CITY OF
PLAINVIEW
MINNESOTA

The Heart of Greenwood Prairie

PLAINVIEW CITY COUNCIL
SPECIAL MEETING
AGENDA
Tuesday, June 26, 2018, at 6:00 P.M.

Special meetings are meetings held at a time or place that is different from the regularly scheduled meetings. These are often scheduled to deal with specific items that need to be addressed before the next regular meeting. Generally, any matter that can be addressed at a regular meeting can also be addressed at a special meeting if it has been properly noticed. The clerk must post written notice of the date, time, place, and purpose of the special meeting on the city's principal bulletin board at least three days before the meeting.

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. APPROVAL OF AGENDA

Because this is a special meeting, no business may be addressed that is not posted (part of the original agenda).

4. UNFINISHED BUSINESS

5. NEW BUSINESS

A. 2017 Audit Presentation
B. City Council Appointment
C. New Hire – Part-Time Bartenders
D. Gold Cross Ambulance Staffing Agreement

6. ADJOURN

CITY OF
PLAINVIEW
MINNESOTA

The Heart of Greenwood Prairie

Executive Summary

City Council Regular Meeting: June 26, 2018

AGENDA ITEM: 2017 Audit	**AGENDA SECTION:** New Business
PREPARED BY: Vicki Axley, Finance Director	**AGENDA NO. 5.A.**
ATTACHMENTS: Audit Report	**APPROVED BY: cgh**
RECOMMENDED ACTION: Motion to approve Resolution Accepting the 2017 Financial Statements with Independent Auditors' Report.	

SUMMARY

Monica Hauser, of Hawkins Ash CPAs, will be here on Tuesday, June 26, 2018, to review the City of Plainview's 2017 Audit. Ms. Hauser will give a presentation highlighting items that may be worthy of your attention and be available to answer any questions that you may have.

RECOMMENDATION

Staff recommends approval of a resolution accepting the 2017 Financial Statements with Independent Auditors' Report.

CITY OF PLAINVIEW
WABASHA COUNTY, MINNESOTA

RESOLUTION 2018 - ______

ACCEPTING THE 2017 FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

WHEREAS, the City of Plainview has been presented its 2017 Financial Statements with Independent Auditors' Report, prepared by the firm of Hawkins Ash CPAs.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Plainview, Minnesota, accepts its 2017 Financial Statements with Independent Auditors' Report.

ADOPTED as of the 26th day of June, 2018.

____
Roger Ziebell, Mayor

____
MariClair Schneider, City Clerk

CITY OF PLAINVIEW, MINNESOTA

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2017

CITY OF PLAINVIEW, MINNESOTA

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Mayor	Roger Ziebell
Council	Diane LaRocque
Council	Dave Walkes
Council	Dustin Boettcher
Council	Stephen O'Connor
City Administrator	Clarissa Hadler
Finance Director	Vicki Axley
Clerk/Treasurer	MariClair Schneider

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
Plainview, 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 remaining fund information of the City of Plainview ("City"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 basic financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Plainview, Minnesota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General 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 on pages 6 through 12 and the budgetary comparison information and schedules of proportionate share of pension liability and contributions on pages 48 and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 the 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 Plainview, Minnesota's basic financial statements. The introductory section and 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.

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 19, 2018

CITY OF PLAINVIEW, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Plainview, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $11,622,779 (net position). Of this amount, $3,045,731 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $578,317, as compared to an increase of $184,828 in the prior year. The current year increase is attributable to governmental activities net position increasing $50,388 and business-type activities net position increasing $527,929.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,953,509, a increase of $30,330. Approximately $1,442,368 is available for spending at the City's discretion.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $2,629,522, or 98.7 percent of total General fund expenditures. While these funds are not legally reserved, they are designated for future purposes.

- The City's total debt decreased by $383,980, or 11.6 percent during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

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

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

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

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Ambulance Operating and Street Reconstruction funds which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General and certain special revenue and other funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 19-24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-47 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 51-73 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $11,622,779 at the close of the most recent fiscal year.

A large portion of the City's net position (55 percent) 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.

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 4,165,748	$ 4,104,915	$ 3,097,474	$ 2,706,923	$ 7,263,222	$ 6,811,838
Capital assets	6,290,554	6,289,316	3,057,105	2,963,068	9,347,659	9,252,384
Deferred outflows	1,095,986	1,136,152	398,161	413,185	1,494,147	1,549,337
Total assets and deferred outflows	11,552,288	11,530,383	6,552,740	6,083,176	18,105,028	17,613,559
Long-term liabilities outstanding	2,428,736	2,620,396	605,856	714,857	3,034,592	3,335,253
Net pension liability	1,125,188	1,956,479	408,770	711,514	1,533,958	2,667,993
Other liabilities	192,483	148,092	235,854	227,575	428,337	375,667
Deferred inflows	1,089,542	139,465	395,820	50,719	1,485,362	190,184
Total liabilities and Deferred inflows	4,835,949	4,864,432	1,646,300	1,704,665	6,482,249	6,569,097
Net investment in capital assets	3,943,554	3,743,316	2,476,683	2,269,646	6,420,237	6,012,962
Restricted	2,156,811	1,898,994			2,156,811	1,898,994
Unrestricted	615,974	1,023,641	2,429,757	2,108,865	3,045,731	3,132,506
Total net position	$ 6,716,339	$ 6,665,951	$ 4,906,440	$ 4,378,511	$ 11,622,779	$ 11,044,462

An additional portion of the City's net position (18.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the City as a whole and for each of the business-type activities and most of the governmental activities.

Governmental Activities. Governmental activities increased the City's net position by $50,388 thereby accounting for none of the total growth in the net position of the City. Key elements of this decrease was the adoption of the new pension disclosures.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	$ 726,430	$ 749,968	$ 2,597,571	$ 2,194,162	$ 3,324,001	$ 2,944,130
Operating grants and contributions	728,850	389,527			728,850	389,527
General revenues						
Property taxes/ tax increments	1,998,540	1,789,623			1,998,540	1,789,623
Other taxes						
Grants and contributions not restricted to specific programs	874,737	1,139,229			874,737	1,139,229
Unrestricted						
investment earnings	50,462	39,563	2,150	1,776	52,612	41,339
other revenue	-	10,090	-	26,336	-	36,426
Total revenues	4,379,019	4,118,000	2,599,721	2,222,274	6,978,740	6,340,274
Expenses						
General government	997,708	904,122			997,708	904,122
Public safety	1,766,008	1,476,938			1,766,008	1,476,938
Streets and highways	705,814	626,435			705,814	626,435
Culture and recreation	604,710	603,173			604,710	603,173
Economic development	139,658	285,997			139,658	285,997
Cemetery and miscellaneous	45,120	58,742			45,120	58,742
Interest on long-term debt	69,613	79,379			69,613	79,379
Water utility			369,671	373,594	369,671	373,594
Sewer utility			984,904	985,571	984,904	985,571
Municipal liquor store			717,217	761,495	717,217	761,495
Total expenses	4,328,631	4,034,786	2,071,792	2,120,660	6,400,423	6,155,446
Change in net position	50,388	83,214	527,929	101,614	578,317	184,828
Net position - January 1	6,665,951	6,582,737	4,378,511	4,276,897	11,044,462	10,859,634
Net position - December 31	$ 6,716,339	$ 6,665,951	$ 4,906,440	$ 4,378,511	$ 11,622,779	$ 11,044,462

Business-type Activities. Business-type activities increased the City’s net position by $527,929. Key elements of this increase are as follows:

- The Water fund had a net income of $166,734 and the Sewer fund had a net income of $324,242.
- The Liquor fund had a net income of $36,953. The gross profit percentage for the current year was 39.4 percent, compared to 38.0 percent in the prior year.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $3,953,509 an increase of $30,330 in comparison with the prior year. Approximately 36.5 percent of this total amount, $1,442,368, constitutes assigned or *unassigned fund balance* , which is available for spending at the City's discretion. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for current spending.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was $2,629,522, most of which was unassigned. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 98.7 percent of fund expenditures.

The Park, Pool, and Rink Fund had a net decrease in fund balance during the current year of $84,702.

The Ambulance Operations fund has a total fund deficit of 477,213 and a net decrease in fund balance during the current year of $148,054.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to $2,429,757. The total increase in net position for the funds was $527,929. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. The budget called for a decrease in reserves of $461,179. However, revenues exceeded expectations by $813,625 and expenditures were over budget by $205,692 in 2017.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounts to $9,347,659 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads and highways. The total increase in the City's investment in capital assets for the current fiscal year was $95,275.

Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 86,382	$ 86,382	$ 28,926	$ 28,926	$ 115,308	$ 115,308
Buildings and improvements	2,276,749	2,174,354	186,366	186,366	2,463,115	2,360,720
Systems and infrastructure	2,877,118	2,923,738	2,820,292	2,728,106	5,697,410	5,651,844
Equipment and machinery	1,030,480	1,104,842	21,521	19,670	1,052,001	1,124,512
Construction in progress	19,825	-			19,825	-
Total	$ 6,290,554	$ 6,289,316	$ 3,057,105	$ 2,963,068	$ 9,347,659	$ 9,252,384

Outstanding Debt

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $2,855,442 of which $2,347,000 was general obligation debt and $508,442 was general obligation revenue bonds. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	$ 2,347,000	$ 2,546,000	$	$	$ 2,347,000	$ 2,546,000
General obligation revenue bonds			508,442	693,422	508,442	693,422
Total	$ 2,347,000	$ 2,546,000	$ 508,442	$ 693,422	$ 2,855,442	$ 3,239,422

The City's total debt decreased by $383,980, or 11.6 percent during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Wabasha County is currently 4.5 percent, which is a increase from a rate of 3.4 percent a year ago. This rate is slightly higher than the State's average unemployment rate of 3.1 percent and is comparable to the national average rate of 3.8 percent.
- Property valuations within the City remain stable.
- Inflationary trends in the region compare favorably to national indices.

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

The City plans to increase water and sewer rates in future years. These rate increases are expected to provide for increased costs of operations and the repayment of the debt in the Water and Sewer funds.

Separately Issued Financial Statements for Component Unit

Separate financial statements for the Economic Development Authority, a component unit, can be found on pages 71-72.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator/City Clerk/Finance Director, City of Plainview, 241 West Broadway Plainview, MN 55964-1253.

CITY OF PLAINVIEW, MINNESOTA

BASIC
FINANCIAL STATEMENTS

CITY OF PLAINVIEW, MINNESOTA

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY OF PLAINVIEW, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Primary Government			Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	$ 2,402,117	$ 2,866,076	$ 5,268,193	$ 66,607
Investments	1,633,669	-	1,633,669	-
Receivables				
Interest	8,208	-	8,208	-
Delinquent taxes	13,821	-	13,821	-
Accounts, net	90,798	174,016	264,814	-
Special assessments	730	-	730	
Notes/leases	-	-	-	79,745
Intergovernmental	16,405		16,405	
Inventories	-	57,382	57,382	-
Capital assets not being depreciated				
Land	86,382	28,926	115,308	15,798
Construction in progress	19,825	-	19,825	
Capital assets (net of accumulated depreciation)				
Buildings and improvements	2,276,749	186,366	2,463,115	134,415
Systems and infrastructure	2,877,118	2,820,292	5,697,410	-
Equipment and machinery	1,030,480	21,521	1,052,001	1,046
TOTAL ASSETS	10,456,302	6,154,579	16,610,881	297,611
DEFERRED OUTFLOWS OF RESOURCES	1,095,986	398,161	1,494,147	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$11,552,288**	**$ 6,552,740**	**$18,105,028**	**$ 297,611**
LIABILTIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts and contracts payable	$ 101,154	$ 216,197	$ 317,351	$ -
Due to other governments	-	6,533	6,533	-
Accrued interest payable	27,148	4,093	31,241	-
Accrued wages payable	64,181	9,031	73,212	-
Noncurrent liabilities				
Due within one year	207,000	113,000	320,000	-
Due in more than one year	2,221,736	492,856	2,714,592	-
Net pension liability	1,125,188	408,770	1,533,958	-
TOTAL LIABILITIES	3,746,407	1,250,480	4,996,887	-
DEFERRED INFLOWS OF RESOURCES	1,089,542	395,820	1,485,362	-
NET POSITION				
Net investment in capital assets	3,943,554	2,476,683	6,420,237	151,259
Restricted - expendable	2,049,733	-	2,049,733	-
Restricted - nonexpendable	107,078	-	107,078	146,352
Unrestricted	615,974	2,429,757	3,045,731	-
TOTAL NET POSITION	6,716,339	4,906,440	11,622,779	297,611
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$11,552,288**	**$ 6,552,740**	**$18,105,028**	**$ 297,611**

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Economic Development Authority
Primary government:								
Governmental activities								
General government	$ 997,708	$ 32,511	$ 388,504	$ -	$ (576,693)		$ (576,693)	
Public safety	1,766,008	302,790	176,990	-	(1,286,228)		(1,286,228)	
Streets and highways	705,814	196,921	-	-	(508,893)		(508,893)	
Culture and recreation	604,710	92,760	160,419	-	(351,531)		(351,531)	
Economic development	139,658	90,000	2,200	-	(47,458)		(47,458)	
Cemetery and miscellaneous	45,120	11,448	737	-	(32,935)		(32,935)	
Interest and other	69,613	-	-	-	(69,613)		(69,613)	
Total governmental activities	4,328,631	726,430	728,850	-	(2,873,351)		(2,873,351)	
Business-type activities								
Water	369,671	536,405	-	-	-	166,734	166,734	
Sewer	984,904	1,309,146	-	-	-	324,242	324,242	
Liquor	717,217	752,020	-	-	-	34,803	34,803	
Total business-type activities	2,071,792	2,597,571	-	-	-	525,779	525,779	
Total primary government	**$ 6,400,423**	**$ 3,324,001**	**$ 728,850**	**$ -**	(2,873,351)	525,779	(2,347,572)	
Component Unit								
Economic Development Authority	**$ 79,573**	**$ -**	**$ 63,284**	**$ -**				$ (16,289)
General revenue								
Property taxes, levied for general purposes					1,613,709	-	1,613,709	-
Property taxes, levied for debt service					299,075	-	299,075	-
Tax increments					85,756	-	85,756	-
Grants and contributions not restricted to specific programs					874,737	-	874,737	-
Unrestricted investment earnings					50,462	2,150	52,612	59
Other revenue					-	-	-	5,210
Total general revenues and transfers					2,923,739	2,150	2,925,889	5,269
Change in net position					50,388	527,929	578,317	(11,020)
Net position, January 1					6,665,951	4,378,511	11,044,462	308,631
Net position, December 31					**$ 6,716,339**	**$ 4,906,440**	**$ 11,622,779**	**$ 297,611**

