

## PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 17, 2024

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities 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. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

In the opinion of Kennedy & Graven, Chartered, Bond Counsel to the City, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants set forth in the resolution approving the issuance of the Bonds, interest to be paid on the Bonds is excludable from gross income 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 computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and 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.

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

**New Issue**

**Rating Application Made: S&P Global Ratings**

### CITY OF NORWOOD YOUNG AMERICA, MINNESOTA (Carver County)

### \$2,620,000\* GENERAL OBLIGATION IMPROVEMENT AND UTILITY BONDS, SERIES 2024B

**PROPOSAL OPENING:** October 28, 2024, 10:00 A.M., C.T.

**CONSIDERATION:** October 28, 2024, 6:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$2,620,000\* General Obligation Improvement and Utility Bonds, Series 2024B (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended, and Section 115.46, as amended, by the City of Norwood Young America, Minnesota (the "City"), for the purposes of financing the assessable street and the utility components of the Railroad Street Improvements Project. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

**DATE OF BONDS:** November 21, 2024

**MATURITY:** February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$140,000	2031	\$175,000	2036	\$170,000
2027	155,000	2032	180,000	2037	175,000
2028	160,000	2033	185,000	2038	175,000
2029	165,000	2034	195,000	2039	185,000
2030	165,000	2035	195,000	2040	200,000

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

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** August 1, 2025 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on February 1, 2034 and thereafter are subject to call for prior optional redemption on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

**MINIMUM PROPOSAL:** \$2,588,560.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$52,400 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation.

**BOND COUNSEL:** Kennedy & Graven, Chartered.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

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



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## REPRESENTATIONS

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

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

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

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

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

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

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

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

## CLOSING CERTIFICATES

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

# TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1	TAX LEVIES, COLLECTIONS AND RATES .....	22
THE BONDS .....	1	TAX LEVIES AND COLLECTIONS .....	22
GENERAL .....	1	TAX CAPACITY RATES .....	22
OPTIONAL REDEMPTION .....	2	THE ISSUER .....	23
AUTHORITY; PURPOSE .....	2	CITY GOVERNMENT.....	23
ESTIMATED SOURCES AND USES.....	2	EMPLOYEES; PENSIONS; UNIONS.....	23
SECURITY.....	3	POST EMPLOYMENT BENEFITS.....	23
RATING .....	4	LITIGATION .....	23
CONTINUING DISCLOSURE.....	4	MUNICIPAL BANKRUPTCY.....	23
LEGAL OPINION .....	5	FUNDS ON HAND.....	24
TAX EXEMPTION.....	5	ENTERPRISE FUNDS.....	25
QUALIFIED TAX-EXEMPT OBLIGATIONS .....	6	SUMMARY GENERAL FUND INFORMATION.....	26
MUNICIPAL ADVISOR .....	6	GENERAL INFORMATION .....	27
MUNICIPAL ADVISOR AFFILIATED COMPANIES.....	6	LOCATION .....	27
INDEPENDENT AUDITORS .....	7	LARGER EMPLOYERS .....	27
RISK FACTORS.....	7	BUILDING PERMITS .....	28
VALUATIONS.....	9	U.S. CENSUS DATA .....	29
OVERVIEW .....	9	EMPLOYMENT/UNEMPLOYMENT DATA.....	29
CURRENT PROPERTY VALUATIONS.....	10	FINANCIAL STATEMENTS.....	A-1
2023/24 NET TAX CAPACITY BY CLASSIFICATION ..	11	FORM OF LEGAL OPINION .....	B-1
TREND OF VALUATIONS.....	11	BOOK-ENTRY-ONLY SYSTEM .....	C-1
LARGEST TAXPAYERS.....	12	FORM OF CONTINUING DISCLOSURE CERTIFICATE ...	D-1
DEBT .....	12	TERMS OF PROPOSAL .....	E-1
DIRECT DEBT .....	12	PROPOSAL FORM	
DEBT PAYMENT HISTORY .....	13		
FUTURE FINANCING.....	13		
DEBT LIMIT .....	13		
SCHEDULES OF BONDED INDEBTEDNESS .....	14		
OVERLAPPING DEBT .....	20		
DEBT RATIOS.....	21		

## **CITY OF NORWOOD YOUNG AMERICA CITY COUNCIL**

		<u>Term Expires</u>
Carol Lagergren	Mayor	January 2025
Brooke Allen	Council Member	January 2027
Craig Heher	Council Member	January 2025
Mike McPadden	Council Member	January 2025
Charlie Storms	Council Member	January 2027

## **ADMINISTRATION**

Andrea Aukrust, City Administrator  
Mitchell Thiesfeld, Clerk/Finance Director

## **PROFESSIONAL SERVICES**

Squires, Waldspurger & Mace, P.A., City Attorney, Minneapolis, Minnesota

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other office located in Waukesha, Wisconsin)*

# INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Norwood Young America, Minnesota (the "City") and the issuance of its \$2,620,000\* General Obligation Improvement and Utility Bonds, Series 2024B (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on October 28, 2024.

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

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of November 21, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

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

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

\*Preliminary, subject to change.

## OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2034 shall be subject to optional redemption prior to maturity on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

## AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444 and 475, as amended, and Section 115.46, as amended, by the City, for the purposes of financing the assessable street (the "Improvement Portion") and the utility components (the "Utility Revenue Portion") of the Railroad Street Improvements Project in the City.

## ESTIMATED SOURCES AND USES\*

Sources	Improvement Portion	Utility Revenue Portion	Total Bond Issue
Par Amount of Bonds	\$1,335,000	\$1,285,000	\$2,620,000
City Cash Contribution	<u>78,000</u>	<u>-</u>	<u>78,000</u>
<b>Total Sources</b>	<b>\$1,413,000</b>	<b>\$1,285,000</b>	<b>\$2,698,000</b>
<b>Uses</b>			
Total Underwriter's Discount (1.200%)	\$16,020	\$15,420	\$31,440
Costs of Issuance	33,630	32,370	66,000
Deposit to Construction Fund	1,363,185	1,233,365	2,596,550
Rounding Amount	<u>165</u>	<u>3,845</u>	<u>4,010</u>
<b>Total Uses</b>	<b>\$1,413,000</b>	<b>\$1,285,000</b>	<b>\$2,698,000</b>

\*Preliminary, subject to change.

**Breakdown of Principal Payments\*:**

<b>Payment Date</b>	<b>Improvement Portion</b>	<b>Utility Revenue Portion</b>	<b>Total Bond Issue</b>
2/01/2026	\$75,000	\$65,000	\$140,000
2/01/2027	85,000	70,000	155,000
2/01/2028	85,000	75,000	160,000
2/01/2029	90,000	75,000	165,000
2/01/2030	90,000	75,000	165,000
2/01/2031	95,000	80,000	175,000
2/01/2032	95,000	85,000	180,000
2/01/2033	100,000	85,000	185,000
2/01/2034	105,000	90,000	195,000
2/01/2035	105,000	90,000	195,000
2/01/2036	75,000	95,000	170,000
2/01/2037	80,000	95,000	175,000
2/01/2038	80,000	95,000	175,000
2/01/2039	85,000	100,000	185,000
2/01/2040	<u>90,000</u>	<u>110,000</u>	<u>200,000</u>
<b>Total</b>	<b>\$1,335,000</b>	<b>\$1,285,000</b>	<b>\$2,620,000</b>

\*Preliminary, subject to change.

**SECURITY**

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount.

The City anticipates that the debt service on the Improvement Portion of the Bonds will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Improvement Portion of the Bonds and from ad valorem property taxes. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Improvement Portion of the Bonds as required by Minnesota law.

The City anticipates that the debt service on the Utility Revenue Portion of the Bonds will be paid entirely from net revenues of the sanitary sewer, storm water and water systems ("utility revenues") which are owned and operated by the City. Receipt of utility revenues of the sanitary sewer, storm water and water systems will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

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

## **RATING**

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The City has requested an underlying rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

## **CONTINUING DISCLOSURE**

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

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

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

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.



## LEGAL OPINION

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

## TAX EXEMPTION

On the date of issuance of the Bonds, Bond Counsel will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates 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. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

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

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

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

### **Legislative proposals**

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

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

### **MUNICIPAL ADVISOR**

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

### **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

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

## INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2023, have been audited by Abdo, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## RISK FACTORS

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

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

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

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

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

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

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

**Levy Limits:** The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

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

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

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

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

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

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

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

# VALUATIONS

## OVERVIEW

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

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

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

Type of Property	2021/22	2022/23	2023/24
Residential homestead <sup>1</sup>	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead <sup>1</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% <sup>2</sup> Over \$1,900,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% <sup>2</sup> Over \$1,890,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% <sup>2</sup> Over \$2,150,000 - 1.00% <sup>2</sup>
Agricultural non-homestead	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>
Seasonal recreational residential	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility <sup>5</sup>	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

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

<sup>2</sup> Applies to land and buildings. Exempt from referendum market value tax.

<sup>3</sup> Exempt from referendum market value tax.

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

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

## CURRENT PROPERTY VALUATIONS

<b>2023/24 Economic Market Value</b>	<b><u>\$484,086,099<sup>1</sup></u></b>
<b>2023/24 Assessor's Estimated Market Value</b>	
Real Estate	\$448,605,400
Personal Property	<u>1,947,000</u>
Total Valuation	<b><u>\$450,552,400</u></b>
<b>2023/24 Net Tax Capacity</b>	
Real Estate	\$4,949,951
Personal Property	<u>38,940</u>
Net Tax Capacity	\$4,988,891
Less:	
Captured Tax Increment Tax Capacity <sup>2</sup>	(230,809)
Fiscal Disparities Contribution <sup>3</sup>	<u>(456,154)</u>
Taxable Net Tax Capacity	\$4,301,928
Plus: Fiscal Disparities Distribution <sup>3</sup>	<u>975,426</u>
Adjusted Taxable Net Tax Capacity	<b><u>\$5,277,354</u></b>

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<sup>1</sup> According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City is about 93.14% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$484,086,099.

<sup>2</sup> The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

<sup>3</sup> Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

## 2023/24 NET TAX CAPACITY BY CLASSIFICATION

	<b>2023/24 Net Tax Capacity</b>	<b>Percent of Total Net Tax Capacity</b>
Residential homestead	\$3,061,693	61.37%
Agricultural	27,680	0.55%
Commercial/industrial	1,216,510	24.38%
Public utility	15,920	0.32%
Railroad operating property	2,770	0.06%
Non-homestead residential	623,332	12.49%
Commercial & residential seasonal/rec.	2,046	0.04%
Personal property	<u>38,940</u>	<u>0.78%</u>
Total	<u><u>\$4,988,891</u></u>	<u><u>100.00%</u></u>

## TREND OF VALUATIONS

<b>Levy Year</b>	<b>Assessor's Estimated Market Value</b>	<b>Assessor's Taxable Market Value</b>	<b>Net Tax Capacity<sup>1</sup></b>	<b>Adjusted Taxable Net Tax Capacity<sup>2</sup></b>	<b>Percent Increase/Decrease in Estimated Market Value</b>
2019/20	\$335,713,400	\$312,886,600	\$3,749,214	\$3,990,516	11.07%
2020/21	347,132,700	324,492,600	3,857,775	4,070,894	3.40%
2021/22	363,768,000	341,670,000	4,014,577	4,298,865	4.79%
2022/23	439,340,000	422,170,400	4,816,860	5,144,318	20.77%
2023/24	450,552,400	433,679,000	4,988,891	5,277,354	2.55%

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<sup>1</sup> Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

<sup>2</sup> Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

## LARGEST TAXPAYERS

<b>Taxpayer</b>	<b>Type of Property</b>	<b>2023/24 Net Tax Capacity</b>	<b>Percent of City's Total Net Tax Capacity</b>
Par Real Estate, LLC	Commercial	\$324,712	6.51%
PVS Sackett - Waconia, Inc.	Commercial	114,610	2.30%
Peace Villa, Inc.	Rental	78,041	1.56%
Hydro Real Estate, LLC	Commercial	58,882	1.18%
Country Cove Apartments, LLC	Rental	52,950	1.06%
YMI Properties, LLC	Commercial	51,806	1.04%
Peace Villa Apartments	Rental	43,151	0.86%
Old National Bank	Commercial	40,444	0.81%
Citizens State Bank	Commercial	37,390	0.75%
Faxon Rd Investors, LLC	Commercial	<u>37,245</u>	<u>0.75%</u>
Total		\$839,231	16.82%

City's Total 2023/24 Net Tax Capacity \$4,988,891

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

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Improvement Portion of the Bonds)*	\$4,925,000
Total G.O. debt secured by tax abatement revenues	2,165,000
Total G.O. debt secured by taxes	2,900,000
Total G.O. debt secured by utility revenues (includes the Utility Revenue Portion of the Bonds)*	5,234,000
Total G.O. debt secured by housing revenues (EDA)	<u>3,750,000</u>
Total General Obligation Debt	<u><u>\$18,974,000</u></u>

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.



**Temporary General Obligation Debt**

Issue Date	Name of Issue	Final Maturity	Principal Outstanding
05/16/2024	General Obligation Temporary Improvement Bonds, Series 2024A	02/01/2027	<u>\$3,925,000</u>

**DEBT PAYMENT HISTORY**

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

**FUTURE FINANCING**

The City anticipates considering the issuance of General Obligation Bonds to fund portions of an estimated \$5,000,000 Street and Utility reconstruction project in the next 12 months.

**DEBT LIMIT**

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (is defined under Minnesota Statutes, Section 475.51, subd. 4) to mean the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property (includes the Improvement Portion of the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences (includes the Utility Revenue Portion of the Bonds); (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and (9) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2023/24 Assessor's Estimated Market Value	\$450,552,400
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$13,516,572
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(2,900,000)</u>
Unused Debt Limit	<u>\$10,616,572</u>

**City of Norwood Young America, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Special Assessments and Taxes**  
**(As of 11/21/2024)**

	Improvement Refunding Bonds 1) Series 2020A		Improvement Bonds 2) Series 2021A		Improvement Bonds 3) Series 2022A		Improvement Bonds 4) Series 2024B							
Dated Amount	07/07/2020 \$3,685,000		08/19/2021 \$760,000		06/16/2022 \$1,630,000		11/21/2024 \$1,335,000*							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	580,000	44,300	75,000	9,590	145,000	42,653	0	29,812	800,000	126,355	926,355	4,125,000	16.24%	2025
2026	445,000	23,800	75,000	8,090	150,000	38,228	75,000	40,673	745,000	110,790	855,790	3,380,000	31.37%	2026
2027	290,000	9,100	75,000	6,590	155,000	33,653	85,000	38,353	605,000	87,695	692,695	2,775,000	43.65%	2027
2028	30,000	3,000	80,000	5,040	160,000	28,928	85,000	35,888	355,000	72,855	427,855	2,420,000	50.86%	2028
2029	35,000	2,350	80,000	3,440	165,000	24,053	90,000	33,373	370,000	63,215	433,215	2,050,000	58.38%	2029
2030	35,000	1,650	80,000	2,240	170,000	19,028	90,000	30,785	375,000	53,703	428,703	1,675,000	65.99%	2030
2031	35,000	950	80,000	1,380	175,000	13,853	95,000	28,055	385,000	44,238	429,238	1,290,000	73.81%	2031
2032	30,000	300	80,000	460	180,000	8,528	95,000	25,181	385,000	34,469	419,469	905,000	81.62%	2032
2033					185,000	2,914	100,000	22,183	285,000	25,096	310,096	620,000	87.41%	2033
2034							105,000	18,979	105,000	18,979	123,979	515,000	89.54%	2034
2035							105,000	15,645	105,000	15,645	120,645	410,000	91.68%	2035
2036							75,000	12,746	75,000	12,746	87,746	335,000	93.20%	2036
2037							80,000	10,188	80,000	10,188	90,188	255,000	94.82%	2037
2038							80,000	7,488	80,000	7,488	87,488	175,000	96.45%	2038
2039							85,000	4,661	85,000	4,661	89,661	90,000	98.17%	2039
2040							90,000	1,598	90,000	1,598	91,598	0	100.00%	2040
	1,480,000	85,450	625,000	36,830	1,485,000	211,834	1,335,000	355,605	4,925,000	689,718	5,614,718			

\* Preliminary, subject to change.

- 1) This represents the \$3,685,000 Series 2010A (Street Reconstruction), Series 2010B (Improvement Refunding) and Series 2011A (Improvement Refunding) portions of the \$5,220,000 General Obligation Bonds, Series 2020A.
- 2) This represents the \$760,000 Improvement portion of the \$1,585,000 General Obligation Bonds, Series 2021A.
- 3) This represents the \$1,630,000 Improvement portion of the \$2,695,000 General Obligation Improvement and Utility Revenue Bonds, Series 2022A.
- 4) This represents the \$1,335,000 Improvement Portion of the \$2,620,000 General Obligation Improvement and Utility Bonds, Series 2024B.

