bakertilly
MUNICIPAL ADVISORS

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Springsted and Umbaugh

NOTICE TO BIDDERS

$3,675,000*
City of Jordan, Minnesota
General Obligation Bonds, Series 2020A

(Book Entry Only)

IMPORTANT CHANGES TO THE PRELIMINARY OFFICIAL STATEMENT FOR THE ABOVE-REFERENCED BONDS ARE AS FOLLOWS:

- The par amount has changed from $3,525,000 to $3,675,000.
- The minimum bid amount, good faith amount, and maturity amounts have changed to reflect the new par amount.
- The sections titled “Sources and Uses of Funds” and “City Indebtedness” have been updated to reflect the new par amount.

The Cover Page, Terms of Proposal, pages 4, 10, 11, 12, 13, and 14, and the Proposal Form included in the Preliminary Official Statement dated December 31, 2019 have been revised to reflect these changes and are attached hereto.

January 9, 2020

* *Preliminary; subject to change.*

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 31, 2019

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE **S&P Rating: Requested**
BANK QUALIFIED

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

$3,675,000*

City of Jordan, Minnesota

General Obligation Bonds, Series 2020A
(the "Bonds")

(Book Entry Only)

Dated Date: Date of Delivery **Interest Due: Each February 1 and August 1, commencing February 1, 2021**

The Bonds will mature February 1 in the years and amounts* as follows:

2021	$ 95,000	2025	$295,000	2028	$205,000	2031	$220,000	2034	$235,000
2022	$285,000	2026	$195,000	2029	$210,000	2032	$225,000	2035	$240,000
2023	$290,000	2027	$200,000	2030	$215,000	2033	$230,000	2036	$245,000
2024	$290,000								

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The City may elect on February 1, 2028, and on any day thereafter, to redeem Bonds due on or after February 1, 2029 at a price of par plus accrued interest.

The Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water, sewer, and storm sewer funds for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance the acquisition of various capital equipment and various sewer improvements.

Proposals shall be for not less than $3,630,900 plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

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

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association, Saint Paul, Minnesota will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about February 20, 2020.

PROPOSALS RECEIVED: Tuesday, January 21, 2020 until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: Council meeting commencing at 6:30 P.M., Central Time on Tuesday, January 21, 2020

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bakertilly MUNICIPAL ADVISORS
now joined with Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$3,675,000*

CITY OF JORDAN, MINNESOTA

GENERAL OBLIGATION BONDS, SERIES 2020A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Bonds") will be received by the City of Jordan, Minnesota (the "City") on Tuesday, January 21, 2020 (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2021. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts as follows:

2021	$ 95,000	2025	$295,000	2028	$205,000	2031	$220,000	2034	$235,000
2022	$285,000	2026	$195,000	2029	$210,000	2032	$225,000	2035	$240,000
2023	$290,000	2027	$200,000	2030	$215,000	2033	$230,000	2036	$245,000
2024	$290,000								

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2028, and on any day thereafter, to redeem Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water, sewer, and storm sewer funds for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance the acquisition of various capital equipment and various sewer improvements.

BIDDING PARAMETERS

Proposals shall be for not less than $3,630,900 plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of $36,750 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about February 20, 2020, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated December 16, 2019 BY ORDER OF THE CITY COUNCIL

/s/ Thomas Nikunen
City Administrator

disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475 and Section 412.301. The proceeds of the Bonds will be used to finance the acquisition of various capital equipment and various sewer improvements.

SOURCES AND USES OF FUNDS

For purposes of this Official Statement, the composition of the Bonds has been broken out by the source of payment for each portion of the Bonds. The Bonds consist of:

- the portion of the Bonds secured by net revenues from the City's water, sewer, and storm sewer Funds (the "Utility Portion of the Bonds"); and
- the portion of the Bonds secured solely by taxes (the "Equipment Portion of the Bonds").

The composition of the Bonds is estimated to be as follows:

	Utility Portion	Equipment Portion	Total
Sources of Funds:			
Principal Amount	$3,180,000	$495,000	$3,675,000
Total Sources of Funds	$3,180,000	$495,000	$3,675,000
Uses of Funds:			
Deposit to Project Fund	$3,092,135	$479,838	$3,571,973
Costs of Issuance	49,705	9,222	58,927
Allowance for Discount Bidding	38,160	5,940	44,100
Total Uses of Funds	$3,180,000	$495,000	$3,675,000

Ten of the Largest Taxpayers in the City

Taxpayer	Type of Property	2017/18 Net Tax Capacity
Oak Terrace Senior Housing LLC	Senior Housing	$ 103,410
Minnesota Valley Electric Co-op	Electric Utility	97,915
Xcel Energy	Utility	86,121
RJA Holdings LLC	Commercial/Industrial	59,842
Triple J's Properties LLP	Commercial/Industrial	54,304
Centerpoint Energy Resource	Commercial	53,704
Minger Properties LLC	Commercial	51,060
Individual	Commercial	49,674
Valley Green MHC LLC	Manufactured Home Park	42,026
J&G Engel LLC	Industrial	41,250
Total		$639,306*

* *Represents 10.8% of the City's 2018/19 adjusted taxable net tax capacity.*

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (3% of 2018/19 Estimated Market Value)	$14,863,272
Less: Outstanding Debt Subject to Limit	(6,700,000)
Legal Debt Margin as of February 20, 2020	$ 8,163,272

* *The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.*

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

General Obligation Debt Supported Solely by Taxes*

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 2-20-20
7-1-13	$1,410,000	Street Reconstruction Improvements	2-1-2029	$ 905,000
7-7-16	1,885,000	Street Reconstruction	2-1-2032	1,545,000
10-20-16	1,340,000	Capital and Street Reconstruction	2-1-2029	1,155,000
5-31-17	1,920,000	Street Reconstruction	2-1-2038	1,775,000
8-16-18	895,000	Street Reconstruction	2-1-2029	825,000
2-20-20	495,000	Equipment Certificates (the Equipment Portion of the Bonds)	2-1-2025	495,000
Total				$6,700,000

* *These issues are subject to the legal debt limit.*

General Obligation Special Assessment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 2-20-20
6-17-15	$1,165,000	Improvements	2-1-2031	$ 880,000
10-20-16	455,000	Improvements Refunding	2-1-2024	310,000
Total				$1,190,000

General Obligation Utility Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 2-20-20
5-30-00	$6,850,120	PFA Loan	8-20-2021	$ 844,000
6-30-03	1,052,939	PFA Loan	8-20-2023	261,000
3-7-13	640,000	Water Revenue	2-1-2021	95,000
3-7-13	4,320,000	Utility Revenue	2-1-2023	2,215,000
6-17-15	295,000	Utility Revenue	2-1-2031	240,000
7-7-16	1,310,000	Utility Revenue	2-1-2032	1,075,000
10-20-16	370,000	Utility Revenue Refunding	2-1-2024	245,000
5-31-17	4,915,000	Utility Revenue	2-1-2038	4,545,000
2-20-20	3,180,000	Utility Revenue (the Utility Portion of the Bonds)	2-1-2036	3,180,000
Total				$12,700,000

Estimated Calendar Year Debt Service Payments Including the Bonds

Year	G.O. Debt Supported Solely by Taxes Principal	G.O. Debt Supported Solely by Taxes Principal & Interest[(a)]	G.O. Special Assessment Debt Principal	G.O. Special Assessment Debt Principal & Interest
2020 (at 2-20)	(Paid)	$ 78,037	(Paid)	$ 14,463
2021	$ 580,000	741,583	$ 145,000	172,563
2022	610,000	754,605	145,000	169,750
2023	625,000	755,869	155,000	176,750
2024	640,000	756,616	155,000	173,613
2025	620,000	721,926	75,000	91,238
2026	535,000	622,954	80,000	94,250
2027	540,000	614,476	80,000	91,850
2028	555,000	615,613	85,000	94,375
2029	570,000	616,284	85,000	91,825
2030	240,000	276,021	90,000	94,200
2031	240,000	269,996	95,000	96,425
2032	250,000	273,699		
2033	110,000	128,869		
2034	110,000	125,706		
2035	115,000	127,472		
2036	115,000	124,166		
2037	120,000	125,788		
2038	125,000	127,031		
Total	$6,700,000[(b)]	$7,856,711	$1,190,000[(c)]	$1,361,302

(a) *Includes the Equipment Portion of the Bonds at an assumed average annual interest rate of 1.69%.*

(b) *82.3% of this debt will be retired within ten years.*

(c) *92.0% of this debt will be retired within ten years.*

Estimated Calendar Year Debt Service Payments Including the Bonds (continued)

	G.O. Utility Revenue Debt	
Year	Principal	Principal & Interest[(a)]
2019 (at 2-20)	(Paid)	(Paid)
2020	$ 482,000	$ 615,094
2021	1,644,000	1,959,772
2022	1,356,000	1,604,824
2023	1,398,000	1,616,513
2024	575,000	770,097
2025	520,000	702,481
2026	530,000	700,036
2027	545,000	702,126
2028	555,000	698,841
2029	580,000	709,863
2030	590,000	705,081
2031	605,000	704,661
2032	590,000	674,077
2033	505,000	574,586
2034	515,000	570,853
2035	535,000	576,589
2036	550,000	576,719
2037	310,000	324,694
2038	315,000	320,119
Total	$12,700,000[(b)]	$15,107,026

(a) *Includes the Utility Portion of the Bonds at an assumed average annual interest rate of 2.31%.*

(b) *64.4% of this debt will be retired within ten years.*

Other Debt Obligations

Library Note

The City entered into a $1,000,000 loan agreement with Scott County, Minnesota in May of 2012, for the purpose of constructing a library which is attached to a multi-family rental housing facility for seniors. This loan carries an interest rate of 3.07% and will mature February 1, 2032. As of December 31, 2018 the outstanding principal and interest on this loan is approximately $754,000.

Overlapping Debt

Taxing Unit(a)	2018/19 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 2-20-20(b)	Debt Applicable to Tax Capacity in City	
			Percent	Amount
Scott County	$ 201,485,950	$ 112,490,000	2.9%	$ 3,262,210
I.S.D. No. 717 (Jordan)	13,731,004	34,755,000	43.3	15,048,915
Metropolitan Council	4,281,620,797	5,735,000(c)	0.1	5,735
Metropolitan Transit	3,433,535,041	255,485,000	0.2	510,970
Total				$18,827,830

(a) *Only those units with outstanding general obligation debt are shown here.*

(b) *Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.*

(c) *Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.*

Debt Ratios*

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2018/19 Estimated Market Value ($495,442,400)	1.59%	5.39%
Per Capita (6,276 – U.S. Census Bureau Estimate)	$1,257	$4,257

* *Excludes general obligation utility revenue debt and other debt obligations.*

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a City Resident in Independent School District No. 717 (Jordan)

	2014/15	2015/16	2016/17	2017/18	2018/19 Total	2018/19 For Debt Only
Scott County	36.638%	36.175%	35.896%	35.114%	33.841%	3.213%
City of Jordan	63.967	68.426	71.240	71.622	72.768	14.530
I.S.D. No. 717 (Jordan)(a)	33.609	38.415	33.805	34.432	30.610	24.020
Special Districts(b)	5.722	5.793	6.107	5.660	5.362	0.120
Total	139.936%	148.809%	147.048%	146.828%	142.581%	41.883%

(a) *Independent School District No. 717 (Jordan) also has a 2018/19 tax rate of 0.132% spread on the market value of property in support of an excess operating levy.*

(b) *Special districts include the Metropolitan Council, Mosquito Control District, the Scott County Community Development Agency, the City of Jordan Economic Development Authority, and the Scott County Water Management Organization.*

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. *See Appendix III.*

PROPOSAL SALE DATE: January 21, 2020

City of Jordan, Minnesota
$3,675,000* General Obligation Bonds, Series 2020A

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $3,630,900) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2029	_______%	_______%	_______%
2022	_______%	_______%	_______%	2030	_______%	_______%	_______%
2023	_______%	_______%	_______%	2031	_______%	_______%	_______%
2024	_______%	_______%	_______%	2032	_______%	_______%	_______%
2025	_______%	_______%	_______%	2033	_______%	_______%	_______%
2026	_______%	_______%	_______%	2034	_______%	_______%	_______%
2027	_______%	_______%	_______%	2035	_______%	_______%	_______%
2028	_______%	_______%	_______%	2036	_______%	_______%	_______%

Designation of Term Maturities

Years of Term Maturities ______________ ______________
______________ ______________

In making this offer on the sale date of January 21, 2020 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated December 31, 2019,as amended and supplemented on January 9, 2020, including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $___________________________

TRUE INTEREST RATE: ______________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from _________________.

Account Members

____
Account Manager

By: ___________________________

Phone: ________________________

The foregoing proposal has been accepted by the City.

Attest: ______________________________ Date: ______________________________

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bondservice@bakertilly.com

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 31, 2019

NEW ISSUE
BANK QUALIFIED

S&P Rating: Requested

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

$3,525,000*

City of Jordan, Minnesota

General Obligation Bonds, Series 2020A
(the "Bonds")

(Book Entry Only)

Dated Date: Date of Delivery

Interest Due: Each February 1 and August 1, commencing February 1, 2021

The Bonds will mature February 1 in the years and amounts* as follows:

2021	$ 95,000	2025	$285,000	2028	$195,000	2031	$210,000	2034	$225,000
2022	$275,000	2026	$185,000	2029	$200,000	2032	$215,000	2035	$230,000
2023	$280,000	2027	$190,000	2030	$205,000	2033	$220,000	2036	$235,000
2024	$280,000								

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The City may elect on February 1, 2028, and on any day thereafter, to redeem Bonds due on or after February 1, 2029 at a price of par plus accrued interest.

The Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water, sewer, and storm sewer funds for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance the acquisition of various capital equipment and various sewer improvements.

Proposals shall be for not less than $3,482,700 plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

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

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association, Saint Paul, Minnesota will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about February 20, 2020.