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

CITY OF PLAINVIEW, MINNESOTA

FUND
FINANCIAL STATEMENTS

CITY OF PLAINVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General	Park	Ambulance Operating	Street Reconstruction	Other Governmental Funds	Totals
ASSETS						
Cash and cash equivalents (deficit)	$ 331,885	$ -	$ -	$ 1,384,246	$ 685,986	$ 2,402,117
Investments	1,526,591	-	-	-	107,078	1,633,669
Receivables						
Interest	8,208	-	-	-	-	8,208
Delinquent taxes	13,821	-	-	-	-	13,821
Accounts, net	13,366	1,800	56,872	12,704	6,056	90,798
Special assessments	730	-	-	-	-	730
Intergovernmental	16,405	-	-	-	-	16,405
Due from other funds	869,716	-	-	-	-	869,716
TOTAL ASSETS	**$ 2,780,722**	**$ 1,800**	**$ 56,872**	**$ 1,396,950**	**$ 799,120**	**$ 5,035,464**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
LIABILITIES						
Accounts payable	$ 90,887	$ 2,480	$ 4,239	$ -	$ 3,548	$ 101,154
Accrued wages payable	45,409	3,158	12,092	-	3,522	64,181
Due to other funds	-	383,962	485,754	-	-	869,716
TOTAL LIABILITIES	136,296	389,600	502,085	-	7,070	1,035,051
DEFERRED INFLOWS OF RESOURCES	14,904	-	32,000	-	-	46,904
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	107,078	107,078
Restricted	302,273	-	-	1,396,950	350,510	2,049,733
Committed	-			-	354,330	354,330
Assigned	680,759	-	-	-	-	680,759
Unassigned	1,646,490	(387,800)	(477,213)	-	(19,868)	761,609
TOTAL FUND BALANCES (DEFICITS)	2,629,522	(387,800)	(477,213)	1,396,950	792,050	3,953,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	**$ 2,780,722**	**$ 1,800**	**$ 56,872**	**$ 1,396,950**	**$ 799,120**	**$ 5,035,464**

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

CITY OF PLAINVIEW, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

Total fund balances - governmental funds	$ 3,953,509
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the funds.	6,290,554
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:	
Bonds payable	(2,347,000)
Compensated absences payable	(81,736)
Pension obligations payable	(1,118,744)
Long-term assets are not available to pay current-period expenditures and, therefore, are deferred in the funds.	
Delinquent property taxes receivable	14,904
Charges for services	32,000
Governmental funds do not report a liability for accrued interest until due and payable	(27,148)
Total net position - governmental activities	**$ 6,716,339**

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General	Park	Ambulance Operating	Street Reconstruction	Other Governmental Funds	Totals
REVENUE						
Taxes	$ 1,125,546	$ 188,720	$ 177,762	$ 167,146	$ 410,149	$ 2,069,323
Licenses and permits	53,582	-	-	-	-	53,582
Intergovernmental	1,181,481		-	-	94,286	1,275,767
Charges for services	117,511	59,929	189,808	149,500	53,089	569,837
Fines and forfeitures	16,465	-	-	-	2,704	19,169
Investment earnings	47,109	-	-	-	2,988	50,097
Miscellaneous	201,371	128,274	8,037	-	21,856	359,538
TOTAL REVENUE	2,743,065	376,923	375,607	316,646	585,072	4,397,313
EXPENDITURES						
Current						
General government	976,270	-	-	-	-	976,270
Public safety	957,078	-	467,397	-	75,178	1,499,653
Streets and highways	496,681	-	-	-	-	496,681
Culture and recreation	-	286,121	-	-	216,786	502,907
Economic development	37,500	-	-	-	85,861	123,361
Cemetery	-	-	-	-	39,900	39,900
Miscellaneous	21,145	-	-	-	-	21,145
Capital outlay						
Public safety	51,515	-	56,264	-	-	107,779
Streets and highways	56,122	-	-	-	-	56,122
Culture and recreation	-	259,043	-	-	12,638	271,681
Debt service						
Principal	-	-	-	115,000	84,000	199,000
Interest and other charges	-	-	-	35,719	36,765	72,484
TOTAL EXPENDITURES	2,596,311	545,164	523,661	150,719	551,128	4,366,983
NET CHANGE IN FUND BALANCES	146,754	(168,241)	(148,054)	165,927	33,944	30,330
FUND BALANCES, JANUARY 1	2,482,768	(219,559)	(329,159)	1,231,023	758,106	3,923,179
FUND BALANCES, DECEMBER 31	**$ 2,629,522**	**$ (387,800)**	**$ (477,213)**	**$ 1,396,950**	**$ 792,050**	**$ 3,953,509**

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

CITY OF PLAINVIEW, MINNESOTA
RECONCILIATION OF THE STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

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

Net change in fund balances - governmental funds	$ 30,330
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	435,582
Depreciation expense	(432,342)
Items not capitalized on statement of activities	(2,001)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt if first issued, whereas these amounts are deferred and amortized in the statement of	
Principal repayments	199,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,421
Certain revenue is recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenue cannot be recognized until it is available to liquidate liabilities of the current period.	
Property taxes	(16,310)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	(158,952)
Compensated absences	(7,340)
Change in net position - governmental activities	**$ 50,388**

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017 AND 2016

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2017	2016	2017	2016
CURRENT ASSETS				
Cash and cash equivalents	$ 857,900	$ 855,055	$ 1,720,791	$ 1,429,050
Accounts receivable, net	39,430	48,712	134,586	88,741
Inventories	-	-	-	-
TOTAL CURRENT ASSETS	897,330	903,767	1,855,377	1,517,791
NONCURRENT ASSETS				
Capital assets, at cost				
Land	10,250	10,250	-	-
Buildings and improvements	-	-	-	-
Systems and infrastructure	3,769,782	3,578,807	640,449	640,449
Equipment and machinery	219,679	219,679	11,489	11,489
Less accumulated depreciation	(1,525,793)	(1,447,105)	(179,481)	(166,359)
Total capital assets (net of accumulated depreciation)	2,473,918	2,361,631	472,457	485,579
TOTAL ASSETS	3,371,248	3,265,398	2,327,834	2,003,370
DEFERRED OUTFLOWS OF RESOURCES	103,536	116,497	82,603	57,755
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 3,474,784**	**$ 3,381,895**	**$ 2,410,437**	**$ 2,061,125**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ 10,860	$ 3,176	$ 200,021	$ 195,563
Due to other governments	-	-	-	-
Accrued interest payable	3,809	4,459	284	378
Accrued wages and taxes payable	2,776	7,444	2,105	2,154
Due to other funds	-	-	-	-
Bonds payable - current portion	73,000	72,000	40,000	41,000
TOTAL CURRENT LIABILITIES	90,445	87,079	242,410	239,095
NONCURRENT LIABILITIES				
Compensated absences payable - noncurrent	6,352	4,874	2,670	1,290
Net pension liability	106,294	200,610	84,804	99,456
Bonds payable - noncurrent	383,422	456,422	84,000	124,000
TOTAL NONCURRENT LIABILITIES	496,068	661,906	171,474	224,746
TOTAL LIABILITIES	586,513	748,985	413,884	463,841
DEFERRED INFLOWS OF RESOURCES	102,927	14,300	82,117	7,090
NET POSITION				
Net investment in capital assets	2,017,496	1,833,209	348,457	320,579
Unrestricted	767,848	785,401	1,565,979	1,269,615
TOTAL NET POSITION	2,785,344	2,618,610	1,914,436	1,590,194
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 3,474,784**	**$ 3,381,895**	**$ 2,410,437**	**$ 2,061,125**

(Continued on page 20)

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - Continued
DECEMBER 31, 2017 AND 2016

	Business-type Activities - Enterprise Funds			
	609 Liquor		Totals	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2017	2016	2017	2016
CURRENT ASSETS				
Cash and cash equivalents	$ 287,385	$ 648,838	$ 2,866,076	$ 2,932,943
Accounts receivable, net	-	-	174,016	137,453
Inventories	57,382	49,463	57,382	49,463
TOTAL CURRENT ASSETS	344,767	698,301	3,097,474	3,119,859
NONCURRENT ASSETS				
Capital assets, at cost				
Land	18,676	18,676	28,926	28,926
Buildings and improvements	268,580	268,580	268,580	268,580
Systems and infrastructure	-	-	4,410,231	4,219,256
Equipment and machinery	81,070	74,670	312,238	305,838
Less accumulated depreciation	(257,596)	(246,068)	(1,962,870)	(1,859,532)
Total capital assets (net of accumulated depreciation)	110,730	115,858	3,057,105	2,963,068
TOTAL ASSETS	455,497	814,159	6,154,579	6,082,927
DEFERRED OUTFLOWS OF RESOURCES	212,022	238,933	398,161	413,185
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 667,519**	**$ 1,053,092**	**$ 6,552,740**	**$ 6,496,112**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ 5,316	$ 3,143	$ 216,197	$ 201,882
Due to other governments	6,533	6,206	6,533	6,206
Accrued interest payable	-	-	4,093	4,837
Accrued wages and taxes payable	4,150	5,052	9,031	14,650
Due to other funds		412,936	-	412,936
Bonds payable - current portion	-	-	113,000	113,000
TOTAL CURRENT LIABILITIES	15,999	427,337	348,854	753,511
NONCURRENT LIABILITIES				
Compensated absences payable - noncurrent	16,412	15,271	25,434	21,435
Net pension liability	217,672	411,448	408,770	711,514
Bonds payable - noncurrent	-	-	467,422	580,422
TOTAL NONCURRENT LIABILITIES	234,084	426,719	901,626	1,313,371
TOTAL LIABILITIES	250,083	854,056	1,250,480	2,066,882
DEFERRED INFLOWS OF RESOURCES	210,776	29,329	395,820	50,719
NET POSITION				
Net investment in capital assets	110,730	115,858	2,476,683	2,269,646
Unrestricted	95,930	53,849	2,429,757	2,108,865
TOTAL NET POSITION	206,660	169,707	4,906,440	4,378,511
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 667,519**	**$ 1,053,092**	**$ 6,552,740**	**$ 6,496,112**

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2017	2016	2017	2016
OPERATING REVENUE				
Charges for services	$ 514,378	$ 425,555	$ 1,298,888	$ 1,068,399
Sales	-	-	-	-
Cost of sales	-	-	-	-
TOTAL OPERATING REVENUE	514,378	425,555	1,298,888	1,068,399
OPERATING EXPENSES				
Salaries and benefits	99,447	123,707	109,781	93,906
Supplies and repairs	50,154	30,917	21,490	72,018
Other services and charges	88,082	88,623	824,261	790,748
Insurance	6,476	6,824	4,092	3,678
Utilities	35,114	35,906	7,714	6,910
Depreciation	78,688	74,140	13,122	13,122
TOTAL OPERATING EXPENSES	357,961	360,117	980,460	980,382
OPERATING INCOME (LOSS)	156,417	65,438	318,428	88,017
NONOPERATING REVENUE (EXPENSES)				
Connection fees	9,000	10,000	9,000	9,000
Other income	454	2,016	1,258	935
Investment earnings	-	-	-	-
Rental income	12,573	13,285	-	-
Interest and other expense	(11,710)	(13,477)	(4,444)	(5,189)
TOTAL NONOPERATING REVENUE	10,317	11,824	5,814	4,746
CHANGE IN NET POSITION	166,734	77,262	324,242	92,763
NET POSITION, JANUARY 1	2,618,610	2,541,348	1,590,194	1,497,431
NET POSITION, DECEMBER 31	**$ 2,785,344**	**$ 2,618,610**	**$ 1,914,436**	**$ 1,590,194**

(Continued on page 22)

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - Continued
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Business-type Activities - Enterprise Funds			
	609 Liquor		Totals	
	2017	2016	2017	2016
OPERATING REVENUE				
Charges for services	$ -	$ -	$ 1,813,266	$ 1,493,954
Sales	742,623	681,208	742,623	681,208
Cost of sales	(450,391)	(422,328)	(450,391)	(422,328)
TOTAL OPERATING REVENUE	292,232	258,880	2,105,498	1,752,834
OPERATING EXPENSES				
Salaries and benefits	182,436	257,833	391,664	475,446
Supplies and repairs	20,268	18,998	91,912	121,933
Other services and charges	25,985	27,020	938,328	906,391
Insurance	9,615	9,925	20,183	20,427
Utilities	16,994	14,503	59,822	57,319
Depreciation	11,528	10,888	103,338	98,150
TOTAL OPERATING EXPENSES	266,826	339,167	1,605,247	1,679,666
OPERATING INCOME (LOSS)	25,406	(80,287)	500,251	73,168
NONOPERATING REVENUE (EXPENSES)				
Connection fees	-	-	18,000	19,000
Other income	944	4,203	2,656	7,154
Investment earnings	2,150	1,776	2,150	1,776
Rental income	8,453	5,897	21,026	19,182
Interest and other expense	-	-	(16,154)	(18,666)
TOTAL NONOPERATING REVENUE	11,547	11,876	27,678	28,446
CHANGE IN NET POSITION	36,953	(68,411)	527,929	101,614
NET POSITION, JANUARY 1	169,707	238,118	4,378,511	4,276,897
NET POSITION, DECEMBER 31	**$ 206,660**	**$ 169,707**	**$ 4,906,440**	**$ 4,378,511**

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Business-type Activities - Enterprise Funds			
	601 Water		**602** Sewer	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 532,660	$ 425,137	$ 1,253,043	$ 1,045,162
Payments to suppliers and vendors	(172,142)	(178,552)	(817,572)	(851,383)
Payments to and on behalf of employees	(95,365)	(83,744)	(108,450)	(90,462)
Other receipts	13,027	15,301	10,258	9,935
NET CASH PROVIDED BY OPERATING ACTIVITIES	278,180	178,142	337,279	113,252
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(190,975)	(14,527)	-	-
Net proceeds (to) from other funds	-	-	-	-
Principal paid on long-term debt	(72,000)	(70,000)	(41,000)	(36,000)
Interest and fiscal charges paid	(12,360)	(14,109)	(4,538)	(5,528)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(275,335)	(98,636)	(45,538)	(41,528)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and investments	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,845	79,506	291,741	71,724
CASH AND CASH EQUIVALENTS, JANUARY 1	855,055	775,549	1,429,050	1,357,326
CASH AND CASH EQUIVALENTS, DECEMBER 31	**$ 857,900**	**$ 855,055**	**$ 1,720,791**	**$ 1,429,050**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING				
Operating income (loss)	$ 156,417	$ 65,438	$ 318,428	$ 88,017
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Other income related to operations	22,027	25,301	10,258	9,935
Depreciation	78,688	74,140	13,122	13,122
(Increase) decrease in assets:				
Accounts receivable	9,282	(10,418)	(45,845)	(23,237)
Inventories	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	7,684	(16,282)	4,458	(26,820)
Due to other governments	-	-	-	-
Accrued wages payable	(4,668)	2,815	(49)	2,154
Compensated absences payable	1,478	(1,467)	1,380	1,290
Pension related accounts	7,272	38,615	35,527	48,791
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 278,180**	**$ 178,142**	**$ 337,279**	**$ 113,252**