City of Norwood Young America, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Tax Abatement Revenues  
(As of 11/21/2024)

Taxable Tax Abatement Bonds Series 2023A								
Dated	03/09/2023							
Amount	\$2,165,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	70,000	107,085	70,000	107,085	177,085	2,095,000	3.23%	2025
2026	75,000	102,735	75,000	102,735	177,735	2,020,000	6.70%	2026
2027	80,000	98,085	80,000	98,085	178,085	1,940,000	10.39%	2027
2028	80,000	93,285	80,000	93,285	173,285	1,860,000	14.09%	2028
2029	85,000	88,335	85,000	88,335	173,335	1,775,000	18.01%	2029
2030	90,000	83,085	90,000	83,085	173,085	1,685,000	22.17%	2030
2031	100,000	78,185	100,000	78,185	178,185	1,585,000	26.79%	2031
2032	100,000	73,760	100,000	73,760	173,760	1,485,000	31.41%	2032
2033	105,000	69,173	105,000	69,173	174,173	1,380,000	36.26%	2033
2034	110,000	64,280	110,000	64,280	174,280	1,270,000	41.34%	2034
2035	115,000	59,105	115,000	59,105	174,105	1,155,000	46.65%	2035
2036	120,000	53,700	120,000	53,700	173,700	1,035,000	52.19%	2036
2037	130,000	47,820	130,000	47,820	177,820	905,000	58.20%	2037
2038	135,000	41,460	135,000	41,460	176,460	770,000	64.43%	2038
2039	140,000	34,860	140,000	34,860	174,860	630,000	70.90%	2039
2040	145,000	27,875	145,000	27,875	172,875	485,000	77.60%	2040
2041	155,000	20,375	155,000	20,375	175,375	330,000	84.76%	2041
2042	160,000	12,500	160,000	12,500	172,500	170,000	92.15%	2042
2043	170,000	4,250	170,000	4,250	174,250	0	100.00%	2043
	2,165,000	1,159,953	2,165,000	1,159,953	3,324,953			

City of Norwood Young America, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 11/21/2024)

Capital Improvement Plan Bonds Series 2013A			Cap Imp Plan Ref & Refunding Bonds 1) Series 2016A		Street Recon, Ref Bonds & Equip Certs 2) Series 2020A							Calendar Year Ending
Dated Amount	06/20/2013 \$1,920,000		07/21/2016 \$1,500,000		07/07/2020 \$955,000							
Maturity	02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	
2025	115,000	26,450	0	36,425	120,000	15,800	235,000	78,675	313,675	2,665,000	8.10%	2025
2026	120,000	22,925	105,000	35,375	125,000	10,900	350,000	69,200	419,200	2,315,000	20.17%	2026
2027	120,000	19,175	105,000	33,275	65,000	7,100	290,000	59,550	349,550	2,025,000	30.17%	2027
2028	125,000	15,194	105,000	31,175	70,000	5,100	300,000	51,469	351,469	1,725,000	40.52%	2028
2029	130,000	11,050	110,000	28,888	70,000	3,700	310,000	43,638	353,638	1,415,000	51.21%	2029
2030	135,000	6,744	110,000	26,275	75,000	2,250	320,000	35,269	355,269	1,095,000	62.24%	2030
2031	140,000	2,275	115,000	23,463	75,000	750	330,000	26,488	356,488	765,000	73.62%	2031
2032			180,000	19,550			180,000	19,550	199,550	585,000	79.83%	2032
2033			190,000	14,463			190,000	14,463	204,463	395,000	86.38%	2033
2034			195,000	8,925			195,000	8,925	203,925	200,000	93.10%	2034
2035			200,000	3,000			200,000	3,000	203,000	0	100.00%	2035
	885,000	103,813	1,415,000	260,813	600,000	45,600	2,900,000	410,225	3,310,225			

1) This represents the \$1,500,000 Capital Improvement Refunding and Series 2009A Refunding portions of the \$3,875,000 General Obligation Refunding Bonds, Series 2016A

2) This represents the \$955,000 Street Reconstruction, Series 2010B Refunding (Water Levy) and Equipment Certificate portions of the \$5,220,000 General Obligation Bonds, Series 2020A

City of Norwood Young America, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Utility Revenues  
(As of 11/21/2024)

	Water Revenue Note Series 2010		Utility Revenue Refunding Bonds 1) Series 2016A		Utility Revenue Refunding Bonds 2) Series 2020A		Utility Revenue Bonds 3) Series 2021A		Utility Revenue Bonds 4) Series 2022A	
Dated	07/21/2010		07/21/2016		07/07/2020		08/19/2021		06/16/2022	
Amount	\$1,966,604		\$1,920,000		\$580,000		\$825,000		\$1,065,000	
Maturity	08/20		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	66,000	29,138	175,000	17,025	85,000	6,300	80,000	10,320	95,000	28,005
2026	68,000	27,514	180,000	13,475	90,000	2,800	80,000	8,720	100,000	25,080
2027	70,000	25,841	185,000	9,825	25,000	500	80,000	7,120	105,000	22,005
2028	71,000	24,118	185,000	6,125			85,000	5,470	105,000	18,855
2029	73,000	22,371	190,000	2,138			85,000	3,770	110,000	15,630
2030	75,000	20,574					85,000	2,495	110,000	12,330
2031	77,000	18,728					90,000	1,553	115,000	8,955
2032	78,000	16,833					90,000	518	115,000	5,505
2033	80,000	14,914							120,000	1,890
2034	82,000	12,945								
2035	84,000	10,927								
2036	87,000	8,860								
2037	89,000	6,719								
2038	91,000	4,528								
2039	93,000	2,289								
2040										
	1,184,000	246,297	915,000	48,588	200,000	9,600	675,000	39,965	975,000	138,255

- 1) This represents the \$1,920,000 Utility Revenue Refunding portion of the \$3,875,000 General Obligation Refunding Bonds, Series 2016A.
- 2) This represents the \$580,000 Series 2010A, Series 2010B & Series 2011A (Utility Revenue) Refunding portions of the \$5,220,000 General Obligation Bonds, Series 2020A
- 3) This represents the \$825,000 Utility Revenue portion of the \$1,585,000 General Obligation Bonds, Series 2021A.
- 4) This represents the \$1,065,000 Utility Revenue portion of the \$2,695,000 General Obligation Improvement and Utility Revenue Bonds, Series 2022A.

--Continued on next page

City of Norwood Young America, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Utility Revenues  
(As of 11/21/2024)

Utility Revenue Bonds 5) Series 2024B								
Dated	11/21/2024							
Amount	\$1,285,000*							
Maturity	02/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	0	28,984	501,000	119,772	620,772	4,733,000	9.57%	2025
2026	65,000	39,658	583,000	117,246	700,246	4,150,000	20.71%	2026
2027	70,000	37,700	535,000	102,991	637,991	3,615,000	30.93%	2027
2028	75,000	35,598	521,000	90,165	611,165	3,094,000	40.89%	2028
2029	75,000	33,441	533,000	77,349	610,349	2,561,000	51.07%	2029
2030	75,000	31,285	345,000	66,684	411,684	2,216,000	57.66%	2030
2031	80,000	28,998	362,000	58,233	420,233	1,854,000	64.58%	2031
2032	85,000	26,501	368,000	49,357	417,357	1,486,000	71.61%	2032
2033	85,000	23,888	285,000	40,691	325,691	1,201,000	77.05%	2033
2034	90,000	21,153	172,000	34,097	206,097	1,029,000	80.34%	2034
2035	90,000	18,295	174,000	29,222	203,222	855,000	83.66%	2035
2036	95,000	15,311	182,000	24,171	206,171	673,000	87.14%	2036
2037	95,000	12,176	184,000	18,895	202,895	489,000	90.66%	2037
2038	95,000	8,970	186,000	13,498	199,498	303,000	94.21%	2038
2039	100,000	5,630	193,000	7,919	200,919	110,000	97.90%	2039
2040	110,000	1,953	110,000	1,953	111,953	0	100.00%	2040
	1,285,000	369,539	5,234,000	852,243	6,086,243			

\* Preliminary, subject to change.

- 5) This represents the \$1,285,000 Utility Revenue Portion of the \$2,620,000 General Obligation Improvement and Utility Bonds, Series 2024B.

**Economic Development Authority of the City of Norwood Young America, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Housing Revenues**  
**(As of 11/21/2024)**

Housing Revenue Refunding Bonds Series 2020								
<b>Dated</b>	07/16/2020							
<b>Amount</b>	\$4,580,000							
<b>Maturity</b>	08/01							
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
<b>2025</b>	225,000	87,000	225,000	87,000	312,000	3,525,000	6.00%	<b>2025</b>
<b>2026</b>	235,000	80,250	235,000	80,250	315,250	3,290,000	12.27%	<b>2026</b>
<b>2027</b>	240,000	73,200	240,000	73,200	313,200	3,050,000	18.67%	<b>2027</b>
<b>2028</b>	245,000	66,000	245,000	66,000	311,000	2,805,000	25.20%	<b>2028</b>
<b>2029</b>	255,000	58,650	255,000	58,650	313,650	2,550,000	32.00%	<b>2029</b>
<b>2030</b>	265,000	51,000	265,000	51,000	316,000	2,285,000	39.07%	<b>2030</b>
<b>2031</b>	265,000	45,700	265,000	45,700	310,700	2,020,000	46.13%	<b>2031</b>
<b>2032</b>	270,000	40,400	270,000	40,400	310,400	1,750,000	53.33%	<b>2032</b>
<b>2033</b>	280,000	35,000	280,000	35,000	315,000	1,470,000	60.80%	<b>2033</b>
<b>2034</b>	280,000	29,400	280,000	29,400	309,400	1,190,000	68.27%	<b>2034</b>
<b>2035</b>	290,000	23,800	290,000	23,800	313,800	900,000	76.00%	<b>2035</b>
<b>2036</b>	295,000	18,000	295,000	18,000	313,000	605,000	83.87%	<b>2036</b>
<b>2037</b>	300,000	12,100	300,000	12,100	312,100	305,000	91.87%	<b>2037</b>
<b>2038</b>	305,000	6,100	305,000	6,100	311,100	0	100.00%	<b>2038</b>
	3,750,000	626,600	3,750,000	626,600	4,376,600			

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2023/24 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt <sup>2</sup>	City's Proportionate Share
Carver County	\$233,454,753	2.2605%	\$12,420,000	\$280,754
I.S.D. No. 108 (Central Public School)	16,002,117	32.9791%	50,154,918 <sup>3</sup>	16,540,641
Metropolitan Council	6,313,906,529	0.0836%	191,435,000 <sup>4</sup>	<u>160,040</u>
City's Share of Total Overlapping Debt				<u><u>\$16,981,434</u></u>

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

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

<sup>3</sup> Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.

<sup>4</sup> The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.



## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Economic Market Value \$484,086,099</b>	<b>Debt/ Per Capita 4,092<sup>1</sup></b>
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	\$4,925,000		
Tax Abatement Revenues	2,165,000		
Taxes	2,900,000		
Utility Revenues*	5,234,000		
Housing Revenues (EDA)	3,750,000		
Total General Obligation Debt	<u>\$18,974,000</u>		
Less: G.O. Debt Paid Entirely from Revenues <sup>2</sup>	<u>(8,984,000)</u>		
Tax Supported General Obligation Debt*	\$9,990,000	2.06%	\$2,441.35
City's Share of Total Overlapping Debt	<u>16,981,434</u>	<u>3.51%</u>	<u>\$4,149.91</u>
Total*	<u><u>\$26,971,434</u></u>	<u><u>5.57%</u></u>	<u><u>\$6,591.26</u></u>

\*Preliminary, subject to change.

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<sup>1</sup> Estimated 2023 population.

<sup>2</sup> Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

## TAX LEVIES, COLLECTIONS AND RATES

### TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy <sup>1</sup>	Total Collected Following Year	Collected to Date	% Collected
2019/20	\$2,932,986	\$2,873,191	\$2,932,057	99.97%
2020/21	3,016,431	2,988,510	3,013,354	99.90%
2021/22	3,079,404	3,067,051	3,074,752	99.85%
2022/23	3,374,176	3,351,896	3,351,896	99.34%
2023/24	3,681,061	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.<sup>2</sup> Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

### TAX CAPACITY RATES<sup>3</sup>

	2019/20	2020/21	2021/22	2022/23	2023/24
Carver County	35.179%	34.634%	34.170%	29.267%	30.106%
City of Norwood Young America	73.755%	74.219%	72.204%	64.093%	71.041%
I.S.D. No. 108 (Central Public Schools)	19.029%	17.006%	24.962%	28.175%	27.311%
Carver County CDA	1.598%	1.664%	1.635%	1.396%	1.449%
Carver County Rail Authority	0.101%	0.099%	0.110%	0.088%	0.091%
Carver County WMO	0.893%	0.875%	0.859%	0.732%	0.746%
Metropolitan Council	0.590%	0.628%	0.637%	0.544%	0.649%
Mosquito Council	0.395%	0.382%	0.365%	0.313%	0.331%
Norwood Young America EDA	1.401%	1.500%	1.464%	1.273%	1.527%

#### *Referendum Market Value Rates:*

City of Norwood Young America	0.01708%	N/A	N/A	N/A	N/A
I.S.D. No. 108 (Central Public Schools)	0.12621%	0.12928%	0.13795%	0.12728%	0.13086%

**Source:** Tax Levies and Collections and Tax Capacity Rates have been furnished by Carver County.

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

<sup>2</sup> Second half tax payments on agricultural property are due on November 15th of each year.

<sup>3</sup> After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

## THE ISSUER

### CITY GOVERNMENT

The City was organized as a municipality in 1997. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Administrator and City Clerk/Financial Director are responsible for administrative details and financial records.

### EMPLOYEES; PENSIONS; UNIONS

The City currently has 11 full-time, four (4) part-time, and four (4) seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

#### Recognized and Certified Bargaining Unit

##### Bargaining Unit

Local No. 49

##### Expiration Date of Current Contract

December 31, 2025

### POST EMPLOYMENT BENEFITS

The City has no measurable obligation for post-employment benefits based on its current contractual agreements.

### LITIGATION

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

### MUNICIPAL BANKRUPTCY

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

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

**FUNDS ON HAND** (as of August 31, 2024)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$2,903,703
Special Revenue	1,203,807
Debt Service	1,406,217
Capital Projects	2,670,579
Enterprise Funds	1,410,187
Escrow Funds	<u>31,057</u>
Total Funds on Hand	<u><u>\$9,625,550</u></u>

## ENTERPRISE FUNDS

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

	<b>2021</b> <b>Audited</b>	<b>2022</b> <b>Audited</b>	<b>2023</b> <b>Audited</b>
<b>Water</b>			
Total Operating Revenues	\$884,480	\$875,551	\$917,495
Less: Operating Expenses	<u>(693,888)</u>	<u>(653,176)</u>	<u>(799,611)</u>
Operating Income	\$190,592	\$222,375	\$117,884
Plus: Depreciation	<u>285,534</u>	<u>285,097</u>	<u>299,185</u>
Revenues Available for Debt Service	<u><u>\$476,126</u></u>	<u><u>\$507,472</u></u>	<u><u>\$417,069</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$769,730	\$783,956	\$795,042
Less: Operating Expenses	<u>(613,453)</u>	<u>(688,709)</u>	<u>(750,222)</u>
Operating Income	\$156,277	\$95,247	\$44,820
Plus: Depreciation	<u>277,269</u>	<u>276,172</u>	<u>312,169</u>
Revenues Available for Debt Service	<u><u>\$433,546</u></u>	<u><u>\$371,419</u></u>	<u><u>\$356,989</u></u>
<b>Harbor at Peace</b>			
Total Operating Revenues	\$1,579,836	\$1,728,386	\$1,955,862
Less: Operating Expenses	<u>(1,612,071)</u>	<u>(1,616,797)</u>	<u>(1,824,733)</u>
Operating Income	(\$32,235)	\$111,589	\$131,129
Plus: Depreciation	<u>211,304</u>	<u>212,159</u>	<u>229,019</u>
Revenues Available for Debt Service	<u><u>\$179,069</u></u>	<u><u>\$323,748</u></u>	<u><u>\$360,148</u></u>

## SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Adopted Budget <sup>1</sup>
<b>Revenues</b>					
Taxes	\$1,557,018	\$1,660,440	\$1,519,172	\$1,859,201	\$1,940,133
Licenses and permits	163,635	107,858	107,397	106,051	63,900
Intergovernmental	884,797	578,726	571,290	747,199	674,301
Charges for services	112,143	155,720	170,106	163,929	117,100
Fines and forfeitures	9,708	10,191	13,123	11,534	10,000
Special assessments	24,492	11,195	449	28,033	0
Interest on investments	24,886	(9,966)	31,412	97,026	61,200
Miscellaneous	100,992	83,521	155,161	50,161	113,200
<b>Total Revenues</b>	<u>\$2,877,671</u>	<u>\$2,597,685</u>	<u>\$2,568,110</u>	<u>\$3,063,134</u>	<u>\$2,979,834</u>
<b>Expenditures</b>					
Current:					
General government	\$654,736	\$614,716	\$726,427	\$813,061	\$814,787
Public safety	442,896	422,687	474,955	549,989	604,617
Public works	530,940	639,240	767,364	816,282	1,012,325
Culture and recreation	276,262	330,169	324,092	346,436	396,842
Economic development	338,088	119,250	172,151	179,333	147,263
Miscellaneous	4,853	16,950	0	2,700	4,000
Capital outlay	92,135	71,997	29,240	22,268	0
<b>Total Expenditures</b>	<u>\$2,339,910</u>	<u>\$2,215,009</u>	<u>\$2,494,229</u>	<u>\$2,730,069</u>	<u>\$2,979,834</u>
<b>Excess of revenues over (under) expenditures</b>	\$537,761	\$382,676	\$73,881	\$333,065	\$0
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	\$0	\$0	\$37,142	\$30,636	\$0
Transfers in	0	0	0	0	0
Transfers out	(182,000)	(845,777)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(\$182,000)</u>	<u>(\$845,777)</u>	<u>\$37,142</u>	<u>\$30,636</u>	<u>\$0</u>
<b>Net changes in Fund Balances</b>	\$355,761	(\$463,101)	\$111,023	\$363,701	
General Fund Balance January 1	2,147,589	2,503,350	2,040,249	2,151,272	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	<u>\$2,503,350</u>	<u>\$2,040,249</u>	<u>\$2,151,272</u>	<u>\$2,514,973</u>	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$248,114	\$248,114	\$0	\$174,691	
Unassigned	2,255,236	1,792,135	2,151,272	2,340,282	
<b>Total</b>	<u>\$2,503,350</u>	<u>\$2,040,249</u>	<u>\$2,151,272</u>	<u>\$2,514,973</u>	

<sup>1</sup> The 2024 budget was adopted on December 11, 2023.

## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 3,863 and a 2023 population estimate of 4,092, and comprising an area of 1.91 square miles, is located approximately 42 miles southwest of Minneapolis, Minnesota.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Bongards' Creameries, Inc.	Cheese and whey processing	250
I.S.D. No. 108 (Central Public Schools)	Elementary and secondary education	149
Vickerman Co.	Manufacturer and wholesaler	60
Haven at Peace Village	Home Health Services	55
PVS-Sackett-Waconia, Inc.	Dry fertilizer blending and handling systems manufacturer	50
Accurate Concrete Forming, Inc.	Concrete contractors	40
McDonald's	Restaurant	40
The City	Municipal government and services	32
Hydro Engineering, Inc.	Farm machinery and equipment manufacturer	28
DQ Grill & Chill	Restaurant	25

**Source:** Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

**BUILDING PERMITS** (as of September 16, 2024)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<u>New Single Family Homes</u>					
No. of building permits	29	7	2	1	2
Valuation	\$8,249,282	\$1,896,192	\$285,000	\$425,000	\$450,000
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	2	0	0
Valuation	\$0	\$0	\$440,000	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	0	2	1	1
Valuation	\$0	\$0	\$1,074,576	\$821,823	\$985,000
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	29	227	209	210	170
Valuation	\$8,249,282	\$4,387,640	\$4,458,439	\$8,154,805	\$5,171,632

**Source:** The City.



## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census population	3,549
2020 U.S. Census population	3,863
Percent of Change 2010 - 2020	8.85%

2023 State Demographer Population Estimate	4,092
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### Income and Age Statistics

	The City	Carver County	State of Minnesota	United States
2022 per capita income	\$32,640	\$55,216	\$44,947	\$41,261
2022 median household income	\$76,538	\$116,308	\$74,313	\$75,149
2022 median family income	\$93,214	\$141,884	\$107,072	\$92,646
2022 median gross rent	\$1,083	\$1,384	\$1,178	\$1,268
2022 median value owner occupied units	\$268,000	\$400,500	\$286,800	\$281,900
2022 median age	36.8 yrs.	38.5 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
City % of 2022 per capita income	72.62%	79.11%
City % of 2022 median family income	87.06%	100.61%

### Housing Statistics

	<u>The City</u>		
	2020	2023	Percent of Change
All Housing Units	1,551	1,661	5.03%

**Source:** 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and 2022 Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Carver County	Carver County	State of Minnesota
2020	56,643	5.2%	6.3%
2021	56,552	3.0%	3.7%
2022	57,885	2.1%	2.7%
2023	58,305	2.4%	2.8%
2024, August	57,586	3.6%	3.9%

**Source:** Minnesota Department of Employment and Economic Development.

### **FINANCIAL STATEMENTS**

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

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

# **ANNUAL FINANCIAL REPORT**

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Norwood Young America, Minnesota  
Annual Financial Report  
Table of Contents  
For the Year Ended December 31, 2023

	<u>Page No.</u>
<b>Introductory Section</b>	
Elected and Appointed Officials	9
<b>Financial Section</b>	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	36
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	39
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	40
Proprietary Funds	
Statement of Net Position	41
Statement of Revenues, Expenses and Changes in Net Position	42
Statement of Cash Flows	43
Notes to the Financial Statements	45
<b>Required Supplementary Information</b>	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	74
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	74
Notes to the Required Supplementary Information - General Employees Retirement Fund	75
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	77
Schedule of Employer's Contributions - Statewide Volunteer Firefighters Fund	77
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81
Nonmajor Special Revenue Funds	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
Nonmajor Capital Projects Funds	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	86
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	89
Debt Service Funds	
Combining Balance Sheet	94
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	95
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	96

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City of Norwood Young America, Minnesota  
Annual Financial Report  
Table of Contents (Continued)  
For the Year Ended December 31, 2023

	<u>Page No.</u>
<b>Other Required Reports</b>	
Independent Auditor's Report on Minnesota Legal Compliance	99
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100
Schedule of Findings and Responses	102

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INTRODUCTORY SECTION

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Norwood Young America, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2023

**ELECTED**

Name	Title	Term Expires
Carol Lagergren	Mayor	2024
Alan Krueger	Council Member	2024
Mike McPadden	Council Member	2024
Charlie Storms	Council Member	2026
Brook Allen	Council Member	2026

**APPOINTED**

Andrea Aukrust	Administrator
Mitchell Thiesfeld	Clerk-Finance Director

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FINANCIAL SECTION

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Norwood Young America, Minnesota

### Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwood Young America, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison schedule for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Norwood Young America and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Norwood Young America's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Other Matters

### ***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 Schedule of Employer's Shares of the Net Pension Liability, the related note disclosures, the Schedules of Employer's Contributions, and the Schedule of Changes in Net Pension Liability (Asset) and related ratios starting on page 74 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.