PROPOSALS RECEIVED: Tuesday, January 21, 2020 until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: Council meeting commencing at 6:30 P.M., Central Time on Tuesday, January 21, 2020

bakertilly
MUNICIPAL ADVISORS
now joined with
Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

CITY OF JORDAN, MINNESOTA

CITY COUNCIL

Tanya Velishek	Mayor
Jeremy Goebel	Council Member
Bill Heimkes	Council Member
Amanda Schuh	Council Member
Terry Stier	Council Member
Robert Whipps	Council Member
Jeff Will	Council Member

CITY ADMINISTRATOR

Thomas Nikunen

FINANCE DIRECTOR

Morey Schaefer

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Kennedy & Graven, Chartered
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$3,525,000*

CITY OF JORDAN, MINNESOTA

GENERAL OBLIGATION BONDS, SERIES 2020A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Bonds") will be received by the City of Jordan, Minnesota (the "City") on Tuesday, January 21, 2020 (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 6:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2021. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts as follows:

2021	$ 95,000	2025	$285,000	2028	$195,000	2031	$210,000	2034	$225,000
2022	$275,000	2026	$185,000	2029	$200,000	2032	$215,000	2035	$230,000
2023	$280,000	2027	$190,000	2030	$205,000	2033	$220,000	2036	$235,000
2024	$280,000								

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2028, and on any day thereafter, to redeem Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water, sewer, and storm sewer funds for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance the acquisition of various capital equipment and various sewer improvements.

BIDDING PARAMETERS

Proposals shall be for not less than $3,482,700 plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

(i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;

(ii) all bidders shall have an equal opportunity to submit a bid;

(iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and

(iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of $35,250 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about February 20, 2020, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated December 16, 2019 BY ORDER OF THE CITY COUNCIL

/s/ Thomas Nikunen
City Administrator

OFFICIAL STATEMENT

$3,525,000*

CITY OF JORDAN, MINNESOTA

GENERAL OBLIGATION BONDS, SERIES 2020A

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to the City of Jordan, Minnesota (the "City") and its issuance of $3,525,000* General Obligation Bonds, Series 2020A (the "Bonds"). The Bonds are general obligations of the City for which it pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of the City's water, sewer, and storm sewer funds for repayment of a portion of the Bonds.

Inquiries may be directed to Mr. Morey Schaefer, Finance Director, City of Jordan, Minnesota, 210 East First Street, Jordan, Minnesota, 55352-1598, by telephoning (952) 492-2535, or by emailing mschaefer@jordanmn.gov. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by emailing bondservice@bakertilly.com.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof (the "Rule"), pursuant to the resolution awarding the sale of the Bonds (the "Award Resolution"), the City has entered into an undertaking (the "Undertaking") for the benefit of holders including beneficial owners of the Bonds to provide certain financial information and operating data relating to the City to the Electronic Municipal Market Access system ("EMMA") annually, and to provide notices of the occurrence of certain events enumerated in the Rule to EMMA or the Municipal Securities Rulemaking Board ("MSRB"). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Bonds are delivered in substantially the form attached hereto as Appendix II subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule; (ii) required by the purchaser of the Bonds from the City; and (iii) acceptable to the Mayor and the City Adminstrator.

Except to the extent the following deficiencies are deemed to be material, the City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. In reviewing its past disclosure practices the City has found the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although not always filed "as soon as available," the audited financial statements were filed within the required twelve (12) month timeframe as required in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

* *Preliminary; subject to change.*

THE BONDS

General Description

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2021. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "Book Entry System." U.S. Bank National Association, Saint Paul, Minnesota will serve as Registrar for the Bonds, and the City will pay for registrar services.

Redemption Provisions

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The City may elect on February 1, 2028, and on any day thereafter, to redeem Bonds due on or after February 1, 2029 at a price of par plus accrued interest. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475 and Section 412.301. The proceeds of the Bonds will be used to finance the acquisition of various capital equipment and various sewer improvements.

SOURCES AND USES OF FUNDS

For purposes of this Official Statement, the composition of the Bonds has been broken out by the source of payment for each portion of the Bonds. The Bonds consist of:

- the portion of the Bonds secured by net revenues from the City's water, sewer, and storm sewer Funds (the "Utility Portion of the Bonds"); and
- the portion of the Bonds secured solely by taxes (the "Equipment Portion of the Bonds").

The composition of the Bonds is estimated to be as follows:

	Utility Portion	Equipment Portion	Total
Sources of Funds:			
Principal Amount	$3,030,000	$495,000	$3,525,000
Total Sources of Funds	$3,030,000	$495,000	$3,525,000
Uses of Funds:			
Deposit to Project Fund	$2,943,400	$479,838	$3,423,238
Costs of Issuance	50,240	9,222	59,462
Allowance for Discount Bidding	36,360	5,940	42,300
Total Uses of Funds	$3,030,000	$495,000	$3,525,000

SECURITY AND FINANCING

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds are described below.

The Utility Portion of the Bonds

Pursuant to Minnesota Statutes, Chapter 444, and the resolution awarding the sale of the Bonds, the City will covenant to impose and collect charges for the service, use, availability and connection to the water, sewer, and storm sewer utilities (the "Utilities") to produce net revenues in amounts sufficient to support the operation of the Utilities and to pay 105% of debt service on obligations to which it has pledged its Utilities, including the Utility Portion of the Bonds. The City is required to annually review the budget of the Utilities to determine whether current rates and charges are sufficient and to adjust such rates and charges as necessary. The City does not anticipate the need to levy taxes for repayment of the Utility Portion of the Bonds.

Equipment Certificates

The City will levy taxes for repayment of the Equipment Portion of the Bonds, and has made its first levy in 2019 for collection in 2020. Each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Minnesota Statutes, Section 412.301, as amended, specifies that the City may issue certificates of indebtedness to purchase capital equipment without referendum and without being subject to a petition for a referendum if the total amount of the issue does not exceed ¼ of 1% of the estimated market value of the City. Based on the City's 2018/19 estimated market value of $495,442,400, this represents a maximum issue size of approximately $1,238,606. The principal amount of the Equipment Portion of the Bonds in the amount of $495,000 is within that limitation and is therefore not subject to petition.

FUTURE FINANCING

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

LEGALITY

The Bonds are subject to approval as to certain matters by Kennedy and Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

TAX EXEMPTION

General

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Resolution, the interest on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income.

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

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

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

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

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of the Bonds over its stated redemption price at maturity constitutes a premium with respect to such Premium Bonds. A purchaser of a Premium Bond must amortize the premium over the term of the Premium Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the basis in the Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Bonds.

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be sold at a discount from the principal amount payable on such Discount Bonds at maturity. The difference between the price at which a substantial amount of the Discount Obligations of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased at a price that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Bond.

No opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their tax advisors with respect to the computation and accrual of original issue discount for federal income tax purposes and with respect to the state and local tax consequences of owning such Discount Bonds.

BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

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

RATING

Application for a rating of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota, as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CITY PROPERTY VALUES

Trend of Values[(a)]

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio[(b)]	Economic Market Value[(c)]	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2018/19	$495,442,400	93.1%	$532,238,318	$23,154,600	$470,625,500	$5,941,451
2017/18	460,964,200	92.9	496,310,922	24,340,200	434,909,600	5,540,152
2016/17	435,865,300	91.2	477,131,713	25,147,200	408,751,800	5,254,139
2015/16	415,663,500	95.5	434,857,413	25,764,000	387,919,300	4,979,028
2014/15	391,265,700	94.8	412,469,318	26,868,800	362,998,500	4,793,397

(a) *For a description of the Minnesota property tax system, see Appendix III.*

(b) *Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

(c) *Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

Source: Scott County, Minnesota, October 2019 except as otherwise noted.

2018/19 Adjusted Taxable Net Tax Capacity: $5,941,451*

Real Estate:		
Residential Homestead	$3,994,045	74.6%
Commercial/Industrial, Railroad, and Public Utility	1,193,936	22.3
Other	42,026	0.8
Agricultural	8,985	0.2
Personal Property	111,740	2.1
2018/19 Net Tax Capacity	$5,350,732	100.0%
Less: Captured Tax Increment	(157,702)	
Contribution to Fiscal Disparities	(479,801)	
Plus: Distribution from Fiscal Disparities	1,228,222	
2018/19 Adjusted Taxable Net Tax Capacity	$5,941,451	

* *Excludes mobile home valuation of $31,310.*

Ten of the Largest Taxpayers in the City

Taxpayer	Type of Property	2017/18 Net Tax Capacity
Oak Terrace Senior Housing LLC	Senior Housing	$ 103,410
Minnesota Valley Electric Co-op	Electric Utility	97,915
Xcel Energy	Utility	86,121
RJA Holdings LLC	Commercial/Industrial	59,842
Triple J's Properties LLP	Commercial/Industrial	54,304
Centerpoint Energy Resource	Commercial	53,704
Minger Properties LLC	Commercial	51,060
Individual	Commercial	49,674
Valley Green MHC LLC	Manufactured Home Park	42,026
J&G Engel LLC	Industrial	41,250
Total		$639,306*

* *Represents 10.8% of the City's 2018/19 adjusted taxable net tax capacity.*

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (3% of 2018/19 Estimated Market Value)	$14,863,272
Less: Outstanding Debt Subject to Limit	(6,700,000)
Legal Debt Margin as of February 20, 2020	$ 8,163,272

* *The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.*

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

General Obligation Debt Supported Solely by Taxes*

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 2-20-20
7-1-13	$1,410,000	Street Reconstruction Improvements	2-1-2029	$ 905,000
7-7-16	1,885,000	Street Reconstruction	2-1-2032	1,545,000
10-20-16	1,340,000	Capital and Street Reconstruction	2-1-2029	1,155,000
5-31-17	1,920,000	Street Reconstruction	2-1-2038	1,775,000
8-16-18	895,000	Street Reconstruction	2-1-2029	825,000
2-20-20	495,000	Equipment Certificates (the Equipment Portion of the Bonds)	2-1-2025	495,000
Total				$6,700,000

* *These issues are subject to the legal debt limit.*

General Obligation Special Assessment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 2-20-20
6-17-15	$1,165,000	Improvements	2-1-2031	$ 880,000
10-20-16	455,000	Improvements Refunding	2-1-2024	310,000
Total				$1,190,000

General Obligation Utility Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 2-20-20
5-30-00	$6,850,120	PFA Loan	8-20-2021	$ 844,000
6-30-03	1,052,939	PFA Loan	8-20-2023	261,000
3-7-13	640,000	Water Revenue	2-1-2021	95,000
3-7-13	4,320,000	Utility Revenue	2-1-2023	2,215,000
6-17-15	295,000	Utility Revenue	2-1-2031	240,000
7-7-16	1,310,000	Utility Revenue	2-1-2032	1,075,000
10-20-16	370,000	Utility Revenue Refunding	2-1-2024	245,000
5-31-17	4,915,000	Utility Revenue	2-1-2038	4,545,000
2-20-20	3,030,000	Utility Revenue (the Utility Portion of the Bonds)	2-1-2036	3,030,000
Total				$12,550,000

Estimated Calendar Year Debt Service Payments Including the Bonds

	G.O. Debt Supported Solely by Taxes		G.O. Special Assessment Debt	
Year	Principal	Principal & Interest(a)	Principal	Principal & Interest
2020 (at 2-20)	(Paid)	$ 78,037	(Paid)	$ 14,463
2021	$ 580,000	741,583	$ 145,000	172,563
2022	610,000	754,605	145,000	169,750
2023	625,000	755,869	155,000	176,750
2024	640,000	756,616	155,000	173,613
2025	620,000	721,926	75,000	91,238
2026	535,000	622,954	80,000	94,250
2027	540,000	614,476	80,000	91,850
2028	555,000	615,613	85,000	94,375
2029	570,000	616,284	85,000	91,825
2030	240,000	276,021	90,000	94,200
2031	240,000	269,996	95,000	96,425
2032	250,000	273,699		
2033	110,000	128,869		
2034	110,000	125,706		
2035	115,000	127,472		
2036	115,000	124,166		
2037	120,000	125,788		
2038	125,000	127,031		
Total	$6,700,000(b)	$7,856,711	$1,190,000 (c)	$1,361,302

(a) *Includes the Equipment Portion of the Bonds at an assumed average annual interest rate of 1.69%.*

(b) *82.3% of this debt will be retired within ten years.*

(c) *92.0% of this debt will be retired within ten years.*

Estimated Calendar Year Debt Service Payments Including the Bonds (continued)

	G.O. Utility Revenue Debt	
Year	Principal	Principal & Interest[(a)]
2019 (at 2-20)	(Paid)	(Paid)
2020	$ 482,000	$ 615,094
2021	1,644,000	1,955,374
2022	1,346,000	1,591,811
2023	1,388,000	1,603,589
2024	565,000	757,323
2025	510,000	689,879
2026	520,000	687,614
2027	535,000	689,894
2028	545,000	686,808
2029	570,000	698,040
2030	580,000	693,481
2031	595,000	693,293
2032	580,000	662,948
2033	495,000	563,698
2034	505,000	560,213
2035	525,000	566,202
2036	540,000	566,589
2037	310,000	324,694
2038	315,000	320,119
Total	$12,550,000[(b)]	$14,926,663

(a) *Includes the Utility Portion of the Bonds at an assumed average annual interest rate of 2.31%.*

(b) *64.6% of this debt will be retired within ten years.*

Other Debt Obligations

Library Note

The City entered into a $1,000,000 loan agreement with Scott County, Minnesota in May of 2012, for the purpose of constructing a library which is attached to a multi-family rental housing facility for seniors. This loan carries an interest rate of 3.07% and will mature February 1, 2032. As of December 31, 2018 the outstanding principal and interest on this loan is approximately $754,000.