(Continued on page 24)

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

CITY OF PLAINVIEW, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - Continued
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Business-type Activities - Enterprise Funds			
	609 Liquor		Totals	
	2017	2016	2017	2016
Receipts from customers	$ 742,623	$ 681,208	$ 2,528,326	$ 2,151,507
Payments to suppliers and vendors	(528,672)	(491,603)	(1,518,386)	(1,521,538)
Payments to and on behalf of employees	(167,615)	(158,396)	(371,430)	(332,602)
Other receipts	9,397	10,100	32,682	35,336
NET CASH PROVIDED BY OPERATING ACTIVITIES	55,733	41,309	671,192	332,703
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(6,400)	-	(197,375)	(197,375)
Net proceeds (to) other funds	(412,936)	(10,422)	(412,936)	(412,936)
Principal paid on long-term debt	-	-	(113,000)	(113,000)
Interest and fiscal charges paid	-	-	(16,898)	(16,898)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(419,336)	(10,422)	(740,209)	(740,209)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and investments	2,150	1,776	2,150	1,776
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(361,453)	32,663	(66,867)	(405,730)
CASH AND CASH EQUIVALENTS, JANUARY 1	648,838	616,175	2,932,943	2,749,050
CASH AND CASH EQUIVALENTS, DECEMBER 31	**$ 287,385**	**$ 648,838**	**$ 2,866,076**	**$ 2,343,320**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING				
Operating income (loss)	$ 25,406	$ (80,287)	$ 500,251	$ 73,168
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Other income related to operations	9,397	10,100	41,682	45,336
Depreciation	11,528	10,888	103,338	98,150
(Increase) decrease in assets:				
Accounts receivable	-	-	(36,563)	(33,655)
Inventories	(7,919)	-	(7,919)	-
Increase (decrease) in liabilities:				
Accounts payable	2,173	(1,070)	14,315	(44,172)
Due to other governments	327	2,241	327	2,241
Accrued wages payable	(915)	913	(5,632)	5,882
Compensated absences payable	1,141	370	3,999	193
Pension related accounts	14,595	98,154	57,394	185,560
NET CASH PROVIDED BY OPERATING ACTIVITIES	**55,733**	**41,309**	**671,192**	**332,703**

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

CITY OF PLAINVIEW, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the City of Plainview, Minnesota (the “City”) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City’s policies are described below.

Reporting Entity

The City of Plainview (the City) operates under "Optional Plan A" as defined in the State of Minnesota statues. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the City's primary operating fund.

The Park Fund - accounts for the operations of those respective activities.

The Ambulance Operating Fund - accounts for the ambulance operations of the City.

The Street Reconstruction Fund - accounts for the debt service payments of the Street Reconstruction Bond 2010A.

The City reports the following major proprietary funds:

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

Liquor Store - accounts for operations of the liquor store.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NOTE 1 - Summary of Significant Accounting Policies - Continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

Assets, Liabilities and Net Position or Equity Deposits and Investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

NOTE 1 - Summary of Significant Accounting Policies - Continued

7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

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

Accounts Receivable - Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2017. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts at December 31, 2017 was $2,500 for the Ambulance Operations fund and $6,177 for the Water and Sewer enterprise funds of the City.

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

Inventories - All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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 estimated cost of $500 and a useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis subsequent to January 1, 2004. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose not to include items dating back to June 30, 1980. The City was unable to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period after January 1, 2004, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Other improvements	10-20 years
Buildings and improvements	10 - 50 years
Infrastructure	40 - 60 years
Machinery and equipment	5 - 20 years
Vehicles	4 years

Compensated Absences - It is the City's policy to permit certain employees to accumulate earned but unused paid time off (PTO) at various rates based on longevity. These compensated absences are paid to an employee leaving in good standing at their current rate of pay not to exceed 500 hours. PTO will also be paid at their current hourly rate in an amount not to exceed 500 hours when employees separate from service with the City. All PTO is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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, when material, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as 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.

Net Position Classifications - Net position represents the difference between assets and liabilities. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

NOTE 2 - Fund Balances - Governmental Funds

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

As of these financial statements, the City has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form (such as inventory) or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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

NOTE 2 - Fund Balances - Governmental Funds - Continued

Assigned - Amounts that the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates authority.

Unassigned - Amounts that are available for any purpose. Positive amounts are reported only in the general fund due to the restrictive nature of the other funds.

The City would typically use restricted fund balances first, followed by the committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Component Unit - The City has one entity it considers a component unit, the Economic Development Authority which was organized to promote economic development within the City. The City makes an annual contribution to the EDA otherwise the EDA is autonomous from the City. The City includes the component unit in their statements due to the revenue relationship. Individual statements of the EDA can be found on pages 71 and 72 of this report.

At December 31, 2017, fund balances are composed of the following:

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Nonspendable:			
Donor restricted donations	$ -	$ 107,078	$ 107,078
Restricted:			
Debt service	-	1,653,891	1,653,891
Capital projects	-	45,000	45,000
Other purposes	302,273	48,569	350,842
Committed:			
Public safety		203,331	203,331
Culture and recreation	-	87,018	87,018
Other purposes	-	63,981	63,981
Assigned:			
Capital projects	680,759	-	680,759
Unassigned:	1,646,490	(884,881)	761,609
TOTAL FUND BALANCES	**$ 2,629,522**	**$ 1,323,987**	**$ 3,953,509**

NOTE 3 - Stewardship, Compliance, and Accountability

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

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

The appropriated budget is prepared by fund, function and department. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

NOTE 3 - Stewardship, Compliance, and Accountability - Continued

Excess of Expenditures over Appropriations - For the year ended December 31, 2017, expenditures exceeded appropriations in the following funds:

FUND	BUDGET	ACTUAL	EXCESS IN EXPENDITURES OVER APPROPRIATIONS
Special Revenue			
General	$ 2,390,619	$ 2,596,311	$ (205,692)
Park	288,860	545,164	(256,304)
Ambulance	497,483	523,661	(26,178)
Fire Relief	41,600	42,271	(671)
Library	222,086	229,424	(7,338)

These over expenditures were funded by an excess of revenues over budget and available fund balance.

Excess of Expenditures over Appropriations - The following funds had fund equity deficits at December 31, 2017:

FUND	AMOUNT
Special Revenue Funds	
Ambulance Operations	$ (477,213)
Park	(387,800)
Cemetery	(19,868)

The above deficits will be eliminated through transfers from other funds and future charges for services.

NOTE 4 - Detailed Notes on All Funds

Deposits and Investments

Deposits

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

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

NOTE 4 - Detailed Notes on All Funds - Continued

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was $5,273,193 and the bank balance was $5,368,427. Of the bank balance, $500,000 was covered by federal depository insurance. Of the remaining balance, $4,868,427 was collateralized with securities held by the pledging financial institution's trust department in the City's name. The primary government deposits and investments are pooled.

Investments

As of December 31, 2017, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name:

Types of Investment	Fair Value/ Carrying Amount	Credit Quality	Weighted Average Maturities
Pooled investments:			
Morgan Stanley	$ 716,805	N/A	Less than one year
Edward Jones	221,255	N/A	Less than one year
Non-pooled investments:			
SELCO Library Foundation	35,673	N/A	Less than one year
Time Certificates at Various Banks	659,936	N/A	More than one year
	$ 1,633,669		

NOTE 4 - Detailed Notes on All Funds - Continued

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

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

Determining Fair Value - The City categorizes its fair value measurements with in 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; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurement:

1) Domestic Bonds and Equity Securities are determined based on public market quotations (level 1).

2) Deposits and investments with stated interest rates (saving accounts, CD, REPO) are stated at cost.

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals $12,847.

Cash and Investments Summary

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

Deposits	$ 5,255,346
Investments	1,633,669
Cash on Hand	12,847
TOTAL	**$ 6,901,862**
Cash and cash equivalents	$ 5,268,193
Investments	1,633,669
TOTAL	**$ 6,901,862**

The investments of the City are subject to the following risks:

- Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes and the City's investment policy limit the City's investments.

- Custodial Credit Risk: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

- Concentration of Credit Risk: The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer.

NOTE 4 - Detailed Notes on All Funds - Continued

- Interest Rate Risk: The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market, prior to maturity. In addition, operation funds shall be invested primarily in shorter-term securities, money market funds, or similar investment pools.

Deferred Inflows

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

	UNAVAILABLE	UNEARNED
Delinquent taxes receivable (General Fund)	$ 14,904	$ -
Charges for services (Ambulance Fund)	32,000	-
	$ 46,904	$ -

Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 are as follows:

GOVERNMENTAL ACTIVITIES	BALANCES 1/1/17	ADDITIONS	RETIREMENTS	BALANCES 12/31/17
Capital assets not being depreciated:				
Land	$ 86,382	$ -	$ -	$ 86,382
Construction in progress	-	19,825	-	19,825
Total capital assets not being depreciated	86,382	19,825	-	106,207
Capital assets being depreciated				
Buildings and improvements	2,935,718	168,580	-	3,104,298
Other improvements	3,997,675	118,158	-	4,115,833
Equipment and machinery	3,858,289	127,017	154,823	3,830,483
Total capital assets being depreciated	10,791,682	413,755	154,823	11,050,614
Less accumulated depreciation for:				
Buildings and improvements	761,364	66,185	-	1,238,715
Other improvements	1,073,937	164,778	-	827,549
Equipment and machinery	2,753,447	201,379	154,823	2,800,003
Total accumulated depreciation	4,588,748	432,342	154,823	4,866,267
Total capital assets being depreciated, net	6,202,934	(18,587)	-	6,184,347
GOVERNMENTAL ACTIVITIES - CAPITAL ASSETS, NET	$ 6,289,316	$ 1,238	$ -	$ 6,290,554

NOTE 4 - Detailed Notes on All Funds - Continued

Depreciation expense for governmental activities was charged to functions as follows:

General government	$ 11,923
Public safety	154,174
Public works	181,411
Culture, recreation, and education	84,834
Total	$ 432,342

BUSINESS-TYPE ACTIVITIES	BALANCES 1/1/17	ADDITIONS	RETIREMENTS	BALANCES 12/31/17
Capital assets not being depreciated:				
Land	$ 28,926	$ -	$ -	$ 28,926
Capital assets being depreciated				
Buildings and improvements	268,580	-	-	268,580
Systems and infrastructure	4,219,256	190,975	-	4,410,231
Furniture and equipment	305,838	6,400	-	312,238
Total capital assets being depreciated	4,793,674	197,357	-	4,991,049
Less accumulated depreciation for:				
Buildings and improvements	82,214	-	-	82,214
Systems and infrastructure	1,491,150	98,789	-	1,589,939
Furniture and equipment	286,168	4,549	-	290,717
Total accumulated depreciation	1,859,532	103,338	-	1,962,870
Total capital assets being depreciated, net	2,934,142	94,037	-	3,028,179
BUSINESS-TYPE ACTIVITIES - CAPITAL ASSETS, NET	$ 2,963,068	$ 94,037	$ -	$ 3,507,105

Depreciation expense for business-type activities was charged to functions as follows:

Water	$ 78,688
Sewer	13,122
Liquor Store	11,528
Total	$ 103,338

Individual interfund receivable and payable balances at December 31, 2017, are as follows:

FUND TRANSFERRED TO	FUND TRANSFERRED FROM	AMOUNT
General	Park	$ 383,962
General	Ambulance Operating	485,754
		$ 869,716

The above balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

NOTE 4 - Detailed Notes on All Funds - Continued

Long-Term Debt

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

Primary Government Debt General Obligation Bonds

The following bonds were issued to provide funding for the City's ambulance building, pool, and street construction. Revenues to retire the bonds come from ad valorem tax levies.

DESCRIPTION	AUTHORIZED AND ISSUED	INTEREST RATE	ISSUE DATE	MATURITY DATE	BALANCE AT YEAR-END
G.O. Swimming Pool Refunding Bond of 2015A	$ 1,225,000	2.20 – 6.00%	05/01/2015	02/01/2030	$ 1,099,000
G.O. Capital Improvement Refunding Bond of 2009A	195,000	3.75%	12/01/2009	02/01/2020	58,000
G.O. Street Reconstruction Bond of 2010A	1,840,000	2.00 – 3.125%	10/01/2010	02/01/2026	1,190,000
TOTAL G.O.					$ 2,347,000

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

DESCRIPTION	AUTHORIZED AND ISSUED	INTEREST RATE	ISSUE DATE	MATURITY DATE	BALANCE AT YEAR-END
G.O. Water Revenue Note of 2006 (PFA)	$ 937,164	2.63%	10/12/2006	08/20/2021	$ 250,000
G.O. Revenue Bonds 2013A	270,000	2.75%	10/23/2013	12/01/2020	124,000
G.O. Water Revenue MPFA-11-0036-R	279,882	1.93%	07/01/2011	08/20/1931	206,442
TOTAL G.O.					$ 580,442

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

YEAR ENDING DECEMBER 31,	GENERAL OBLIGATION BONDS GOVERNMENTAL ACTIVITIES PRINCIPAL	INTEREST	TOTAL	G.O. REVENUE BONDS BUSINESS-TYPE ACTVITIES PRINCIPAL	INTEREST	TOTAL
2018	$ 207,000	$ 66,895	$ 273,895	$ 113,000	$ 13,967	$ 126,967
2019	212,000	61,215	273,215	116,000	11,039	127,039
2020	219,000	55,236	274,236	121,000	8,038	129,038
2021	203,000	48,769	251,769	79,000	4,801	83,801
2022	208,000	42,604	250,604	14,000	2,921	16,921
2023-2027	1,003,000	113,737	1,116,737	76,000	11,363	87,363
2028-2031	295,000	13,515	308,515	61,442	2,969	64,411
TOTAL	$ 2,347,000	$ 401,971	$ 2,748,971	$ 580,442	$ 55,098	$ 635,540

NOTE 4 - Detailed Notes on All Funds - Continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE	DUE WITHIN ONE YEAR
GOVERNMENTAL					
General obligation	$ 2,546,000	$ -	$ (199,000)	$ 2,347,000	$ 207,000
Net pension liability	1,956,479	-	(831,291)	1,125,188	-
Compensated absences	74,396	7,340	-	81,736	-
GOVERNMENTAL ACTVITY LONG-TERM LIABILITIES	$ 4,576,875	$ 7,340	$ (1,030,291)	$ 3,553,924	$ 207,000
BUSINESS-TYPE					
Bonds payable					
General obligation revenue bonds	$ 693,422	$ -	$ (113,000)	$ 580,422	$ 113,000
Net pension liability	711,514	-	(320,744)	408,770	-
Compensated absences	21,435	3,999	-	25,434	-
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	$ 1,426,371	$ 3,999	$ (415,744)	$ 1,014,626	$ 113,000

Tax Increment Districts

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

	TAX INCREMENT DISTRICT NO. 8-28 LEVAN 3 RIVERS
Authorizing law	M.S. 469
Type of district	Housing
Year established	2005
Duration of district	25
Tax capacity	
Original	$ 1,676
Current (approximate)	65,051
CAPTURED - RETAINED	**$ 63,377**

NOTE 5 - Defined Benefit Pension Plan - Statewide

Plan Description

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

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

Benefits Provided

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

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

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

1. GERF Benefits

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

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

2. PEPFF Benefits

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

Contributions

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

1. GERF Contributions

   Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERF for the year ended December 31, 2017, were $68,814. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

   Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF for the year ended December 31, 2017, were $78,056. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. GERF Pension Costs

   At December 31, 2017, the City reported a liability of $912,903 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was .0143%.