### **Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
August 16, 2024



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## **Management's Discussion and Analysis**

As management of the City of Norwood Young America, 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, 2023.

### **Financial Highlights**

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to the increase in property taxes, operating grants and investment earnings.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to the acquisition of land held for resale.
- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.
- The City's total bonded debt increased during the fiscal year. The increase was a result of the 2023A General Obligation Abatement bonds.

## 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 shows 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**

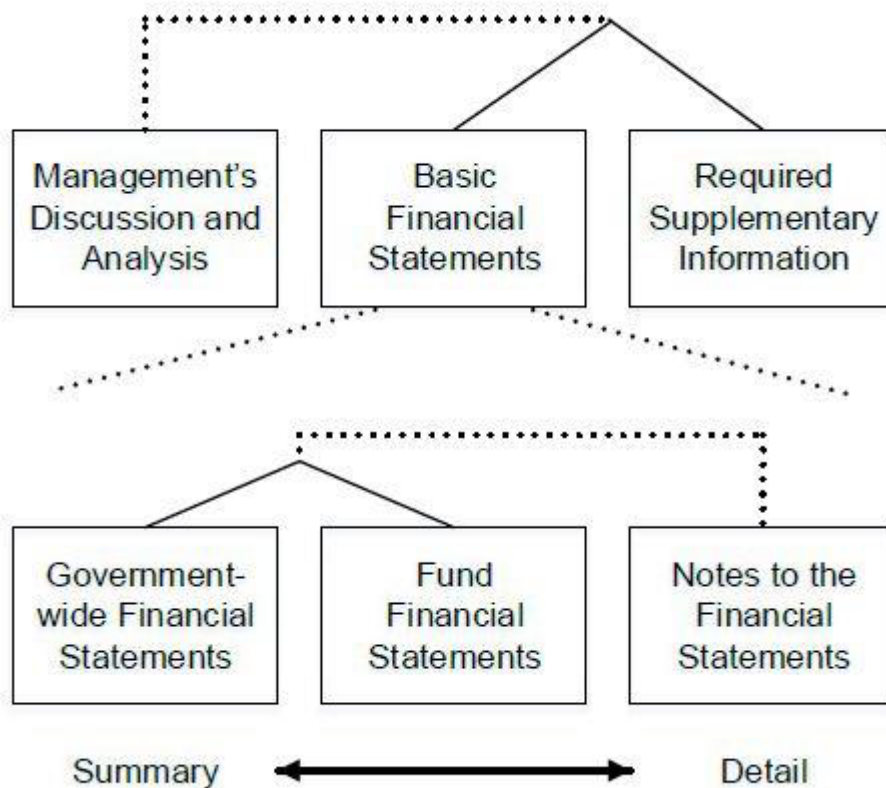


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
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	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>
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, public works, culture and recreation, and economic development. The business-type activities of the City include water, elderly housing, and sewer.

The government-wide financial statements start 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 government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains several individual governmental funds, five of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Capital fund, the Merger Street Project fund and the Industrial park Project fund all of which are considered to be major funds. Data from the other 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 start on page 36 of this report.

**Proprietary Funds.** *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, elderly housing, and storm water.

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 start on page 41 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 start on page 45 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 Norwood Young America's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 74 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules starts on page 80 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 at the close of the most recent fiscal year.

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

### City of Norwood Young America's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 10,320,546	\$ 8,325,024	\$ 1,995,522	\$ 2,502,933	\$ 2,872,156	\$ (369,223)
Capital assets	19,064,270	18,629,673	434,597	17,065,746	17,410,760	(345,014)
Total Assets	29,384,816	26,954,697	2,430,119	19,568,679	20,282,916	(714,237)
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	202,054	255,645	(53,591)	46,568	62,432	(15,864)
<b>Liabilities</b>						
Noncurrent liabilities outstanding	11,063,995	9,954,389	1,109,606	8,911,182	9,908,012	(996,830)
Other liabilities	1,164,195	764,921	399,274	176,134	241,503	(65,369)
Total Liabilities	12,228,190	10,719,310	1,508,880	9,087,316	10,149,515	(1,062,199)
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	124,520	9,897	114,623	52,168	3,751	48,417
<b>Net Position</b>						
Invested in capital assets, net of related debt	8,860,502	9,900,994	(1,040,492)	8,466,671	7,973,776	492,895
Restricted	5,032,239	2,674,463	2,357,776	-	-	-
Unrestricted	3,341,419	3,905,678	(564,259)	2,009,092	2,218,306	(209,214)
Total Net Position	\$ 17,234,160	\$ 16,481,135	\$ 753,025	\$ 10,475,763	\$ 10,192,082	\$ 283,681
<b>Net Position as a Percent of Total</b>						
Net investment in capital assets	51.4 %	60.1 %		80.8 %	78.2 %	
Restricted	29.2	16.2		-	-	
Unrestricted	19.4	23.7		19.2	21.8	
	100.0 %	100.0 %		100.0 %	100.0 %	

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

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities

**Changes in Net Position.** Key elements of the changes in net position are as follows:

### City of Norwood Young America's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 455,562	\$ 421,632	\$ 33,930	\$ 3,668,399	\$ 3,387,893	\$ 280,506
Operating grants and contributions	337,745	126,951	210,794	22,573	56,807	(34,234)
Capital grants and contributions	136,756	385,290	(248,534)	8,150	65,252	(57,102)
General Revenues						
Property taxes	3,444,356	3,075,306	369,050	-	-	-
Tax increments	352,935	170,108	182,827	-	-	-
Grants and Contributions Not restricted to specific programs	588,053	578,089	9,964	-	-	-
Unrestricted Investment Earnings	316,370	80,068	236,302	82,301	400	81,901
Gain on Sale of Capital Assets	30,636	552,408	(521,772)	-	-	-
Miscellaneous	2,784	79,691	(76,907)	-	-	-
Total Revenues	<u>5,665,197</u>	<u>5,469,543</u>	<u>195,654</u>	<u>3,781,423</u>	<u>3,510,352</u>	<u>271,071</u>
Expenses						
General government	871,926	815,894	56,032	-	-	-
Public safety	748,228	696,021	52,207	-	-	-
Public works	1,394,255	1,287,382	106,873	-	-	-
Culture and recreation	1,139,036	585,963	553,073	-	-	-
Economic development	338,643	337,777	866	-	-	-
Miscellaneous	2,700	-	2,700	-	-	-
Debt Service	372,192	262,244	109,948	-	-	-
Water	-	-	-	888,871	738,210	150,661
Sewer	-	-	-	774,317	719,900	54,417
Harbor at Peace	-	-	-	1,879,746	1,708,341	171,405
Total Expenses	<u>4,866,980</u>	<u>3,985,281</u>	<u>881,699</u>	<u>3,542,934</u>	<u>3,166,451</u>	<u>376,483</u>
Change in Net Position Before Transfers	798,217	1,484,262	(686,045)	238,489	343,901	(105,412)
Transfers - capital assets	(259,479)	-	(259,479)	259,479	-	259,479
Transfers - internal activities	<u>214,287</u>	<u>224,907</u>	<u>(10,620)</u>	<u>(214,287)</u>	<u>(224,907)</u>	<u>10,620</u>
Change in Net Position	753,025	1,709,169	(956,144)	283,681	118,994	164,687
Net Position, January 1	<u>16,481,135</u>	<u>14,771,966</u>	<u>1,709,169</u>	<u>10,192,082</u>	<u>10,073,088</u>	<u>118,994</u>
Net Position, December 31	<u>\$ 17,234,160</u>	<u>\$ 16,481,135</u>	<u>\$ 753,025</u>	<u>\$ 10,475,763</u>	<u>\$ 10,192,082</u>	<u>\$ 283,681</u>

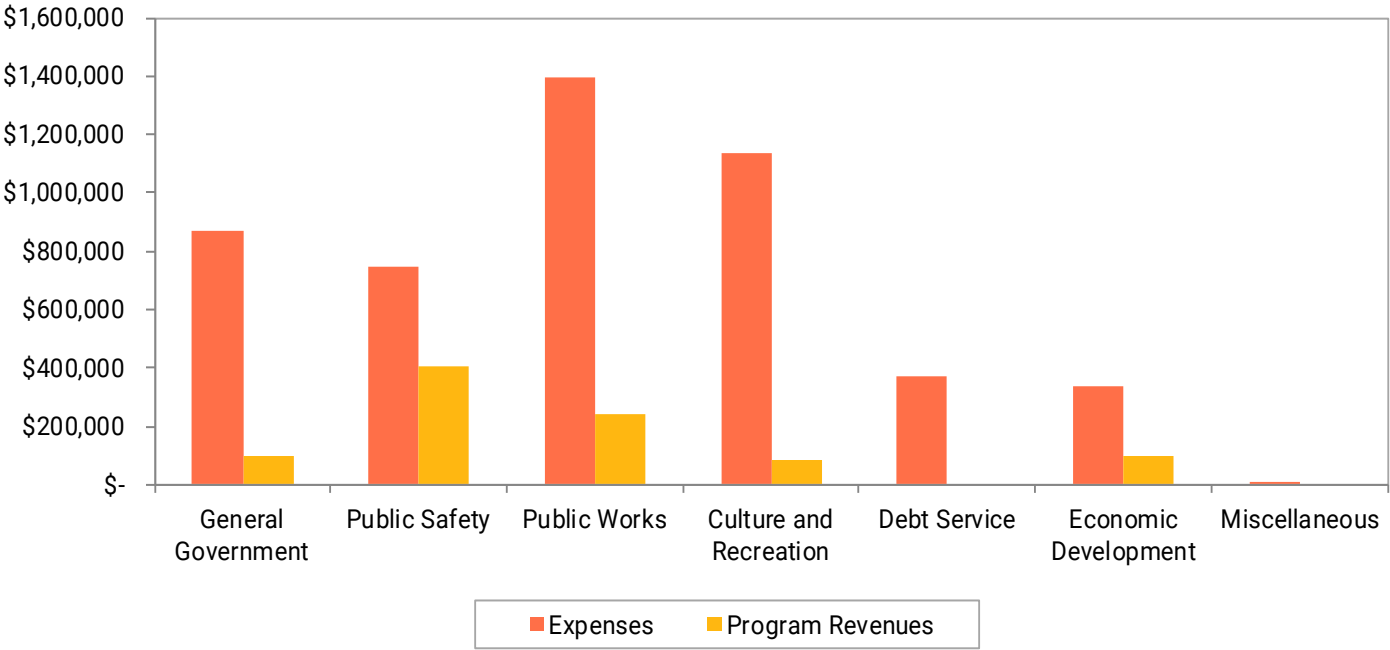
Significant changes from the prior year included:

- Capital contribution of infrastructure from the governmental activities to the water and sewer funds.
- Investment earnings increased significantly from the prior year.
- Property taxes increased due to increased debt service levies.
- Culture and recreation expenses increased due to the Cities contribution to a local walking track.