Overlapping Debt

Taxing Unit[a]	2018/19 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 2-20-20[b]	Debt Applicable to Tax Capacity in City Percent	Amount
Scott County	$ 201,485,950	$ 112,490,000	2.9%	$ 3,262,210
I.S.D. No. 717 (Jordan)	13,731,004	34,755,000	43.3	15,048,915
Metropolitan Council	4,281,620,797	5,735,000[c]	0.1	5,735
Metropolitan Transit	3,433,535,041	255,485,000	0.2	510,970
Total				$18,827,830

(a) *Only those units with outstanding general obligation debt are shown here.*

(b) *Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.*

(c) *Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.*

Debt Ratios*

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2018/19 Estimated Market Value ($495,442,400)	1.59%	5.39%
Per Capita (6,276 – U.S. Census Bureau Estimate)	$1,257	$4,257

* *Excludes general obligation utility revenue debt and other debt obligations.*

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a City Resident in Independent School District No. 717 (Jordan)

	2014/15	2015/16	2016/17	2017/18	2018/19 Total	2018/19 For Debt Only
Scott County	36.638%	36.175%	35.896%	35.114%	33.841%	3.213%
City of Jordan	63.967	68.426	71.240	71.622	72.768	14.530
I.S.D. No. 717 (Jordan)[a]	33.609	38.415	33.805	34.432	30.610	24.020
Special Districts[b]	5.722	5.793	6.107	5.660	5.362	0.120
Total	139.936%	148.809%	147.048%	146.828%	142.581%	41.883%

(a) *Independent School District No. 717 (Jordan) also has a 2018/19 tax rate of 0.132% spread on the market value of property in support of an excess operating levy.*

(b) *Special districts include the Metropolitan Council, Mosquito Control District, the Scott County Community Development Agency, the City of Jordan Economic Development Authority, and the Scott County Water Management Organization.*

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. *See Appendix III.*

Tax Levies and Collections

Levy/Collect	Net Levy*	Collected During Collection Year		Collected and/or Abated as of 5-20-19	
		Amount	Percent	Amount	Percent
2018/19	$4,309,215	(In Process of Collection)			
2017/18	3,963,316	$3,937,788	99.4%	$3,952,307	99.7%
2016/17	3,710,330	3,685,435	99.3	3,708,069	99.9
2015/16	3,358,040	3,335,793	99.3	3,356,426	99.9
2014/15	3,207,856	3,181,254	99.2	3,207,586	99.9

* *The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.*

FUNDS ON HAND
As of October 31, 2019

Fund	Cash and Investments
General	$1,603,280
Debt Service	1,822,628
EDA	185,668
Capital Projects	492,357
Enterprise	2,500,626
Total	$6,604,559

INVESTMENTS

Investments of the City are made in accordance with Minnesota Statutes, Chapter 118A. The Finance Director has the authority to make deposits and withdrawals in accordance with the needs and in the best financial interest of the City.

As of October 31, 2019, the City's investments totaled $3,954,535, which were held in the following types of investments: $3,175,816 in certificates of deposit maturing no later than July of 2024 and $778,719 in cash and money market investments.

GENERAL INFORMATION CONCERNING THE CITY

The City is a suburban community in Scott County, located in the southwestern portion of the Minneapolis/Saint Paul metropolitan area. The City encompasses an area of approximately 2.2 square miles (1,408 acres).

Population

The City's population trend is shown below.

Year	Population	% Change
2018 U.S. Census Estimate	6,155	12.5%
2010 U.S. Census	5,470	42.7
2000 U.S. Census	3,833	31.8
1990 U.S. Census	2,909	9.4
1980 U.S. Census	2,660	--

Source: United States Census Bureau, http://www.census.gov/.

The City's estimated population by age group for the past five years is as follows:

Data Year/ Report Year	0-17	18-34	35-64	65 and Over
2019/20	2,180	1,357	2,794	580
2018/19	2,155	1,336	2,740	553
2017/18	2,180	1,339	2,756	530
2016/17	2,176	1,325	2,692	507
2015/16	2,166	1,315	2,659	483

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

Transportation

U.S. Highway 169 runs through the City as well as Minnesota Highways 21 and 282. The City is located within 20 miles of Interstate Highway I-35W. The Minneapolis/Saint Paul International Airport is located approximately 35 miles northeast of the City. Public transportation is provided by Minnesota Valley Transit Authority.

Economy

The City is part of a diverse community offering a full complement of services to the City and area residents. Approximately 74.6% of the City's taxable net tax capacity is classified as residential property. Many residents work outside of the City, commuting to nearby jobs throughout the Minneapolis/Saint Paul metropolitan area.

Commercial and industrial growth consists mainly of small manufacturing companies and retail businesses.

Major Employers

Employer	Product/Service	Approximate Number of Employees
I.S.D. No. 717 (Jordan)	Public education	340
S.M. Hentges & Sons, Inc.	Road construction	255
Wolf Motor Company	Automobile dealership	115
Jordan Transformer Inc.	Electric transformers	90
Minnesota Valley Electric Coop	Electric utility	80
Oak Terrace Assisted Living	Nursing care facility	75
Radermacher SuperValu	Grocery store	70
McDonald's	Restaurant	47
Ridges at Sand Creek Golf Club and Restaurant	Golf course	45
By the Yard	Recycled and outdoor furniture	44
Engel Diversified Industries Inc.	Fabricated metal products	43
Valley View Assisted Living	Nursing care facilities	40
City of Jordan	City government	30
Dynotec	Nationwide transmission repair	29
Alloy Hardfacing and Engineering Co., Inc.	Agriculture/mining machinery	26
St. John the Baptist Catholic School	Elementary/secondary education	24
Siwek Lumber and Millwork	Lumber and millwork	20

Source: The City

Labor Force Data

	Annual Average				November
	2015	2016	2017	2018	2019
Labor Force:					
Scott County	79,144	80,937	82,142	82,820	84,192
State of Minnesota	2,997,748	3,033,406	3,057,014	3,070,223	3,129,485
Unemployment Rate:					
Scott County	3.1%	3.2%	2.9%	2.5%	2.5%
State of Minnesota	3.7	3.9	3.4	2.9	2.9

Source: Minnesota Department of Employment and Economic Development, https://apps.deed.state.mn.us/lmi/laus. 2019 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Jordan

Data Year/ Report Year	Total Retail Sales ($000)	Median Household EBI	Total EBI ($000)
2019/20	N/A	$62,477	$183,577
2018/19	$86,398	59,981	171,077
2017/18	62,447	57,855	168,348
2016/17	63,504	61,707	171,635
2015/16	76,396	66,450	171,123

Scott County

Data Year/ Report Year	Total Retail Sales ($000)	Median Household EBI	Total EBI ($000)
2019/20	N/A	$81,317	$5,345,147
2018/19	$1,982,161	77,498	5,010,000
2017/18	1,801,560	75,314	4,731,908
2016/17	1,677,899	75,335	4,650,265
2015/16	2,065,957	69,381	4,166,720

The 2019/20 Median Household EBI for the State of Minnesota was $60,916. The 2019/20 Median Household EBI for the United States was $54,686.

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

Permits Issued by the City

	Total Permits		New Single Family Homes	
	Number	Value	Number	Value
2019 (to 10-31)	226	$11,477,983	36	$9,763,710
2018	267	13,176,259	27	7,784,000
2017	291	10,157,559	19	4,455,590
2016	258	10,311,330	15	4,639,120
2015	299	41,470,334*	15	4,915,000
2014	289	12,574,980	27	7,453,680
2013	234	12,238,833	26	6,807,918
2012	244	14,100,850	15	3,093,232
2011	226	7,619,147	10	2,047,516
2010	207	5,173,195	14	2,608,660

* *The increase in value for 2015 was due to the construction of a new school in the City.*

Source: The City.

Financial Institutions

City residents are served by Riverland Bank, which had $114,556,000 in deposits as of September 30, 2019 (most recent information available). Banking and financial services in the City are also provided by branches of Frandsen Bank & Trust and HomeTown Bank.

Source: Federal Deposit Insurance Corporation, https://www.fdic.gov/.

Health Care Services

The following is a summary of health care facilities located within approximately 15 miles of the City:

Facility	Location	No. of Beds
Hospitals		
Saint Francis Regional Medical Center	City of Shakopee	93 Hospital 18 Infant Bassinets
Mayo Clinic Health System	City of New Prague	49 Hospital 6 Infant Bassinets
Nursing Homes		
St. Gertrude Health Center	City of Shakopee	105 Nursing Home
Lutheran Home	City of Belle Plaine	97 Nursing Home 52 Supervised Living
Mala Strana Care & Rehab Center	City of New Prague	84 Nursing Home
Shakopee Friendship Manor	City of Shakopee	80 Nursing Home

Source: Minnesota Department of Health, http://www.health.state.mn.us/.

Education

Public Education

The following district serves the residents of the City:

District	Location	Grades	2018/19* Enrollment
I.S.D. No. 717 (Jordan)	City of Jordan	PK-12	1,908

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, www.education.state.mn.us.

Non-Public Education

The following private school is located in the City:

School	Location	Grades	2018/19* Enrollment
St. John the Baptist Catholic School	City of Jordan	K-6	60

* *2019/20 enrollment figures are not yet available.*

Source: Minnesota Department of Education, www.education.state.mn.us.

Post-Secondary Education

Post-secondary educational institutions within commuting distance are the south campus of Hennepin Technical College, located approximately 20 miles north of the City; Normandale Community College in the City of Bloomington, approximately 23 miles northeast of the City; and over 15 colleges and universities throughout the Minneapolis/Saint Paul metropolitan area, located within 35 miles of the City.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City has been a municipal corporation since 1891 and became a statutory City in 1989. The City has a Mayor-Council form of government with all members elected to serve overlapping four-year terms of office. All members are elected at large. The following members comprise the current City Council:

		Expiration of Term
Tanya Velishek	Mayor	December 31, 2020
Jeremy Goebel	Council Member	December 31, 2022
Bill Heimkes	Council Member	December 31, 2022
Amanda Schuh	Council Member	December 31, 2022
Terry Stier	Council Member	December 31, 2020
Robert Whipps	Council Member	December 31, 2020
Jeff Will	Council Member	December 31, 2020

Mr. Thomas Nikunen serves as the City Administrator and was appointed to this position in September 2014. Mr. Nikunen has more than 16 years of local government experience, previously serving as Finance Director for the City as well as for the City of Grand Marais, Minnesota.

Mr. Morey Schaefer was appointed as the City's Finance Director in February 2015, having previously worked as a Certified Public Accountant. Mr. Schaefer has approximately 16 years of experience working for or with governmental entities.

Services

The City presently has 30 full-time and three part-time employees providing a variety of services for City residents. Services provided by the City include public works, public safety, and municipal water and sewer systems.

Police protection is provided by eleven full-time police officers. The City's Fire Department provides fire protection to residents through 37 trained and equipped volunteers.

The City's water is supplied by municipal wells. The water plant has a combined pumping capacity of 2,500 gallons per minute and a storage capacity of 1,300,000 gallons. Average daily demand is 800,000 gallons.

The City's sewage treatment plant has a 1,300,000 gallon per day capacity with an average daily demand of 400,000 gallons.

Labor Contracts

The status of labor contracts in the City is as follows:

Bargaining Unit	No. of Employees	Expiration Date of Current Contract
LELS	10	December 31, 2020
49ers	6	December 31, 2020
Teamsters	7	December 31, 2020
Subtotal	23	
Non-unionized employees	7	
Total employees	30	

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF. The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

	GERF	PEPFF
2018	$88,732	$126,596
2017	86,071	115,752
2016	79,087	104,209
2015	73,196	96,953
2014	60,244	91,107

City's Fire Relief Association

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

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

The financial requirements of the Special fund are determined in accordance with Minnesota Statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service, and 10 years of Association membership; or upon death.

The City's contributions to the Firefighter's Association for the past five years are as follows:

	Firefighter's Association
2018	$48,194
2017	47,630
2016	35,000
2015	47,795
2014	36,329

For more information regarding the liability of the City with respect to its employees, please reference "Note 4, Defined Benefit Pension Plans – Statewide" and "Note 5, Defined Benefit Pension Plans – Fire Relief Association" of the City's Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GERF and PEPFF for the past four years are as follows:

	GERF		PEPFF	
	Proportionate Share of Pension Costs	Net Pension Liability	Proportionate Share of Pension Costs	Net Pension Liability
2018	0.0175%	$ 970,829	0.0708%	$ 754,655
2017	0.0172	1,098,037	0.0670	904,580
2016	0.0162	1,315,360	0.0640	2,568,431
2015	0.0157	813,655	0.0620	704,465

For more information regarding GASB 68 with respect to the City, please reference "Note 4, Defined Pension Plans - Statewide" of the City's Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

Other Post-Employment Benefits

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits. Other Than Pensions, effective for the City's fiscal year 2018. Statement No. 75 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. During 2018, the City calculated its OPEB liability using the alternative measurement method and determined that the calculated liability was immaterial. At this point, the City anticipates it will not incur material future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

Sources: City's Annual Financial Reports.

General Fund Budget Summary

	2018 Budget	2018 Actual	2019 Budget
Revenues:			
Taxes	$3,152,577	$3,340,728	$3,348,600
Special Assessments	6,000	20,633	5,500
Licenses and Permits	148,268	212,883	177,925
Intergovernmental Revenue	785,814	551,919	721,070
Charges for Services	380,693	409,736	416,526
Fines and Forfeits	0	430	0
Investment Earnings	26,500	11,394	20,000
Miscellaneous Revenue	171,000	70,349	146,415
Total Revenues	$4,670,852	$4,618,072	$4,836,036
Expenditures:			
General Government	$1,014,899	$1,201,628	$1,077,169
Public Safety	1,819,028	1,647,896	1,902,020
Public Works	450,443	467,766	514,798
Parks, Recreation and Library	262,765	269,501	264,241
Unallocated	256,837	217,803	260,363
Total Expenditures	$3,803,972	$ 3,723,598	$4,018,591
Excess of Revenues Over (Under) Expenditures	$ 866,880	$ 813,478	$ 817,445
Other Financing Sources:			
Sale of Assets	$ 1,500	$ 12	$ 0
Transfers Out	(865,696)	(910,856)	(814,616)
Total Other Financing Sources	$ (864,196)	$ (910,844)	$ (814,616)
Net Change in Fund Balance	$ 2,684	$ (97,366)	$ 2,829
Fund Balance January 1	$2,028,212	$2,028,212	$1,930,846
Fund Balance December 31	$2,030,896	$1,930,846	$1,933,675

Source: The City.

Major General Fund Revenue Sources

Revenue	2014	2015	2016	2017	2018
Taxes	$2,264,229	$2,451,065	$2,543,244	$2,996,028	$3,340,728
Intergovernmental	435,194	507,822	474,793	521,542	551,919
Charges for services	375,620	386,740	403,445	427,492	409,736
Licenses and permits	180,351	369,861	158,085	167,842	212,883
Miscellaneous Revenue	12,791	72,082	248,635	239,170	70,349

Sources: The City and the City's Annual Financial Reports.

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PROPOSED FORM OF LEGAL OPINION

Kennedy & Graven
CHARTERED

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$3,525,000*
General Obligation Bonds
Series 2020A
City of Jordan
Scott County, Minnesota

We have acted as bond counsel to the City of Jordan, Scott County, Minnesota (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2020A (the "Bonds"), originally dated the date hereof, and issued in the original aggregate principal amount of $3,525,000. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

2. The principal of and interest on the Bonds are payable from revenues of the water, sewer and storm sewer system of the Issuer and ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

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

* *Preliminary; subject to change.*

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

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

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

Dated _______________, 2020 at Minneapolis, Minnesota.