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

For the year ended December 31, 2017, the City recognized pension expense of $122,448 for its proportionate share of the GERF's pension expense.

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

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$ 32,088	$ 50,043
Changes in assumptions	141,692	91,519
Net differences between projected and actual earnings on pension plan investments	-	77,373
Changes in proportion and differences between employer contributions and proportionate share of contributions	144,338	-
Employer contributions subsequent to the measurement date	36,249	-
Total	$ 354,367	$218,935

$36,249 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, 2017. 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
2018	$ 139,441
2019	123,991
2020	54,686
2021	-
2022	-

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of $621,055 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was .046%.

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

For the year ended December 31, 2017, the City recognized pension expense of $93,885 for its proportionate share of the PEPFF's pension expense. The City also recognized $4,140 for the year ended December 31, 2016, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2017, the City reported its proportionate share of the PEPFF'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 experience	$ 170,471	$ 148,277
Changes in assumptions	792,636	881,744
Net differences between projected and actual earnings on pension plan investments	-	236,406
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,772	-
Employer contributions subsequent to the measurement date	42,901	-
Total	$1,139,780	$1,266,427

$42,901 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, 2017. 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
2018	$ 271,050
2019	271,050
2020	271,053
2021	254,111
2022	29,615
Thereafter	

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

Actuarial Assumptions

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

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

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

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent 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 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two 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 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	.75%
Alternative Assets	20%	5.90%
Cash	2%	0.0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Pension Liability Sensitivity

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

	1% DECREASE IN DISCOUNT RATE (6.5%)	DISCOUNT RATE (7.5%)	1% DECREASE IN DISCOUNT RATE (8.5%)
City's proportionate share of the GERF net pension liability	$ 1,415,980	$ 912,903	$ 501,043
City's proportionate share of the PEPFF net pension liability	1,169,627	621,055	168,178

NOTE 5 - Defined Benefit Pension Plan - Statewide - Continued

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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Council members of the City of Plainview are covered by the Public Employees Defined

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

NOTE 6 - Defined Contribution Pension Plan - Statewide

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and .25% of the assets in each member's account annually.

Any contributions made by the City of Plainview during fiscal year 2017 were not material.

NOTE 7 - Other Information

Risk Management

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

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

NOTE 7 - Other Information - Continued

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) programs. The amount received in 2017 was $723,678 for LGA. This accounted for 26 percent of General fund revenue. The availability of this aid is dependent on the general financial health of the state of Minnesota and has at times been reduced due to fiscal consistencies.

Joint Venture - Plainview - Elgin Sanitary District

The City is a member of a joint sanitary district with the City of Elgin. Commissioners are appointed by the City Council from each city to manage the operations of the Sanitary District. The Sanitary District bills the member cities for their share of costs. The City records the payments to the District as an operating expense of its Sewer enterprise fund. The total expenses paid by the City for the year ended December 31, 2017 totaled $778,663.

CITY OF PLAINVIEW, MINNESOTA

REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF PLAINVIEW, MINNESOTA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	General			
	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance With Final Budget
REVENUE				
Taxes	$ 1,036,137	$ 1,036,137	$ 1,125,546	$ 89,409
Licenses and permits	17,408	17,408	53,582	36,174
Intergovernmental	754,230	754,230	1,181,481	427,251
Charges for services	93,900	93,900	117,511	23,611
Fines and forfeits	12,500	12,500	16,465	3,965
Investment earnings	10,000	10,000	47,109	37,109
Miscellaneous	5,265	5,265	201,371	196,106
TOTAL REVENUE	1,929,440	1,929,440	2,743,065	813,625
EXPENDITURES				
Current				
General government	615,881	615,881	976,270	(360,389)
Public safety	910,792	910,792	957,078	(46,286)
Streets and highways	535,946	535,946	496,681	39,265
Economic development	30,000	30,000	37,500	(7,500)
Miscellaneous	3,000	3,000	21,145	(18,145)
Capital outlay				
General government	10,000	10,000	-	10,000
Public safety	80,000	80,000	51,515	28,485
Streets and highways	205,000	205,000	56,122	148,878
TOTAL EXPENDITURES	2,390,619	2,390,619	2,596,311	(205,692)
NET CHANGE IN FUND BALANCES	(461,179)	(461,179)	146,754	607,933
FUND BALANCES, JANUARY 1	2,482,768	2,482,768	2,482,768	-
FUND BALANCES, DECEMBER 31	**$ 2,021,589**	**$ 2,021,589**	**$ 2,629,522**	**$ 607,933**

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

CITY OF PLAINVIEW, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years *
DECEMBER 31, 2017

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Pension Liability (Asset) as a Percentage of the Total Pension Liability
December 31, 2017	0.0143%	$ 1,533,958	$ 1,399,347	109.620%	75.900%
December 30, 2016	0.0121%	$ 1,090,946	$ 1,303,167	83.715%	68.900%
December 31, 2015	0.016%	1,008,403	1,127,782	89.415%	78.190%
December 31, 2014					
December 31, 2013					
December 30, 2012					
December 31, 2011					
December 31, 2010					
December 31, 2009					
December 30, 2008					

* The amounts presented for each fiscal year were determined as of the June 30 that occurred within the fiscal year.

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF CONTRIBUTIONS

Last 10 Years *

DECEMBER 31, 2017

Fiscal Year Ending	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
December 31, 2017	$ 146,870	$ 146,870	$ -	$ 1,399,347	10.50%
December 30, 2016	136,677	136,677	-	1,303,167	10.49%
December 31, 2015	120,164	120,164	-	1,127,782	10.65%
December 31, 2014					
December 31, 2013					
December 30, 2012					
December 31, 2011					
December 31, 2010					
December 31, 2009					
December 30, 2008					

* The amounts presented for each fiscal year were determined as of the June 30 that occurred within the fiscal year.

Notes to Required Supplementary Information for the Year Ended December 31, 2017

Changes to benefit terms:

There were no changes in terms for any participating employer.

Changes of assumptions:

The discount rate was changed from 8.00% to 7.50%.

The inflation assumption changed from 2.75% to 2.50%

The payroll growth assumption was changed from 3.50% to 3.25%.

Assumed increases in member salaries were decreased by 0.34% at all ages.

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.

CITY OF PLAINVIEW, MINNESOTA

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

CITY OF PLAINVIEW, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

ASSETS	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Project	Totals
Cash and cash equivalents	$ 321,484	$ 256,941	$ 107,561	$ 685,986
Investments	107,078	-	-	107,078
Accounts receivable	5,740	-	316	6,056
TOTAL ASSETS	**$ 434,302**	**$ 256,941**	**$ 107,877**	**$ 799,120**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 3,548	$ -	$ -	$ 3,548
Accrued wages and taxes payable	3,522	-	-	3,522
TOTAL LIABILITIES	7,070	-	-	7,070
FUND BALANCES (DEFICITS)				
Nonspendable	107,078	-	-	107,078
Restricted	48,569	256,941	45,000	350,510
Committed	291,453	-	62,877	354,330
Unassigned	(19,868)	-	-	(19,868)
TOTAL FUND BALANCES	427,232	256,941	107,877	792,050
TOTAL LIABILITIES AND FUND BALANCES	**$ 434,302**	**$ 256,941**	**$ 107,877**	**$ 799,120**

CITY OF PLAINVIEW, MINNESOTA

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Project	Totals
REVENUE				
Taxes	$ 278,220	$ 131,929	$ -	$ 410,149
Intergovernmental	94,286	-	-	94,286
Charges for services	49,304	-	3,785	53,089
Fines and forfeits	2,704	-	-	2,704
Investment earnings	2,988	-	-	2,988
Miscellaneous	21,856	-	-	21,856
TOTAL REVENUE	449,358	131,929	3,785	585,072
EXPENDITURES				
Current				
Public safety	75,178	-	-	75,178
Culture and recreation	216,786	-	-	216,786
Economic development	85,861	-	-	85,861
Cemetery	39,900	-	-	39,900
Capital outlay	12,638	-	-	12,638
Debt service				
Principal	-	84,000	-	84,000
Interest and other	-	36,765	-	36,765
TOTAL EXPENDITURES	430,363	120,765	-	551,128
NET CHANGE IN FUND BALANCES	18,995	11,164	3,785	33,944
FUND BALANCES, JANUARY 1	408,237	245,777	104,092	758,106
FUND BALANCES, DECEMBER 31	**$ 427,232**	**$ 256,941**	**$ 107,877**	**$ 792,050**

CITY OF PLAINVIEW, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2017

	211 Library	215 Library Memorial	231 Ambulance Training	232 Ambulance Retirement	235 Cemetery	240 Cemetery Perpetual Care	245 Rural Fire	250 Fire Relief	505 LeVan TIF	Total Nonmajor Funds
ASSETS										
Cash and cash equivalents (deficit)	$ 93,751	$ 32	$ 8,386	$ 33,774	$ (19,839)	$ 20,097	$ 155,739	$ 1,104	$ 28,440	$ 321,484
Investments	-	35,673	-	-	-	71,405	-	-	-	107,078
Accounts receivable	-	-	-	-	-	-	5,740	-	-	5,740
TOTAL ASSETS	**$ 93,751**	**$ 35,705**	**$ 8,386**	**$ 33,774**	**$ (19,839)**	**$ 91,502**	**$ 161,479**	**$ 1,104**	**$ 28,440**	**$ 434,302**
LIABILITIES AND FUND BALANCES (DEFICITS)										
LIABILITIES										
Accounts payable	$ 3,211	$ -	$ -	$ -	$ 29	$ -	$ 308	$ -	$ -	$ 3,548
Accrued wages and taxes payable	3,522	-	-	-	-	-	-	-	-	3,522
TOTAL LIABILITIES	6,733	-	-	-	29	-	308	-	-	7,070
FUND BALANCES (DEFICITS)										
Nonspendable	-	35,673	-	-	-	71,405	-	-	-	107,078
Restricted	-	32	-	-	-	20,097	-	-	28,440	48,569
Committed	87,018	-	8,386	33,774	-	-	161,171	1,104	-	291,453
Unassigned	-	-	-	-	(19,868)	-	-	-	-	(19,868)
TOTAL FUND BALANCES (DEFICITS)	87,018	35,705	8,386	33,774	(19,868)	91,502	161,171	1,104	28,440	427,232
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	**$ 93,751**	**$ 35,705**	**$ 8,386**	**$ 33,774**	**$ (19,839)**	**$ 91,502**	**$ 161,479**	**$ 1,104**	**$ 28,440**	**$ 434,302**

CITY OF PLAINVIEW, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2017

	211	215	231	232	235	240	245	250	505	
	Library	Library Memorial	Ambulance Training	Ambulance Retirement	Cemetery	Cemetery Perpetual Care	Rural Fire	Fire Relief	LeVan TIF	Total Nonmajor Funds
REVENUE										
Taxes										
Property taxes	$ 163,450	$ -	$ -	$ 4,366	$ 18,088	$ -	$ -	$ 6,560	$ -	$ 192,464
Tax increment district taxes	-	-	-	-	-	-	-	-	85,756	85,756
Intergovernmental										
Fire relief state aid	-	-	-	-	-	-	-	38,670	-	38,670
Other County grants	55,616	-		-	-	-	-	-	-	55,616
Charges for services	-	-	280	-	5,085	500	43,439	-	-	49,304
Fines and forfeits	2,704	-	-	-	-	-	-	-	-	2,704
Investment earnings	-	386	-	-	-	1,184	1,418	-	-	2,988
Miscellaneous										
Contributions and donations	750	-	-	-	15	-	-	-	-	765
Sale of assets	451	-	-	-	-	-	-	-	-	451
Other	13,854	3,396	-	-	2,078	-	1,312	-	-	20,640
TOTAL REVENUE	236,825	3,782	280	4,366	25,266	1,684	46,169	45,230	85,756	449,358
EXPENDITURES										
Current										
Public safety	-	-	60	-	-	-	32,847	42,271	-	75,178
Culture and recreation	216,786	-	-	-	-	-	-	-	-	216,786
Economic development	-	-	-	-	-	-		-	85,861	85,861
Cemetery	-	-	-	-	39,900	-	-	-	-	39,900
Capital outlay	12,638	-	-	-	-	-	-	-	-	12,638
TOTAL EXPENDITURES	229,424	-	60	-	39,900	-	32,847	42,271	85,861	430,363
NET CHANGE IN FUND BALANCES	7,401	3,782	220	4,366	(14,634)	1,684	13,322	2,959	(105)	18,995
FUND BALANCES, JANUARY 1	79,617	31,923	8,166	29,408	(5,234)	89,818	147,849	(1,855)	28,545	408,237
FUND BALANCES (DEFICITS), DECEMBER 31	**$ 87,018**	**$ 35,705**	**$ 8,386**	**$ 33,774**	**$ (19,868)**	**$ 91,502**	**$ 161,171**	**$ 1,104**	**$ 28,440**	**$ 427,232**