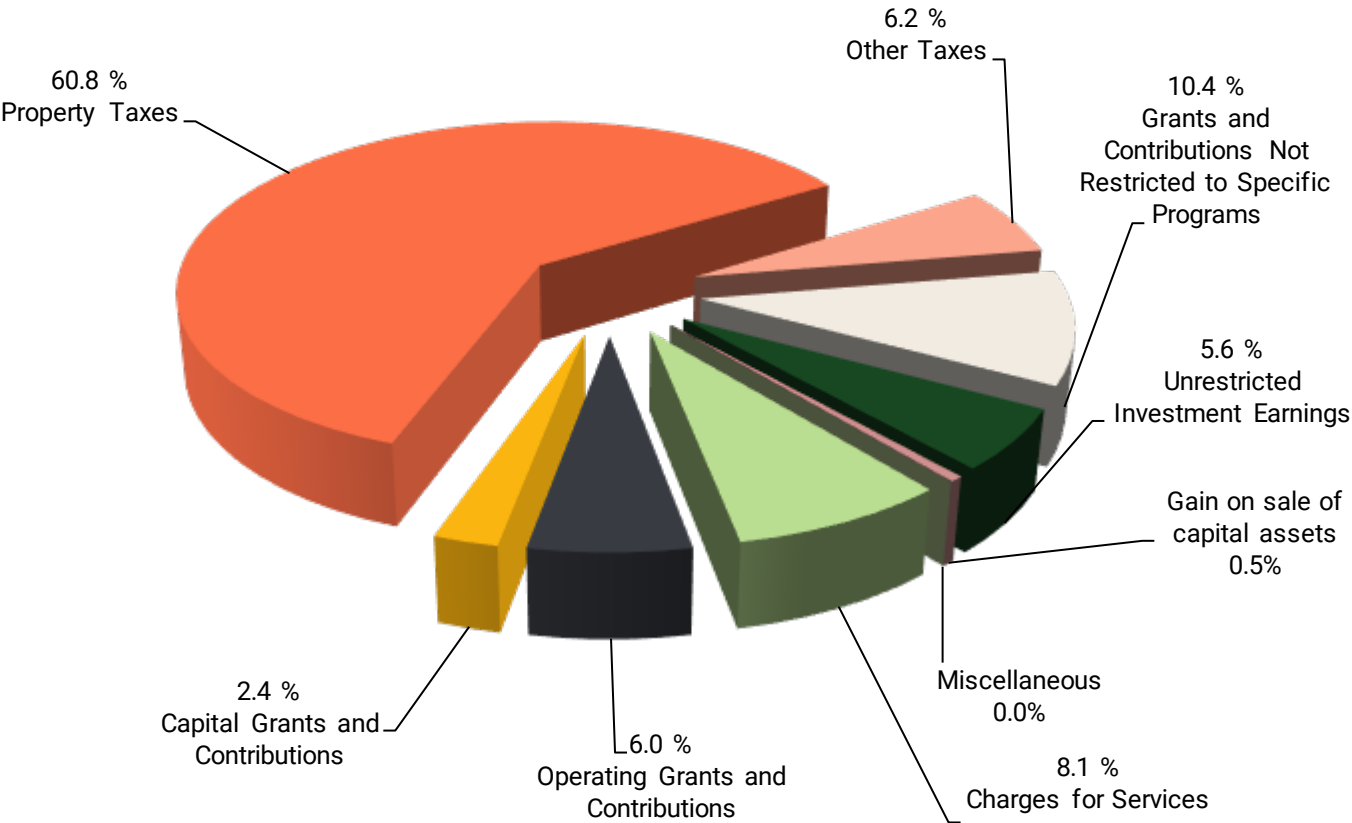


The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

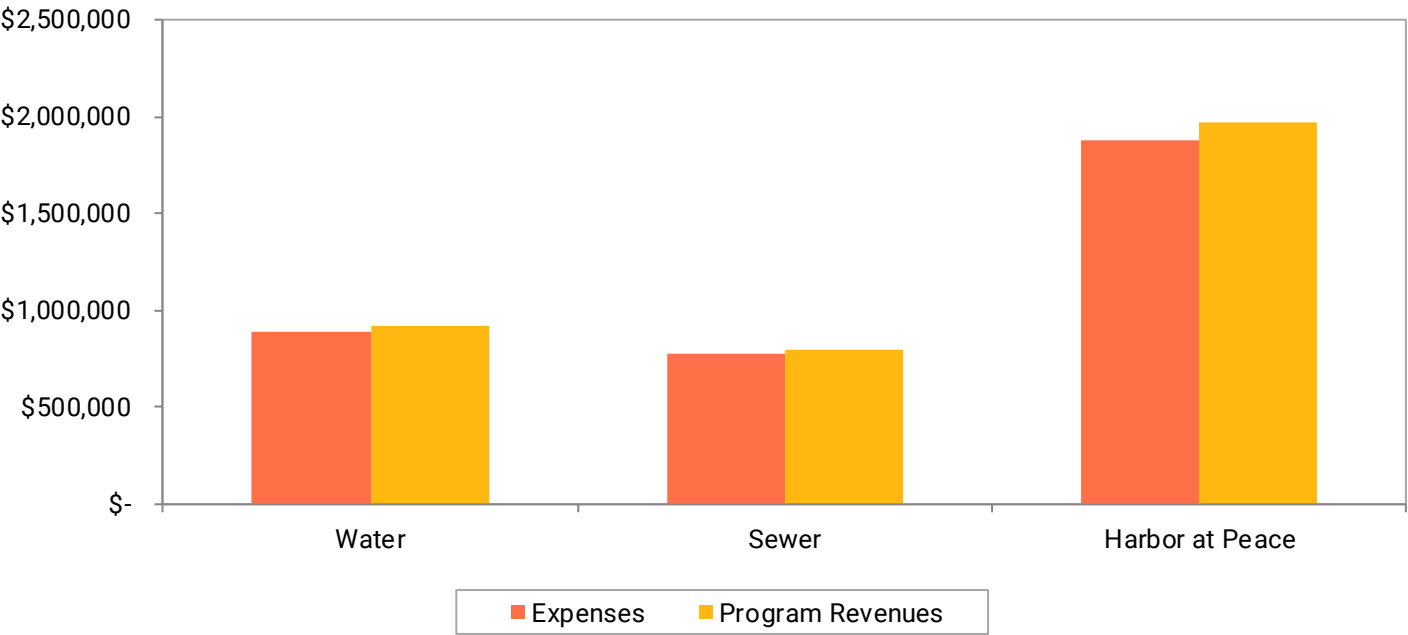


Revenues by Source - Governmental Activities

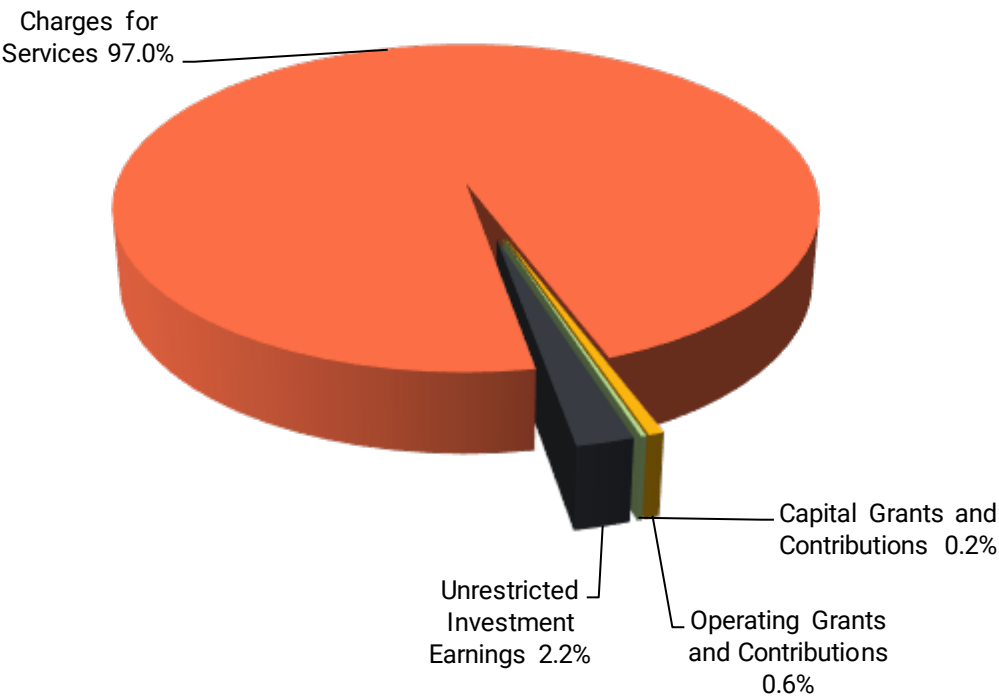


**Business-type Activities.** Business-type activities decreased the City’s net position due to decreases in charges for services. The following charts the operating expenses and revenues for the business-type activities excluding the operating and capital transfers discussed above.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



## Financial Analysis of the Government'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 table below outlines the governmental fund balances for the year ending December 31, 2023.

	General	Debt Service	Capital	Merger Street Project	Industrial Park Project	Other Governmental Funds	Total Governmental Funds	Prior Year Total
Fund Balances								
Restricted	\$ 174,691	\$2,120,551	\$ -	\$ -	\$2,202,835	\$ 473,603	\$4,971,680	\$2,646,870
Committed	-	-	-	-	-	112,764	112,764	74,230
Assigned	-	-	1,857,575	-	-	569,696	2,427,271	3,276,066
Unassigned	<u>2,340,282</u>	<u>-</u>	<u>-</u>	<u>(223,797)</u>	<u>-</u>	<u>(1,051,089)</u>	<u>1,065,396</u>	<u>903,091</u>
Total	<u>\$2,514,973</u>	<u>\$2,120,551</u>	<u>\$1,857,575</u>	<u>\$ (223,797)</u>	<u>\$2,202,835</u>	<u>\$ 104,974</u>	<u>\$8,577,111</u>	<u>\$6,900,257</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 45 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table below. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance
General Fund Fund Balance		
Restricted	\$ 174,691	\$ -
Unassigned	<u>2,340,282</u>	<u>2,151,272</u>
Total	<u>\$ 2,514,973</u>	<u>\$ 2,151,272</u>
General Fund Expenditures	\$ 2,730,069	\$ 2,494,229
Unassigned as a percent of expenditures	92.1 %	86.2 %
Total Fund Balance as a percent of expenditures	92.1	86.2

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to the collection of local government aid over budget along with sale proceeds from various pieces of capital assets.

Other major governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Debt Service	\$ 2,120,551	\$ 1,966,746	\$ 153,805
<i>The Debt Service fund increased from the prior year due to revenues collected in the current year to pay future debt service.</i>			
Capital	\$ 1,857,575	\$ 2,809,691	\$ (952,116)
<i>The Capital fund decreased from the prior year due to the use of reserves to pay for capital projects and the Cities contribution to a local walking track project.</i>			
Merger Street Project	\$ (223,797)	\$ -	\$ (223,797)
<i>The Merger Street Project fund ended with a deficit fund balance due to project costs exceeding the bond issued.</i>			
Industrial Park Project	\$ 2,202,835	\$ -	\$ 2,202,835
<i>The Industrial Park Project fund increased due to the issuance of a bond to finance the purchase of land held for resale.</i>			

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds changed as follows:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Water	\$ 7,378,797	\$ -	\$ 7,378,797
<i>The Water fund increased during the current year primarily due to capital asset contributions from other funds</i>			
Sewer	\$ 4,594,339	\$ -	\$ 4,594,339
<i>The Sewer fund decreased during the current year due to a combination of capital contributions from other funds and transfers out to pay for debt service.</i>			
Harbor at Peace	\$ (1,497,373)	\$ -	\$ (1,497,373)
<i>The Harbor at Peace fund increased primarily due to operating revenues charges for services exceeding operating costs and required debt service payments.</i>			

## General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,731,389	\$ 2,731,389	\$ 3,063,134	\$ 331,745
Expenditures	<u>2,713,889</u>	<u>2,713,889</u>	<u>2,730,069</u>	<u>(16,180)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,500</u>	<u>17,500</u>	<u>333,065</u>	<u>315,565</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	30,636	30,636
Transfers out	<u>(17,500)</u>	<u>(17,500)</u>	-	<u>17,500</u>
Total Other Financing Sources (Uses)	<u>(17,500)</u>	<u>(17,500)</u>	<u>30,636</u>	<u>48,136</u>
Net Change in Fund Balances	-	-	363,701	363,701
Fund Balances, January 1	<u>2,151,272</u>	<u>2,151,272</u>	<u>2,151,272</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,151,272</u>	<u>\$ 2,151,272</u>	<u>\$ 2,514,973</u>	<u>\$ 363,701</u>

Actual revenues and expenditures were over the final budget amounts as shown above. The largest revenue variance was due to miscellaneous revenue exceeding expectations and the largest expenditure variance was within general government, which exceeded its original budget.

## 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, 2023 is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to the following major capital asset events during the fiscal year:

Major public project capital asset events during the current fiscal year were as follows:

- Street Improvements Project.
- Merger Street Project
- Industrial Park Project
- 2<sup>nd</sup> Ave Improvement Projects

Additional information on the City's capital assets can be found in Note 3B starting on page 56 of this report.

**City of Norwood Young America's Capital Assets**  
(Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 3,117,981	\$ 3,117,981	\$ -	\$ 239,048	\$ 239,048	\$ -
Construction in Progress	733,305	1,387,534	(654,229)	259,479	651,375	(391,896)
Buildings	2,455,057	2,576,820	(121,763)	7,095,289	7,334,738	(239,449)
Infrastructure	10,937,094	10,006,442	930,652	9,106,236	8,855,204	251,032
Machinery and Equipment	1,820,833	1,540,896	279,937	365,694	330,395	35,299
Total	<u>\$ 19,064,270</u>	<u>\$ 18,629,673</u>	<u>\$ 434,597</u>	<u>\$ 17,065,746</u>	<u>\$ 17,410,760</u>	<u>\$ (345,014)</u>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt and revenue related debt as noted in the table below. 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 Norwood Young America's Outstanding Debt**

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 6,855,000	\$ 4,870,000	\$ 1,985,000	\$ -	\$ -	\$ -
General Obligation Improvement Bonds	3,182,095	3,881,823	(699,728)	-	-	-
General Obligation Revenue Bonds	-	-	-	8,441,905	9,380,176	(938,271)
Bond Premium	504,373	521,838	(17,465)	299,838	321,274	(21,436)
Bond Discount	-	-	-	(9,321)	(15,409)	6,088
Total	<u>\$ 10,541,468</u>	<u>\$ 9,273,661</u>	<u>\$ 1,267,807</u>	<u>\$ 8,732,422</u>	<u>\$ 9,686,041</u>	<u>\$ (953,619)</u>

Additional information on the City's long-term debt can be found in Note 3D starting on page 59 of this report.

**Economic Factors**

- In 2023, the 2024 - 2028 Financial Plan was updated and adopted. The information compiled in the plan was used to assist in preparing the 2024 budget and property tax levy.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Norwood Young America, P.O. Box 59 310 Elm Street West, Norwood Young America, Minnesota 55368.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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# City of Norwood Young America, Minnesota

## Statement of Net Position

December 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 7,186,922	\$ 2,139,072	\$ 9,325,994
Receivables			
Accrued interest	17,579	-	17,579
Delinquent taxes	42,922	-	42,922
Accounts, net of allowance	13,092	263,717	276,809
Loans, net of allowance	86,260	-	86,260
Special assessments	681,597	80,212	761,809
Due from other governments	27,249	200	27,449
Prepaid items	-	19,732	19,732
Land held for resale	2,264,925	-	2,264,925
Capital assets			
Non-depreciable	3,851,286	498,527	4,349,813
Depreciable (net of accumulated depreciation)	15,212,984	16,567,219	31,780,203
Total Assets	<u>29,384,816</u>	<u>19,568,679</u>	<u>48,953,495</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	<u>202,054</u>	<u>46,568</u>	<u>248,622</u>
<b>Liabilities</b>			
Accounts and other payables	584,602	74,618	659,220
Accrued salaries and wages payable	65,945	29,526	95,471
Due to other governments	12,029	2,335	14,364
Deposits payable	89,319	26,153	115,472
Accrued interest payable	133,918	43,502	177,420
Unearned revenue	278,382	-	278,382
Noncurrent liabilities			
Due within one year			
Long-term liabilities	1,104,550	1,062,674	2,167,224
Due in more than one year			
Long-term liabilities	9,464,018	7,684,872	17,148,890
Net pension liability	495,427	163,636	659,063
Total Liabilities	<u>12,228,190</u>	<u>9,087,316</u>	<u>21,315,506</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	<u>124,520</u>	<u>52,168</u>	<u>176,688</u>
<b>Net Position</b>			
Net investment in capital assets	8,860,502	8,466,671	17,327,173
Restricted for			
Debt service	2,518,810	-	2,518,810
Park dedication	73,280	-	73,280
Economic development	2,255,731	-	2,255,731
Capital projects	9,727	-	9,727
Public Safety	174,691	-	174,691
Unrestricted	<u>3,341,419</u>	<u>2,009,092</u>	<u>5,350,511</u>
Total Net Position	<u>\$ 17,234,160</u>	<u>\$ 10,475,763</u>	<u>\$ 27,709,923</u>

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

City of Norwood Young America, Minnesota

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 871,926	\$ 99,388	\$ 750	\$ -
Public safety	748,228	184,267	219,599	-
Public works	1,394,255	99,280	6,396	133,737
Culture and recreation	1,139,036	72,227	11,000	3,019
Economic development	338,643	-	100,000	-
Miscellaneous	2,700	400	-	-
Interest on long-term debt	372,192	-	-	-
Total Governmental Activities	<u>4,866,980</u>	<u>455,562</u>	<u>337,745</u>	<u>136,756</u>
Business-type Activities				
Water	888,871	917,495	4,265	4,125
Sewer	774,317	795,042	275	4,025
Harbor at Peace	1,879,746	1,955,862	18,033	-
Total Business-type Activities	<u>3,542,934</u>	<u>3,668,399</u>	<u>22,573</u>	<u>8,150</u>
Total	<u>\$ 8,409,914</u>	<u>\$ 4,123,961</u>	<u>\$ 360,318</u>	<u>\$ 144,906</u>

General Revenues

Taxes

Property taxes levied for general purposes

Property taxes levied for debt service

Tax increments

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of assets

Miscellaneous

Transfers - capital assets

Transfers - internal activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (771,788)	\$ -	\$ (771,788)
(344,362)	-	(344,362)
(1,154,842)	-	(1,154,842)
(1,052,790)	-	(1,052,790)
(238,643)	-	(238,643)
(2,300)	-	(2,300)
(372,192)	-	(372,192)
<u>(3,936,917)</u>	<u>-</u>	<u>(3,936,917)</u>
-	37,014	37,014
-	25,025	25,025
-	94,149	94,149
<u>-</u>	<u>156,188</u>	<u>156,188</u>
<u>(3,936,917)</u>	<u>156,188</u>	<u>(3,780,729)</u>
2,818,999	-	2,818,999
625,357	-	625,357
352,935	-	352,935
588,053	-	588,053
316,370	82,301	398,671
30,636	-	30,636
2,784	-	2,784
(259,479)	259,479	-
214,287	(214,287)	-
<u>4,689,942</u>	<u>127,493</u>	<u>4,817,435</u>
753,025	283,681	1,036,706
<u>16,481,135</u>	<u>10,192,082</u>	<u>26,673,217</u>
<u>\$ 17,234,160</u>	<u>\$ 10,475,763</u>	<u>\$ 27,709,923</u>

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

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FUND FINANCIAL STATEMENTS  
CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Norwood Young America, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2023

	General	Debt Service	Capital	Merger Street Project	Industrial Park Project	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and temporary investments	\$ 2,756,266	\$ 2,168,669	\$ 801,848	\$ (92,485)	\$ (738)	\$ 1,553,362	\$ 7,186,922
Receivables							
Accrued interest	17,579	-	-	-	-	-	17,579
Delinquent taxes	42,922	-	-	-	-	-	42,922
Accounts	2,507	-	-	-	-	10,585	13,092
Loans	-	-	86,260	-	-	10,000	96,260
Less: allowance for forgivable loans	-	-	-	-	-	(10,000)	(10,000)
Special assessments	42,697	532,372	-	106,500	-	28	681,597
Due from other governments	26,085	1,164	-	-	-	-	27,249
Advances to other funds	-	-	1,056,279	-	-	-	1,056,279
Land held for resale	-	-	-	-	2,264,925	-	2,264,925
<b>Total Assets</b>	<b>\$ 2,888,056</b>	<b>\$ 2,702,205</b>	<b>\$ 1,944,387</b>	<b>\$ 14,015</b>	<b>\$ 2,264,187</b>	<b>\$ 1,563,975</b>	<b>\$ 11,376,825</b>
<b>Liabilities</b>							
Accounts and other payables	\$ 188,346	\$ -	\$ 86,812	\$ 131,312	\$ 61,352	\$ 116,780	\$ 584,602
Accrued salaries and wages payable	65,440	-	-	-	-	505	65,945
Due to other governments	12,029	-	-	-	-	-	12,029
Deposits payable	32,815	49,477	-	-	-	7,027	89,319
Advances from other funds	-	-	-	-	-	1,056,279	1,056,279
Unearned revenue	-	-	-	-	-	278,382	278,382
<b>Total Liabilities</b>	<b>298,630</b>	<b>49,477</b>	<b>86,812</b>	<b>131,312</b>	<b>61,352</b>	<b>1,458,973</b>	<b>2,086,556</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - taxes	31,756	-	-	-	-	-	31,756
Unavailable revenue - special assessments	42,697	532,177	-	106,500	-	28	681,402
<b>Total Deferred Inflows of Resources</b>	<b>74,453</b>	<b>532,177</b>	<b>-</b>	<b>106,500</b>	<b>-</b>	<b>28</b>	<b>713,158</b>
<b>Fund Balances</b>							
Restricted for							
Debt service	-	2,120,551	-	-	-	-	2,120,551
Park dedication	-	-	-	-	-	73,280	73,280
Economic development	-	-	-	-	2,202,835	52,896	2,255,731
Capital projects	-	-	-	-	-	347,427	347,427
Public Safety	174,691	-	-	-	-	-	174,691
Committed							
Donations	-	-	-	-	-	20,053	20,053
Cemetery	-	-	-	-	-	20,369	20,369
Strom Water	-	-	-	-	-	72,342	72,342
Assigned for							
Industrial park marketing	-	-	52,410	-	-	-	52,410
Capital outlay	-	-	1,805,165	-	-	569,696	2,374,861
Unassigned	2,340,282	-	-	(223,797)	-	(1,051,089)	1,065,396
<b>Total Fund Balances</b>	<b>2,514,973</b>	<b>2,120,551</b>	<b>1,857,575</b>	<b>(223,797)</b>	<b>2,202,835</b>	<b>104,974</b>	<b>8,577,111</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,888,056</b>	<b>\$ 2,702,205</b>	<b>\$ 1,944,387</b>	<b>\$ 14,015</b>	<b>\$ 2,264,187</b>	<b>\$ 1,563,975</b>	<b>\$ 11,376,825</b>

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

City of Norwood Young America, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2023

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

Total Fund Balances - Governmental Funds	\$ 8,577,111
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	34,872,150
Less: accumulated depreciation	(15,807,880)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(27,100)
Bond principal payable	(10,037,095)
Less bond premium	(504,373)
Net Pension liability	(495,427)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	31,756
Special assessments	681,402
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	202,054
Deferred inflows of pension resources	(124,520)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(133,918)</u>
Total Net Position - Governmental Activities	<u><u>\$ 17,234,160</u></u>

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

City of Norwood Young America, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2023