CONTINUING DISCLOSURE CERTIFICATE

$3,525,000*
City of Jordan, Minnesota
General Obligation Bonds
Series 2020A

_______________, 2020

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Jordan, Minnesota (the "Issuer") in connection with the issuance of its General Obligation Bonds, Series 2020A (the "Bonds") in the original aggregate principal amount of $3,525,000*. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the "Resolutions"). The Bonds are being delivered to ____________, in ___________, ________________ (the "Purchaser") on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

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

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

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

"Bonds" means the General Obligation Bonds, Series 2020A, issued by the Issuer in the original aggregate principal amount of $3,525,000*.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

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

"Final Official Statement" means the deemed final Official Statement, dated ______________, 2020 which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

* *Preliminary; subject to change.*

"Fiscal Year" means the fiscal year of the Issuer.

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

"GASB" means the Governmental Accounting Standards Board.

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

"Issuer" means the City of Jordan, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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

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

"Purchaser" means _____________, in ______________, ____________.

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

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

"SEC" means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2019, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values
2. City Indebtedness
3. City Tax Rates, Levies and Collections

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

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

CITY OF JORDAN, MINNESOTA

____

Mayor

____

City Administrator

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter’s property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter’s property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory “net debt” limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.

4. Obligations issued to create or maintain a permanent improvement revolving fund.

5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.

9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)
"Fiscal Disparities Law"

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	Local Tax Payable 2015-2019
Residential Homestead (1a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to $139,000[c]	0.75%
Over $139,000[c]	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to $150,000	1.50%[a]
Over $150,000	2.00%[a]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to $600,000	0.50%
$600,000 - $2,300,000	1.00%
Over $2,300,000	1.25%[a]
Seasonal Resorts (4c)	
Up to $500,000	1.00%[a]
Over $500,000	1.25%[a]
Non-Commercial (4c12)	
Up to $500,000	1.00%[a][b]
Over $500,000	1.25%[a][b]
Disabled Homestead (1b)	
Up to $50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Remainder of Farm	
Up to $1,900,000[d]	0.50%[b]
Over $1,900,000[d]	1.00%[b]
Non-homestead (2b)	1.00%[b]

[a] *State tax is applicable to these classifications.*

[b] *Exempt from referendum market value based taxes.*

[c] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $121,000; Payable 2017 - $115,000; Payable 2016 - $106,000; and Payable 2015 - $100,000.*

[d] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $1,940,000; Payable 2017 - $2,050,000; Payable 2016 - $2,140,000; and Payable 2015 - $1,900,000.*

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF 2018 ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the City's Annual Financial Report for fiscal year ended December 31, 2018. (The City's Annual Financial Report for fiscal year ended December 31, 2019 is not yet available.) The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Jordan, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the 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

Report on Summarized Comparative Information

We have previously audited the City's 2017 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in our report dated June 8, 2018. In our opinion, the summarized comparative information presented herein for the respective proprietary fund financial statements as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 23, 2019

Management's Discussion and Analysis

As management of the City of Jordan, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $37,179,008 (net position).
- The City's total net position increased by $2,361,620 compared to an increase of $1,403,221 in the previous year. Increases in capital grants and contributions and property taxes and overall decreases in expenses contributed to this change.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $5,696,194, a decrease of $1,613,708 in comparison with the prior year. This decrease is mostly attributable to bond proceeds being spent throughout the year. Approximately 22.2 percent of ending fund balances, $1,265,119, is available for spending at the City's discretion. The remainder of fund balance, $4,431,075, is not available for new spending because it is either 1) nonspendable ($569,870), 2) restricted ($2,460,760), 3) committed ($779,314), or 4) assigned ($621,131).

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the City's Annual Financial Report

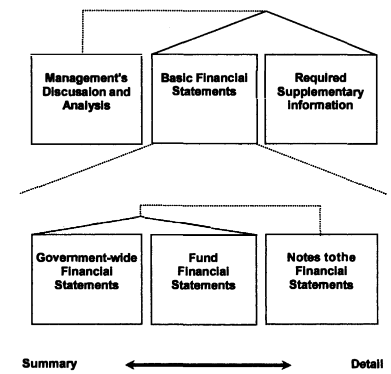


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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 highways, economic development, culture and recreation and miscellaneous. The business-type activities of the City include water, sewer and storm sewer operations.

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

The government-wide financial statements can be found starting on page 31 of this report.

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

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

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

The City maintains numerous individual governmental funds, many of which are Debt Service funds, which are reported as one fund for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Debt Service fund, the 2015 Street Improvements fund, and the 2017 Sewer and Valley View Project fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 36 of this report.

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

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

The basic proprietary fund financial statements can be found starting on page 42 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 starting on page 49 of this report.

Required supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jordan's share of net pension liabilities for defined benefit plans and schedules of contributions. Required supplementary information can be found starting on page 80 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 financial statements and schedules can be found starting on page 86 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $37,179,008 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (83.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jordan's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Current and Other Assets	$ 6,971,950	$ 8,944,764	$ (1,972,814)	$ 2,534,518	$ 2,343,264	$ 191,252
Capital Assets	20,665,920	20,133,483	532,437	32,866,771	33,827,326	(760,555)
Total Assets	27,637,870	29,078,247	(1,440,377)	35,401,287	35,970,590	(589,303)
Deferred Outflows of Resources	1,428,220	1,708,013	(281,793)	60,206	97,240	(37,034)
Long-term Liabilities outstanding	11,479,069	13,394,386	(1,915,317)	13,197,956	15,204,138	(2,006,182)
Other Liabilities	808,460	846,899	(238,439)	196,074	373,877	(177,803)
Total Liabilities	12,087,529	14,241,285	(2,153,756)	13,394,030	15,578,015	(2,183,985)
Deferred Inflows of Resources	1,797,822	2,150,207	(352,385)	87,194	67,195	(1)
Net Position						
Net investment in capital assets	11,049,613	10,648,092	401,521	20,085,468	19,444,568	640,900
Restricted	2,739,949	2,747,511	(7,562)	3,871,228	3,033,925	837,303
Unrestricted	1,389,177	999,165	390,012	(1,956,427)	(2,055,873)	99,446
Total Net Position	$ 15,178,739	$ 14,394,788	$ 783,971	$ 22,000,269	$ 20,422,620	$ 1,577,649

An additional portion of the City's net position (17.8 percent) represents resources that are subject to external restrictions on how they may be used to meet the City's ongoing obligations to citizens and creditors. The remaining balance of unrestricted net position (negative 1.5 percent) is now a deficit, mainly due to business-type activities.

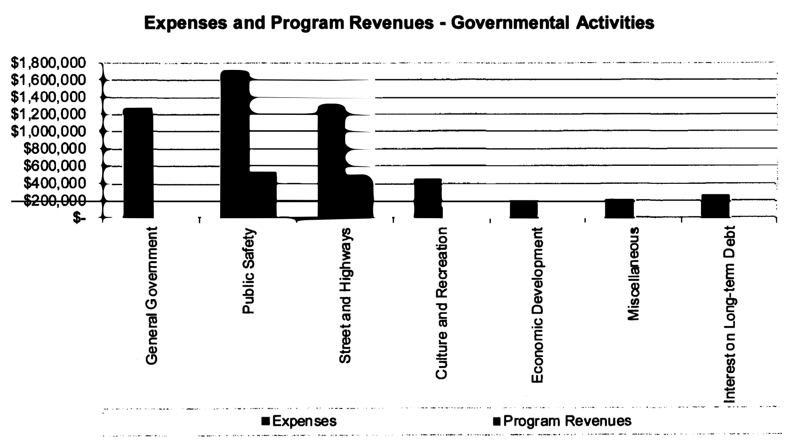
Governmental activities. Governmental activities increased the City's net position by $783,971. Key elements of this increase are as follows:

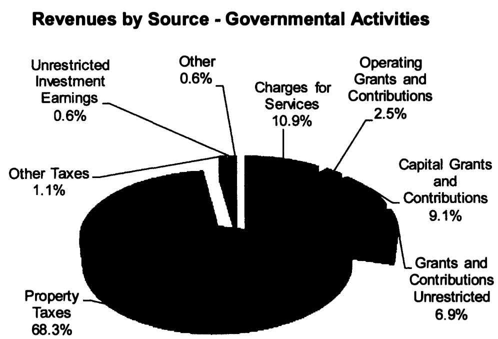
City of Jordan's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 683,472	$ 881,776	$ (198,304)	$ 2,884,898	$ 2,624,312	$ 260,586
Operating grants and contributions	156,927	153,248	3,679	2,078	117	1,961
Capital grants and contributions	567,612	823,156	(255,544)	822,365	584,845	237,520
General Revenues						
Property taxes/franchise taxes/tax increments	4,285,029	4,013,157	271,872	-	-	-
Other taxes	71,510	76,165	(4,655)	-	-	-
Grants and contributions not restricted to specific programs	429,660	308,921	120,739	-	-	-
Unrestricted investment earnings	35,623	37,314	(1,691)	16,129	40,120	(23,991)
Gain on sale of capital assets and other	38,649	31,299	7,350	71,667	67,261	4,406
Total Revenues	6,268,482	6,325,036	(56,554)	3,797,137	3,316,655	480,482
Expenses						
General government	1,268,008	1,237,212	30,796	-	-	-
Public safety	1,705,857	1,952,207	(246,350)	-	-	-
Streets and highways	1,323,333	1,386,585	(63,252)	-	-	-
Culture and recreation	447,974	401,256	46,718	-	-	-
Economic development	191,682	191,933	(251)	-	-	-
Miscellaneous	217,803	217,417	386	-	-	-
Interest on long-term debt	267,896	334,683	(66,787)	-	-	-
Water	-	-	-	932,651	981,606	(48,955)
Sewer	-	-	-	1,143,580	1,073,898	69,682
Storm sewer	-	-	-	205,215	461,673	(256,458)
Total Expenses	5,422,553	5,721,293	(298,740)	2,281,446	2,517,177	(235,731)
Change in Net Position before transfers	845,929	603,743	242,186	1,515,691	799,478	716,213
Transfers	(61,958)	30,000	(91,958)	61,958	(30,000)	91,958
Change in Net Position	783,971	633,743	150,228	1,577,649	769,478	808,171
Net Position - January 1	14,394,768	13,761,025	633,743	20,422,620	19,653,142	769,478
Net Position - December 31	$ 15,178,739	$ 14,394,768	$ 783,971	$ 22,000,269	$ 20,422,620	$ 1,577,649

Total property tax levies increased 6.8 percent during 2018. Levies for debt service decreased by $99,521 while general levies were increased by $352,495.

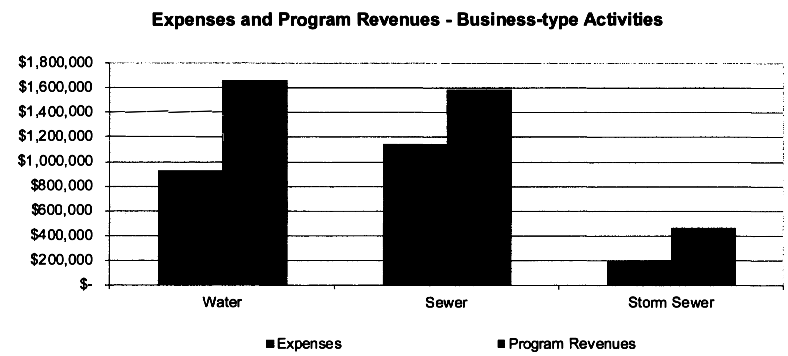
The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

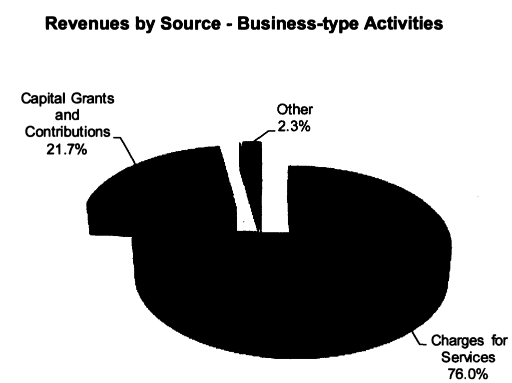




Business-type activities. Business-type activities increased the City's net position by $1,577,649. Key elements of this increase are as follows:

- Charges for services increased by $260,586 from the previous year.
- Capital grants and contributions increased by $237,520 from 2017 to 2018.
- Overall expenses decreased by $235,731 from the previous year.
- Net transfers from governmental funds totaled $61,958 for the 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The *General fund* is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the General fund was $1,660,539. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 43.6 percent of fund expenditures.

The fund balance of the City's General fund decreased by $97,366 during the current fiscal year. This decrease is mainly attributable to transfers out to the City Facilities Capital fund.

The *Debt Service fund* has a total fund balance of $2,073,949, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was $1,864,796. The majority of this decrease is due to the refunding payments related to the 2016 bond issue and regularly scheduled bond payments.

The *2015 Street Improvements fund* accounts for the City's 2015 downtown improvement project and is being funded by a $1,155,000 bond issue and MSA funding. The fund incurred a fund balance deficit this year of $27,273 which will be funded by the recognition of deferred MSA dollars becoming earned.

The *2017 Sewer and Valley View Project fund* accounts for the City's 2017 street improvement project and is being funded by a $1,920,000 bond issue. Ending fund balance totaled $89,725 with bond proceeds exceeding project costs.

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 a deficit of $1,956,427. The total increase in net position for the funds was $1,577,649. 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 was not balanced for 2018. Revenues were below expectation by $52,780 and expenditures were above by $292,819. Other financing sources (uses) were $340,089 under budget resulting in an actual decrease in fund balance of $97,366 in 2018. The City budgets some scheduled transfers to capital reserve funds under the capital project expenditure accounts rather than transfer accounts, explaining the variances above.

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, 2018, amounts to $53,532,691 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 0.4 percent (a 2.6 percent increase for governmental activities and a 2.3 percent decrease for business-type activities).

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

- 2017 street and utility improvements were completed and capitalized at $6,932,277.
- 2018 street resurfacing costs totaled $749,015.
- A land purchase for a future park of $402,053.
- Park improvements of $309,592 including $180,672 for a splash pad.