CITY OF PLAINVIEW, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
LIBRARY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
REVENUE					
Property taxes	$164,402	$164,402	$163,450	$ (952)	$163,464
Intergovenmental					
Other country grants	52,868	52,868	55,616	2,748	52,888
Fines and forfeits	3,500	3,500	2,704	(796)	1,960
Miscellaneous					
Contributions and donations	-	-	750	750	660
Sale of assets	-	-	451	451	704
Other	1,316	1,316	13,854	12,538	3,886
TOTAL REVENUE	222,086	222,086	236,825	14,739	223,562
EXPENDITURES					
Current					
Culture and recreation					
Personal services	134,879	134,879	131,247	3,632	126,353
Supplies	46,600	46,600	42,963	3,637	43,634
Other services and charges	40,607	40,607	42,576	(1,969)	43,112
Capital outlay					
Culture and recreation	-	-	12,638	(12,638)	3,552
TOTAL EXPENDITURES	222,086	222,086	229,424	(7,338)	216,651
NET CHANGE IN FUND BALANCES	-	-	7,401	7,401	6,911
FUND BALANCES, JANUARY 1	79,617	79,617	79,617	-	72,706
FUND BALANCES, DECEMBER 31	**$ 79,617**	**$ 79,617**	**$ 87,018**	**$ 7,401**	**$ 79,617**

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
PARK, POOL, AND RINK SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
REVENUE					
Property taxes	$ 190,000	$ 190,000	$ 188,720	$ (1,280)	$ 170,000
Charges for services	55,000	55,000	59,929	4,929	61,460
Miscellaneous					
Rent	1,000	1,000	9,043	8,043	1,052
Contributions and donations	-	-	3,150	3,150	1,850
Other	6,300	6,300	116,081	109,781	16,147
TOTAL REVENUE	252,300	252,300	376,923	124,623	250,509
EXPENDITURES					
Current					
Culture and recreation					
Personal services	189,567	189,567	177,772	11,795	173,239
Supplies	41,960	41,960	45,366	(3,406)	67,899
Other services and charges	57,333	57,333	62,983	(5,650)	70,328
Capital outlay					
Culture and recreation	-	-	259,043	(259,043)	23,745
TOTAL EXPENDITURES	288,860	288,860	545,164	(256,304)	335,211
NET CHANGE IN FUND BALANCES	(36,560)	(36,560)	(168,241)	(131,681)	(84,702)
FUND BALANCES, JANUARY 1	(219,559)	(219,559)	(219,559)	-	(134,857)
FUND BALANCES, DECEMBER 31	**$(256,119)**	**$(256,119)**	**$ (387,800)**	**$ (131,681)**	**$ (219,559)**

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
AMBULANCE OPERATIONS SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts	With Final Budget	Actual Amounts
REVENUE					
Property taxes	$ 179,500	$ 179,500	$ 177,762	$ (1,738)	$ 111,500
Other local grants	-	-	-	-	3,540
Charges for services	199,000	199,000	189,808	(9,192)	241,170
Miscellaneous					
Contributions and donations	-	-	980	980	1,775
Other	-	-	7,057	7,057	4,555
TOTAL REVENUE	378,500	378,500	375,607	(2,893)	362,540
EXPENDITURES					
Current					
Public Safety					
Personal services	236,103	236,103	269,557	(33,454)	205,609
Supplies	43,000	43,000	66,970	(23,970)	50,164
Other services and charges	102,780	102,780	130,870	(28,090)	117,903
Capital Outlay	115,600	115,600	56,264	59,336	748
TOTAL EXPENDITURES	497,483	497,483	523,661	(26,178)	374,424
NET CHANGE IN FUND BALANCES	(118,983)	(118,983)	(148,054)	(29,071)	(11,884)
FUND BALANCES, JANUARY 1	(329,159)	(329,159)	(329,159)	-	(317,275)
FUND BALANCES, DECEMBER 31	**$ (448,142)**	**$(448,142)**	**$ (477,213)**	**$ (29,071)**	**$(329,159)**

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
AMBULANCE TRAINING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts	With Final Budget	Actual Amounts
REVENUE					
Charges for services	$ 2,500	$ 2,500	$ 280	$ (2,220)	$ 397
Miscellaneous	-	-	-	-	20
TOTAL REVENUE	2,500	2,500	280	(2,220)	417
EXPENDITURES					
Current					
Public Safety					
Supplies	10,850	10,850	60	10,790	250
Other services and charges	1,576	1,576	-	1,576	-
TOTAL EXPENDITURES	12,426	12,426	60	12,366	250
NET CHANGE IN FUND BALANCES	(9,926)	(9,926)	220	10,146	167
FUND BALANCES, JANUARY 1	8,166	8,166	8,166	-	7,999
FUND BALANCES, DECEMBER 31	**$ (1,760)**	**$ (1,760)**	**$ 8,386**	**$ 10,146**	**$ 8,166**

CITY OF PLAINVIEW, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
CEMETERY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts	With Final Budget	Actual Amounts
REVENUE					
Property taxes	$ 18,207	$ 18,207	$ 18,088	$ (119)	$ 18,207
Charges for services	5,500	5,500	5,085	(415)	8,370
Contributions and donations	-	-	15	15	-
Miscellaneous	2,100	2,100	2,078	(22)	1,872
TOTAL REVENUE	25,807	25,807	25,266	(541)	28,449
EXPENDITURES					
Current					
Cemetery					
Personal services	29	29	452	(423)	-
Supplies	488	488	3,179	(2,691)	3,341
Other services and charges	43,468	43,468	36,269	7,199	40,043
TOTAL EXPENDITURES	43,985	43,985	39,900	4,085	43,384
NET CHANGE IN FUND BALANCES	(18,178)	(18,178)	(14,634)	3,544	(14,935)
FUND BALANCES, JANUARY 1	(5,234)	(5,234)	(5,234)	-	9,701
FUND BALANCES, DECEMBER 31	**$ (23,412)**	**$ (23,412)**	**$ (19,868)**	**$ 3,544**	**$ (5,234)**

CITY OF PLAINVIEW, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
CEMETERY PERPETUAL CARE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance with Final Budget -	
	Original	Final	Actual Amounts	Positive (Negative)	Actual Amounts
REVENUE					
Charges for services	$ -	$ -	$ 500	$ 500	$ 400
Investment earnings	-	-	1,184	1,184	1,429
TOTAL REVENUE	-	-	1,684	1,684	1,829
EXPENDITURES					
Capital outlay					
Cemetery	-	-	-	-	10,058
NET CHANGE IN FUND BALANCES	-	-	1,684	1,684	(8,229)
FUND BALANCES, JANUARY 1	89,818	89,818	89,818	-	98,047
FUND BALANCES, DECEMBER 31	**$ 89,818**	**$ 89,818**	**$ 91,502**	**$ 1,684**	**$ 89,818**

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL
RURAL FIRE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts	With Final Budget	Actual Amounts
REVENUE					
Other state grants	$ -	$ -	$ -	$ -	$ 350
Charges for services	-	-	43,439	43,439	55,598
Investment earnings	-	-	1,418	1,418	5
Miscellaneous - other	-	-	1,312	1,312	12,611
TOTAL REVENUE	-	-	46,169	46,169	68,564
EXPENDITURES					
Current					
Public Safety					
Personal services	-	-	13,610	(13,610)	14,524
Supplies	-	-	13,725	(13,725)	11,691
Other services and charges	-	-	5,512	(5,512)	6,617
TOTAL EXPENDITURES	-	-	32,847	(32,847)	32,832
NET CHANGE IN FUND BALANCES	-	-	13,322	13,322	35,732
FUND BALANCES, JANUARY 1	147,849	147,849	147,849	-	112,117
FUND BALANCES, DECEMBER 31	**$147,849**	**$147,849**	**$161,171**	**$ 13,322**	**$147,849**

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL

FIRE RELIEF SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2017

With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts	With Final Budget	Actual Amounts
REVENUE					
Property taxes	$ 6,600	$ 6,600	$ 6,560	$ (40)	$ 6,600
Intergovenmental					
Fire relief state aid	35,000	35,000	38,670	3,670	35,717
TOTAL REVENUE	41,600	41,600	45,230	3,630	42,317
EXPENDITURES					
Current					
Public safety					
Other service and charges	41,600	41,600	42,271	(671)	42,317
NET CHANGE IN FUND BALANCES	-	-	2,959	2,959	-
FUND BALANCES, JANUARY 1	(1,855)	(1,855)	(1,855)	-	(1,855)
FUND BALANCES, DECEMBER 31	**$ (1,855)**	**$ (1,855)**	**$ 1,104**	**$ 2,959**	**$ (1,855)**

CITY OF PLAINVIEW, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2017

	316 GO Swimming Pool Bonds	500 Ambulance Public Project	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	**$ 220,583**	**$ 36,358**	**$ 256,941**
LIABILITIES AND FUND BALANCES			
LIABILITIES	$ -	$ -	$ -
FUND BALANCES			
Restricted	220,583	36,358	256,941
TOTAL LIABILITIES AND FUND BALANCES	**$ 220,583**	**$ 36,358**	**$ 256,941**

CITY OF PLAINVIEW, MINNESOTA

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017

	316 GO Swimming Pool Bonds	500 Ambulance Public Project	Total Nonmajor Funds
REVENUE			
Taxes			
Property taxes	$ 111,376	$ 20,553	$ 131,929
EXPENDITURES			
Debt Service			
Principal	68,000	16,000	84,000
Interest and other	33,990	2,775	36,765
TOTAL EXPENDITURES	101,990	18,775	120,765
NET CHANGE IN FUND BALANCES	9,386	1,778	11,164
FUND BALANCES, JANUARY 1	211,197	34,580	245,777
FUND BALANCES, DECEMBER 31	**$ 220,583**	**$ 36,358**	**$ 256,941**

CITY OF PLAINVIEW, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2017

	246 Fire Equipment Replacement	404 Stormwater/ Drainage	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	$ 48,146	$ 59,415	$ 107,561
Receivables	-	316	316
TOTAL ASSETS	**$ 48,146**	**$ 59,731**	**$ 107,877**
LIABILITIES AND FUND BALANCES			
LIABILITIES	$ -	$ -	$ -
FUND BALANCES			
Nonspendable			
Restricted	$ 45,000	$ -	$ 45,000
Committed	3,146	59,731	62,877
TOTAL FUND BALANCES	48,146	59,731	107,877
TOTAL LIABILITIES AND FUND BALANCES	**$ 48,146**	**$ 59,731**	**$ 107,877**

CITY OF PLAINVIEW, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED DECEMBER 31, 2017

	246 Equipment Replacement	**404** Stormwater/ Drainage	Total Nonmajor Funds
REVENUE			
Taxes			
Property taxes	$ -	$ -	$ -
Charges for services	-	3,785	3,785
TOTAL REVENUE	-	3,785	3,785
EXPENDITURES			
Debt Service			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCES	-	3,785	3,785
FUND BALANCES, JANUARY 1	48,146	55,946	104,092
FUND BALANCES, DECEMBER 31	**$ 48,146**	**$ 59,731**	**$ 107,877**

CITY OF PLAINVIEW, MINNESOTA
COMPARATIVE BALANCE SHEETS
GENERAL FUND

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
ASSETS		
Cash and cash equivalents	$ 331,885	$ (56,759)
Investments	1,526,591	1,569,803
Receivables:		
Interest	8,208	5,781
Delinquent taxes	13,821	40,358
Accounts	13,366	16,933
Special assessments	730	-
Intergovernmental	16,405	-
Due from other funds	869,716	1,023,891
TOTAL ASSETS	**$ 2,780,722**	**$ 2,600,007**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	$ 90,887	$ 49,884
Accrued wages payable	45,409	36,142
TOTAL LIABILITIES	136,296	86,026
DEFERRED INFLOWS OF RESOURCES	14,904	31,213
FUND BALANCES		
Nonspendable	-	31,213
Restricted	302,273	226,908
Assigned	680,759	661,044
Unassigned	1,646,490	1,563,603
TOTAL FUND BALANCES	2,629,522	2,482,768
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 2,780,722**	**$ 2,600,007**

CITY OF PLAINVIEW, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual	Variance With Final	Actual
	Original	Final	Amounts	Budget	Amounts
REVENUE					
TAXES					
Property taxes	$ 969,847	$ 969,847	$ 1,071,073	$ 101,226	$ 1,098,014
Franchise fees	66,290	66,290	54,473	(11,817)	44,143
TOTAL TAXES	1,036,137	1,036,137	1,125,546	89,409	1,142,157
LICENSES AND PERMITS					
Business	2,000	2,000	8,260	6,260	3,745
Nonbusiness	15,408	15,408	45,322	29,914	22,883
TOTAL LICENSES AND PERMITS	17,408	17,408	53,582	36,174	26,628
INTERGOVERNMENTAL					
State					
Local government aid	723,678	723,678	723,678	-	722,171
Property tax credits and aids			1,204	1,204	1,200
Police aid	28,000	28,000	58,781	30,781	57,882
Other state aids	2,552	2,552	398,403	395,851	304,032
Total state	754,230	754,230	1,182,066	427,836	1,085,285
Local					
Other grants	-	-	(585)	(585)	29,273
TOTAL INTERGOVERNMENTAL	754,230	754,230	1,181,481	427,251	1,114,558
CHARGES FOR SERVICES					
General government					
Public safety	48,500	48,500	60,730	12,230	9,840
Streets and highways	25,000	25,000	39,199	14,199	44,828
Sanitation	20,400	20,400	10,095	(10,305)	14,800
Transit	-	-	7,487	7,487	8,459
TOTAL CHARGES FOR SERVICES	93,900	93,900	117,511	23,611	77,927
FINES AND FORFEITS	12,500	12,500	16,465	3,965	17,578
INVESTMENT EARNINGS	10,000	10,000	47,109	37,109	40,028
MISCELLANEOUS					
TIF Admin Fees	-	-	4,508	4,508	18,391
Contributions and donations	-	-	146,719	146,719	46,239
Rents	165	165	54	(111)	325
Other	5,100	5,100	50,090	44,990	129,174
TOTAL MISCELLANEOUS	5,265	5,265	201,371	196,106	194,129
TOTAL REVENUE	1,929,440	1,929,440	2,743,065	813,625	2,613,005

(Continued on page 69)