	General	Debt Service	Capital	Merger Street Project	Industrial Park Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 1,859,201	\$ 625,357	\$ 458,400	\$ -	\$ -	\$ 844,758	\$ 3,787,716
Licenses and permits	106,051	-	-	-	-	-	106,051
Intergovernmental	747,199	-	-	-	100,000	56,587	903,786
Charges for services	163,929	-	-	-	-	100,188	264,117
Fines and forfeits	11,534	-	-	-	-	-	11,534
Special assessments	28,033	167,771	-	17,400	-	2,047	215,251
Interest on investments	97,026	89,851	77,324	-	-	52,169	316,370
Miscellaneous	50,161	-	18,609	-	-	10,681	79,451
Total Revenues	<u>3,063,134</u>	<u>882,979</u>	<u>554,333</u>	<u>17,400</u>	<u>100,000</u>	<u>1,066,430</u>	<u>5,684,276</u>
<b>Expenditures</b>							
Current							
General government	813,061	-	-	-	-	3,415	816,476
Public safety	549,989	-	-	-	-	-	549,989
Public works	816,282	-	-	-	-	81,098	897,380
Culture and recreation	346,436	-	-	-	-	2,412	348,848
Economic development	179,333	-	-	-	-	87,315	266,648
Miscellaneous	2,700	-	-	-	-	-	2,700
Capital outlay							
Public safety	18,695	-	62,111	-	-	-	80,806
Public works	-	-	461,739	857,197	-	70,593	1,389,529
Culture and recreation	3,573	-	822,853	-	-	-	826,426
Debt service							
Principal	-	879,728	-	-	-	-	879,728
Interest and other	-	268,803	-	-	-	27,847	296,650
Bond issuance costs	-	-	-	-	94,284	-	94,284
Total Expenditures	<u>2,730,069</u>	<u>1,148,531</u>	<u>1,346,703</u>	<u>857,197</u>	<u>94,284</u>	<u>272,680</u>	<u>6,449,464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>333,065</u>	<u>(265,552)</u>	<u>(792,370)</u>	<u>(839,797)</u>	<u>5,716</u>	<u>793,750</u>	<u>(765,188)</u>
<b>Other Financing Sources (Uses)</b>							
Bonds issued	-	-	-	-	2,165,000	-	2,165,000
Bond premium	-	-	-	-	32,119	-	32,119
Sale of capital assets	30,636	-	-	-	-	-	30,636
Transfers in	-	419,357	-	616,000	-	144,256	1,179,613
Transfers out	-	-	(159,746)	-	-	(805,580)	(965,326)
Total Other Financing Sources (Uses)	<u>30,636</u>	<u>419,357</u>	<u>(159,746)</u>	<u>616,000</u>	<u>2,197,119</u>	<u>(661,324)</u>	<u>2,442,042</u>
Net Change in Fund Balances	363,701	153,805	(952,116)	(223,797)	2,202,835	132,426	1,676,854
Fund Balances, January 1	<u>2,151,272</u>	<u>1,966,746</u>	<u>2,809,691</u>	<u>-</u>	<u>-</u>	<u>(27,452)</u>	<u>6,900,257</u>
Fund Balances, December 31	<u>\$ 2,514,973</u>	<u>\$ 2,120,551</u>	<u>\$ 1,857,575</u>	<u>\$ (223,797)</u>	<u>\$ 2,202,835</u>	<u>\$ 104,974</u>	<u>\$ 8,577,111</u>

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



City of Norwood Young America, 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, 2023

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

Total Net Change in Fund Balances - Governmental Funds	\$ 1,676,854
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	1,536,347
Depreciation expense	(824,588)
Assets contributed to business-type activities	(259,479)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(17,683)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on 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 premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effect of these differences in the treatment of long-term debt and related items.	
Debt issued	(2,165,000)
Bond premium	(32,119)
Principal repayments	879,728
Amortization of bond premium	49,584
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires 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.	(30,842)
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	9,575
Special assessments	(59,339)
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	8,462
Long-term pension activity is not reported in governmental funds.	
Pension expense	(18,524)
Direct aid contributions	49
Change in Net Position - Governmental Activities	<u><u>\$ 753,025</u></u>

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

City of Norwood Young America, Minnesota  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,883,212	\$ 1,883,212	\$ 1,859,201	\$ (24,011)
Licenses and permits	57,200	57,200	106,051	48,851
Intergovernmental	562,801	562,801	747,199	184,398
Charges for services	155,600	155,600	163,929	8,329
Fines and forfeitures	10,000	10,000	11,534	1,534
Special assessments	10,000	10,000	28,033	18,033
Interest on investments	25,000	25,000	97,026	72,026
Miscellaneous	27,576	27,576	50,161	22,585
Total Revenues	<u>2,731,389</u>	<u>2,731,389</u>	<u>3,063,134</u>	<u>331,745</u>
Expenditures				
Current				
General government	768,395	768,395	813,061	(44,666)
Public safety	519,058	519,058	549,989	(30,931)
Public works	894,449	894,449	816,282	78,167
Culture and recreation	361,312	361,312	346,436	14,876
Economic development	140,075	140,075	179,333	(39,258)
Miscellaneous	6,000	6,000	2,700	3,300
Capital outlay	24,600	24,600	22,268	2,332
Total Expenditures	<u>2,713,889</u>	<u>2,713,889</u>	<u>2,730,069</u>	<u>(16,180)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,500</u>	<u>17,500</u>	<u>333,065</u>	<u>315,565</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	30,636	30,636
Transfers out	(17,500)	(17,500)	-	17,500
Total Other Financing Sources (Uses)	<u>(17,500)</u>	<u>(17,500)</u>	<u>30,636</u>	<u>48,136</u>
Net Change in Fund Balances	-	-	363,701	363,701
Fund Balances, January 1	<u>2,151,272</u>	<u>2,151,272</u>	<u>2,151,272</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,151,272</u>	<u>\$ 2,151,272</u>	<u>\$ 2,514,973</u>	<u>\$ 363,701</u>

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

City of Norwood Young America, Minnesota

Statement of Net Position

Proprietary Funds

December 31, 2023

	Business-type Activities - Enterprise Funds			
	601	602	251	
	Water	Sewer	Harbor at Peace	Totals
Assets				
Current Assets				
Cash and temporary investments	\$ 1,139,104	\$ 709,145	\$ 290,823	\$ 2,139,072
Receivables				
Accounts, net of allowance	86,269	81,362	96,086	263,717
Special assessments	47,269	32,943	-	80,212
Due from other governments	194	6	-	200
Prepaid items	-	-	19,732	19,732
Total Current Assets	<u>1,272,836</u>	<u>823,456</u>	<u>406,641</u>	<u>2,502,933</u>
Noncurrent Assets				
Capital assets				
Land	75,230	97,118	66,700	239,048
Buildings	5,890,829	477,582	5,216,522	11,584,933
Infrastructure	7,342,245	11,284,137	37,255	18,663,637
Machinery and equipment	428,050	590,212	433,529	1,451,791
Construction in progress	183,243	76,236	-	259,479
Less accumulated depreciation	(4,455,850)	(7,297,465)	(3,379,827)	(15,133,142)
Total Capital Assets	<u>9,463,747</u>	<u>5,227,820</u>	<u>2,374,179</u>	<u>17,065,746</u>
Total Assets	<u>10,736,583</u>	<u>6,051,276</u>	<u>2,780,820</u>	<u>19,568,679</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>23,285</u>	<u>23,283</u>	<u>-</u>	<u>46,568</u>
Liabilities				
Current Liabilities				
Accounts and other payables	23,802	24,315	26,501	74,618
Due to other governments	486	1,849	-	2,335
Accrued salaries and wages payable	4,386	4,715	20,425	29,526
Deposits payable	-	-	26,153	26,153
Accrued interest payable	32,486	11,016	-	43,502
Compensated absences payable - current	7,562	7,562	-	15,124
Bonds payable - current	471,024	356,526	220,000	1,047,550
Total Current Liabilities	<u>539,746</u>	<u>405,983</u>	<u>293,079</u>	<u>1,238,808</u>
Noncurrent Liabilities				
Net Pension liability	81,731	81,905	-	163,636
Bonds payable, net	<u>2,733,509</u>	<u>966,249</u>	<u>3,985,114</u>	<u>7,684,872</u>
Total Noncurrent Liabilities	<u>2,815,240</u>	<u>1,048,154</u>	<u>3,985,114</u>	<u>7,848,508</u>
Total Liabilities	<u>3,354,986</u>	<u>1,454,137</u>	<u>4,278,193</u>	<u>9,087,316</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>26,085</u>	<u>26,083</u>	<u>-</u>	<u>52,168</u>
Net Position				
Net investment in capital assets	6,344,125	3,953,481	(1,830,935)	8,466,671
Unrestricted	<u>1,034,672</u>	<u>640,858</u>	<u>333,562</u>	<u>2,009,092</u>
Total Net Position	<u>\$ 7,378,797</u>	<u>\$ 4,594,339</u>	<u>\$ (1,497,373)</u>	<u>\$10,475,763</u>

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

City of Norwood Young America, Minnesota  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	<b>601</b>	<b>602</b>	<b>251</b>	
	Water	Sewer	Harbor at Peace	Totals
Operating Revenues				
Rental income	\$ -	\$ -	\$ 1,863,392	\$ 1,863,392
Other housing income	-	-	92,470	92,470
Charges for services	917,495	795,042	-	1,712,537
Total Operating Revenues	<u>917,495</u>	<u>795,042</u>	<u>1,955,862</u>	<u>3,668,399</u>
Operating Expenses				
Personal services	218,460	214,610	985,208	1,418,278
Supplies	12,888	24,938	166,067	203,893
Other services and charges	91,789	96,247	247,165	435,201
Repair and maintenance	126,162	39,946	69,751	235,859
Utilities	51,127	62,312	121,391	234,830
Advertising	-	-	6,132	6,132
Depreciation	299,185	312,169	229,019	840,373
Total Operating Expenses	<u>799,611</u>	<u>750,222</u>	<u>1,824,733</u>	<u>3,374,566</u>
Operating Income	<u>117,884</u>	<u>44,820</u>	<u>131,129</u>	<u>293,833</u>
Nonoperating Revenues (Expenses)				
Intergovernmental	-	-	18,033	18,033
Interest income	49,755	31,548	998	82,301
Miscellaneous income	4,265	275	-	4,540
Amortization of deferred charges and bond premium	2,229	1,871	11,248	15,348
Interest expense and other	(91,489)	(25,966)	(66,261)	(183,716)
Total Nonoperating Revenues (Expenses)	<u>(35,240)</u>	<u>7,728</u>	<u>(35,982)</u>	<u>(63,494)</u>
Income Before				
Contributions and Transfers	<u>82,644</u>	<u>52,548</u>	<u>95,147</u>	<u>230,339</u>
Capital assets contributed from other funds	183,243	76,236	-	259,479
Capital contributions	4,125	4,025	-	8,150
Transfers out	(60,657)	(153,630)	-	(214,287)
Total Capital Contributions and Transfers	<u>209,355</u>	<u>(20,821)</u>	<u>95,147</u>	<u>283,681</u>
Change in Net Position	<u>209,355</u>	<u>(20,821)</u>	<u>95,147</u>	<u>283,681</u>
Net Position, January 1	<u>7,169,442</u>	<u>4,615,160</u>	<u>(1,592,520)</u>	<u>10,192,082</u>
Net Position, December 31	<u>\$ 7,378,797</u>	<u>\$ 4,594,339</u>	<u>\$ (1,497,373)</u>	<u>\$ 10,475,763</u>

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

**City of Norwood Young America, Minnesota**

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	<b>601</b>	<b>602</b>	<b>251</b>	
	Water	Sewer	Harbor at Peace	Total
Cash Flows from Operating Activities				
Receipts from tenants and users	\$ 917,775	\$ 791,124	\$ 1,987,546	\$ 3,696,445
Payments to suppliers	(275,559)	(198,532)	(615,385)	(1,089,476)
Payments to employees	(207,592)	(214,979)	(1,034,472)	(1,457,043)
Net Cash Provided by Operating Activities	<u>434,624</u>	<u>377,613</u>	<u>337,689</u>	<u>1,149,926</u>
Cash Flows from Noncapital				
Financing Activities				
Transfers to other funds	<u>(60,657)</u>	<u>(153,630)</u>	<u>-</u>	<u>(214,287)</u>
Cash Flows from Capital				
and Related Financing Activities				
Connection fees received	225	125	-	350
Acquisition of capital assets	(39,474)	(62,596)	(133,810)	(235,880)
Trunk charges received	3,900	3,900	-	7,800
Principal paid on long-term debt	(408,407)	(319,865)	(209,999)	(938,271)
Interest paid on long-term debt	(91,522)	(27,042)	(107,886)	(226,450)
Net Cash Used by Capital and Related Financing Activities	<u>(535,278)</u>	<u>(405,478)</u>	<u>(451,695)</u>	<u>(1,392,451)</u>
Cash Flows from Investing Activities				
Interest received	<u>49,755</u>	<u>31,548</u>	<u>998</u>	<u>82,301</u>
Net Increase (Decrease) In				
Cash and Cash Equivalents	(111,556)	(149,947)	(113,008)	(374,511)
Cash and Cash Equivalents, January 1	<u>1,250,660</u>	<u>859,092</u>	<u>403,831</u>	<u>2,513,583</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 1,139,104</u></u>	<u><u>\$ 709,145</u></u>	<u><u>\$ 290,823</u></u>	<u><u>\$ 2,139,072</u></u>
to Net Cash Provided				
by Operating Activities				
Operating income	\$ 117,884	\$ 44,820	\$ 131,129	\$ 293,833
Adjustments to reconcile operating income to				
net cash provided by operating activities				
Other income related to operations	4,265	275	18,033	22,573
Depreciation	299,185	312,169	229,019	840,373
(Increase) decrease in assets/deferred outflows				
Accounts receivable	(5,503)	(2,557)	11,505	3,445
Special assessments	1,518	(1,636)	-	(118)
Prepaid items	-	-	(8,615)	(8,615)
Deferred pension resources	7,933	7,931	-	15,864
Increase (decrease) in liabilities/deferred inflows				
Accounts and other payables	9,640	12,727	3,736	26,103
Due to other governments	(3,233)	616	-	(2,617)
Accrued salaries and wages payable	334	663	(49,264)	(48,267)
Deposits payable	-	-	2,146	2,146
Compensated absences payable	(1,032)	(1,032)	-	(2,064)
Net pension liability	(20,576)	(20,571)	-	(41,147)
Deferred pension resources	24,209	24,208	-	48,417
Net Cash Provided by Operating Activities	<u><u>\$ 434,624</u></u>	<u><u>\$ 377,613</u></u>	<u><u>\$ 337,689</u></u>	<u><u>\$ 1,149,926</u></u>
Noncash Capital and Related				
Financing Activities				
Capital assets contributed by other funds	<u>\$ 183,243</u>	<u>\$ 76,236</u>	<u>\$ -</u>	<u>\$ 259,479</u>
Amortization of bond (discount)/premium	<u><u>\$ 2,229</u></u>	<u><u>\$ 1,871</u></u>	<u><u>\$ 11,248</u></u>	<u><u>\$ 15,348</u></u>

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

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City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

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

The City has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City 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 City. The City has the following component unit:

**Blended Component Units.** The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. It is comprised of the members of the City Council. The EDA activities are blended and reported in the General fund due to City Council has significant influence to the EDA. Separate financial statements are not issued for this component unit.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 2) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

The City reports major governmental funds that are calculated based on these criteria:

- 1) Total assets and deferred outflows and liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total (that is, total governmental or total enterprise funds), *and*
- 2) Total assets and deferred outflows and liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.



City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**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 City, 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 when the City is obligated in some manner for the payment.

The *Capital fund* accumulates resources for future capital outlay purchases.

The Merger Street Project fund accounts for the merger street project expenditures and bond issuance.

The Industrial Park Project fund accounts for the purchase of land held for resale and bond issuance.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the City's water distribution system.

The *Sewer fund* accounts for the activities of the City's sewage collection operations.

The *Harbor at Peace fund* accounts for the activities of the City's elderly housing project.

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities, Deferred Outflows/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 statement 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.

***Investment Policy***

The funds of the City shall be deposited or invested in accordance with Minnesota statutes, chapter 118A and any other applicable law or written administrative procedures. Investments shall be made based on statutory constraints and subject to available designated staffing capabilities. The primary investment criteria in priority sequence are safety, liquidity and yield.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

Limitations on instruments, diversification and maturity scheduling shall depend on the purpose of the fund for which they are being invested. All funds shall be normally considered short-term (one year) except those reserved for building construction projects and used to provide financial flexibility for future fiscal years. Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs within one fiscal cycle, taking into account large routine expenditures. Instruments and diversification for mid and long-term portfolios shall be the same as for the short-term portfolio. Maturity scheduling shall be timed according to anticipated need. For example, investment of building construction funds shall be timed to meet contractor payments, usually for a term not to exceed three (3) years.

All investment securities purchased by the City shall be held in safekeeping by an institution designated as custodial agent. The financial institutions shall issue a safekeeping receipt to the City listing the specific instrument, in whose name the security is held, rate, maturity and other pertinent information. Deposit-type securities (i.e., certificates of deposit) shall be collateralized as required by M.S. 118A for any amount exceeding FDIC or FSLIC coverage. Other investments requiring collateral are secured by the actual security held in safekeeping by the primary agent. Mortgages will not be accepted as collateral.

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. 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.

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. The City's recurring fair value measurements are listed in detail on page 55 and summarized below.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City has the following recurring fair value measurements as of December 31, 2023:

- Governmental Securities are valued using quoted market prices (Level 1 inputs)
- Negotiable Certificates of Deposit are valued using a matrix pricing model (Level 2 inputs)

***Property Taxes***

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

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental 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 2023. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

***Special Assessments***

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

***Prepaid Items***

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

***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.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

***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 initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. 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.

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

Assets	Useful Lives in Years
Land Improvements	4 to 25
Buildings and Improvements	5 to 50
System and Improvements	20 to 50
Office Furniture and Fixtures	3 to 15
Machinery and Equipment	4 to 20
Automotive Equipment	2 to 10

***Deferred Outflows of Resources***

In addition to assets, the statement 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 City's policy to permit employees to accumulate a limited amount of earned but unused "paid time off" (PTO) benefits, which upon termination in good standing will be paid the accrued PTO. All PTO is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Long-term Obligations***

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

***Pensions***

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

The total pension expense for the General Employees Plan (GERP) and Norwood Young America Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	Fire Relief Association	
City's proportionate share	\$ 108,771	\$ 35,134	\$ 143,905
Proportionate share of State's contribution	69	-	69
Total pension expense	<u>\$ 108,840</u>	<u>\$ 35,134</u>	<u>\$ 143,974</u>

***Fire Relief Association***

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 Norwood Young America Fire Department 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.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Deferred Inflows of Resources***

In addition to liabilities, the statement 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 two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City 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 and advances to other funds.

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

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

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

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 35 percent of budgeted operating expenditures for cash-flow timing needs.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is at the fund level. Budgeted amounts are as originally adopted, or as amended by the City Council.

The budget was not amended during 2023.

**B. Deficit Fund Equity**

As of December 31, 2023, the following funds reported deficit fund equity:

Fund	Amount
Governmental Funds	
Major capital project funds	
Merger Street Project	\$ 223,797
Nonmajor capital projects funds	
TIF 3-3	252,686
TIF 3-4	329,282
TIF 3-6	313,467
Underpass Project	155,654

The fund deficits will be eliminated with future charges for services, transfers, tax increments and other revenues.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**C. Excess of Expenditures over Appropriations**

For the year ended December 31, 2023 expenditures exceeded appropriations in the following fund:

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
General Fund	<u>\$ 2,713,889</u>	<u>\$ 2,730,069</u>	<u>\$ 16,180</u>

The excess expenditures were funded by revenues in excess of expectations.

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

***Deposits***

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

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.



City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

At year end, the City's carrying amount of deposits was \$7,399,819 and the bank balance was \$7,488,494. The bank balance was covered by federal depository insurance totaling \$500,000, the remaining bank balance was covered by collateral held by the City's agent in the City's name.