Additional information on the City's capital assets can be found in Note 3B starting on page 61 of this report.

City of Jordan's Capital Assets
(net of depreciation)

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Land	$ 1,303,927	$ 901,874	$ 402,053	$ 570,184	$ 570,184	$ -
Buildings	6,417,896	6,429,977	(12,081)	-	-	-
Improvements Other than Buildings	-	-	-	7,939,816	8,303,750	(363,934)
Machinery and Equipment	199,939	177,694	22,245	123,773	167,000	(43,227)
Vehicles	682,872	811,461	(128,589)	-	-	-
Infrastructure	11,002,080	9,884,525	1,117,555	24,207,821	19,741,610	4,466,211
Construction in Progress	1,059,206	1,927,952	(868,746)	25,177	4,844,782	(4,819,605)
Total	$ 20,665,920	$ 20,133,483	$ 532,437	$ 32,866,771	$ 33,627,326	$ (760,555)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $22,340,000. Of this amount, $7,639,000 is general obligation debt, $2,435,000 is special assessment debt and $12,266,000 is general obligation revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Jordan's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
General Obligation Bonds	$ 7,639,000	$ 8,337,000	$ (698,000)	$ -	$ -	$ -
G.O. Improvement Bonds	2,048,360	3,030,410	(982,050)	386,840	574,590	(187,950)
General Obligation Revenue Bonds	-	-	-	12,266,000	14,033,000	(1,767,000)
Total	$ 9,687,360	$ 11,367,410	$ (1,680,050)	$ 12,652,640	$ 14,607,590	$ (1,954,950)

The City's total debt decreased by $3,635,000, or 14.0 percent during the current fiscal year. The key factor in this decrease was the retirement of $4,530,000 in long-term debt during the year along with $895,000 in new debt issues during the year.

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2018, the City is under the legal debt margin.

The City's bond rating was A1 as of the end of the year.

Additional information on the City's long-term debt can be found in Note 3D starting on page 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- The December 2018 unemployment rate for Scott County was 2.7 percent, a decrease from 2.8 percent a year ago. This compares favorably to the State's average unemployment rate of 3.2 percent and the national average rate of 3.7 percent.

- Property valuations within the City remain strong.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

Property tax levy increased by 8.7 percent from 2018 to 2019. The debt levy was increased by $108,738 and taxes for operations were increased by $237,262 mainly due to increased property valuations..

The utility fund rates have been studied by staff and City Council annually as part of the budget process with the focus being tracking the cash balances with current utility rates and actual collections. The need for the annual review of utility rates was triggered by the economic downturn of recent years, and the resulting slowdown in new housing starts and the associated capital and area charges. As part of the 2018 study, the City increased the water rates by 4 percent, the sewer rates by 1 percent and storm sewer rates by 5 percent. During 2018, the Water, Sewer and Storm Sewer Utility funds experienced positive income from operations as well as increases in cash balances. Adequate levels of available cash balance are important to cover operations, treatment, debt service, and maintenance of the various utility systems. Debt financing is used primarily for expansion of these systems to service a growing population and for the replacement of aging system infrastructure necessary to provide quality service to citizens.

Requests for Information

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

City of Jordan, Minnesota
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	$ 5,649,972	$ 2,155,022	$ 7,804,994
Receivables			
Interest	13,033	-	13,033
Delinquent taxes	36,499	-	36,499
Accounts	172,200	293,334	465,534
Special assessments	453,748	12,312	466,060
Intergovernmental	133,950	73,848	207,798
Prepaid items	27,457	-	27,457
Land held for resale	299,563	-	299,563
Net pension asset	185,528	-	185,528
Capital assets			
Nondepreciable	2,363,133	595,361	2,958,494
Depreciable, net of accumulated depreciation	18,302,787	32,271,410	50,574,197
Total Assets	27,637,870	35,401,287	63,039,157
Deferred Outflows of Resources			
Deferred pension resources	1,426,220	60,206	1,486,426
Liabilities			
Accounts and contracts payable	332,799	43,878	376,677
Due to other governments	23,571	104	23,675
Accrued interest payable	121,731	118,146	239,877
Accrued salaries payable	98,559	23,109	121,668
Unearned revenue	31,800	10,837	42,637
Noncurrent liabilities			
Due within one year	862,562	1,825,327	2,687,889
Due in more than one year	10,616,507	11,372,629	21,989,136
Total Liabilities	12,087,529	13,394,030	25,481,559
Deferred Inflows of Resources			
Intergovernmental	113,252	-	113,252
Deferred pension resources	1,684,570	67,194	1,751,764
Total Deferred Inflows of Resources	1,797,822	67,194	1,865,016
Net Position			
Net investment in capital assets	11,049,613	20,085,468	31,135,081
Restricted			
Debt service	2,353,138	-	2,353,138
Capital outlay/connections	-	3,871,228	3,871,228
Economic development	353,429	-	353,429
Special projects	3,956	-	3,956
Drug and alcohol enforcement	29,426	-	29,426
Unrestricted	1,389,177	(1,956,427)	(567,250)
Total Net Position	$ 15,178,739	$ 22,000,269	$ 37,179,008

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

City of Jordan, Minnesota
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
General government	$ 1,268,008	$ 226,978	$ 6,278	$ -	$ (1,034,752)		$ (1,034,752)
Public safety	1,705,857	379,798	150,649	-	(1,175,410)		(1,175,410)
Streets and highways	1,323,333	58,157	-	450,516	(814,660)		(814,660)
Culture and recreation	447,974	6,206	-	117,096	(324,672)		(324,672)
Economic development	191,682	12,313	-	-	(179,369)		(179,369)
Miscellaneous	217,803	20	-	-	(217,783)		(217,783)
Interest and other costs	267,896	-	-	-	(267,896)		(267,896)
Total Governmental Activities	5,422,553	683,472	156,927	567,612	(4,014,542)		(4,014,542)
Business-type Activities							
Water utility	932,651	1,400,993	983	257,303		$ 726,628	726,628
Sewer utility	1,143,580	1,293,156	1,095	290,481		441,152	441,152
Storm sewer utility	205,215	190,749	-	274,581		260,115	260,115
Total Business-type Activities	2,281,446	2,884,898	2,078	822,365		1,427,895	1,427,895
Totals	$ 7,703,999	$ 3,568,370	$ 159,005	$ 1,389,977	(4,014,542)	1,427,895	(2,586,647)
General Revenues							
Property taxes, levied for general purposes					3,331,766	-	3,331,766
Property taxes, levied for debt service					751,736	-	751,736
Tax increments					201,527	-	201,527
Franchise taxes					71,510	-	71,510
Grants and contributions not restricted to specific programs					429,660	-	429,660
Unrestricted investment earnings					35,623	16,129	51,752
Other revenues					32,384	71,667	104,051
Gain on sale of assets					6,265	-	6,265
Transfers					(61,958)	61,958	-
Total General Revenues and Transfers					4,798,513	149,754	4,948,267
Change in Net Position					783,971	1,577,649	2,361,620
Net Position, January 1					14,394,768	20,422,620	34,817,388
Net Position, December 31					$ 15,178,739	$ 22,000,269	$ 37,179,008

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

City of Jordan, Minnesota
Balance Sheet
Governmental Funds
December 31, 2018

	General	Debt Service	Capital Projects 2015 Street Improvements	Capital Projects 2017 Sewer and Valley View Project	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	$ 1,841,370	$ 2,073,949	$ 85,979	$ 89,725	$ 1,558,949	$ 5,649,972
Receivables						
Accrued interest	13,033	-	-	-	-	13,033
Delinquent taxes	36,499	-	-	-	-	36,499
Accounts	160,949	-	-	-	11,251	172,200
Special assessments	50,594	400,920	-	-	2,234	453,748
Intergovernmental	43,421	-	-	-	90,529	133,950
Advances to other funds	242,850	-	-	-	-	242,850
Prepaid items	27,457	-	-	-	-	27,457
Land held for resale	-	-	-	-	299,563	299,563
Total Assets	$ 2,416,173	$ 2,474,869	$ 85,979	$ 89,725	$ 1,962,526	$ 7,029,272
Liabilities						
Accounts payable	$ 276,104	$ -	$ -	$ -	$ 42,006	$ 318,110
Contracts payable	-	-	-		14,689	14,689
Due to other governments	23,571	-	-	-	-	23,571
Advances from other funds	-	-	-	-	242,850	242,850
Accrued salaries payable	98,559	-	-	-	-	98,559
Unearned revenue	-	-	-	-	31,800	31,800
Total Liabilities	398,234	-	-	-	331,345	729,579
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	36,499	-	-	-	-	36,499
Special assessments	50,594	400,920	-	-	2,234	453,748
Intergovernmental	-	-	113,252	-	-	113,252
Total Deferred Inflows of Resources	87,093	400,920	113,252	-	2,234	603,499
Fund Balances						
Nonspendable						
Advances to other funds	242,850	-	-	-	299,563	542,413
Prepaid items	27,457	-	-	-	-	27,457
Restricted						
Debt service	-	2,073,949	-	-	-	2,073,949
Special projects	-	-	-	-	3,956	3,956
Drug and alcohol enforcement	-	-	-	-	29,426	29,426
Economic development	-	-	-	-	100,498	100,498
Capital outlay	-	-	-	89,725	163,206	252,931
Committed						
Special projects	-	-	-	-	409,157	409,157
Drug and alcohol enforcement	-	-	-	-	343	343
DARE program	-	-	-	-	1,231	1,231
Car seat program	-	-	-	-	1,450	1,450
Capital outlay	-	-	-	-	367,133	367,133
Assigned						
Economic development	-	-	-	-	88,509	88,509
Special projects	-	-	-	-	4,520	4,520
Capital outlay	-	-	-	-	528,102	528,102
Unassigned	1,660,539	-	(27,273)	-	(368,147)	1,265,119
Total Fund Balances	1,930,846	2,073,949	(27,273)	89,725	1,628,947	5,696,194
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,416,173	$ 2,474,869	$ 85,979	$ 89,725	$ 1,962,526	$ 7,029,272

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

City of Jordan, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2018

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

Total Fund Balances - Governmental Funds	$ 5,696,194
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	185,528
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	20,665,920
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of	
Compensated absences payable	(155,582)
Bonds payable	(9,687,360)
Pension liability	(1,454,249)
Premium on bonds issued, net of accumulated amortization	(181,878)
Long-term assets are not available to pay current-period expenditures and therefore are unavailable in the funds.	
Delinquent property taxes receivable	36,499
Special assessments receivable	453,748
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	1,426,220
Deferred inflows of pension resources	(1,684,570)
Governmental funds do not report a liability for accrued interest until due and payable.	(121,731)
Total Net Position - Governmental Activities	$ 15,178,739

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

City of Jordan, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Debt Service	Capital Projects: 2015 Street Improvements	Capital Projects: 2017 Sewer and Valley View Project	Other Governmental Funds	Totals
Revenues						
Taxes	$ 3,340,728	$ 751,736	$ -	$ -	$ 260,520	$ 4,352,984
Special assessments	20,633	104,846	-	-	353	125,832
Licenses and permits	212,883	-	-	-	-	212,883
Intergovernmental	551,919	-	223,446	-	135,000	910,365
Charges for services	409,736	-	-	-	12,469	422,205
Fines and forfeits	430	-	-	-	18,124	18,554
Investment earnings	11,394	14,446	372	1,232	8,179	35,623
Miscellaneous	70,349	-	-	-	128,849	199,198
Total Revenues	4,618,072	871,028	223,818	1,232	563,494	6,277,644
Expenditures						
Current						
General government	1,201,628	-	-	-	-	1,201,628
Public safety	1,593,626	-	-	-	57,209	1,650,835
Streets and highways	461,719	-	-	-	1,398	463,117
Culture and recreation	256,862	-	-	-	244	257,106
Economic development	-	-	-	-	191,682	191,682
Miscellaneous	209,763	-	-	-	-	209,763
Capital outlay						
General government	-	-	-	-	9,975	9,975
Public safety	54,270	-	-	-	29,706	83,976
Streets and highways	6,047	-	-	54,756	931,743	992,546
Culture and recreation	12,639	-	-	-	744,180	756,819
Miscellaneous	8,040	-	-	-	-	8,040
Debt service						
Principal	-	2,575,050	-	-	-	2,575,050
Interest and other costs	-	293,057	-	-	-	293,057
Bond issuance costs	-	-	-	-	35,785	35,785
Total Expenditures	3,804,594	2,868,107	-	54,756	2,001,922	8,729,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	813,478	(1,997,079)	223,818	(53,524)	(1,438,428)	(2,451,735)
Other Financing Sources (Uses)						
Sale of assets	12	-	-		6	18
Transfers in	-	132,283	-	-	801,844	934,127
Bonds issued	-	-	-	-	895,000	895,000
Premium on bonds issued	-	-	-	-	4,967	4,967
Transfers out	(910,856)	-	-	-	(85,229)	(996,085)
Total Other Financing Sources (Uses)	(910,844)	132,283	-	-	1,616,588	838,027
Net Change in Fund Balances	(97,366)	(1,864,796)	223,818	(53,524)	178,160	(1,613,708)
Fund Balances, January 1	2,028,212	3,938,745	(251,091)	143,249	1,450,787	7,309,902
Fund Balances, December 31	$ 1,930,846	$ 2,073,949	$ (27,273)	$ 89,725	$ 1,628,947	$ 5,696,194

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

City of Jordan, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	$ (1,613,708)
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	1,795,483
Depreciation expense	(1,266,540)
The net effect of various miscellaneous transactions involving capital assets	
Trade-in of capital assets	(2,753)
Book value of capital asset sold	6,247
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 is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	2,575,050
Debt issued	(895,000)
Premium on bonds issued, net of amortization	14,352
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.	41,627
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	3,555
Special assessments	(30,713)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	(6,677)
Long-term pension activity is not reported in governmental funds.	
Pension expense	151,317
Direct aid contributions	11,731
Change in Net Position - Governmental Activities	$ 783,971