CITY OF PLAINVIEW, MINNESOTA

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - Continued
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual	Variance With Final	Actual
	Original	Final	Amounts	Budget	Amounts
EXPENDITURES					
CURRENT					
GENERAL GOVERNMENT					
Council					
Personal services	$ 14,467	$ 14,467	$ 14,774	$ (307)	$ 14,652
Other services	2,000	2,000	50	1,950	884
Other charges	23,750	23,750	17,791	5,959	15,913
Total council	40,217	40,217	32,615	7,602	31,449
Elections					
Personal services					3,865
Other services	500	500	778	(278)	495
Other charges	1,300	1,300	1,955	(655)	939
Total elections	1,800	1,800	2,733	(933)	5,299
Financial administration					
Personal services	404,311	404,311	328,622	75,689	285,786
Supplies	19,870	19,870	17,316	2,554	9,159
Other services	76,702	76,702	506,366	(429,664)	517,370
Other charges	72,981	72,981	88,618	(15,637)	46,724
Total financial administration	573,864	573,864	940,922	(367,058)	859,039
TOTAL GENERAL GOVERNMENT	615,881	615,881	976,270	(360,389)	895,787
PUBLIC SAFETY					
Police					
Personal services	668,092	668,092	714,541	(46,449)	656,852
Supplies	40,000	40,000	46,365	(6,365)	31,260
Other services	36,600	36,600	27,659	8,941	50,397
Other charges	60,650	60,650	62,592	(1,942)	60,678
Total Police	805,342	805,342	851,157	(45,815)	799,187
Fire-City					
Personal services	18,600	18,600	26,448	(7,848)	16,774
Supplies	60,900	60,900	58,006	2,894	33,848
Other services	1,300	1,300	330	970	1,103
Other charges	17,650	17,650	19,746	(2,096)	14,226
Total Fire-City	98,450	98,450	104,530	(6,080)	65,951
Emergency Management					
Personal services	951	951	407	544	1,096
Other services	6,049	6,049	984	5,065	2,042
Total Emergency Management	7,000	7,000	1,391	5,609	3,138
TOTAL PUBLIC SAFETY	910,792	910,792	957,078	(46,286)	868,276

(Continued on page 70)

CITY OF PLAINVIEW, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - Continued
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts			Variance	
	Original	Final	Actual Amounts	With Final Budget	Actual Amounts
EXPENDITURES - Continued					
CURRENT - Continued					
STREET AND HIGHWAYS					
Street maintenance					
Personal services	$ 204,525	$ 204,525	$ 217,446	$ (12,921)	$ 208,883
Supplies	175,874	175,874	133,661	42,213	115,526
Other services	16,500	16,500	44,338	(27,838)	20,666
Other charges	43,450	43,450	54,659	(11,209)	51,234
Total Street Maintenance	440,349	440,349	450,104	(9,755)	396,309
Snow and ice removal					
Personal services	42,597	42,597	9,157	33,440	4,775
Supplies	26,000	26,000	18,943	7,057	24,776
Other services	27,000	27,000	18,477	8,523	22,130
Total Snow and Ice Removal	95,597	95,597	46,577	49,020	51,681
TOTAL STREETS AND HIGHWAYS	535,946	535,946	496,681	39,265	447,990
ECONOMIC CHARGES					
Other charges	30,000	30,000	37,500	(7,500)	60,380
MISCELLANEOUS					
Other charges	3,000	3,000	21,145	(18,145)	141,212
TOTAL CURRENT	2,095,619	2,095,619	2,488,674	(393,055)	2,413,645
CAPITAL OUTLAY					
General government	10,000	10,000	-	10,000	5,585
Public safety	80,000	80,000	51,515	28,485	73,181
Streets and highways	205,000	205,000	56,122	148,878	51,127
TOTAL CAPITAL OUTLAY	295,000	295,000	107,637	187,363	129,893
TOTAL EXPENDITURES	2,390,619	2,390,619	2,596,311	(205,692)	2,543,538
NET CHANGE IN FUND BALANCES	(461,179)	(461,179)	146,754	607,933	69,467
FUND BALANCES, JANUARY 1	2,482,768	2,482,768	2,482,768	-	2,413,301
FUND BALANCES, DECEMBER 31	**$ 2,021,589**	**$ 2,021,589**	**$ 2,629,522**	**$ 607,933**	**$ 2,482,768**

CITY OF PLAINVIEW, MINNESOTA
COMPARATIVE BALANCE SHEETS
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

	DECEMBER 31, 2017	DECEMBER 31, 2016
ASSETS		
Cash and cash equivalents	$ 66,607	$ 45,097
Notes/leases	79,745	108,279
TOTAL ASSETS	**$ 146,352**	**$ 153,376**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES	$ -	$ -
DEFERRED INFLOWS OF RESOURCES	79,745	108,279
FUND BALANCES		
Restricted	66,607	45,097
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 146,352**	**$ 153,376**
Total fund balances - governmental activities	$ 66,607	$ 45,097
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in government activities are not financial resources and therefore are not reported as assets in the funds.	151,259	155,255
Long-term assets are not available to pay current period expenditures and, therefore, are deferred in the fund.		
Notes/leases	79,745	108,279
Total net assets - governmental activities	**$ 297,611**	**$ 308,631**

CITY OF PLAINVIEW, MINNESOTA

SUMMARY FINANCIAL REPORT
REVENUE AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017 Totals	2016 Totals	Percent Increase (Decrease)
REVENUE			
Taxes	$ 2,069,323	$ 1,823,899	13.46 %
Licenses and permits	53,582	26,628	101.22
Intergovernmental	1,275,767	1,207,053	5.69
Charges for services	569,837	749,968	(24.02)
Fines and forfeits	19,169	19,538	(1.89)
Investment earnings	50,097	39,653	26.34
Miscellaneous	359,538	239,261	50.27
TOTAL REVENUE	**$ 4,397,313**	**$ 4,106,000**	**7.09**
Per Capita Population: 3,340 per 2010 census	1,317	1,229	7.09
EXPENDITURES			
Current			
General government	$ 976,270	$ 895,787	8.98
Public safety	1,499,653	1,317,351	13.84
Streets and highways	496,681	447,990	10.87
Culture and recreation	502,907	524,565	(4.13)
Economic development	123,361	150,043	(17.78)
Cemetery	39,900	43,384	(8.03)
Miscellaneous	21,145	141,212	(85.03)
Capital outlay			
General government	-	5,585	(100.00)
Public safety	107,779	73,929	45.79
Streets and highways	56,122	51,127	9.77
Culture and recreation	271,681	37,355	627.29
Debt service			
Principal	199,000	189,000	5.29
Interest and other charges	72,484	83,910	(13.62)
TOTAL EXPENDITURES	**$ 4,366,983**	**$ 3,961,238**	**10.24**
Per Capita	1,307	1,186	10.24
Total Long-term Indebtedness	2,347,000	2,546,000	(7.82)
Per Capita	703	762	(7.82)
General Fund Balance - December 31	2,629,522	2,482,768	5.91
Per Capita	787	743	5.96

The purpose of this report is to provide a summary of financial information concerning the City of Plainview to interested citizens. The complete financial statements may be examined at City Hall, 241 West Broadway. Questions about this report should be directed to Vicki Axely, City Administrator/Clerk/Finance Director at (507) 534-2229.

CITY OF PLAINVIEW, MINNESOTA
COMPARATIVE SCHEDULES OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
REVENUE		
Investment earnings	$ 59	$ 49
Miscellaneous		
Contributions and donations	31,000	38,993
Loan repayments	30,412	31,784
Rent	30,406	22,648
Other	5,210	25,275
TOTAL REVENUE	97,087	118,749
EXPENDITURES		
Current		
Personal services	44,955	30,725
Repair and maintenance	7,392	11,611
Utilities	8,199	9,389
Insurance	4,758	1,542
Loans issued	-	45,330
Property taxes	5,432	6,000
Other services and charges	4,841	25,000
TOTAL EXPENDITURES	75,577	129,597
NET CHANGE IN FUND BALANCES	21,510	(10,848)
FUND BALANCES, JANUARY 1	45,097	55,945
FUND BALANCES, DECEMBER 31	**$ 66,607**	**$ 45,097**
Net change in fund balances - governmental funds	$ 21,510	$ (10,848)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.		
Capital Outlay		
Loans Issued	-	45,330
Depreciation and amortization expense	(3,996)	(4,177)
Governmental funds report loans made as expenditures as they require the use of current financial resources, but result in an asset and, therefore, are not reported as expenses in the statement of activities.		
Net loans payments received	(28,534)	(29,622)
Change in net assets - governmental activities	**$ (11,020)**	**$ 683**

CITY OF PLAINVIEW, MINNESOTA

OTHER REPORTS

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MINNESOTA LEGAL COMPLIANCE
INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Plainview
City of Plainview, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Plainview, Minnesota (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2018.

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

In connection with our audit, except as described below, two items came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Plainview's noncompliance with the above referenced provisions.

The City's pledged collateral did not meet the collateral requirement at December 31, 2017 for Peoples State Bank and Foresight Bank. The City's deposits were under collateralized by approximately $476,300 at Peoples State Bank at December 31, 2017. The City's deposits at Peoples State Bank were also under collateralized by $172,695 at June 30, 2017.

In 2017, the City's expenditures its budgeted expenditures by $205,692. The City had excess revenue and fund balance to cover the excess expenditures but the budget was not amended to reflect that fact.

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 those specified parties.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 19, 2018

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REPORT ON INTERNAL CONTROL

Honorable Mayor and City Council
City of Plainview
City of Plainview, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of City of Plainview, Minnesota (the City), as of and for the year ended December 31, 2017, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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 a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following to be significant deficiencies:

Management's Responsibility for Preparation of Financial Statements

Program: City-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP-basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Recommendation: Obtain adequate training to prepare GAAP basis financial statements.

Management's Response: Training will be provided.

Segregation of Duties

Program: City-wide

Criteria: Separation of accounting duties is necessary for adequate internal control.

Condition: Separation of accounting duties for adjusting journal entries, cash receipts, cash disbursements, and payroll is currently limited to obtain an adequate internal control system.

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

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

Material Audit Adjustments

Program: City-wide

Requirement: Generally accepted accounting principles.

Condition: Several material audit adjustments were required to prevent the City's financial statements from being materially misstated.

Questioned Costs: Not applicable.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Cause: Internal controls did not identify that an adjustment should be recorded.

Recommendation: Improve the City's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a monthly basis to detect material adjustments.

Management's Response: Management will review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.

The existence of significant deficiencies or material weaknesses may already be known to Management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs to be incurred and related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

In order to provide oversight of the financial statement preparation services at an appropriate level, we suggest management establish effective review policies and procedures including the performance of the following functions:

- Review all supporting documentation and explanations for auditor proposed journal entries.
- Review the adequacy of financial statement disclosures by completing a disclosure checklist. Disclosure checklists are available from various sources or may be obtained from the auditor.
- Review schedules and calculations supporting amounts included in the notes to financial statements.
- Apply analytic procedures to the draft financial statements. Perform other procedures as considered necessary by management.

We noted certain matters that we reported to management of the City in a separate letter dated June 19, 2018.

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 those specified parties.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 19, 2018

CITY OF PLAINVIEW, MINNESOTA

INDEPENDENT AUDITORS' REPORT ON COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT ADVISORY COMMENTS

DECEMBER 31, 2017

CITY OF PLAINVIEW

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DECEMBER 31, 2017

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INDEPENDENT AUDITORS' REPORT ON
COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

To the City Council
City of Plainview

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Plainview ("City"), for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing polices were not changed in 2017. 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 estimates affecting the City's financial statements were:

- Depreciation is based on using the straight-line method over the estimated useful life of the asset.

- The net pension liability (MN PERA) is based on an actuarial review of the statewide retirement system. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers.

The disclosures in the financial statements are neutral, consistent, and clear. None of the disclosures in the financial statements were determined to be particularly sensitive because of their significance to the financial statement users.

We evaluated the key factors and assumptions used to develop the 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.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The audit adjustments on pages 5 through 8 are material misstatements detected as a result of audit procedures and have been corrected by management.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2018.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and Required Supplementary Information, which are required supplementary information (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 Management's Discussion and Analysis and Required Supplementary Information about and do not express an opinion or provide any assurance on them.

Restriction on Use

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 19, 2018

CITY OF PLAINVIEW, MINNESOTA
ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2017

Account	Description	Debit	Credit
Adjusting Journal Entry #1			
To adjust Sewer equity to actual			
602-27200-00000	Unreserved Retained Earnings	60	
602-49450-21700	Other Operating Supplies		60
	Total	**60**	**60**
Adjusting Journal Entry #2			
To correct entry made for year end accounts receivable.			
230-49020-34500	Ambulance Charges for Services	13,272	
230-11500-00000	Accounts Receivable		13,272
	Total	**13,272**	**13,272**
Adjusting Journal Entry #3			
To move small cities aid and PERA aid out of LGA aid account.			
101-41500-33401	Local Government Aid	13,492	
101-41500-33422	Other State Grants - Aids		13,492
	Total	**13,492**	**13,492**
Adjusting Journal Entry #4			
To correct entries done in January 2017 for A/P and A/R adjustments in 2016.			
101-41110-36202	Miscellaneous Revenue	59,367	
101-42100-33422	Other State Grants - Aids	585	
101-42100-33630	Other Local Grants	19,601	
101-43125-33422	Other State Grants - Aids	2,552	
230-49020-36290	Miscellaneous	5,159	
245-42200-43700	Miscellaneous	1,680	
601-49400-43700	Miscellaneous	9,470	
601-49400-43700	Miscellaneous	20,116	
602-49450-37200	Sewer Charges - Utility	27,415	
602-49450-43700	Miscellaneous	12,050	
602-49450-43700	Miscellaneous	27,933	
101-13200-00000	Due From Other Governments		19,601
101-41500-40100	Contractual Services		9,717
101-42100-22100	Repair/Maint - Equipment		708
101-42100-41800	Range/Ammo		2,928
101-42200-22100	Repair/Maintenance - Equipment		19,642
101-42200-34207	Fire		6,950
101-42200-59000	Capital Outlay		20,760
101-43125-22100	Repair/Maint - Equipment		1,799
230-21705-00000	Employee Insurance - EE Paid		522
230-49020-12100	PERA		3,975
230-49020-41700	Uniforms		662
245-42200-34900	Other Charges		1,680
601-49400-21700	Other Operating Supplies		2,121
601-49400-36290	Miscellaneous		4,387
601-49400-37100	Water Sales		9,470
601-49400-40100	Contractual Services		3,981
601-49400-59000	Capital Outlay		9,627
602-49450-22100	Repair/Maintenance - Equipment		27,933
602-49450-36290	Miscellaneous		27,415
602-49450-37200	Sewer Charges - Utility		12,050
	Total	**185,928**	**185,928**