**Investments**

As of December 31, 2023, the City had the following investments:

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 Cost						
Broker money market fund	N/A	N/A	<u>\$ 45,931</u>			
Non-pooled Investments at Fair Value						
Negotiable Certificates of deposit	N/A	less 1 year	244,640	\$ -	\$ 244,640	\$ -
Negotiable Certificates of deposit	N/A	1 to 5 years	1,369,694	-	1,369,694	-
Government Securities	AAA	over 5 years	265,560	265,560	-	-
Total Non-pooled Investments			<u>1,879,894</u>	<u>265,560</u>	<u>1,614,334</u>	<u>-</u>
Total Investments			<u>\$ 1,925,825</u>	<u>\$ 265,560</u>	<u>\$ 1,614,334</u>	<u>\$ -</u>

(1) Ratings are provided by various credit agencies where applicable to indicate associated credit risk.

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

N/A Indicates not applicable or available.

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

- **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. The City's investment policy and Minnesota statutes limit the City's investments to the list are on page 48 of the notes.
- **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 requires appropriate collateralization of investments.
- **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. The City's investment policy does however require the City to seek diversification of investments.
- **Interest Rate Risk.** Is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy seeks to mitigate the City's exposure to interest rate risk.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

A reconciliation of cash and investments as shown on the financial statements for the City follows:

Carrying Amount of Deposits	\$ 7,399,819
Investments	1,925,825
Cash on Hand	<u>350</u>
 Total	 <u><u>\$ 9,325,994</u></u>
 Government-wide Statements	
Cash and temporary investments	<u><u>\$ 9,325,994</u></u>

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 3,117,981	\$ -	\$ -	\$ 3,117,981
Construction in progress	1,387,534	1,063,378	(1,717,607)	733,305
Total Capital Assets not being Depreciated	<u>4,505,515</u>	<u>1,063,378</u>	<u>(1,717,607)</u>	<u>3,851,286</u>
Capital Assets being Depreciated				
Buildings and improvements	4,343,920	-	-	4,343,920
Infrastructure	20,977,224	1,458,128	-	22,435,352
Machinery and equipment	3,946,078	472,969	(177,455)	4,241,592
Total Capital Assets being Depreciated	<u>29,267,222</u>	<u>1,931,097</u>	<u>(177,455)</u>	<u>31,020,864</u>
Less Accumulated Depreciation for				
Buildings and improvements	(1,767,100)	(121,763)	-	(1,888,863)
Infrastructure	(10,970,782)	(527,476)	-	(11,498,258)
Machinery and equipment	(2,405,182)	(175,349)	159,772	(2,420,759)
Total Accumulated Depreciation	<u>(15,143,064)</u>	<u>(824,588)</u>	<u>159,772</u>	<u>(15,807,880)</u>
 Total Capital Assets being Depreciated, Net	 <u>14,124,158</u>	 <u>1,106,509</u>	 <u>(17,683)</u>	 <u>15,212,984</u>
 Governmental Activities Capital Assets, Net	 <u><u>\$ 18,629,673</u></u>	 <u><u>\$ 2,169,887</u></u>	 <u><u>\$ (1,735,290)</u></u>	 <u><u>\$ 19,064,270</u></u>

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 239,048	-	-	\$ 239,048
Construction in progress	651,375	292,380	(684,276)	259,479
Total Capital Assets not being Depreciated	890,423	292,380	(684,276)	498,527
Capital Assets being Depreciated				
Buildings	11,476,874	108,059	-	11,584,933
Infrastructure	17,984,061	679,576	-	18,663,637
Machinery and equipment	1,352,171	99,620	-	1,451,791
Total Capital Assets being Depreciated	30,813,106	887,255	-	31,700,361
Less Accumulated Depreciation for				
Buildings	(4,142,136)	(347,508)	-	(4,489,644)
Infrastructure	(9,128,857)	(428,544)	-	(9,557,401)
Machinery and equipment	(1,021,776)	(64,321)	-	(1,086,097)
Total Accumulated Depreciation	(14,292,769)	(840,373)	-	(15,133,142)
Total Capital Assets being Depreciated, Net	16,520,337	46,882	-	16,567,219
Business-type Activities Capital Assets, Net	<u>\$ 17,410,760</u>	<u>\$ 339,262</u>	<u>\$ (684,276)</u>	<u>\$ 17,065,746</u>

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

**Governmental Activities**

General government	\$ 56,342
Public safety	119,750
Public works	483,144
Culture and recreation	97,412
Economic development	67,940
Total Depreciation Expense - Governmental Activities	<u>\$ 824,588</u>

**Business-type Activities**

Water	\$ 299,185
Sewer	312,169
Harbor at Peace	229,019
Total Depreciation Expense - Business-type Activities	<u>\$ 840,373</u>

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Construction Projects and Commitments

The City has active construction projects as of December 31, 2023. At year end, the commitments with the contractors for these projects are as follows:

Project	Spent to Date	Remaining Commitment
Old Town Concession Stand	\$ 114,508	\$ 698,736
Merger Street Project	\$ 709,986	\$ 69,479

**C. Interfund Receivables, Payables and Transfers**

The City Council determined that it is necessary to provide a source of funding for improvements to finance the industrial park land purchase through other City funds, as well as provide interfund financing to support industrial development related to tax increment financing. The following are the interfund advances outstanding at year end:

Receivable Fund	Payable Fund	Amount
Capital fund	Nonmajor governmental funds	\$ 1,056,279

The composition of interfund transfers as of December 31, 2023 is as follows:

Fund	Transfer In			Total
	Debt Service	Merger Street Project	Nonmajor Governmental	
Transfer Out				
Capital	\$ 159,746	\$ -	\$ -	\$ 159,746
Nonmajor governmental	45,324	616,000	144,256	805,580
Water	60,657	-	-	60,657
Sewer	153,630	-	-	153,630
Total	\$ 419,357	\$ 616,000	\$ 144,256	\$ 1,179,613

During the year, transfers are used to move revenues from the fund with collection authorization to the Debt Service fund, as debt service principal and interest payments become due. Transfers were also made to fund current and future projects.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**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 general government and proprietary activities. In addition, bonds have been issued to refund related general obligation special assessment and general obligation revenue bonds. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds, Series 2016A	\$ 1,415,000	2.00 - 3.00 %	07/21/16	02/01/35	\$ 1,415,000
G.O. Bonds, Series 2020A	935,000	2.00 - 4.00	07/07/20	02/01/31	715,000
G.O. Bonds, Series 2021A	760,000	1.00 - 2.00	08/19/21	02/01/32	695,000
G.O. Bonds, Series 2022A	1,865,000	3.00 - 3.150	06/16/22	02/01/33	1,865,000
G.O. Abatement Bonds, Series 2023A	2,165,000	4.50 - 6.00	03/09/23	02/01/43	2,165,000
Total General Obligation Bonds					<u>\$ 6,855,000</u>

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

Year Ending December 31,	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2024	\$ 350,000	\$ 274,007	\$ 624,007
2025	430,000	217,740	647,740
2026	550,000	200,915	750,915
2027	505,000	183,615	688,615
2028	520,000	167,690	687,690
2029 - 2033	2,725,000	597,312	3,322,312
2034 - 2038	1,005,000	278,290	1,283,290
2039 - 2043	770,000	99,860	869,860
Total	<u>\$ 6,855,000</u>	<u>\$ 2,019,429</u>	<u>\$ 8,874,429</u>

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**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. All special assessment debt is backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2013A	\$ 1,920,000	2.00 - 3.25 %	06/20/13	02/01/31	\$ 995,000
G.O. Bonds, Series 2020A	4,008,550	2.00 - 4.00	07/07/20	02/01/32	2,187,095
Total G.O. Special Assessment Bonds					<u>\$ 3,182,095</u>

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		
	Principal	Interest	Total
2024	\$ 727,450	\$ 102,047	\$ 829,497
2025	738,210	73,859	812,069
2026	615,315	47,964	663,279
2027	425,475	28,197	453,672
2028	151,481	17,841	169,322
2029 - 2032	524,164	24,703	548,867
Total	<u>\$ 3,182,095</u>	<u>\$ 294,611</u>	<u>\$ 3,476,706</u>

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

G.O. Revenue Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from revenues generated from the system. They will be repaid from future revenues pledged from enterprise funds and are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Note, Series 2010	\$ 1,966,604	2.46 %	07/21/10	08/20/39	\$ 1,249,000
G.O. Sewer and Water Revenue Refunding Bonds, 2012A	3,815,000	0.40 - 2.00	03/14/12	02/01/24	395,000
G.O. Water Revenue Bonds, Series 2016A	1,920,000	2.19	07/21/16	02/01/29	1,090,000
G.O. Bonds, Series 2020A	276,450	2.00 - 4.00	07/07/20	02/01/32	152,904
G.O. Housing Revenue Refunding Bonds, Series 2020	4,580,000	2.00 - 3.00	07/16/20	08/01/38	3,970,000
G.O. Bonds, Series 2021A	825,000	1.00 - 2.00	08/19/21	02/01/32	755,000
G.O. Bonds, Series 2022A	830,000	3.00 - 3.150	06/16/22	02/01/33	830,000
Total G.O. Revenue Bonds					<u>\$ 8,441,904</u>

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
2024	\$ 1,047,550	\$ 189,603	\$ 1,237,153
2025	662,790	168,492	831,282
2026	682,685	151,014	833,699
2027	664,525	133,656	798,181
2028	669,519	116,757	786,276
2029 - 2033	2,718,835	370,024	3,088,859
2034 - 2039	1,996,000	135,667	2,131,667
Total	<u>\$ 8,441,904</u>	<u>\$ 1,265,213</u>	<u>\$ 9,707,117</u>

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Annual revenues from charges for services and rent revenues, principal and interest payments, and percent of revenue required to cover principal and interest payment for the G.O. Revenue bonds are as follows:

	Water	Sewer	Harbor at Peace
Revenues	\$ 917,495	\$ 795,042	\$ 1,955,862
Principal and Interest	499,929	346,907	317,885
Percent of Revenues	54 %	44 %	16 %

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
G.O. bonds	\$ 4,870,000	\$ 2,165,000	\$ (180,000)	\$ 6,855,000	\$ 350,000
G.O. special assessment bonds	3,881,823	-	(699,728)	3,182,095	727,450
Unamortized premium on bonds	521,838	32,119	(49,584)	504,373	-
Total Bonds Payable	9,273,661	2,197,119	(929,312)	10,541,468	1,077,450
Compensated Absences Payable	35,562	23,741	(32,203)	27,100	27,100
Governmental Activity Long-term Liabilities	<u>\$ 9,309,223</u>	<u>\$ 2,220,860</u>	<u>\$ (961,515)</u>	<u>\$ 10,568,568</u>	<u>\$ 1,104,550</u>
<b>Business-type Activities</b>					
Bonds Payable					
G.O. revenue bonds	\$ 9,380,176	\$ -	\$ (938,271)	\$ 8,441,905	\$ 1,047,550
Unamortized Premium on Bonds	321,274	-	(21,436)	299,838	-
Discount on Bonds	(15,409)	-	6,088	(9,321)	-
Total Bonds Payable	9,686,041	-	(953,619)	8,732,422	1,047,550
Compensated Absences Payable	17,188	33,875	(35,939)	15,124	15,124
Business-type Activity Long-term Liabilities	<u>\$ 9,703,229</u>	<u>\$ 33,875</u>	<u>\$ (989,558)</u>	<u>\$ 8,747,546</u>	<u>\$ 1,062,674</u>



City of Norwood Young America  
Notes to the Financial Statements  
December 31, 2023

**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 Plan

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

**B. Benefits Provided**

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 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. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**C. Contributions**

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

City of Norwood Young America  
Notes to the Financial Statements  
December 31, 2023

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$67,165, \$54,055 and \$50,161, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$553,596 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. 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 \$15,301. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0099 percent at the end of the measurement period and 0.0094 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 553,596
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>15,301</u>
Total	<u><u>\$ 568,897</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$108,771 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$69 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 17,959	\$ 3,582
Changes in Actuarial Assumptions	84,224	151,736
Net Difference Between Projected and Actual Investment Earnings	-	21,370
Changes in Proportion	20,868	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>34,668</u>	<u>-</u>
Total	<u><u>\$ 157,719</u></u>	<u><u>\$ 176,688</u></u>

City of Norwood Young America  
Notes to the Financial Statements  
December 31, 2023

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

The \$34,668 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 19,829
2025	(70,800)
2026	9,344
2027	(12,010)

**E. Long-term Expected Return on Investment**

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 Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

City of Norwood Young America  
Notes to the Financial Statements  
December 31, 2023

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees 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.

**H. 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 one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 979,357	\$ 553,596	\$ 203,393

**I. 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](http://www.mnpera.org).

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 5: Defined Benefit Pension Plan - Statewide Volunteer Firefighter Retirement Plan**

**A. Plan Description**

The Norwood Young America Fire Department (the Department) participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum [or monthly] defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2023, the plan covered 28 active firefighters and 8 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota statutes, chapter 353g.

**B. Benefits Provided**

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

**C. Contributions**

The SVF 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 \$35,134 in fire state aid to the plan on behalf of the Norwood Young America Fire Department for the year ended December 31, 2023, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2023 were \$37,134. In addition, the City made voluntary contributions of \$3,500 to the plan.

**D. Investment Policy**

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota statutes, chapter 11a and chapter 353g.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 5: Defined Benefit Pension Plan - Statewide Volunteer Firefighter Retirement Plan (Continued)**

**E. Pension Cost**

At December 31, 2023, the City reported a net pension liability of \$105,466 for the SVF plan. The net pension asset was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2023. The following table presents the changes in net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/22	\$ 836,728	\$ 731,261	\$ 105,467
Net Changes	-	-	-
Ending Balance 12/31/23	<u>\$ 836,728</u>	<u>\$ 731,261</u>	<u>\$ 105,467</u>

For the year ended December 31, 2023, the City recognized pension expense of \$12,555.

At December 31, 2023, the City reported deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,897	\$ -
Net Difference Between Projected and Actual Earnings on Plan Investments	<u>85,006</u>	<u>-</u>
Total	<u>\$ 90,903</u>	<u>\$ -</u>
2024		\$ 1,351
2025		(19,783)
2026		(29,048)
2027		(43,423)

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 5: Defined Benefit Pension Plan - Statewide Volunteer Firefighter Retirement Plan (Continued)**

**F. Actuarial Assumptions**

The total pension liability at December 31, 2023 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2023.

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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
Domestic Equity	33.50 %	5.10 %
International Equity	16.50	5.30
Private Markets	25.00	5.90
Cash Equivalents	25.00	0.75
Total	<u>100.00 %</u>	

**G. Discount Rate**

The 6.0 percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The SBI made no significant changes to their investment policy during fiscal year 2019 for the Volunteer Firefighter Fund.

City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 5: Defined Benefit Pension Plan - Statewide Volunteer Firefighter Retirement Plan (Continued)**

**H. Pension Liability Sensitivity**

The following presents the City's net pension liability (asset) for the SVF 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:

	City Proportionate Share of NPL		
	1 Percent Decrease (5.0%)	Current (6.0%)	1 Percent Increase (7.0%)
Net Pension Liability (Asset)	\$ 126,846	\$ 105,467	\$ 85,207

**I. Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2023, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**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. An excess coverage insurance policy covers individual claims in excess of \$1,000,000. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Legal Debt Margin**

The City's statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The City's applicable debt does not exceed the limit.

**C. Tax Increment Districts**

The City's tax increment district is 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.



City of Norwood Young America, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 7: Joint Ventures**

The City and the Carver County Community Development Agency (CDA) entered into a joint powers agreement for the purpose of the redevelopment of approximately 4.5 acres known as the Oak Grove Dairy property. To the extent deemed necessary by the CDA, the Agencies shall enter into additional written agreements from time to time relating to specific activities. It is the intent of the parties that any governmentally owned housing development project would be developed, owned and operated by the CDA. The City and the CDA initially paid one-half the preliminary property acquisition costs and one half on any cost of carrying the property following the acquisition. Each party shall pay cost and expenses incurred by it to obtain financing for its share of cost relating to the foregoing costs. Cost relating to operation, maintenance, repair and replacement of any housing development project are expected to be paid from revenue generated by the respective projects pledged to the payment thereof.

The joint powers agreement was amended in December of 2016 to convey the CDA's interest in certain parcels to the City and eliminate the City's annual payment to the CDA.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

**City of Norwood Young America, Minnesota**

Required Supplementary Information  
For the Year Ended December 31, 2023

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's 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 Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0099 %	\$ 553,596	\$ 15,301	\$ 568,898	\$ 790,730	70.0 %	83.1 %
06/30/22	0.0094	744,483	21,881	766,364	687,608	108.3	76.7
06/30/21	0.0093	397,152	12,148	409,300	664,052	59.8	87.0
06/30/20	0.0085	509,614	15,603	525,217	603,689	84.4	79.0
06/30/19	0.0087	481,004	14,833	495,837	614,168	78.3	80.2
06/30/18	0.0089	493,736	16,210	509,946	599,417	82.4	79.5
06/30/17	0.0086	549,018	-	549,018	551,281	99.6	75.9
06/30/16	0.0090	730,755	-	730,755	582,866	125.4	68.9
06/30/15	0.0089	461,244	-	461,244	994,883	46.4	78.2

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

**Schedule of Employer's the PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 67,165	\$ 67,165	\$ -	\$ 895,539	7.5 %
12/31/22	54,055	54,055	-	720,737	7.5
12/31/21	50,161	50,161	-	668,814	7.5
12/31/20	46,742	46,742	-	623,227	7.5
12/31/19	45,854	45,854	-	611,390	7.5
12/31/18	45,744	45,744	-	609,920	7.5
12/31/17	42,641	42,641	-	568,543	7.5
12/31/16	43,633	43,633	-	581,773	7.5
12/31/15	41,421	41,421	-	552,285	7.5

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

City of Norwood Young America, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

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.

City of Norwood Young America, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)**

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

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.