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

City of Jordan, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,187,991	$ 3,187,991	$ 3,340,728	$ 152,737
Special assessments	6,000	6,000	20,633	14,633
Licenses and permits	148,268	148,268	212,883	64,615
Intergovernmental	785,814	785,814	551,919	(233,895)
Charges for services	380,693	380,693	409,736	29,043
Fines and forfeits	-	-	430	430
Investment earnings	26,500	26,500	11,394	(15,106)
Miscellaneous	135,586	135,586	70,349	(65,237)
Total Revenues	4,670,852	4,670,852	4,618,072	(52,780)
Expenditures				
Current				
General government	1,007,889	1,007,889	1,201,628	(193,739)
Public safety	1,634,422	1,634,422	1,593,626	40,796
Streets and highways	450,444	450,444	461,719	(11,275)
Culture and recreation	259,665	259,665	256,862	2,803
Miscellaneous	243,837	243,837	209,763	34,074
Capital outlay				
General government	426,456	426,456	-	426,456
Public safety	58,600	58,600	54,270	4,330
Streets and highways	-	-	6,047	(6,047)
Culture and recreation	3,100	3,100	12,639	(9,539)
Miscellaneous	13,000	13,000	8,040	4,960
Total Expenditures	4,097,413	4,097,413	3,804,594	292,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	573,439	573,439	813,478	240,039
Other Financing Sources (Uses)				
Sale of assets	1,500	1,500	12	(1,488)
Transfers out	(572,255)	(572,255)	(910,856)	(338,601)
Total Other Financing Sources (Uses)	(570,755)	(570,755)	(910,844)	(340,089)
Net Change in Fund Balances	2,684	2,684	(97,366)	(100,050)
Fund Balances, January 1	2,028,212	2,028,212	2,028,212	-
Fund Balances, December 31	$ 2,030,896	$ 2,030,896	$ 1,930,846	$ (100,050)

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

City of Jordan, Minnesota
Statements of Net Position
Proprietary Funds
December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds			
	601/460/461 Water Utility		602/462/463 Sewer Utility		651/465 Storm Sewer Utility		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets								
Current Assets								
Cash and temporary investments	$ 377,002	$ 99,112	$ 1,204,788	$ 1,078,963	$ 573,232	$ 417,357	$ 2,155,022	$ 1,595,432
Cash held with fiscal agent	-	179,934	-	77,697	-	107,772	-	365,403
Receivables								
Accounts	134,025	90,292	134,308	108,290	25,001	16,587	293,334	215,169
Intergovernmental	36,924	41,159	36,924	41,159	-	72,630	73,848	154,948
Total Current Assets	547,951	410,497	1,376,020	1,306,109	598,233	614,346	2,522,204	2,330,952
Noncurrent Assets								
Special assessments receivable - noncurrent	6,156	6,156	6,156	6,156	-	-	12,312	12,312
Capital assets, at cost								
Land	33,097	33,097	1,450	1,450	535,637	535,637	570,184	570,184
Buildings and improvements	10,896	10,896	45,069	45,069	-	-	55,965	55,965
Improvements other than buildings	5,541,538	5,541,538	11,369,176	11,369,176	43,403	43,403	16,954,117	16,954,117
Infrastructure	13,212,772	12,649,873	9,704,813	5,840,587	8,004,377	7,446,550	30,921,962	25,937,010
Machinery and equipment	370,530	370,530	339,616	339,616	-	-	710,146	710,146
Construction in progress	-	547,071	25,177	3,755,569	-	542,142	25,177	4,844,782
Less accumulated depreciation	(6,250,954)	(5,860,810)	(8,103,158)	(7,717,610)	(2,016,668)	(1,866,458)	(16,370,780)	(15,444,878)
Total capital assets (net of accumulated depreciation)	12,917,879	13,292,195	13,382,143	13,633,857	6,566,749	6,701,274	32,866,771	33,627,326
Total Noncurrent Assets	12,924,035	13,298,351	13,388,299	13,640,013	6,566,749	6,701,274	32,879,083	33,639,638
Total Assets	13,471,986	13,708,848	14,764,319	14,946,122	7,164,982	7,315,620	35,401,287	35,970,590
Deferred Outflows of Resources								
Deferred pension resources	28,466	44,077	31,740	53,163	-	-	60,206	97,240
Liabilities								
Current Liabilities								
Accounts payable	6,010	15,913	37,618	27,352	250	62,239	43,878	105,504
Due to other governments	58	3,498	-	-	46	-	104	3,498
Accrued interest payable	39,365	112,608	62,695	89,176	16,086	30,683	118,146	232,467
Accrued salaries payable	10,184	10,069	12,925	11,818	-	-	23,109	21,887
Compensated absences payable - current	12,603	9,507	16,089	12,171	-	-	28,692	21,678
Unearned revenue	10,837	10,521	-	-	-	-	10,837	10,521
Bonds payable - current	864,425	964,050	672,080	612,300	260,130	378,600	1,796,635	1,954,950
Total Current Liabilities	943,482	1,126,166	801,407	752,817	276,512	471,522	2,021,401	2,350,505
Noncurrent Liabilities								
Bonds payable - noncurrent	4,332,181	5,198,287	5,198,089	5,872,623	1,571,124	1,835,824	11,101,394	12,906,734
Pension liability	128,244	145,400	142,991	175,376	-	-	271,235	320,776
Total Noncurrent Liabilities	4,460,425	5,343,687	5,341,080	6,047,999	1,571,124	1,835,824	11,372,629	13,227,510
Total Liabilities	5,403,907	6,469,853	6,142,487	6,800,816	1,847,636	2,307,346	13,394,030	15,578,015
Deferred Inflows of Resources								
Deferred pension resources	31,770	30,458	35,424	36,737	-	-	67,194	67,195
Net Position								
Net investment in capital assets	7,837,999	7,371,194	7,511,974	7,408,666	4,735,495	4,664,708	20,085,468	19,444,568
Restricted								
Capital outlay/connections	1,420,386	1,157,506	1,496,192	1,199,877	954,650	676,542	3,871,228	3,033,925
Unrestricted	(1,193,610)	(1,276,086)	(390,018)	(446,811)	(372,799)	(332,976)	(1,956,427)	(2,055,873)
Total Net Position	$ 8,064,775	$ 7,252,614	$ 8,618,148	$ 8,161,732	$ 5,317,346	$ 5,008,274	$22,000,269	$20,422,620

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

City of Jordan, Minnesota
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Years Ended December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds			
	601/460/461 Water Utility		**602/462/463** Sewer Utility		**651/465** Storm Sewer Utility		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating Revenues								
Charges for services	$ 1,400,993	$ 1,223,135	$ 1,293,156	$ 1,224,735	$ 190,749	$ 176,442	$ 2,884,898	$ 2,624,312
Operating Expenses								
Personal services	219,594	128,601	230,272	188,983	-	-	449,866	317,584
Supplies	64,233	58,414	164,313	114,296	-	-	228,546	172,710
Other services and charges	132,809	108,280	97,981	80,011	24,822	258,570	255,612	446,861
Insurance	17,532	11,578	22,805	9,170	-	-	40,337	20,748
Utilities	70,208	85,119	83,808	92,389	-	-	154,016	177,508
Depreciation	390,144	388,881	385,548	380,500	150,210	145,378	925,902	914,759
Total Operating Expenses	894,520	780,873	984,727	865,349	175,032	403,948	2,054,279	2,050,170
Operating Income (Loss)	506,473	442,262	308,429	359,386	15,717	(227,506)	830,619	574,142
Nonoperating Revenues (Expenses)								
Pension revenue	983	53	1,095	64	-	-	2,078	117
Investment income	6,164	27,253	6,087	7,021	3,878	5,846	16,129	40,120
Rental income	71,667	67,261	-	-	-	-	71,667	67,261
Interest and other costs	(39,812)	(201,767)	(161,307)	(210,638)	(34,753)	(61,715)	(235,872)	(474,120)
Amortization revenue	1,681	1,034	2,454	2,089	4,570	3,990	8,705	7,113
Total Nonoperating Revenues (Expenses)	40,683	(106,166)	(151,671)	(201,464)	(26,305)	(51,879)	(137,293)	(359,509)
Income (Loss) Before Contributions and Transfers	547,156	336,096	156,758	157,922	(10,588)	(279,385)	693,326	214,633
Capital Contributions								
Connection fees	93,605	77,925	94,447	86,374	-	-	188,052	164,299
Capital charges	163,698	52,371	196,034	59,692	274,581	73,261	634,313	185,324
Grants and contributions	-	-	-	-	-	235,222	-	235,222
Transfers In	95,988	-	24,177	-	45,079	-	165,244	-
Transfers Out	(88,286)	(15,000)	(15,000)	(15,000)	-	-	(103,286)	(30,000)
Change in Net Position	812,161	451,392	456,416	288,988	309,072	29,098	1,577,649	769,478
Net Position, January 1	7,252,614	6,801,222	8,161,732	7,872,744	5,008,274	4,979,176	20,422,620	19,653,142
Net Position, December 31	$ 8,064,775	$ 7,252,614	$ 8,618,148	$ 8,161,732	$ 5,317,346	$ 5,008,274	$22,000,269	$20,422,620

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

City of Jordan, Minnesota
Statements of Cash Flows
Proprietary Funds
For the Years Ended December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds				Business-type Activities - Enterprise Funds			
	601/460/461 Water Utility		602/462/463 Sewer Utility		651/465 Storm Sewer Utility		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017
Cash Flows from Operating Activities								
Receipts from customers	$ 1,361,495	$ 1,276,419	$ 1,271,373	$ 1,309,540	$ 182,335	$ 303,296	$ 2,815,203	$ 2,889,255
Payments to suppliers and vendors	(298,125)	(263,227)	(369,800)	(289,647)	(51,617)	(236,755)	(719,542)	(789,629)
Payments to and on behalf of employees	(215,633)	(210,171)	(236,427)	(268,286)	-	-	(452,060)	(478,457)
Other receipts	71,983	68,201	-	633	-	-	71,983	68,834
Net Cash Provided (Used) by Operating Activities	919,720	871,222	665,146	752,240	130,718	66,541	1,715,584	1,690,003
Cash Flows from Noncapital Financing Activities								
Transfers to other funds	(88,286)	(15,000)	(15,000)	(15,000)	-	-	(103,286)	(30,000)
Transfers from other funds	95,988	-	24,177	-	45,079	-	165,244	-
Net Cash Provoded (Used) by Noncapital Financing Activites	7,702	(15,000)	9,177	(15,000)	45,079	-	61,958	(30,000)
Cash Flows from Capital and Related Financing Activities								
Acquisition of capital assets	(15,828)	(607,738)	(122,675)	(3,802,377)	(50,833)	(687,523)	(189,336)	(5,097,638)
Net proceeds from issuance of debt	-	565,241	-	3,879,382	-	559,927	-	5,004,550
Connection fees received	93,605	77,925	94,447	86,374	-	-	188,052	164,299
Capital charges received	163,698	52,371	196,034	59,692	274,581	73,261	634,313	185,324
Grants and contributions	-	-	-	-	72,630	162,592	72,630	162,592
Principal paid on long-term debt	(964,050)	(4,394,875)	(612,300)	(615,820)	(378,600)	(575,570)	(1,954,950)	(5,586,265)
Interest paid on long-term debt	(113,055)	(203,538)	(187,788)	(150,615)	(49,350)	(54,608)	(350,193)	(408,761)
Net Cash Provided (Used) by Capital And Related Financing Activities	(835,630)	(4,510,614)	(632,282)	(543,364)	(131,572)	(521,921)	(1,599,484)	(5,575,899)
Cash Flows from Investing Activities								
Interest received on investments	6,164	27,253	6,087	7,021	3,878	5,846	16,129	40,120
Net Increase (Decrease) in Cash and Cash Equivalents	97,956	(3,627,139)	48,128	200,897	48,103	(449,534)	194,187	(3,875,776)
Cash and Cash Equivalents, January 1	279,046	3,906,185	1,156,660	955,763	525,129	974,663	1,960,835	5,836,611
Cash and Cash Equivalents, December 31	$ 377,002	$ 279,046	$ 1,204,788	$ 1,156,660	$ 573,232	$ 525,129	$ 2,155,022	$ 1,960,835
Reconciliation of Cash and Temporary Investments								
Cash and temporary investments	$ 377,002	$ 99,112	$ 1,204,788	$ 1,078,963	$ 573,232	$ 417,357	$ 2,155,022	$ 1,595,432
Cash held with fiscal agent	-	179,934	-	77,697	-	107,772	-	365,403
Total Cash and Temporary Investments	$ 377,002	$ 279,046	$ 1,204,788	$ 1,156,660	$ 573,232	$ 525,129	$ 2,155,022	$ 1,960,835
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Operating income (loss)	$ 506,473	$ 442,262	$ 308,429	$ 359,386	$ 15,717	$ (227,506)	$ 830,619	$ 574,142
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities								
Other income related to operations	72,650	67,314	1,095	64	-	-	73,745	67,378
Depreciation	390,144	388,881	385,548	380,500	150,210	145,378	925,902	914,759
(Increase) decrease in assets								
Accounts receivable	(43,733)	61,389	(26,018)	92,910	(8,414)	126,854	(78,165)	281,153
Intergovernmental	4,235	(7,472)	4,235	(7,472)	-	-	8,470	(14,944)
(Increase) decrease in deferred outflows of resources								
Deferred pension resources	15,611	69,458	21,423	70,663	-	-	37,034	140,121
Increase (decrease) in liabilities								
Accounts payable	(9,903)	(1,362)	(893)	6,219	(26,841)	21,815	(37,637)	26,672
Due to other governments	(3,440)	1,526	-	-	46	-	(3,394)	1,526
Accrued wages payable	115	(2,770)	1,107	(3,353)	-	-	1,222	(6,123)
Compensated absences payable	3,096	(11,565)	3,918	(17,853)	-	-	7,014	(29,418)
Unearned revenue	316	307	-	-	-	-	316	307
Pension liability	(17,156)	(143,250)	(32,385)	(139,436)	-	-	(49,541)	(282,686)
Increase (decrease) in deferred inflows of resources								
Deferred pension resources	1,312	6,504	(1,313)	10,612	-	-	(1)	17,116
Net Cash Provided (Used) by Operating Activities	$ 919,720	$ 871,222	$ 665,146	$ 752,240	$ 130,718	$ 66,541	$ 1,715,584	$ 1,690,003
Schedule of Noncash Investing, Capital and Financing Activities								
Capital assets acquired on account	$ -	$ -	$ 25,177	$ 14,018	$ -	$ 35,148	$ 25,177	$ 49,166
Amortization of bond (premium) discount	$ (1,681)	$ (1,034)	$ (2,454)	$ (2,089)	$ (4,570)	$ (3,990)	$ (8,705)	$ (7,113)

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Blended Component Unit

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *2015 Street Improvements fund* accounts for costs related to the street improvements during the year.

