirements
- Requirements for open space within the site
- Police and Fire Department input regarding the concept plan, including a recommendation of a hard surface gravel base on the west side of the property
- The existence of a gas line easement within the site

Sevening summarized the proposed deviations from the City Code as shown on the current concept plan. She also reviewed the specific criteria that must be satisfied for variance and

conditional use permit requests. She asked the Planning Commission to provide feedback on the concept plan and the proposed deviations from the City Code.

Larry Gensmer, representing Global Properties, was present at the meeting and indicated that they would try to amend the concept plan to eliminate the need for most of the variances. He did state that they would continue to apply for a conditional use permit for the deviation from the building height requirement. He also discussed the large gas line easement which impedes the use of the site.

Chairman Smith asked Gensmer if he anticipated any problems with connecting the proposed apartment development to the existing townhome development. He stated that he will be suggesting an “emergency only” access through the two developments, and hopes that the homeowners association will consent to the cross access.

Chairman Smith and Commissioner Hanson asked what the target market and rents would be. Mr. Gensmer indicated that they are currently proposing a workforce housing project, and they may be applying for tax credits, tax abatement, and/or conduit financing.

The Planning Commission generally supporting the concept plan with the changes as described by Mr. Gensmer.

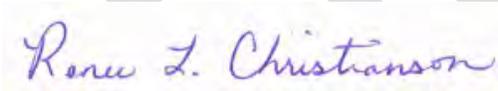
9. MISCELLANEOUS

Upon recommendation of the Chair, all miscellaneous items were deferred to the June Planning Commission meeting.

10. ADJOURNMENT

A motion was made by Hanson and seconded by Humphrey to adjourn the meeting at 10:15 p.m. Motion carried: (5-0).

Submitted by:



Renee Christianson
Community Development Specialist

**ELKO NEW MARKET PARKS COMMISSION
TUESDAY, JUNE 11, 2019
REGULAR MEETING MINUTES**

PRESENT:

Present at Roll Call were Chair Sutton, Commissioner Miller, Commissioner Melgaard, Commissioner Zahratka and Commissioner Dornseif. Also present was Assistant City Administrator Mark Nagel; Community Development Specialist Renee Christianson; Mayor Joe Julius; Steve Soltau; and John Wichmann.

CALL TO ORDER:

The meeting was called to order at 4:06 PM in Conference Room B at Elko New Market City Hall, 601 Main Street.

APPROVE AGENDA:

Mr. Nagel said that there were no additional items for the Agenda for the June meeting. Upon motion by Commissioner Dornseif, seconded by Commissioner Melgaard, the June Meeting Agenda was approved, as printed.

CITIZEN COMMENTS:

There were no citizen comments at the June Parks Commission Meeting.

**APPROVAL OF MINUTES OF MAY 14, 2019 PARKS
COMMISSION MEETINGS:**

Upon motion by Chair Sutton, seconded by Commissioner Miller, the Parks Commission unanimously approved the May 14, 2019 Parks Commission Minutes, as printed.

PETITIONS, REQUESTS, AND COMMUNICATIONS

Mr. Nagel called Commissioners' attention to the 2 attached articles contained in the Agenda Packet – one on Disc Golf and one on the National League of Cities Annual Survey of Mayor Priorities for 2019 – for Commissioners' information.

UPDATES:

Mr. Nagel reviewed the May 31, 2019 ENM Parks Commission Update, which contained 16 items, with the Commissioners. Mr. Nagel commented that he would be focusing on Summer parks projects and Community Events.

Chair Sutton reported that the CCEC would be discussing the 2019 Fire Rescue Days plans at their June 11, 2019 meeting.

Commissioner Zahratka said that the next meeting of the Community Ed Advisory Board will not be until the Fall.

OLD/NEW BUSINESS:

Mr. Nagel provided an update on the SMSC Trail Grant Application to Commissioners. He noted that the funding would pave the trail link between the Woodcrest Addition and the Windrose 8th Addition. The total cost was estimated at \$22,120 with 80 % being paid by the grant. He was pleased to report that the grant application had been approved by the SMSC Business Council at their meeting of April 10, 2019. He called the Commissioners' attention to the Memo on recommending that the Donation Agreement with the SMSC be approved by the City Council and reviewed it with the Commission. Upon motion by Commissioner Miller, seconded by Commissioner Melgaard, the Parks Commission unanimously recommended that the City Council accept approve the Donation Agreement for trail construction with the SMSC.

Mr. Nagel said that he and Jessica Davidson from New Prague Community Ed had completed the schedule for the Summer events at Wagner Park Shelter. The events include the RAD Zoo, Mad Science, the Raptor Center, Fitness Boomers, along with movies and waterslides. This year, there were enough funds for an additional 2 weeks, since Staff was able to secure sponsorships for those weeks. The events will be every Thursday night beginning at 6:30 PM starting on June 20th. Upon motion by Commissioner Zahratka; seconded by Commissioner Dornseif, the parks Commission unanimously approved the 2019 Summer Events Programs at the Wagner Park Shelter.