City of Norwood Young America, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

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

	2023 (2022 FRA)	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service cost	\$ 27,768	\$ 37,025	\$ 39,670	\$ 34,179	\$ 29,973	\$ 25,358	\$ 25,321	\$ 27,263
Interest on pension liability	46,856	47,319	44,776	45,817	41,415	42,761	40,204	38,912
Differences between expected and actual experience	39,651	(45,505)	17,940	(28,484)	(81,092)	(15,500)	(17,276)	(21,792)
Changes of benefit level	-	51,127	22,904	-	-	-	-	-
Changes of assumptions	-	-	-	-	175,282	29,366	-	-
Benefit payments	(61,409)	(115,444)	(45,100)	(103,600)	(89,265)	(70,063)	-	(41,800)
<b>Net Change in Total Pension Liability</b>	<b>52,866</b>	<b>(25,478)</b>	<b>80,190</b>	<b>(52,088)</b>	<b>76,313</b>	<b>11,922</b>	<b>48,249</b>	<b>2,583</b>
<b>Total Pension Liability - January 1</b>	<b>783,861</b>	<b>809,339</b>	<b>729,149</b>	<b>781,237</b>	<b>704,924</b>	<b>693,002</b>	<b>644,753</b>	<b>642,170</b>
<b>Total Pension Liability - December 31 (a)</b>	<b>\$ 836,727</b>	<b>\$ 783,861</b>	<b>\$ 809,339</b>	<b>\$ 729,149</b>	<b>\$ 781,237</b>	<b>\$ 704,924</b>	<b>\$ 693,002</b>	<b>\$ 644,753</b>
<b>Plan Fiduciary Net Position</b>								
Employer contributions	\$ 3,500	\$ 3,500	\$ 10,835	\$ -	\$ 3,244	\$ -	\$ 22,158	\$ -
Nonemployer contributions	37,134	34,045	32,836	31,876	31,048	28,378	29,400	28,912
Projected investment return	52,673	79,032	110,463	42,999	48,067	95,132	47,203	1,921
Adjust to initial asset transfer	-	-	-	5,961	-	-	-	-
Gain (loss)	(177,452)	-	-	77,184	(76,509)	-	-	-
Benefit payments	(61,409)	(115,444)	(45,100)	(103,600)	(89,265)	(70,063)	-	(41,800)
Administrative expenses	(1,072)	(1,157)	(1,124)	(1,061)	(1,064)	(1,125)	(1,191)	(1,041)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(146,626)</b>	<b>(24)</b>	<b>107,910</b>	<b>53,359</b>	<b>(84,479)</b>	<b>52,322</b>	<b>97,570</b>	<b>(12,008)</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>877,886</b>	<b>877,910</b>	<b>770,000</b>	<b>716,641</b>	<b>801,120</b>	<b>748,798</b>	<b>651,228</b>	<b>663,236</b>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<b>\$ 731,260</b>	<b>\$ 877,886</b>	<b>\$ 877,910</b>	<b>\$ 770,000</b>	<b>\$ 716,641</b>	<b>\$ 801,120</b>	<b>\$ 748,798</b>	<b>\$ 651,228</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<b>\$ 105,467</b>	<b>\$ (94,025)</b>	<b>\$ (68,571)</b>	<b>\$ (40,851)</b>	<b>\$ 64,596</b>	<b>\$ (96,196)</b>	<b>\$ (55,796)</b>	<b>\$ (6,475)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	87.40%	112.00%	108.47%	105.60%	91.73%	113.65%	108.05%	101.00%
<b>Covered-employee Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll</b>	N/A	N/A	N/A	N/A	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.

**Schedule of Employer's Contributions - Statewide Volunteer Firefighters Fund**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/23	\$ 35,134	\$ 38,634	\$ (3,500)
12/31/22	35,134	38,634	(3,500)
12/31/21	29,459	30,808	(1,349)
12/31/20	33,514	36,914	(3,400)
12/31/19	31,876	31,876	-
12/31/18	29,048	29,048	-
12/31/17	28,378	28,378	-

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

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COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Norwood Young America, Minnesota  
Nonmajor Governmental Funds  
Combining Balance Sheet  
December 31, 2023

	Special Revenue	Capital Projects	Total
Assets			
Cash and temporary investments	\$ 454,657	\$ 1,098,705	\$ 1,553,362
Receivables			
Accounts	10,397	188	10,585
Loans	-	10,000	10,000
Less: allowance for forgivable loans	-	(10,000)	(10,000)
Special assessments	28	-	28
	<u>28</u>	<u>-</u>	<u>28</u>
Total Assets	<u>\$ 465,082</u>	<u>\$ 1,098,893</u>	<u>\$ 1,563,975</u>
Liabilities			
Accounts and other payables	\$ 123	\$ 116,657	\$ 116,780
Deposits payable	-	7,027	7,027
Accrued salaries and wages payable	505	-	505
Unearned revenue	278,382	-	278,382
Advances from other funds	-	1,056,279	1,056,279
Total Liabilities	<u>279,010</u>	<u>1,179,963</u>	<u>1,458,973</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	28	-	28
	<u>28</u>	<u>-</u>	<u>28</u>
Fund Balances			
Restricted for			
Park dedication	73,280	-	73,280
Economic development	-	52,896	52,896
Capital projects	-	347,427	347,427
Committed			
Donations	20,053	-	20,053
Cemetery	20,369	-	20,369
Storm Water	72,342	-	72,342
Assigned for			
Capital outlay	-	569,696	569,696
Unassigned	-	(1,051,089)	(1,051,089)
Total Fund Balances	<u>186,044</u>	<u>(81,070)</u>	<u>104,974</u>
	<u>186,044</u>	<u>(81,070)</u>	<u>104,974</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 465,082</u>	<u>\$ 1,098,893</u>	<u>\$ 1,563,975</u>

City of Norwood Young America, Minnesota  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2023

	Special Revenue	Capital Projects	Total
Revenues			
Taxes			
Property	\$ -	\$ 491,823	\$ 491,823
Tax increments	-	352,935	352,935
Intergovernmental	56,587	-	56,587
Charges for services	100,188	-	100,188
Special assessments	2,047	-	2,047
Interest on investments	3,902	48,267	52,169
Miscellaneous	10,681	-	10,681
Total Revenues	<u>173,405</u>	<u>893,025</u>	<u>1,066,430</u>
Expenditures			
Current			
General government	-	3,415	3,415
Public works	81,098	-	81,098
Culture and recreation	2,412	-	2,412
Economic development	-	87,315	87,315
Capital outlay			
Public works	-	70,593	70,593
Debt service			
Interest and other	-	27,847	27,847
Total Expenditures	<u>83,510</u>	<u>189,170</u>	<u>272,680</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>89,895</u>	<u>703,855</u>	<u>793,750</u>
Other Financing Sources (Uses)			
Transfers in	-	144,256	144,256
Transfers out	(45,324)	(760,256)	(805,580)
Total Other Financing Sources (Uses)	<u>(45,324)</u>	<u>(616,000)</u>	<u>(661,324)</u>
Net Changes in Fund Balances	44,571	87,855	132,426
Fund Balances, January 1	<u>141,473</u>	<u>(168,925)</u>	<u>(27,452)</u>
Fund Balances, December 31	<u><u>\$ 186,044</u></u>	<u><u>\$ (81,070)</u></u>	<u><u>\$ 104,974</u></u>

City of Norwood Young America, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2023

	<b>201</b> Park Dedication	<b>603</b> Storm Water	<b>830</b> Donations	<b>230</b> Cemetery	<b>258</b> ARPA (Covid) Funds	Total
<b>Assets</b>						
Cash and temporary investments	\$ 73,280	\$ 62,573	\$ 20,053	\$ 20,369	\$ 278,382	\$ 454,657
Receivable						
Accounts	-	10,397	-	-	-	10,397
Special assessments	-	28	-	-	-	28
<b>Total Assets</b>	<u>\$ 73,280</u>	<u>\$ 72,998</u>	<u>\$ 20,053</u>	<u>\$ 20,369</u>	<u>\$ 278,382</u>	<u>\$ 465,082</u>
<b>Liabilities</b>						
Accounts and other payables	\$ -	\$ 123	\$ -	\$ -	\$ -	\$ 123
Accrued salaries and wages payable	-	505	-	-	-	505
Unearned revenue	-	-	-	-	278,382	278,382
<b>Total Liabilities</b>	<u>-</u>	<u>628</u>	<u>-</u>	<u>-</u>	<u>278,382</u>	<u>279,010</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	28	-	-	-	28
<b>Fund Balances</b>						
Restricted for						
Park dedication	73,280	-	-	-	-	73,280
Committed						
Donations	-	-	20,053	-	-	20,053
Cemetery	-	-	-	20,369	-	20,369
Storm Water	-	72,342	-	-	-	72,342
<b>Total Fund Balances</b>	<u>73,280</u>	<u>72,342</u>	<u>20,053</u>	<u>20,369</u>	<u>-</u>	<u>186,044</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 73,280</u>	<u>\$ 72,998</u>	<u>\$ 20,053</u>	<u>\$ 20,369</u>	<u>\$ 278,382</u>	<u>\$ 465,082</u>

City of Norwood Young America, Minnesota  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2023

	<b>201</b> Park Dedication	<b>603</b> Storm Water	<b>830</b> Donations	<b>230</b> Cemetery	<b>258</b> ARPA (Covid) Funds	Total
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 56,587	\$ 56,587
Charges for services	3,019	96,769	-	400	-	100,188
Special assessments	-	2,047	-	-	-	2,047
Interest on investments	3,018	-	(1)	885	-	3,902
Miscellaneous	-	1,181	9,500	-	-	10,681
Total Revenues	<u>6,037</u>	<u>99,997</u>	<u>9,499</u>	<u>1,285</u>	<u>56,587</u>	<u>173,405</u>
Expenditures						
Current						
Public works	-	24,511	-	-	56,587	81,098
Culture and recreation	-	-	1,312	1,100	-	2,412
Total Expenditures	<u>-</u>	<u>24,511</u>	<u>1,312</u>	<u>1,100</u>	<u>56,587</u>	<u>83,510</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,037	75,486	8,187	185	-	89,895
Other Financing Sources (Uses)						
Transfers out	<u>-</u>	<u>(45,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,324)</u>
Net Change in Fund Balances	6,037	30,162	8,187	185	-	44,571
Fund Balances, January 1	<u>67,243</u>	<u>42,180</u>	<u>11,866</u>	<u>20,184</u>	<u>-</u>	<u>141,473</u>
Fund Balances, December 31	<u>\$ 73,280</u>	<u>\$ 72,342</u>	<u>\$ 20,053</u>	<u>\$ 20,369</u>	<u>\$ -</u>	<u>\$ 186,044</u>

City of Norwood Young America, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
December 31, 2023

	407	423	424	425	431	498
	TIF 1-5	TIF 3-3	TIF 3-4	TIF 3-5	TIF 3-6	Street Improv. Project
<b>Assets</b>						
Cash and temporary investments	\$ 126,762	\$ -	\$ 49,268	\$ 42,791	\$ 111,576	\$ 154,361
Receivables						
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Less: allowance for forgivable loans	-	-	-	-	-	-
Total Assets	<u>\$ 126,762</u>	<u>\$ -</u>	<u>\$ 49,268</u>	<u>\$ 42,791</u>	<u>\$ 111,576</u>	<u>\$ 154,361</u>
<b>Liabilities</b>						
Accounts and other payables	\$ 116,657	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-
Advances from other funds	-	252,686	378,550	-	425,043	-
Total Liabilities	<u>116,657</u>	<u>252,686</u>	<u>378,550</u>	<u>-</u>	<u>425,043</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted for						
Economic development	10,105	-	-	42,791	-	-
Capital projects	-	-	-	-	-	-
Assigned for						
Capital outlay	-	-	-	-	-	154,361
Unassigned	-	(252,686)	(329,282)	-	(313,467)	-
Total Fund Balances	<u>10,105</u>	<u>(252,686)</u>	<u>(329,282)</u>	<u>42,791</u>	<u>(313,467)</u>	<u>154,361</u>
Total Liabilities and Fund Balances	<u>\$ 126,762</u>	<u>\$ -</u>	<u>\$ 49,268</u>	<u>\$ 42,791</u>	<u>\$ 111,576</u>	<u>\$ 154,361</u>

<b>225</b>	<b>614</b>	<b>496</b>	<b>497</b>	<b>495</b>	<b>494</b>	<b>278</b>		
Economic Recovery	Cable TV Upgrades	Oak Lane Improvement	Underpass Project	2nd Avenue Lift Station	2nd Avenue Phase 2	Land Acquisition	Developers Escrows	Total
\$ 62,391	\$ 8,864	\$ -	\$ (155,654)	\$ -	\$ 347,427	\$ 346,147	\$ 4,772	\$ 1,098,705
188	-	-	-	-	-	-	-	188
10,000	-	-	-	-	-	-	-	10,000
(10,000)	-	-	-	-	-	-	-	(10,000)
<u>\$ 62,579</u>	<u>\$ 8,864</u>	<u>\$ -</u>	<u>\$ (155,654)</u>	<u>\$ -</u>	<u>\$ 347,427</u>	<u>\$ 346,147</u>	<u>\$ 4,772</u>	<u>\$ 1,098,893</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,657
2,255	-	-	-	-	-	-	4,772	7,027
-	-	-	-	-	-	-	-	1,056,279
<u>2,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,772</u>	<u>1,179,963</u>
-	-	-	-	-	-	-	-	52,896
-	-	-	-	-	347,427	-	-	347,427
60,324	8,864	-	-	-	-	346,147	-	569,696
-	-	-	(155,654)	-	-	-	-	(1,051,089)
<u>60,324</u>	<u>8,864</u>	<u>-</u>	<u>(155,654)</u>	<u>-</u>	<u>347,427</u>	<u>346,147</u>	<u>-</u>	<u>(81,070)</u>
<u>\$ 62,579</u>	<u>\$ 8,864</u>	<u>\$ -</u>	<u>\$ (155,654)</u>	<u>\$ -</u>	<u>\$ 347,427</u>	<u>\$ 346,147</u>	<u>\$ 4,772</u>	<u>\$ 1,098,893</u>

City of Norwood Young America, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenue, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2023

	407	423	424	425	431	498
	TIF 1-5	TIF 3-3	TIF 3-4	TIF 3-5	TIF 3-6	Street Improv. Project
Revenues						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,000
Tax increments	85,616	-	88,254	67,342	111,723	-
Interest on investments	3,549	-	-	-	3,419	7,453
Total Revenues	<u>89,165</u>	<u>-</u>	<u>88,254</u>	<u>67,342</u>	<u>115,142</u>	<u>433,453</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Economic development	84,307	9	900	1,200	899	-
Capital outlay						
Public works	-	-	-	-	-	-
Debt service						
Interest and other charges	-	-	16,909	1,415	9,523	-
Total Expenditures	<u>84,307</u>	<u>9</u>	<u>17,809</u>	<u>2,615</u>	<u>10,422</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,858</u>	<u>(9)</u>	<u>70,445</u>	<u>64,727</u>	<u>104,720</u>	<u>433,453</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	144,256
Transfers out	-	-	-	-	-	(616,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(471,744)</u>
Net Change in Fund Balances	4,858	(9)	70,445	64,727	104,720	(38,291)
Fund Balances, January 1	<u>5,247</u>	<u>(252,677)</u>	<u>(399,727)</u>	<u>(21,936)</u>	<u>(418,187)</u>	<u>192,652</u>
Fund Balances, December 31	<u>\$ 10,105</u>	<u>\$ (252,686)</u>	<u>\$ (329,282)</u>	<u>\$ 42,791</u>	<u>\$ (313,467)</u>	<u>\$ 154,361</u>



<b>225</b>	<b>614</b>	<b>496</b>	<b>497</b>	<b>495</b>	<b>494</b>	<b>278</b>		
<u>Economic Recovery</u>	<u>Cable TV Upgrades</u>	<u>Oak Lane Improvement</u>	<u>Underpass Project</u>	<u>2nd Avenue Lift Station</u>	<u>2nd Avenue Phase 2</u>	<u>Land Acquisition</u>	<u>Developer Escrows</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 65,823	\$ -	\$ 491,823
-	-	-	-	-	-	-	-	352,935
2,933	447	-	-	-	17,294	13,172	-	48,267
<u>2,933</u>	<u>447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,294</u>	<u>78,995</u>	<u>-</u>	<u>893,025</u>
-	3,415	-	-	-	-	-	-	3,415
-	-	-	-	-	-	-	-	87,315
-	-	-	-	(1)	70,594	-	-	70,593
-	-	-	-	-	-	-	-	27,847
<u>-</u>	<u>3,415</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>70,594</u>	<u>-</u>	<u>-</u>	<u>189,170</u>
2,933	(2,968)	-	-	1	(53,300)	78,995	-	703,855
-	-	-	-	-	-	-	-	144,256
-	-	(38,962)	-	(105,294)	-	-	-	(760,256)
<u>-</u>	<u>-</u>	<u>(38,962)</u>	<u>-</u>	<u>(105,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(616,000)</u>
2,933	(2,968)	(38,962)	-	(105,293)	(53,300)	78,995	-	87,855
<u>57,391</u>	<u>11,832</u>	<u>38,962</u>	<u>(155,654)</u>	<u>105,293</u>	<u>400,727</u>	<u>267,152</u>	<u>-</u>	<u>(168,925)</u>
<u>\$ 60,324</u>	<u>\$ 8,864</u>	<u>\$ -</u>	<u>\$ (155,654)</u>	<u>\$ -</u>	<u>\$ 347,427</u>	<u>\$ 346,147</u>	<u>\$ -</u>	<u>\$ (81,070)</u>

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City of Norwood Young America, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 1,883,212	\$ 1,883,212	\$ 1,859,201	\$ (24,011)	\$ 1,519,172
Licenses and permits					
Business	10,200	10,200	12,515	2,315	10,429
Nonbusiness	47,000	47,000	93,536	46,536	96,968
Total licenses and permits	57,200	57,200	106,051	48,851	107,397
Intergovernmental					
State					
Market value credit	250	250	255	5	265
Local government aid	517,631	517,631	517,631	-	500,909
Other	4,620	4,620	201,306	196,686	10,860
County					
Recycling	14,300	14,300	4,243	(10,057)	5,055
Highway aid	9,000	9,000	-	(9,000)	36,969
Other	17,000	17,000	18,244	1,244	17,232
Local					
Other	-	-	5,520	5,520	5,016
Total intergovernmental	562,801	562,801	747,199	184,398	576,306
Charges for services					
General government	17,600	17,600	13,034	(4,566)	18,506
Public safety	76,200	76,200	71,155	(5,045)	75,565
Public works	2,400	2,400	3,238	838	1,900
Culture and recreation	59,400	59,400	72,227	12,827	73,637
Other	-	-	4,275	4,275	498
Total charges for services	155,600	155,600	163,929	8,329	170,106
Fines and forfeitures	10,000	10,000	11,534	1,534	13,123
Special assessments	10,000	10,000	28,033	18,033	449
Interest on investments	25,000	25,000	97,026	72,026	31,412
Miscellaneous					
Contributions and donations	5,000	5,000	5,700	700	7,925
Refunds and reimbursements	18,000	18,000	20,666	2,666	43,563
Other	4,576	4,576	23,795	19,219	98,657
Total miscellaneous	27,576	27,576	50,161	22,585	150,145
Total Revenues	2,731,389	2,731,389	3,063,134	331,745	2,568,110

City of Norwood Young America, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 17,714	\$ 17,714	\$ 17,669	\$ 45	\$ 17,698
Supplies	800	800	314	486	433
Other services and charges	4,000	4,000	1,288	2,712	5,159
Total Mayor and Council	22,514	22,514	19,271	3,243	23,290
City administrator/administration					
Personal services	103,169	103,169	141,005	(37,836)	118,650
Supplies	-	-	-	-	1,230
Other services and charges	5,350	5,350	1,649	3,701	2,960
Total city administrator/administration	108,519	108,519	142,654	(34,135)	122,840
Community development director					
Personal services	120,530	120,530	62,462	58,068	36,974
Other services and charges	68,850	68,850	39,043	29,807	47,691
Total community development director	189,380	189,380	101,505	87,875	84,665
Board and commissions					
Other services and charges	5,200	5,200	4,800	400	3,000
City clerk-treasurer					
Personal services	129,776	129,776	148,724	(18,948)	137,585
Supplies	9,500	9,500	9,287	213	13,369
Other services and charges	61,300	61,300	69,683	(8,383)	75,406
Total city clerk-treasurer	200,576	200,576	227,694	(27,118)	226,360
Election					
Supplies	-	-	-	-	343
Other services and charges	-	-	797	(797)	4,710
Total election	-	-	797	(797)	5,053
Auditing and accounting					
Other services and charges	20,000	20,000	40,850	(20,850)	31,225
Assessing					
Other services and charges	26,950	26,950	26,129	821	25,078