Account	Description	Debit	Credit
Adjusting Journal Entry #5			
To move engineering fees to capital outlay and capitalize water & liquor store fixed asset additions.			
601-16300-00000	Improvements Other Than Bldgs	190,975	
601-49400-30300	Engineering Fees	7,614	
601-49400-59000	Capital Outlay	2,236	
601-49400-59000	Capital Outlay	74,815	
609-16400-00000	Fixed Asset-Equip/Machinery	6,400	
601-49400-22100	Repair/Maintenance - Equipment		74,815
601-49400-30300	Engineering Fees		2,236
601-49400-59000	Capital Outlay		7,614
601-49400-59000	Capital Outlay		190,975
609-49750-59000	Capital Outlay		6,400
	Total	**282,040**	**282,040**
Adjusting Journal Entry #6			
To record amount due from county for jan tax settlement and record delinquent special assessments receivable.			
101-12200-00000	Special Assess Rec-Delinquent	730	
101-13200-00000	Due From Other Governments	16,405	
101-41500-31010	Property Taxes		730
101-41500-31010	Property Taxes		16,405
	Total	**17,135**	**17,135**
Adjusting Journal Entry #7			
To record depreciation expense for water, sewer and liquor funds.			
601-49400-42000	Depreciation	78,688	
602-49450-42000	Depreciation	13,122	
609-49750-42000	Depreciation	11,528	
601-16310-00000	Accumulated Depreciation - Not Building		77,235
601-16410-00000	Accumulate Depreciation - Machinery/Equipment		1,453
602-16310-00000	Accumulated Depreciation - Not Building		13,122
609-16310-00000	Accumulated Depreciation - Not Building		8,432
609-16410-00000	Accumulate Depreciation - Machinery/Equipment		3,096
	Total	**103,338**	**103,338**
Adjusting Journal Entry #8			
To adjust the general fixed asset accounts.			
901-16200-00000	Fixed Asset - Buildings	168,580	
901-16300-00000	Improvements Other Than Buildings	118,158	
901-16500-00000	Construction in Progress	19,825	
901-41000-42000	420 Depreciation	432,342	
901-16210-00000	Accumulated Depreciation - Buildings		66,185
901-16310-00000	Accumulated Depreciation - Not Building		164,778
901-16400-00000	Fixed Asset - Equipment/Machinery		27,806
901-16410-00000	Accumulate Depreciation - Machinery/Equipment		46,556
901-27200-00000	Unreserved Retained Earnings		433,580
	Total	**738,905**	**738,905**

CITY OF PLAINVIEW, MINNESOTA
ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2017

Account	Description	Debit	Credit
Adjusting Journal Entry #9			
To move principal payments to offset loan liability for water and sewer.			
332-10100-00000	Cash	13,000	
601-23110-00000	General Obligation Bonds Payable	13,000	
601-23130-00000	Revenue Bonds Payable NC	1,000	
601-23130-00000	Revenue Bonds Payable NC	59,000	
602-22500-00000	Bonds Payable - Current Portion	1,000	
602-23100-00000	Bonds Payable - Noncurrent Part	40,000	
332-43100-60100	Debt Service Bond Principal		13,000
601-10100-00000	Cash		13,000
601-22500-00000	Bonds Payable - Current Portion		1,000
601-49400-60100	Debt Service Bond Principal		59,000
602-49450-60100	Debt Service Bond Principal		41,000
	Total	**127,000**	**127,000**
Adjusting Journal Entry #10			
To record sales tax expense and adjust sales tax payable to actual.			
601-49400-43400	Sales Tax Paid	532	
609-49750-43400	Sales Tax Paid	13,258	
601-20300-00000	Sales Tax Payable		532
609-20300-00000	Sales Tax Payable		13,258
	Total	**13,790**	**13,790**
Adjusting Journal Entry #11			
To correct current portion of general long-term debt.			
902-23100-00000	Bonds Payable - Noncurrent Part	18,000	
902-22500-00000	Bonds Payable - Current Portion		18,000
	Total	**18,000**	**18,000**
Adjusting Journal Entry #12			
To correct general compensated absences to agree to calculation.			
902-21750-00000	Compensated Absences - Noncurrent	11,898	
902-27200-00000	Unreserved Retained Earnings		11,898
	Total	**11,898**	**11,898**
Adjusting Journal Entry #13			
To adjust accrued wages accounts to actual.			
101-41500-10100	Full-Time Employees Regular	7,862	
101-42100-10100	Full-Time Employees Regular	20,146	
101-43100-10100	Full-Time Employees Regular	5,459	
211-45500-10100	Full-Time Employees Regular	3,436	
225-45200-10100	Full-Time Employees Regular	2,542	
230-49020-10100	Full-Time Employees Regular	12,944	
601-49400-10100	Full-Time Employees Regular	2,335	
602-49450-10100	Full-Time Employees Regular	2,154	
609-49750-10100	Full-Time Employees Regular	5,052	
101-21600-00000	Accrued PR Wages/Salary Payable		33,467
211-21600-00000	Accrued PR Wages/Salary Payable		3,436
225-21600-00000	Accrued PR Wages/Salary Payable		2,542
230-21600-00000	Accrued PR Wages/Salary Payable		12,944
601-21600-00000	Accrued PR Wages/Salary Payable		2,335
602-21600-00000	Accrued PR Wages/Salary Payable		2,154
609-21600-00000	Accrued PR Wages/Salary Payable		5,052
	Total	**61,930**	**61,930**

CITY OF PLAINVIEW, MINNESOTA
ADJUSTING JOURNAL ENTRIES
DECEMBER 31, 2017

Account	Description	Debit	Credit
Adjusting Journal Entry #14			
To zero out payroll-related liability accounts.			
601-49400-13100	Employer Paid Health	651	
602-49450-13100	Employer Paid Health	180	
609-49750-12100	PERA	13	
601-21705-00000	Employee Insurance - EE Paid		651
602-21705-00000	Employee Insurance - EE Paid		180
609-21704-00000	PERA Coor/Police/Life		13
	Total	**844**	**844**
Adjusting Journal Entry #15			
To adjust liquor store inventory to actual			
609-14200-00000	Inventory of Stores - Liquor	3,959	
609-14300-00000	Inventory of Stores - Beer	3,960	
609-49750-25100	Merchandise Resale - Liquor		3,959
609-49750-25200	Merchandise Resale - Beer		3,960
	Total	**7,919**	**7,919**
Adjusting Journal Entry #16			
To adjust investments to actual.			
101-10400-00000	Investments at Cost - CD s	18,080	
101-41500-36210	Interest Earnings	1,422	
215-10402-00000	SELCO Foundation Invest	3,782	
101-10405-00000	Market Value Adjustment		1,422
101-41500-36210	Interest Earnings		18,080
215-45500-36210	Interest Earnings		386
215-45500-36230	36230 Donations		3,396
	Total	**23,284**	**23,284**
Adjusting Journal Entry #17			
To adjust enterprise funds and debt fund pension accounts for GASB 68.			
601-22000-00000	Net Pension Liability	94,316	
601-49400-12100	PERA	7,272	
602-17000-00000	Deferred Outflows of Resources	24,848	
602-22000-00000	Net Pension Liability	14,652	
602-49450-12100	PERA	35,527	
609-22000-00000	Net Pension Liability	193,776	
609-49750-12100	PERA	14,582	
902-22000-00000	Net Pension Liability	831,291	
902-27200-00000	Unreserved Retained Earnings	158,952	
601-17000-00000	Deferred Outflows of Resources		12,961
601-26000-00000	Deferred Inflows of Resources		88,627
602-26000-00000	Deferred Inflows of Resources		75,027
609-17000-00000	Deferred Outflows of Resources		26,911
609-26000-00000	Deferred Inflows of Resources		181,447
902-17000-00000	Deferred Outflows of Resources		40,166
902-26000-00000	Deferred Inflows of Resources		950,077
	Total	**1,375,216**	**1,375,216**

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INDEPENDENT AUDITORS' REPORT ON MANAGEMENT ADVISORY COMMENTS

To the City Council
City of Plainview, Minnesota

In planning and performing our audit of the financial statements of the City of Plainview, Minnesota for the year ended December 31, 2017, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding these matters. This letter does not affect our report dated June 19, 2018 on the financial statements of the City of Plainview, Minnesota.

Capitalization Policy

During our audit, we noted the City's capitalization policy is to capitalize purchases of fixed assets if they cost $500 or more. We recommend this amount be increased to $1,000 or $2,500 for all fixed assets and $20,000 for infrastructure because it will decrease the number of items that have to be capitalized and depreciated.

Number of Accounts and Funds

During our audit, we noted there were a significant number of accounts and funds that had no activity going through them. We recommend that the City reduce the number of accounts and close out any funds that are not needed.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the City's personnel during the course of our work. In particular, we would like to note the considerable assistance and cooperation provided to us by the City staff.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the above suggestions, we would welcome the opportunity of assisting you in these matters.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 19, 2018

Executive Summary

City Council Regular Meeting: June 26, 2018

AGENDA ITEM: City Council Appointment	**AGENDA SECTION:** New Business
PREPARED BY: Clarissa Hadler, City Administrator	**AGENDA NO.** 5.B.
ATTACHMENTS:	**APPROVED BY:** **cgh**
RECOMMENDED ACTION: **Motion** to appoint _________________ to the position of City Council member effective immediately and continuing through December 31, 2018.	

SUMMARY

Due to the resignation of Council member LaRocque last month, the Council must appoint a new member to fill the seat. The appointment will be effective through December 31, 2018. The remainder of LaRocque's term, through 2020, will be filled via an election on the November ballot.

The position was advertised in the Plainview News, as well as posted on the City website and Facebook page for 2 weeks. Four applications were received; Donald Kuschel, Linda Carroll, Steven Erwin, and Emilio Cuccio, Jr. The Council held interviews on Monday, June 25, 2018.

CITY OF PLAINVIEW MINNESOTA

The Heart of Greenwood Prairie

Executive Summary

City Council Special Meeting: June 26, 2018

AGENDA ITEM: New Hire – Part-Time Bartenders	**AGENDA SECTION:** New Business
PREPARED BY: Alisha Mohs, Liquor Manager	**AGENDA NO. 5.C.**
ATTACHMENTS: None.	**APPROVED BY: cgh**
RECOMMENDED ACTION: 1. **Motion** to approve hire of Alexandra Wurl for part-time bartender position at Step 1 for $14.38 2. **Motion** to approve hire of Joan Klassen for part-time bartender position at Step 2 for $14.98.	

SUMMARY

We received 4 applications for this part-time bartender position. After interviewing, I would like to extend an offer to both Joan Klassen and Alexandra Wurl.

Alexandra (Alex) and Joan both stood out as excellent candidates. Alex will be able to work night shifts, has excellent customer service experience, and will bring in a fresh new crowd to the Muni as she is a fun and respected individual in our community.

Joan has shift flexibility and will bring a high caliber work ethic to the liquor store. She has 3 years previous bartending experience and has worked the Fire Department dance at Corn on the Cob days for the last 5 years. She will be a good role model for the staff in my opinion and bring in new business.

CITY OF PLAINVIEW MINNESOTA

The Heart of Greenwood Prairie

Executive Summary

City Council Regular Meeting: June 26, 2018

AGENDA ITEM: Gold Cross Ambulance Staffing Agreement	**AGENDA SECTION:** New Business
PREPARED BY: Clarissa Hadler, City Administrator	**AGENDA NO. 5.D.**
ATTACHMENTS: Draft Agreement	**APPROVED BY: cgh**
RECOMMENDED ACTION: Motion to approve Agreement Between Gold Cross Ambulance Service, Inc. and The City of Plainview for Ambulance Service Emergency Medical Technician Services in substantially the same form as attached and authorize the Mayor and City Administrator to enter into the agreement for the services of two full-time Emergency Medical Technicians.	

SUMMARY

As Council is aware, the Plainview Emergency Medical Service continues to face staffing issues, and does not expect this to improve before the transition to Gold Cross. City staff has had to be creative to keep the scheduled covered, including the Chief of Police and Officer Jacobs covering ambulance shifts and bringing in part-time officers to cover the PD. In addition, Ambulance Director Angie Jarrett has been working extra hours and covering overnights.

We are thus very pleased to present a partial solution to staffing issues; the service agreement with Gold Cross for two full-time Emergency Medical Technicians (EMTs). Gold Cross has already been finding staff to cover these new positions. The total cost per month for each EMT will be $5443.14. This approximately $10,000 more than we would pay a full-time person in-house, but despite continued efforts Director Jarrett has not been able to find enough full-time or paid-on-call staff to cover all of the schedule hours. The use of Gold Cross staff may also aid in the transition of the licenses to that organization. Director Jarrett is requesting that two EMTs be hired under this contract.

City Attorney Flaherty has reviewed the contract and made suggestions for changes that need to be approved by Gold Cross staff. This proposed agreement is very similar to the agreement in place for Director Jarrett's services and ambulance management support services.

AGREEMENT BETWEEN

GOLD CROSS AMBULANCE SERVICE, INC.

AND

THE CITY OF PLAINVIEW

FOR AMBULANCE SERVICE EMERGENCY MEDICAL TECHNICIAN SERVICES

WHEREAS, **Gold Cross Ambulance Service**, hereinafter referred to as "**GOLD CROSS**"; and **The City of Plainview**, hereinafter referred to as "**THE CITY**"; seek to enter into a relationship for emergency medical technician (EMT) services in support of the Plainview Ambulance Service;

THEREFORE, in consideration of the mutual covenants and stipulations set out herein the parties agree to as follows;

1.0 PURPOSE

1.1 ***EMT Staffing.*** The purpose of this Ambulance Service Emergency Medical Technicial Services Agreement ("Agreement") is for **GOLD CROSS** to provide EMT staffing to **THE CITY** for operation of the **Plainview Ambulance Service,** herein after referred to as **"the ambulance service."**

2.0 DUTIES AND OBLIGATIONS OF GOLD CROSS

2.1 ***EMT.*** **GOLD CROSS** shall provide dedicated **EMTs** to **THE CITY** thirty-six (36) hours per week, per EMT.

2.1.1 ***EMT qualifications.*** **GOLD CROSS** shall supply a fully trained EMT; certified by the State of Minnesota and Nationally Registered. **GOLD CROSS** shall assure the employee supplied maintains certification for the duration of the Agreement.

2.1.2 ***Personnel selection and management.*** As necessary, **GOLD CROSS** will recruit, interview, select and hire or assign the **EMT**.

2.1.3 ***Number of staff available.*** **GOLD CROSS** will work with **THE CITY** on the desired number of EMTs to be considered under ths Agreement. It is understood by **GOLD CROSS** and **THE CITY**, that, at the time of this Agreement, the goal of having two EMTs supplied in this Agreement will be two (2).