The *2017 Sewer and Valley View Project fund* accounts for costs related to the street improvements during the year.

The City reports the following major proprietary funds:

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

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

The *Storm Sewer Utility fund* accounts for the costs associated with the City's storm sewer system, which are financed by the storm sewer surcharge, and ensure that user charges are sufficient to pay for those costs.

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

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

The City may 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. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. 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.
8. 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.
9. 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.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City has the following recurring fair value measurements as of December 31, 2018:

- Negotiable certificates of deposits of $6,075,738 are values using a matrix pricing model (Level 2 inputs)

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

The Minnesota Municipal Money Market Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. The City's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. Financial statements of the 4M Fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Investment Policy

The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. The City's investment program shall be operated in conformance with federal, state, and other legal requirements, including Minnesota statute 118A.

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.

- *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 limiting the maturity of its investment portfolio.

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

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

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

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

City of Jordan, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Liquidity The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonable anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

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

The investment in the Minnesota Municipal Money Market Mutual Fund is not subject to the custodial credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

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

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

Property Taxes

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

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes receivable have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental 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 2018. All trade receivables are shown net of an allowance for uncollectible accounts. All enterprise fund trade receivables are considered collectible because the City annually certifies delinquent accounts to the County for collection.

Special Assessments

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

Interfund Receivables and Payables

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

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

Restricted Assets

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

Note 1: Summary of Significant Accounting Policies (Continued)

Land Held for Resale

The City acquires land for subsequent resale for development purposes. Land held for resale is reported as an asset at the estimated historical cost in the governmental fund that acquired it.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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

Asset	Threshold
Land and Land Improvements	$ 10,000
Other Improvements	25,000
Buildings and Building Improvements	10,000
Machinery and Equipment	1,000
Vehicles	5,000
Infrastructure	100,000
Other Assets	5,000

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

Assets	Years
Land Improvements	15 - 20
Buildings and Improvements	7 - 40
System Improvements/Infrastructure	15 - 50
Machinery and Equipment	6 - 15
Vehicles	5 - 6
Other Assets	3 - 15

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Salaried employees and hourly employees with tenure at the City of 15 years are eligible to be paid 30 percent of their accumulated sick pay at retirement. All vacation pay and a portion of sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis.

The GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2018. Statement No. 75 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. During 2018, the City calculated its OPEB liability using the alternative measurement method and determined that the calculated liability was immaterial. At this point, the City anticipates it will not incur material future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period 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 another financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

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. The General fund is typically used to liquidate the governmental net pension liability.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the Jordan Firefighters' Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liabilities.

The total pension expense for the GERF, PEPFF, PEDCP and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERF	PEPFF	PEDCP		
Pension Expense	$ 97,161	$ 40,558	$ 1,086	$ 48,797	$ 187,602

Deferred Inflows of Resources

In addition to liabilities, the statements of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 55 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets"

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.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

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

In August of each year, all departments of the City submit requests for appropriations to the Administrator/ Clerk/Treasurer so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator/Clerk/Treasurer. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. The City did not amend its General fund budget during the year.

B. Deficit Fund Equity

The following funds had a fund equity deficit at December 31, 2018:

Fund	Amount
Capital Projects	
2015 Street Improvements	$ 27,273
City Facilities Capital	241,619
General Capital	36,153
Varner Bridge Project	35,383
Creek Lane/282 Intersection Project	54,992

The above deficits will be eliminated through future bond issues, tax increments and transfers from other funds.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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, with the exception of irrevocable standby letters of credit from Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

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 $923,922 and the bank balance was $985,916. Of the bank balance, $498,691 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

City of Jordan, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2018 the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
4M Fund	N/A	less than 6 months	$ 407,089			
Non-pooled Investments at Amortized Costs						
Money Market Funds	N/A	less than 6 months	398,245			
Negotiable certificates of deposit	N/A	less than 6 months	3,720,029	$ -	$ 3,720,029	$ -
Negotiable certificates of deposit	N/A	6 months to 1 year	429,393	-	429,393	-
Negotiable certificates of deposit	N/A	1 to 3 years	1,160,124	-	1,160,124	-
Negotiable certificates of deposit	N/A	more than 3 years	766,192	-	766,192	-
Total Investments			$ 6,881,072	$ -	$ 6,075,738	$ -

Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(1) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

Cash and Investments Summary

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

Deposits	$ 923,922
Investments	6,881,072
Total	$ 7,804,994

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 901,874	$ 402,053	$ -	$ 1,303,927
Construction in progress	1,927,952	1,023,824	(1,892,570)	1,059,206
Total Capital Assets not Being Depreciated	2,829,826	1,425,877	(1,892,570)	2,363,133
Capital Assets Being Depreciated				
Buildings and improvements	7,835,770	219,622	-	8,055,392
Infrastructure and improvements	19,955,591	1,947,326	-	21,902,917
Machinery and equipment	1,066,013	61,327	-	1,127,340
Vehicles	3,370,151	40,148	(11,800)	3,398,499
Total Capital Assets Being Depreciated	32,227,525	2,268,423	(11,800)	34,484,148
Less Accumulated Depreciation for				
Buildings and improvements	(1,405,793)	(231,703)	-	(1,637,496)
Infrastructure and improvements	(10,071,066)	(829,771)	-	(10,900,837)
Machinery and equipment	(888,319)	(39,082)	-	(927,401)
Vehicles	(2,558,690)	(165,984)	9,047	(2,715,627)
Total Accumulated Depreciation	(14,923,868)	(1,266,540)	9,047	(16,181,361)
Total Capital Assets Being Depreciated, Net	17,303,657	1,001,883	(2,753)	18,302,787
Governmental Activities Capital Assets, Net	$ 20,133,483	$ 2,427,760	$ (1,895,323)	$ 20,665,920

City of Jordan, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	$ 570,184	$ -	$ -	$ 570,184
Construction in progress	4,844,782	25,177	(4,844,782)	25,177
Total Capital Assets not Being Depreciated	5,414,966	25,177	(4,844,782)	595,361
Capital Assets Being Depreciated				
Buildings	55,965	-	-	55,965
Improvements other than buildings	16,954,117	-	-	16,954,117
Infrastructure	25,937,010	4,984,952	-	30,921,962
Machinery and equipment	710,146	-	-	710,146
Total Capital Assets Being Depreciated	43,657,238	4,984,952	-	48,642,190
Less Accumulated Depreciation for				
Buildings	(55,965)	-	-	(55,965)
Improvements other than buildings	(8,650,367)	(363,934)	-	(9,014,301)
Infrastructure	(6,195,400)	(518,741)	-	(6,714,141)
Machinery and equipment	(543,146)	(43,227)	-	(586,373)
Total Accumulated Depreciation	(15,444,878)	(925,902)	-	(16,370,780)
Total Capital Assets Being Depreciated, Net	28,212,360	4,059,050	-	32,271,410
Business-type Activities Capital Assets, Net	$ 33,627,326	$ 4,084,227	$ (4,844,782)	$ 32,866,771

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

Governmental Activities	
General government	$ 43,940
Public safety	213,616
Streets and highways	855,805
Culture and recreation	153,179
Total Depreciation Expense - Governmental Activities	$ 1,266,540
Business-type Activities	
Water utility	$ 390,144
Sewer utility	385,548
Storm sewer utility	150,210
Total Depreciation Expense - Business-type Activities	$ 925,902

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has an active construction project as of December 31, 2018. The project includes improvements related in the areas of street and utility improvements. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2018 Street Resurfacing	$ 571,868	$ 14,663

C. Interfund Receivables, Payables and Transfers

Advances to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	City Facilities Capital	$ 242,850

The above advance was made to eliminate the City Facilities Capital fund's cash deficit. The advance is payable over three years at 0 percent interest and will be funded by future tax levies.

Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2018 is as follows:

	Transfers in					
Fund	Debt Service	Nonmajor Governmental	Water Utility	Sewer Utility	Storm Sewer Utility	Total
Transfers Out						
General	$ 128,253	$ 886,615	$ 95,988	$ -	$ -	$ 910,856
Nonmajor governmental	-	85,229	-	-	-	85,229
Water Utility	4,030	15,000	-	24,177	45,079	88,288
Sewer Utility	-	15,000	-	-	-	15,000
Total Transfers Out	$ 132,283	$ 801,844	$ 95,988	$ 24,177	$ 45,079	$ 1,099,371

For the year ended December 31, 2018, the City made the following transfers:

- The General fund transferred a total of $686,615 to nonmajor governmental funds for MSA street projects ($74,482), future capital items related to the Downtown Master Plan fund ($25,000), to the City Facilities Capital fund to cover project costs ($419,466), the Fire Capital fund ($45,000), the Equipment Reserve fund ($80,167), the Emergency Siren fund ($2,500) and the Economic Development Authority ($40,000). Additionally, the General fund transferred $128,253 to the Debt Service fund to cover debt payments.
- The EDA transferred $25,000 to the Downtown Master Plan fund for future capital items. This $25,000 along with the $25,000 transferred from the General fund to the Downtown Master Plan fund was subsequently transferred to the City Facilities Capital fund to cover project costs.
- The Water Utility and Sewer Utility funds each transferred $15,000 to the Equipment Reserve fund for future equipment purchases.
- The General fund transferred $95,988 to the Water Utility fund to transfer savings from solar ($20,988) and to increase net position ($75,000).
- The Water fund transferred a total of $73,286 to the Debt Service fund ($4,030), Sewer Utility fund ($24,177), Storm Sewer Utility fund ($45,079) for escrow reallocation. Additionally, nonmajor governmental funds transferred $35,229 to other nonmajor governmental funds for escrow reallocation.

City of Jordan, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Taxable Library Note of 2012	$ 1,000,000	3.07 %	05/08/12	02/01/32	$ 754,000
G.O. Street Reconstruction of 2013C	1,410,000	2.00 - 3.05	07/01/13	08/01/29	1,080,000
G.O. Bonds of 2016A	1,885,000	2.00 - 2.40	07/07/16	02/01/32	1,775,000
G.O. Improvement Bonds of 2016B	1,795,000 *	2.00	10/20/16	02/01/29	1,215,000
G.O. Improvement Bonds of 2017A	6,835,000 *	2.88 - 3.25	05/31/17	02/01/38	1,920,000
G.O. Street Reconstruction Bonds of 2018A	895,000	2.50 - 3.00	08/16/18	02/01/29	895,000
Total G.O. Bonds					$ 7,639,000

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

	General Obligation Bonds		
	Governmental Activities		
Year Ending December 31	Principal	Interest	Total
2019	$ 379,000	$ 190,212	$ 569,212
2020	475,000	181,196	656,196
2021	512,000	169,319	681,319
2022	538,000	156,563	694,563
2023	550,000	143,443	693,443
2024 - 2028	2,942,000	501,552	3,443,552
2029 - 2033	1,658,000	174,211	1,832,211
2034 - 2038	585,000	45,162	630,162
Total	$ 7,639,000	$ 1,561,658	$ 9,200,658

Note 3: Detailed Notes on All Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental					
G.O. Refunding Bonds of 2011A	$ 3,635,000	2.50 - 3.00 %	08/01/12	02/01/20	$ 115,000
G.O. Crossover Refunding Bonds of 2012A	2,085,000 *	2.00	04/01/12	02/01/20	333,360
G.O. Improvement Bonds of 2015A	1,155,000	1.75 - 3.00	06/17/15	02/01/31	1,020,000
G.O Refunding Bonds of 2016B	2,165,000 *	2.00	10/20/16	02/01/29	580,000
Total governmental					2,048,360
Business-type					
G.O. Crossover Refunding Bonds of 2012A	2,085,000 *	2.00	04/01/12	02/01/20	386,640
Total G.O. Special Assessment Bonds					$ 2,435,000

* Total amount of issuance, outstanding portions reported under governmental and business-type.

The annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31	G.O. Special Assessment Bonds Governmental Activities			G.O. Special Assessment Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 379,365	$ 42,474	$ 421,839	$ 190,635	$ 5,826	$ 196,461
2020	393,995	34,627	428,622	196,005	1,961	197,966
2021	165,000	29,062	194,062	-	-	-
2022	165,000	25,850	190,850	-	-	-
2023	180,000	22,400	202,400	-	-	-
2024 - 2028	495,000	70,526	565,526	-	-	-
2029 - 2031	270,000	12,450	282,450	-	-	-
Total	$ 2,048,360	$ 237,389	$ 2,285,749	$ 386,640	$ 7,787	$ 394,427

City of Jordan, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
PFA Loan Payable of 2000	$ 6,849,212	2.20 %	05/30/00	08/20/21	$ 1,254,000
PFA Loan Payable of 2003	1,068,000	2.82	06/30/03	08/20/23	322,000
G.O. Bonds of 2013A	640,000	0.45 - 1.45	03/07/13	02/01/21	280,000
G.O. Refunding Bonds of 2013B	4,320,000	1.00 - 2.25	03/07/13	02/01/23	3,620,000
G.O Utility Revenue Bonds of 2015A	295,000	1.75 - 3.00	06/17/15	02/01/31	270,000
G.O Utility Revenue Bonds of 2016A	1,310,000	2.00 - 2.40	07/07/16	02/01/32	1,235,000
G.O. Refunding Bonds of 2016B	2,165,000 *	2.00	10/20/16	02/01/24	370,000
G.O. Improvement Bonds of 2017A	6,835,000 *	2.88 - 3.25	05/31/17	02/01/38	4,915,000
Total G.O. Revenue Bonds					$ 12,266,000

* Total amount of issuance, outstanding portions reported under governmental and business-type.