Mr. Nagel said that the Planning Commission was requesting input from the Parks Commission on an application by the developer, Elko 34, LLC, regarding Park Dedication fees on a proposed residential development consisting of 23 twin homes and 23 single-family homes near Pete's Hill. Community Development Specialist Renee Christianson, along Elko 34, LLC representatives, made a presentation on the proposed development. In discussing the development as it pertains to Park Dedication, consensus of the Commissioners was that sidewalk, as shown, was acceptable and should connect to the existing trail on Pete' Hill; there was not a need for sidewalk in the cul-de-sac; and there was interest in accepting the wetland area nearest Pete's Hill in lieu of some of the Park Dedication Fee. As for accepting the wetland area off Beard Avenue in lieu of Park Dedication Fees, Commissioners and Staff were unfamiliar with the parcel, so will take a closer look at this request. No action was taken on this item.

Mr. Nagel reported on the recent goals session by City Council held on May 22, 2019. He reviewed the list of Policy Discussion Topics given to the City Council, including 3 parks-related ones – Community center, Funding Park Infrastructure, and a Community Park. He reviewed his responses to the council on each of the 3 and included those comments as part of the June Agenda Packet. No further action was taken on this item.

Based on Parks Commission comments at the May meeting, Mr. Nagel said that the course layout had been changed to include grass tee boxes and less impact on the environment. He called Commissioners attention to the map of the revised course layout in the packet and explained that major difference was to revise Hole #1 into 2 holes, so that one would not have to be built in the woods behind the gazebo. He said that other minor adjustments were made to minimize brush cutting on most of the holes, too. He said that he was still working on a revised construction schedule with Leiviska Disc Golf, but that it would likely be in late July. Upon motion by Commissioner Melgaard, seconded by Commissioner Miller, the Parks Commission unanimously approved the revised layout for the Disc Golf Course at Windrose Park.

Mr. Nagel presented the Bill List to the Commissioners – Schlomka's Portable Restrooms for services for June, 2019 for \$710.00 and Swank Motion Pictures for license to show movies at Summer events for \$1,140.00. Upon motion by Commissioner Melgaard, seconded by Chair Sutton, the Parks Commission unanimously approved the Bill List for the June meeting.

OTHER BUSINESS:

Mr. Nagel reported that he had forwarded the applications of Commissioners Melgaard and Miller to be reappointed to a 3-year term. He said that the Council accepted them and was in the process of interviewing candidates. He said that the decision on reappointment/appointment of Parks commissioners would likely be at the June 27th City Council Meeting.

There were no additional business items to come before Commissioners at the June 11, 2019 Parks Commission meeting.

NEXT MEETING:

Upon motion by Commissioner Melgaard, seconded by Commissioner Miller, the next Regular meeting of the Parks Commission was set for Tuesday, July 9, 2019 at 4:00 PM in conference Room B of Elko New Market City Hall.

PARK COMMISSIONER COMMENTS:

There were no additional comments from Commissioners at the June 11, 2019 Parks Commission meeting.

ADJOURNMENT:

There being no further business to come before the Parks Commission, upon motion by Commissioner Dornseif, seconded by Commissioner Zahratka, the meeting was adjourned by voice vote at 5:38 PM.

**Respectfully Submitted,
Mark Nagel, Assistant City Administrator**

COMMUNITY AND CIVIC EVENTS COMMITTEE (CCEC) MEETING
June 11, 2019 Minutes

Meeting was called to order at 5:33 PM by Chair Mike Sutton in the ENM City Hall Council Chambers.

Members Attending: Chair Mike Sutton, Toni Maat, Terre Larsen; and Dawn Seepersaud. There was not a quorum of members for this meeting.

Others Attending: Lynda Jirak and Mark Nagel

Absent: Janelle Kirsch; Amanda Cambronne; Leander Wagner, Lori Nelson, and Jodi Muelken.

There were no revisions to the posted Agenda for this meeting.

The Agenda Item to approve the May 21, 2019 Meeting Minutes was tabled to the next CCEC Meeting due to the lack of a quorum.

Mark Nagel updated the Committee on fundraising noting that he had met with Robin Anderson of the Elko Speedway on sponsorship of the CCEC's slate of events for 2019. He said that he hoped to have a response shortly on the amount. Lynda Jirak noted that she filled out the necessary donation form to obtain funds from Nuvera. Mr. Nagel said that the Doublewide had already contributed \$500. No further action was taken on this item by the Committee.

The upcoming Fire Rescue Days plans for Thursday, Friday, Saturday, and Sunday, June 27th to June 30th were updated by the Committee with the attached status of assignments of tasks/duties, as of 6-12-19, made by the Committee the result of the discussion. The update is attached as part of these Minutes. Discussion centered on the draft flyer, Tug-of-War, and the Dunk Tank. Lynda Jirak provided a list of the 37 parade entries and said that all permits for the events had now been approved by the City Council. Mark Nagel said that members should send Lynda Jirak an email as they complete their tasks, so that the overall outline could be updated at a Special CCEC meeting, if needed.

Mark Nagel said that he would like to schedule a Special Meeting of the CCEC for Tuesday, June 25, 2019 at 5:30 PM at City Hall in order to take care of any last minute details for the Fire Rescue Days events. Consensus of those present was to hold the meeting, if necessary.

The July meeting of the CCEC will be on Tuesday July 16th at 5:30 PM at ENM City Hall.

Consensus of those present was to adjourn the meeting at 6:38 PM.

Respectfully submitted,

Mark Nagel, Assistant City Administrator.