2.1.4 ***Employee supervision and control; medical direction; standing orders.*** **GOLD CROSS** shall be responsible for the supervision and leadership of its employees while employed under this Agreement. It is understood the ambulance service functions under the patient treatment guidelines provided by **GOLD CROSS**. EMTs provided to THE CITY under this Agreement will function under the medical direction of GOLD CROSS.

2.1.5 ***Additional staff needs.*** If it becomes necessary to replace this position during the term of this Agreement, **GOLD CROSS** will fill the position as expeditiously as possible, using the terms in section 2.1.2. **GOLD CROSS** will not promote the **EMT** employees within its other divisions without consent of **THE CITY** prior to the end of the Agreement term.

2.1.6 ***Uniforms.*** **Gold Cross** uniforms will be worn by the **EMTs** under the performance of this Agreement. Established **Gold Cross** policies and practices covering the use of the uniform will be followed by the **EMTs**

3.0 CONSIDERATION

3.1 ***Payment schedules.*** **GOLD CROSS** shall bill **THE CITY** each month for the **EMTs** according to Appendix A.

3.2 ***Names and trademarks.*** **THE CITY** shall not use the names or trademarks of Gold Cross or Mayo Clinic or of any entities affiliated with Gold Cross or Mayo Clinic in any advertising, publicity, endorsement, or promotion unless Gold Cross has provided prior written consent for the particular use contemplated. The terms of this section survive the termination, expiration, non-renewal, or rescission of this Agreement.

4.0 AGREEMENT TERM

4.1 ***Agreement term.*** The term of this Agreement shall be twelve (12) months commencing at 12:01 a.m., July 1, 2018. Unless terminated pursuant to section 12, this Agreement shall automatically renew for successive one (1) year terms.

4.2 ***Change in payroll rates.*** Each calendar year, **GOLD CROSS** employee pay rates will be increased. **THE CITY** agrees that the change will be not less than the previous years cost of living index. The next years rate will be negotiated by **THE CITY** and **GOLD CROSS** each December. An updated Appendix A or each new calendar year shall be attached to this Agreement.

5.0 EXCLUSIVE SERVICE

5.1 ***Exclusivity.*** **THE CITY** agrees to rely exclusively or give **GOLD CROSS** first right of refusal for the provision of all of its ambulance staffing support services during the term of this Agreement.

6.2 ***First Right of Refusal***. **THE CITY** agree to give **GOLD CROSS** the first right of refusal for purchase of **THE AMBULANCE SERVICE** during the term of this Agreement.

6.0 DAYS OF OPERATION

6.1 ***Days and time of operation.*** Days of operation of this Agreement shall be Sunday through Saturday, 24-hours a day, 365 days a year.

7.0 ASSIGNABILITY

7.1 ***Assignability.*** This Agreement shall be binding upon and inure to the benefit of each party and its successors. Neither party may assign or transfer its rights or obligation under this Agreement without the written consent of the other party.

8.0 TIME IS OF THE ESSENCE -- QUALITY AND BREACH OF TERMS

8.1 ***Failure to perform.*** The parties agree that time is of the essence in this contract and in case either party shall fail to perform the agreements on its part to be performed at the time fixed for the performance of such respective agreements by the terms of this Agreement, the other party may at its election terminate the Agreement upon 15 days written notice.

8.2 ***Quality.*** **GOLD CROSS** shall provide high quality service according to the terms of this Agreement at all times. **GOLD CROSS** will schedule meetings with **THE CITY** for performance reviews. In addition, future goals will be established. In the event **THE CITY**, in its reasonable judgment, identifies a quality issue, or either party detects a breach of terms of this Agreement, the other party shall be notified in writing. The date of the postmark shall indicate the start of the 60 day written notice. Follow up to ensure the notice has been received will be the responsibility of the issuer of the notice within seven (7) days. The party in perceived breach of this Agreement will have 30 days to satisfactorily explain and/or correct the breach to the satisfaction of the other party. Failure to mutually resolve the area of conflict within 30 days will allow for termination of the Agreement after 60 days regardless of section 11.

9.0 NO PARTNERSHIP CREATED

9.1 ***No partnership.*** Nothing in this Agreement is intended or should be construed as creating a partnership or other form of joint venture between **THE CITY** and **GOLD CROSS**. The parties intend that any service provided under this Agreement by **GOLD CROSS** or its employees shall be provided as an independent contractor. All **GOLD CROSS** employees shall remain **GOLD CROSS** employees. **GOLD CROSS** shall exclusively be responsible for the payment of all wages, salaries, fringe benefits and employment taxes and primarily responsible for providing professional liability insurance and coverage under worker's compensation law with respect to its employees who perform services under this Agreement. Nothing in this Agreement should be construed as requiring either party to refer patients to the other or to utilize the services of the other.

10.0 INTEGRATION

10.1 ***Whole Agreement.*** This instrument embodies the whole Agreement to the parties hereto. There are no promises, terms, conditions or obligations other than those contained herein. This Agreement shall supersede all previous communications, representatives or agreements either verbal or written between the parties hereto.

11.0 MODIFICATIONS AND TERMINATIONS

11.1 ***Modifications or terminations in writing.*** The parties agree there may be no modifications to this Agreement except in writing executed with the same formalities as this instrument, unless otherwise noted. **GOLD CROSS** may change its rates effective each January with 30 days written notice. The parties further agree that this Agreement may be modified upon mutual acceptance of both parties. The Agreement may be terminated by either party upon 60 days written notice to the other party. Alternately, the Agreement may be terminated when such termination is mutually agreed upon as evidenced by a written notice dually signed by both parties.

11.2 ***Termination by occurrence of specific event*** In the event that the EMSRB ambulance service license held by THE CITY is transferred to GOLD CROSS, THE CITY will incur no further financial obligations pursuant to this Agreement after the date of the license transfer and the Agreement will immediately automatically terminate

12.0 INTERPRETATION AND SEVERABILITY

12.1 ***Governance.*** It is mutually understood and agreed that this Agreement shall be governed by the laws of the State of Minnesota both as to interpretation and performance.

12.2 ***Validity of parts of Agreement.*** It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is by the Court held to be illegal or in conflict with any law of the State of Minnesota, the validity of the remaining portions or provisions shall not be affected and the rights and obligations of the parties shall be construed and forced as if the Agreement did not contain the particular part, term or provision held to be invalid.

13.0 INDEMNIFICATION

13.1 Each party (the "Indemnifying Party") shall indemnify, hold harmless, and defend the other party and its subsidiaries and affiliates, together with their respective officers, agents, directors and employees (collectively, the "Indemnified Party"), from and against any and all losses, expenses, actions, claims, demands, suits, judgments, awards, damages, liabilities, costs, and reasonable attorneys' fees, the Indemnified Party may incur or suffer by reason of or arising out of any third party claim directly attributable to Indemnifying Party's failure to perform in accordance with this Agreement or the negligence or intentional acts or omissions of Indemnifying Party. In order to seek indemnification pursuant to this Section, the Indemnified Party shall notify the Indemnifying Party of a third party claim made against it within ten (10) days of knowledge of such claim. The Indemnifying Party shall have the right to undertake, conduct and control, through counsel of its own choosing, the defense and settlement of any such claim. The Indemnified Party shall have the right to be represented by counsel of its own choosing, but at its own expense. The Indemnified Party shall not pay or settle any such claim without the Indemnifying Party's prior written consent. The Indemnified Party shall provide reasonable assistance to the Indemnifying Party in the defense of such claim or action at the Indemnifying Party's request and reasonable expense.

14.0 DISSOLUTION

14.1 ***Ownership of equipment.*** In the event of termination of this Agreement, each party hereto shall retain possession and ownership of the equipment that each party owns.

14.2 ***Disposition of GOLD CROSS employees hired by THE CITY.*** In the event of termination of this Agreement, **THE CITY** shall have the opportunity to offer employment to the **GOLD CROSS** staff assigned to **THE CITY** as defined in this Agreement under 2.1 and 2.2. The **GOLD CROSS** staff member has the right to refuse the offer of employment. However, **THE CITY** shall pay **GOLD CROSS** a fee for each employee **THE CITY** employs within 12 months of the termination of this Agreement. This fee shall be 10% of each employees yearly wages, as calculated on the annualized salary of each employee at 40 hours per week in accordance with the amount listed in Attachment A.

16.0 PLACE OF PERFORMANCE

16.1 ***Performance in Plainview, MN.*** The place of performance of this Agreement shall be Plainview, Minnesota. By their signatures below, the respective parties acknowledge to each other their authorization and intention to enter into this Agreement.

17.0 FEES, BILLING AND COLLECTION

17.1 **THE CITY** shall have the sole right and responsibility to determine the fees for the ambulance services, and to bill and collect from patients and their third party payors for all ambulance services. **THE CITY** shall bill each patient or patient's insurance carrier for ambulance services provided and shall assume full responsibility for any non-payment, denials, or other reimbursement and legal matters associated with billing and collecting for the ambulance services. **GOLD CROSS** shall not bill or collect from patients or third party payors any amount for, or in connection with, any ambulance services under this Agreement. **GOLD CROSS** shall execute such documents as may be necessary, desirable or required by **THE CITY** to effectuate participation in and assignment of payment from patients and with respect to third party reimbursement programs.

17.2 At all times, **THE CITY'S** charges shall be fair, reasonable, and competitive and not exceed any limitations imposed by law. **THE CITY** shall comply with all billing laws, regulations, instructions, interpretative guidelines and requirements established by governmental and commercial payers. **THE CITY** represents and warrants that it has established a compliance program that addresses specifically without limitation those areas identified by the Office of Inspector General and/or the Centers for Medicare and Medicaid Services in their annual work plans. During the Term, **THE CITY** agrees to make available to **GOLD CROSS**, upon written request, any documents, records, papers, reports, or books related to **THE CITY'S** billing or collection activities of **GOLD CROSS'** services under this Agreement. In addition, **THE CITY** agrees to permit representatives of **GOLD CROSS** the opportunity to review at any reasonable time during normal business hours and at mutually convenient times **THE CITY'S** billing policies, procedures and practices to confirm that **THE CITY'S** billing is being conducted in conformance with applicable laws, regulations, instructions, interpretative guidelines and requirements. **THE CITY** further agrees to hold **GOLD CROSS** and its providers harmless and indemnify **GOLD CROSS** and its providers from any responsibility or claim of any kind relating to **THE CITY'S** billing and collection of fees for services, provided that **GOLD CROSS'** services at issue are provided in accordance with the terms of this Agreement.

18.0 CONFIDENTIALITY

18.1 Except to the extent required by law or court order, the parties and their affiliates agree to maintain strict confidentiality with regard to any and all information that comes into their possession as a result of this Agreement or any details pertaining to this Agreement.

19.0 FORCE MAJEURE

19.1 Neither party shall be liable or be deemed in default of this Agreement for any delay or failure to perform caused by acts of God, war, disasters, strikes, or any similar cause beyond the control of either party.

20.0 COUNTERPARTS

20.1 This Agreement may be executed in any number of counterparts which, when taken together, will constitute one original, and photocopy, facsimile, electronic or other copies shall have the same effect for all purposes as an ink-signed original.

Gold Cross Ambulance Service
ROCHESTER, MN

____
Tom Fennell
Regulatory Officer, GOLD CROSS

DATE ______________

City of Plainview
Plainview, MN

____
____
Roger Ziebell, Mayor, City of Plainview

DATE _____________________

____
Clarissa Hadler
Administrator, City of Plainview

DATE _____________________

2018-2019

ATTACHMENT A

REIMBURSEMENT FOR AMBULANCE SERVICES

1. **GOLD CROSS** will bill **THE CITY** every month for payroll and benefits costs of the **EMTs**. The annualized cost to **THE CITY** of each EMT employee at 36 hours per week is $65,317.67. **GOLD CROSS** will bill **THE CITY** $5443.14 per EMT each month.

2. **THE CITY** will reimburse **GOLD CROSS** payroll costs and benefits as billed within 14 days of such billing.

3. **GOLD CROSS** will supply **THE CITY** with the appropriate accounting documents regarding payroll costs of contracted personnel (including benefit accruals) necessary for the proper preparation of financial statements and Medicare cost reports.

4. Should either party terminate this Agreement, the amount due **GOLD CROSS** by **THE CITY** as described in this attachment, will be prorated according to the number of days within the month that the Agreement was in force with the termination date being included as a day in which the Agreement was in force.

Clarissa Hadler

From:	Mike E Flaherty <meflaherty@flaherty-hood.com>
Sent:	Thursday, June 21, 2018 7:24 PM
To:	Clarissa Hadler
Subject:	RE: Draft of EMT Staffing Agreement

Clarissa,

My comments are below:

1. I recommend adding language to Section 1.1 after "Plainview Ambulance Service" reading, "during the period of time the City and Gold Cross effectuate a transfer of the City's ambulance licenses as contemplated by Plainview Resolution 2018-(add)."
2. In section 4.2, the word years should have an apostrophe (year's)
3. The last line of Section 8.2 references "section 11." I believe that should read, "section 12"
4. There should be an insurance section in the agreement. I suggest the following:

   Gold Cross shall, at its expense, maintain in effect liability insurance with limits not less than the maximum liability limits for a municipality as provided in Minnesota Statutes, Section 466.04; the City of Plainview shall be named insured. The insurance policy and certificate shall not be canceled or its conditions altered in any manner without ten (10) days prior written notice to the City Administrator of the City of Plainview. The insuring company shall deliver to the City Clerk, certificates of all insurance required, signed by an authorized representative and stating that all provisions of the specified requirements are satisfied.

If Gold Cross won't do an insurance provision, you can move forward with the agreement. There could be a liability claim made against the City though, without the language, "the City of Plainview shall be named insured." If you are willing to accept any potential risks, you can move forward without this language.

I will be in tomorrow if you want to discuss this.

Mike

From: Clarissa Hadler <c.hadler@plainviewmn.com>
Sent: Friday, June 15, 2018 3:13 PM
To: Mike E Flaherty <meflaherty@flaherty-hood.com>
Subject: FW: Draft of EMT Staffing Agreement

Howdy!

Any chance you can review this by early next week so we can approve on the 26th?

Thanks!

Clarissa

From: Fennell, Thomas J. (Tom) <Fennell.Thomas@mayo.edu>
Sent: Friday, June 15, 2018 8:36 AM
To: Clarissa Hadler <c.hadler@plainviewmn.com>; Mike E Flaherty <meflaherty@flaherty-hood.com>
Cc: Jarrett, Angela M. (Angie), Paramedic <Jarrett.Angela@mayo.edu>; Angie Jarrett - Plainview EMS