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2019	$ 1,606,000	$ 280,260	$ 1,886,260
2020	1,622,000	249,714	1,871,714
2021	1,644,000	216,805	1,860,805
2022	1,171,000	181,892	1,352,892
2023	1,208,000	154,582	1,362,582
2024 - 2028	1,740,000	580,118	2,320,118
2029 - 2033	1,770,000	339,585	2,109,585
2034 - 2038	1,505,000	115,931	1,620,931
Total	$ 12,266,000	$ 2,118,887	$ 14,384,887

Note 3: Detailed Notes on All Funds (Continued)

Annual revenues from charges for services, principal and interest payments and percentage of revenue required to cover principal and interest payments are as follows:

	Water Utility	Sewer Utility	Storm Sewer Utility
Revenues	$ 1,400,993	$ 1,293,156	$ 190,749
Principal and Interest	969,771	697,961	274,748
Percentage of Revenues	69.2%	54.0%	144.0%

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	$ 8,337,000	$ 895,000	$ (1,593,000)	$ 7,639,000	$ 379,000
General obligation special assessment bonds	3,030,410	-	(982,050)	2,048,360	379,365
Bond premium	196,230	4,967	(19,319)	181,878	-
Total Bonds Payable	11,563,640	899,967	(2,594,369)	9,869,238	758,365
Compensated Absences Payable	148,905	110,873	(104,196)	155,582	104,197
Pension Liability					
GERF	777,261	12,380	(90,047)	699,594	-
PEPFF	904,580	-	(149,925)	754,655	-
Total Pension Liability	1,681,841	12,380	(239,972)	1,454,249	-
Governmental Activity Long-term Liabilities	$ 13,394,386	$ 1,023,220	$ (2,938,537)	$ 11,479,069	$ 862,562
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	$ 14,033,000	$ -	$ (1,767,000)	$ 12,266,000	$ 1,606,000
General obligation special assessment bonds	574,590	-	(187,950)	386,640	190,635
Bond premium	254,094	-	(8,705)	245,389	-
Total Bonds Payable	14,861,684	-	(1,963,655)	12,898,029	1,796,635
Compensated Absences Payable	21,678	20,448	(13,434)	28,692	28,692
Pension Liability					
GERF	320,776	-	(49,541)	271,235	-
Business-type Activity Long-term Liabilities	$ 15,204,138	$ 20,448	$ (2,026,630)	$ 13,197,956	$ 1,825,327

Note 3: Detailed Notes on All Funds (Continued)

Crossover Refundings

On March 7, 2013, the City issued General Obligation Improvement Refunding Bonds, Series 2013B for $4,320,000. The Refunding Bonds were issued with a net interest cost of 1.5016521 percent to refund the maturities of the City's Crossover Refunding Bond, Series 2007A on February 1, 2017. The refunded bonds earned an average coupon rate of 1.7361689 percent. The savings information on the refunding bonds shows a net present value benefit for the City of $188,563.

On October 20, 2016, the City issued General Obligation Refunding Bonds, Series 2016B for $2,165,000. The Refunding Bonds were issued with a net interest cost of 1.5217596 percent to refund the maturities of the City's General Obligation Capital Improvement Plan Bonds, Series 2008A and the City's General Obligation Public Improvement Bonds, Series 2008 on February 1, 2018. The refunded bonds earned an average coupon rate of 1.7361689 percent. The savings information on the refunding bonds shows a net present value benefit for the City of $197,304.

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

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 the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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 Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C. Contributions

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

GERF Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the City was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2018. The City's contributions to the GERF for the years ending December 31, 2018, 2017 and 2016 were $88,732, $86,071 and $79,087, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary and the City was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City's contributions to the PEPFF for the years ending December 31, 2018, 2017 and 2016 were $126,596, $115,752 and $104,209, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

City of Jordan, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

GERF Pension Costs

At December 31, 2018, the City reported a liability of $970,829 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million to the fund in 2016. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $31,891. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.0175 percent which was a 0.0003 percent increase from its proportion measured as of June 30, 2017.

City's Proportionate Share of the Net Pension Liability	$ 970,829
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	31,891
Total	$ 1,002,720

For the year ended December 31, 2018, the City recognized pension expense of $89,724 or its proportionate share of GERF's pension expense. In addition, the City recognized an additional $7,437 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the GERF.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 25,775	$ 31,130
Changes in Actuarial Assumptions	93,808	109,082
Net Difference Between Projected and Actual Earnings on Plan Investments	-	100,294
Changes in Proportion	51,894	-
Contributions to GERF Subsequent to the Measurement Date	44,017	-
Total	$ 215,494	$ 240,506

Deferred outflows of resources totaling $44,017 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2019	$ 56,865
2020	(33,036)
2021	(72,596)
2022	(20,262)

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

PEPFF Pension Costs

At December 31, 2018, the City reported a liability of $754,655 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.0708 percent which was a 0.0038 percent increase from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense (revenue) of $34,186 for its proportionate share of PEPFF's pension expense. The City also recognized $6,372 for the year ended December 31, 2018 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. 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, 2018, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 30,669	$ 190,949
Changes in Actuarial Assumptions	982,962	1,110,951
Net Difference Between Projected and Actual Earnings on Plan Investments	-	161,186
Changes in Proportion	106,315	26,830
Contributions to PEPFF Subsequent to the Measurement Date	64,529	-
Total	$ 1,184,475	$ 1,489,916

Deferred outflows of resources totaling $64,529 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2019	$ 19,895
2020	(44,520)
2021	(82,901)
2022	(271,582)
2023	9,138

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 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 after retirement for retirees are assumed to be 1.25 percent per year for GERF and 1.0 percent per year for PEPFF.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERF plan was completed in 2015. The most recent four-year experience study for PEPFF was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

PEPFF

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	36.0 %	5.10 %
International Stocks	17.0	5.30
Bonds (Fixed Income)	20.0	0.75
Alternative Assets (Private Markets)	25.0	5.90
Cash	2.0	-
Total	100.0 %	

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 percent a reduction from the 7.90 percent used in 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF and PEPFF were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	$ 1,577,720	$ 970,829	$ 469,856
PEPFF	1,618,028	754,655	40,682

H. Pension Plan Fiduciary Net Position

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

Note 5: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Jordan Fire Department (the Department) are covered by a defined benefit plan administered by the Jordan Firefighters' Relief Association (the Association). As of December 31, 2017, the plan covered 32 active firefighters and no vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

B. Benefits Provided

The financial requirements of the Special fund are determined in accordance with section 69.772 of the Minnesota statues, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service and 10 years of Association membership or upon death.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed $48,194 in fire state aid to the plan on behalf of the Jordan Fire Department for the year ended December 31, 2018, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2018 were $48,194. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2018, the City reported a net pension asset of $185,528 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2017. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension asset during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance January 1, 2017	$ 640,829	$ 738,047	$ (97,218)
Changes for the Year			
Service cost	30,618	-	30,618
Interest on pension liability (asset)	36,437	-	36,437
Plan changes	14,566	-	14,566
Projected investment return	-	41,624	(41,624)
Contributions (employer)	-	48,194	(48,194)
Nonemployer contributions	-	42,475	(42,475)
(Gain)/loss	-	41,105	(41,105)
Benefit payments	(17,898)	(17,898)	-
Administrative expenses	-	(3,467)	3,467
Total Net Changes	63,723	152,033	(88,310)
Ending Balance December 31, 2017	$ 704,552	$ 890,080	$ (185,528)

For the year ended December 31, 2018 the City recognized pension expense of $48,797.

At December 31, 2018 the City reported deferred outflows of resources and its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments		21,342
Contributions to Plan Subsequent to the Measurement Date	$ 86,457	$ -
Total	$ 86,457	$ 21,342

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

Deferred outflows of resources totaling $86,457 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2019	$ 1,670
2020	(17)
2021	(12,456)
2022	(8,685)
2023	(464)
Thereafter	(1,390)

E. Actuarial Assumptions

The total pension liability at December 31, 2018 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at Age 50 With 20 Years of Service	
Salary Increases	2.50% per year
Cost of Living Increases	0.00%
Investment Rate of Return	5.50%
20 Year Municipal Bond Yield	3.50%

There were no changes in actuarial assumptions in 2018.

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

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
Equities	54.00 %	7.50 %
Cash	13.00	2.25
Fixed Income	31.00	3.30
Other	2.00	6.00
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
Defined Benefit Plan	$ (165,904)	$ (185,528)	$ (204,387)

H. Pension Plan Fiduciary Net Position

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

Note 6: Other Information

A. Risk Management

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

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

B. Contingent Liabilities

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

The City is a defendant in a pending lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City's counsel that resolution of this matter will not have a material adverse effect on the financial condition of the City.

C. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2018, the City is under the legal debt margin.

D. Tax Increment Districts

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

Note 7: Tax Abatements

As of December 31, 2018, the City has eight agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement in 2007 with a company in which the business incurred costs for the construction of a building. The agreement has a maximum return to the developer of $75,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 12 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement in 2011 with a company in which the business incurred costs for the construction of a building. The agreement has a maximum return to the developer of $122,889 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 12 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement in 2014 with a company in which the business incurred costs for the construction of a building. The agreement has a maximum return to the developer of $49,215 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 12 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement in 2015 with a company in which the business incurred costs for the expansion and remodeling of an existing car dealership. The agreement has a maximum return to the developer of $234,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota statutes 469.1812-469.1815) and has a maximum duration of 14 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-7) on November 1, 1999, with a developer in which the developer incurred costs for the construction of a convenience store. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2027. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-8) on August 18, 2003, with a developer in which the developer incurred costs for a downtown redevelopment project. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2030. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-9) on February 20, 2007, with a developer in which the developer incurred costs for the construction of townhomes. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2033. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-11) on December 6, 2010, with a developer in which the developer incurred costs for the construction of a senior housing development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota statutes 469.174-469.1799) and has a maximum duration dated to December 31, 2038. The calculation of taxes abated during the fiscal year is noted in the chart below.

Note 7: Tax Abatements (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2018 was as follows:

	City Tax Rate (Year of Establishment)	Captured Tax Capacity	Amount of Taxes Abated During the Year
Tax Abatement Agreements			
Elite Waste			$ 3,137
Dynatech			13,483
Hearth and Home			1,517
Wolf Motors			13,243
Tax Increment Districts (PAYGO)			
Jordan Center Project (District 1-8)	60.684%	17,033	10,336
Jordan Valley Townhomes (District 1-9)	47.287%	34,510	16,319
Oak Terrace Senior Housing (District 1-11)	60.840%	95,125	57,874
Total			$ 115,909

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/18	0.0175 %	$ 970,829	$ 31,891	$ 1,002,720	$ 1,175,980	82.6 %	79.5 %
06/30/17	0.0172	1,098,037	13,844	1,111,881	1,111,081	98.8	75.9
06/30/16	0.0162	1,315,360	17,167	1,332,527	1,004,887	130.9	68.9
06/30/15	0.0157	813,655	-	813,655	921,392	88.3	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Retirement Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/18	$ 88,732	$ 88,732	$ -	$ 1,183,090	7.5 %
12/31/17	86,071	86,071	-	1,147,608	7.5
12/31/16	79,087	79,087	-	1,054,496	7.5
12/31/15	73,196	73,196	-	975,940	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - 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.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2017 - The State's special funding contribution increased from $6 million to $16 million.

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

Schedule of Employer's Share of PERA Net Pension Liability - Public Employees Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/18	0.0708 %	$ 754,655	$ -	$ 754,655	$ 746,112	101.1 %	88.8 %
06/30/17	0.0670	904,580	-	904,580	687,563	131.6	85.4
06/30/16	0.0640	2,568,431	-	2,568,431	616,175	416.8	63.9
06/30/15	0.0620	704,465	-	704,465	570,482	123.5	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Public Employees Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/18	$ 126,596	$ 126,596	$ -	$ 781,455	16.2 %
12/31/17	115,752	115,752	-	714,521	16.2
12/31/16	104,209	104,209	-	643,267	16.2
12/31/15	96,953	96,953	-	598,478	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund

Changes in Actuarial Assumptions

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - 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. 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 single discount rate was changed from 5.6 percent to 7.5 percent

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 Percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability				
Service cost	$ 30,618	$ 30,349	$ 31,237	$ 30,476
Interest	36,437	36,753	35,415	36,133
Changes of benefit terms	14,566	13,155	-	(85,331)
Net Change in Total Pension Liability	81,621	80,257	66,652	(18,722)
Total Pension Liability - January 1	640,829	710,560	643,908	662,630
Total Pension Liability - December 31 (A)	$ 722,450	$ 790,817	$ 710,560	$ 643,908
Plan Fiduciary Net Position				
Municipal contributions	41,624	35,000	35,000	47,795
Nonemployer contributions	48,194	47,630	46,642	46,569
Projected investment return	42,475	39,254	40,124	36,322
Gain (loss)	41,105	23,493	(62,207)	(8,424)
Benefit payments, including refunds of employee contributions	-	-	-	(85,331)
Administrative expenses	(3,467)	(4,640)	(1,520)	(6,704)
Net Change in Plan Fiduciary Net Position	169,931	140,537	58,039	30,227
Plan Fiduciary Net Position - January 1	738,047	747,498	689,459	659,232
Plan Fiduciary Net Position - December 31 (B)	$ 907,978	$ 888,035	$ 747,498	$ 689,459
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	$ (185,528)	$ (97,218)	$ (36,938)	$ (45,551)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	125.68%	112.29%	105.20%	107.07%
Covered Payroll	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Plan Provisions

2018 - Lump sum benefit amounts were increased from $2,350 to $2,400.

2017 - Lump sum benefit amounts were increased from $2,300 to $2,350.

City of Jordan, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2018

Schedule of Employer's Fire Relief Association Contributions

Year Ending		Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/18	*			
12/31/17		$ 89,818	$ 89,818	$ -
12/31/16		82,630	82,630	-
12/31/15		81,642	81,642	-
12/31/14		94,364	94,364	-

* Information not available at time of audit.

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

PROPOSAL SALE DATE: January 21, 2020

City of Jordan, Minnesota
$3,525,000* General Obligation Bonds, Series 2020A

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $________________ (which may not be less than $3,482,700) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	______%	______%	______%	2029	______%	______%	______%
2022	______%	______%	______%	2030	______%	______%	______%
2023	______%	______%	______%	2031	______%	______%	______%
2024	______%	______%	______%	2032	______%	______%	______%
2025	______%	______%	______%	2033	______%	______%	______%
2026	______%	______%	______%	2034	______%	______%	______%
2027	______%	______%	______%	2035	______%	______%	______%
2028	______%	______%	______%	2036	______%	______%	______%

Designation of Term Maturities

Years of Term Maturities ____________ ____________
____________ ____________

In making this offer on the sale date of January 21, 2020 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated December 31, 2019 including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $________________________

TRUE INTEREST RATE: ____________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from ______________.

Account Members

____
Account Manager

By: _________________________

Phone: _______________________

The foregoing proposal has been accepted by the City.

Attest: ___________________________ Date: ___________________________

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bondservice@bakertilly.com