City of Norwood Young America, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (continued)				
General government (continued)				
Legal services				
Other services and charges	\$ 39,500	\$ 39,500	\$ 51,788	\$ 49,014
Professional services - miscellaneous				
Other services and charges	8,000	8,000	39,713	2,900
General government buildings				
Personal services	19,406	19,406	19,078	18,022
Supplies	62,750	62,750	65,076	64,719
Other services and charges	65,600	65,600	73,706	70,261
Total general government buildings	147,756	147,756	157,860	153,002
Total general government	768,395	768,395	813,061	726,427
Public safety				
Police				
Contracted services	240,508	240,508	241,015	196,659
Fire				
Personal services	116,300	116,300	121,926	95,930
Supplies	72,800	72,800	85,890	69,110
Other services and charges	40,000	40,000	34,801	39,507
Total fire	229,100	229,100	242,617	204,547
Building inspection				
Other services and charges	45,800	45,800	64,836	71,899
Civil defense				
Supplies	1,500	1,500	891	-
Other services and charges	300	300	204	191
Total	1,800	1,800	1,095	191
Animal control				
Other services and charges	1,850	1,850	426	1,659
Total public safety	519,058	519,058	549,989	474,955

City of Norwood Young America, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
General					
Personal services	\$ 346,148	\$ 346,148	\$ 308,349	\$ 37,799	\$ 295,082
Supplies	180,601	180,601	155,202	25,399	141,134
Other services and charges	344,700	344,700	286,391	58,309	307,210
Total general	<u>871,449</u>	<u>871,449</u>	<u>749,942</u>	<u>121,507</u>	<u>743,426</u>
Engineering					
Other services and charges	23,000	23,000	66,340	(43,340)	23,938
Total public works	<u>894,449</u>	<u>894,449</u>	<u>816,282</u>	<u>78,167</u>	<u>767,364</u>
Culture and recreation					
Parks					
Personal services	133,387	133,387	131,485	1,902	136,735
Supplies	52,100	52,100	60,623	(8,523)	27,305
Other services and charges	61,700	61,700	57,510	4,190	59,830
Total parks	<u>247,187</u>	<u>247,187</u>	<u>249,618</u>	<u>(2,431)</u>	<u>223,870</u>
Library					
Other services and charges	<u>22,400</u>	<u>22,400</u>	<u>25,233</u>	<u>(2,833)</u>	<u>22,954</u>
Swimming pool					
Personal services	41,357	41,357	39,945	1,412	38,149
Supplies	18,800	18,800	15,135	3,665	15,760
Other services and charges	14,050	14,050	8,266	5,784	9,673
Total swimming pool	<u>74,207</u>	<u>74,207</u>	<u>63,346</u>	<u>10,861</u>	<u>63,582</u>
Bus services					
Personal services	11,118	11,118	6,265	4,853	9,207
Supplies	4,900	4,900	979	3,921	3,418
Other services and charges	1,500	1,500	995	505	1,061
Total bus services	<u>17,518</u>	<u>17,518</u>	<u>8,239</u>	<u>9,279</u>	<u>13,686</u>
Total culture and recreation	<u>361,312</u>	<u>361,312</u>	<u>346,436</u>	<u>14,876</u>	<u>324,092</u>
Economic development					
Personal services	98,675	98,675	153,312	(54,637)	120,693
Supplies	1,000	1,000	-	1,000	70
Other services and charges	40,400	40,400	26,021	14,379	51,388
Total economic development	<u>140,075</u>	<u>140,075</u>	<u>179,333</u>	<u>(39,258)</u>	<u>172,151</u>
Miscellaneous					
Cemetery					
Other services and charges	<u>6,000</u>	<u>6,000</u>	<u>2,700</u>	<u>3,300</u>	<u>-</u>
Total current	<u>2,689,289</u>	<u>2,689,289</u>	<u>2,707,801</u>	<u>(18,512)</u>	<u>2,464,989</u>

City of Norwood Young America, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
General government	\$ 2,600	\$ 2,600	\$ -	\$ 2,600	\$ 2,546
Public safety	12,000	12,000	18,695	(6,695)	12,450
Culture and recreation	10,000	10,000	3,573	6,427	14,244
Total capital outlay	<u>24,600</u>	<u>24,600</u>	<u>22,268</u>	<u>2,332</u>	<u>29,240</u>
Total Expenditures	<u>2,713,889</u>	<u>2,713,889</u>	<u>2,730,069</u>	<u>(16,180)</u>	<u>2,494,229</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,500</u>	<u>17,500</u>	<u>333,065</u>	<u>315,565</u>	<u>73,881</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	30,636	30,636	37,142
Transfers out	<u>(17,500)</u>	<u>(17,500)</u>	<u>-</u>	<u>17,500</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(17,500)</u>	<u>(17,500)</u>	<u>30,636</u>	<u>48,136</u>	<u>37,142</u>
Net Change in Fund Balances	-	-	363,701	363,701	111,023
Fund Balances, January 1	<u>2,151,272</u>	<u>2,151,272</u>	<u>2,151,272</u>	<u>-</u>	<u>2,040,249</u>
Fund Balances, December 31	<u>\$ 2,151,272</u>	<u>\$ 2,151,272</u>	<u>\$ 2,514,973</u>	<u>\$ 363,701</u>	<u>\$ 2,151,272</u>

City of Norwood Young America, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2023

	<b>517</b>	<b>520</b>	<b>521</b>	<b>522</b>	<b>523</b>	<b>524</b>	
	<b>Oak Grove</b>	<b>2013B</b>	<b>2016A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	
	<b>Debt Service</b>	<b>Infrastructure</b>	<b>G.O. Refunding</b>	<b>G.O. Refunding</b>	<b>G.O. Infrastructure</b>	<b>G.O. Infrastructure</b>	<b>Total</b>
		<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	<b>Debt Service</b>	
<b>Assets</b>							
Cash and temporary investments	\$ 325,223	\$ 69,630	\$ 259,355	\$ 1,140,218	\$ 169,744	\$ 204,499	\$ 2,168,669
Receivables							
Special assessments	-	686	1,734	74,590	204,736	250,626	532,372
Due from other governments	-	207	-	957	-	-	1,164
<b>Total Assets</b>	<b>\$ 325,223</b>	<b>\$ 70,523</b>	<b>\$ 261,089</b>	<b>\$ 1,215,765</b>	<b>\$ 374,480</b>	<b>\$ 455,125</b>	<b>\$ 2,702,205</b>
<b>Liabilities</b>							
Deposits payable	\$ -	\$ -	\$ -	\$ 49,477	\$ -	\$ -	\$ 49,477
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - special assessments	-	491	1,734	74,590	204,736	250,626	532,177
<b>Fund Balances</b>							
Restricted for							
Debt service	325,223	70,032	259,355	1,091,698	169,744	204,499	2,120,551
<b>Total Liabilities, Deferred Inflows</b>							
<b>of Resources and Fund Balances</b>	<b>\$ 325,223</b>	<b>\$ 70,523</b>	<b>\$ 261,089</b>	<b>\$ 1,215,765</b>	<b>\$ 374,480</b>	<b>\$ 455,125</b>	<b>\$ 2,702,205</b>



City of Norwood Young America, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2023

	<b>517</b>	<b>520</b>	<b>521</b>	<b>522</b>	<b>523</b>	<b>524</b>	
		2013B	2016A	2020A	2021A	2022A	
	Oak Grove	Infrastructure	G.O. Refunding	G.O. Refunding	G.O. Infrastructure	G.O. Infrastructure	Total
	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	
Revenues							
Property taxes	\$ 148,549	\$ -	\$ 38,246	\$ 262,752	\$ 68,496	\$ 107,314	\$ 625,357
Special assessments	-	207	7,180	63,729	26,757	69,898	167,771
Interest on investments	13,556	2,934	10,464	49,911	6,772	6,214	89,851
Total Revenues	<u>162,105</u>	<u>3,141</u>	<u>55,890</u>	<u>376,392</u>	<u>102,025</u>	<u>183,426</u>	<u>882,979</u>
Expenditures							
Debt service							
Principal	110,000	-	-	704,728	65,000	-	879,728
Interest and other	32,850	475	36,900	121,940	12,865	63,773	268,803
Total Expenditures	<u>142,850</u>	<u>475</u>	<u>36,900</u>	<u>826,668</u>	<u>77,865</u>	<u>63,773</u>	<u>1,148,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,255	2,666	18,990	(450,276)	24,160	119,653	(265,552)
Other Financing Sources							
Transfers in	-	-	12,493	406,864	-	-	419,357
Net Change in Fund Balances	19,255	2,666	31,483	(43,412)	24,160	119,653	153,805
Fund Balances, January 1	<u>305,968</u>	<u>67,366</u>	<u>227,872</u>	<u>1,135,110</u>	<u>145,584</u>	<u>84,846</u>	<u>1,966,746</u>
Fund Balances, December 31	<u>\$ 325,223</u>	<u>\$ 70,032</u>	<u>\$ 259,355</u>	<u>\$ 1,091,698</u>	<u>\$ 169,744</u>	<u>\$ 204,499</u>	<u>\$ 2,120,551</u>

City of Norwood Young America, Minnesota  
Summary Financial Report  
Revenues and Expenditures For General Operations  
Governmental Funds  
For the Year Ended December 31, 2023

	Total		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 3,787,716	\$ 3,268,026	15.90 %
Special assessments	215,251	153,013	40.67
Licenses and permits	106,051	107,397	(1.25)
Intergovernmental	903,786	648,205	39.43
Charges for services	264,117	276,314	(4.41)
Fines and forfeitures	11,534	13,123	(12.11)
Interest on investments	316,370	80,068	295.13
Miscellaneous	79,451	174,383	(54.44)
Total Revenues	<u>\$ 5,684,276</u>	<u>\$ 4,720,529</u>	20.42 %
Per Capita	<u>\$ 1,418</u>	<u>\$ 1,183</u>	19.93 %
Expenditures			
Current			
General government	\$ 816,476	\$ 730,106	11.83 %
Public safety	549,989	474,955	15.80
Public works	897,380	788,114	13.86
Culture and recreation	348,848	346,553	0.66
Economic development	266,648	263,418	1.23
Miscellaneous	2,700	-	100.00
Capital outlay			
General government	-	2,546	(100.00)
Public safety	80,806	89,712	(9.93)
Public works	1,389,529	1,475,266	(5.81)
Culture and recreation	826,426	197,674	318.08
Debt service			
Principal	879,728	924,248	(4.82)
Interest and other charges	390,934	338,182	15.60
Total Expenditures	<u>\$ 6,449,464</u>	<u>\$ 5,630,774</u>	14.54 %
Per Capita	<u>\$ 1,609</u>	<u>\$ 1,411</u>	14.08 %
Total Long-term Indebtedness	\$ 10,037,095	\$ 8,751,823	14.69 %
Per Capita	2,504	2,192	14.23
General Fund Balance - December 31	\$ 2,514,973	\$ 2,151,272	16.91 %
Per Capita	627	539	16.44

The purpose of this report is to provide a summary of financial information concerning the City of Norwood Young America interested citizens. The complete financial statements may be examined at City Hall, 310 Elm St W, Norwood Young America, MN 55368. Questions about this report should be directed to Mitchell Thiesfeld, Clerk-Finance Director at (952) 467-1800.

OTHER REQUIRED REPORTS

CITY OF NORWOOD YOUNG AMERICA  
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Norwood Young America, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwood Young America, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 16, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Minneapolis, Minnesota  
August 16, 2024

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Norwood Young America, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwood Young America, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 16, 2024.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses we identified deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and response as finding 2023-001 & 2023-002 that we consider to be significant deficiencies.

**Compliance and Other Matters**

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

## The City's Responses to the Findings

The City's responses to the findings in our audit is described in the accompanying Schedule of Findings and Responses. The City's responses are not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

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



**Abdo**  
Minneapolis, Minnesota  
August 16, 2024



City of Norwood Young America, Minnesota

Schedule of Findings and Responses  
For the Year Ended December 31, 2023

Finding

Description

**2023-001**

**Preparation of Financial Statements**

*Condition:*

As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

*Criteria:*

Internal controls should be in place to ensure adequate internal control over and the reliability of financial records and reporting.

*Cause:*

From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.

*Effect:*

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

*Recommendation:*

Under these circumstances, the most effective controls lie in management's knowledge of the Organization's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from Banyon to the amounts reported in the financial statements.

*Management Response:*

For now, the City accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.



City of Norwood Young America, Minnesota  
Schedule of Findings and Responses (Continued)  
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
<b>2023-002</b>	<b>Limited Segregation of Duties</b>
<i>Condition:</i>	During our audit we reviewed procedures over cash disbursements, payroll, utility billing, financial reporting, and capital assets and found the City to have limited segregation of duties over those transaction cycles.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Cause:</i>	As a result of the limited number of staff, in the disbursement cycle, the accountant has access to checks, ability to posts to the general ledger, and prepares bank reconciliations. In the payroll cycle, the Accountant has control over the checks, sets up employee records, posts to the general ledger. In the utility billing cycle, the City Council approves rates but the Accountant reconciles the amounts billed and collected in the system and posts to the general ledger. The majority of the collections of utility payments are now collected through Opus 21, however the Accountant is responsible for all the recording and reconciling. In the financial reporting and capital asset transaction cycles, the Accountant performs all of the duties.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud.
<i>Recommendation:</i>	While we recognize the number of staff is not large enough to eliminate this deficiency, we recommend that the City evaluate the current procedures and segregate duties where possible and implement any compensating controls. We are aware some compensating controls are in place; however, it is important that the City Council is aware of this condition and monitor all financial information.
<i>Management Response:</i>	
Management recognizes that it is not economically feasible to correct this finding, however is aware of the deficiency and is relying on oversight by management and the City Council to monitor this deficiency.	

**FORM OF LEGAL OPINION**

(See following pages)



Fifth Street Towers  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9300 telephone  
(612) 337-9310 fax  
kennedy-graven.com  
Affirmative Action, Equal Opportunity Employer

\$ \_\_\_\_\_  
City of Norwood Young America, Minnesota  
General Obligation Improvement and Utility Revenue Bonds  
Series 2024B

We have acted as bond counsel to the City of Norwood Young America, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement and Utility Revenue Bonds, Series 2024B (the “Bonds”), originally dated November 21, 2024, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

2. The principal of and interest on the Bonds are payable in part from special assessments levied or to be levied on property specially benefited by local improvements, in part from net revenues of the sanitary sewer system, the storm water system, and the water system of the Issuer, and in part from ad valorem taxes for the Issuer’s share of the cost of the improvements, 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 included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain 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 Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for

Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' 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 November \_\_\_, 2024 at Minneapolis, Minnesota.

### BOOK-ENTRY-ONLY SYSTEM

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

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

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

\$ \_\_\_\_\_  
City of Norwood Young America, Minnesota  
General Obligation Improvement and Utility Revenue Bonds  
Series 2024B

CONTINUING DISCLOSURE CERTIFICATE

November \_\_, 2024

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Norwood Young America, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement and Utility Revenue Bonds, Series 2024B (the “Bonds”), in the original aggregate principal amount of \$ \_\_\_\_\_. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to 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 Improvement and Utility Revenue Bonds, Series 2024B, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

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

“Final Official Statement” means the deemed Final Official Statement, dated \_\_\_\_\_, 2024, 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.

“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 Norwood Young America, 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 \_\_\_\_\_.

“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 twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2024, 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. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. U.S. Census Data/Population Trend
5. Employment/Unemployment Data

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.

(The remainder of this page is intentionally left blank.)

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 NORWOOD YOUNG AMERICA,  
MINNESOTA**

(SEAL)

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Mayor

---

City Administrator

## TERMS OF PROPOSAL

### **\$2,620,000\* GENERAL OBLIGATION IMPROVEMENT AND UTILITY BONDS, SERIES 2024B CITY OF NORWOOD YOUNG AMERICA, MINNESOTA**

Proposals for the purchase of \$2,620,000\* General Obligation Improvement and Utility Bonds, Series 2024B (the "Bonds") of the City of Norwood Young America, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com) or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on October 28, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

### **AUTHORITY; PURPOSE; SECURITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, and Section 115.46, as amended, by the City, for the purposes of financing the assessable street and the utility components of the Railroad Street Improvements Project. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged.

### **DATES AND MATURITIES**

The Bonds will be dated November 21, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$140,000	2031	\$175,000	2036	\$170,000
2027	155,000	2032	180,000	2037	175,000
2028	160,000	2033	185,000	2038	175,000
2029	165,000	2034	195,000	2039	185,000
2030	165,000	2035	195,000	2040	200,000

### **ADJUSTMENT OPTION**

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

### **TERM BOND OPTION**

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

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## BOOK-ENTRY-ONLY FORMAT

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

## PAYING AGENT

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

## OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2034 shall be subject to optional redemption prior to maturity on February 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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

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

## DELIVERY

On or about November 21, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

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

## SUBMISSION OF PROPOSALS

Proposals must not be for less than \$2,588,560 plus accrued interest on the principal sum of \$2,620,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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

**A good faith deposit ("Deposit") in the amount of \$52,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. The Deposit will be deducted from the purchase price at the closing for the Bonds.



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

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

### **AWARD**

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

### **BOND INSURANCE**

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

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

### **CUSIP NUMBERS**

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

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

### **CONTINUING DISCLOSURE**

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

## NEW ISSUE PRICING

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

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

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

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

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

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

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

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **PRELIMINARY OFFICIAL STATEMENT**

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

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

By Order of the City Council

City of Norwood Young America, Minnesota

# PROPOSAL FORM

The City Council  
City of Norwood Young America, Minnesota (the "City")

October 28, 2024

**RE: \$2,620,000\* General Obligation Improvement and Utility Bonds, Series 2024B (the "Bonds")**  
**DATED: November 21, 2024**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$2,588,560) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2031	_____ % due	2036
_____ % due	2027	_____ % due	2032	_____ % due	2037
_____ % due	2028	_____ % due	2033	_____ % due	2038
_____ % due	2029	_____ % due	2034	_____ % due	2039
_____ % due	2030	_____ % due	2035	_____ % due	2040

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

**The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$52,400 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. The Deposit will be deducted from the purchase price at the closing for the Bonds. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about November 21, 2024.

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

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

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

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

If the competitive sale requirements are not met, we elect to use either the: \_\_\_\_ 10% test, or the \_\_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from November 21, 2024 of the above proposal is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

The foregoing offer is hereby accepted by and on behalf of City Council of the City of Norwood Young America, Minnesota, on October 28, 2024.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_