PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 8, 2026

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences. See "TAX EXEMPTION" herein.

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

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

CITY OF WACONIA, MINNESOTA
(Carver County)

$26,245,000* GENERAL OBLIGATION WATER REVENUE AND CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2026C

PROPOSAL OPENING: October 19, 2026, 10:00 A.M., C.T. **CONSIDERATION**: October 19, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $26,245,000* General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 444 and 475, as amended, including Minnesota Statutes, Section 475.521, by the City of Waconia, Minnesota (the "City"), for the purposes of financing the construction of a new water treatment plant and public works garage in the City. 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 Taft Stettinius & Hollister LLP, Minneapolis, Minnesota.

DATE OF BONDS: November 5, 2026

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2028	$700,000	2035	$1,390,000	2042	$1,365,000
2029	1,035,000	2036	1,455,000	2043	1,430,000
2030	1,085,000	2037	1,530,000	2044	1,495,000
2031	1,145,000	2038	1,145,000	2045	1,570,000
2032	1,200,000	2039	1,200,000	2046	1,645,000
2033	1,255,000	2040	1,250,000	2047	1,725,000
2034	1,320,000	2041	1,305,000		

***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, 2027 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2037 and thereafter are subject to call for prior optional redemption on February 1, 2036 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: $25,982,550.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $524,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Taft Stettinius & Hollister LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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.

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.

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PROPOSAL FORM

CITY OF WACONIA
CITY COUNCIL

		Term Expires
Tim Litfin	Mayor	January 2027
Jacob Coleman	Council Member	January 2029
Nick Gleason	Council Member	January 2027
Jeff Grengs	Council Member	January 2027
Derek Siddons	Council Member	January 2029

ADMINISTRATION

Shane Fineran, City Administrator
Joel Merry, Finance Director
Jacqueline Schulze, City Clerk

PROFESSIONAL SERVICES

Melchert Hubert Sjodin PLLP, City Attorney, Waconia, Minnesota

Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota

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

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Waconia, Minnesota (the "City") and the issuance of its $26,245,000* General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C (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 19, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Debt Issuance 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 5, 2026. 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, 2027, 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** 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, Minneapolis, 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, 2037 shall be subject to optional redemption prior to maturity on February 1, 2036 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 444 and 475, as amended, including Minnesota Statutes, Section 475.521, by the City, for the purposes of financing the construction of a new water treatment plant (the "Utility Revenue Portion") and public works garage (the "Capital Improvement Plan (CIP) Portion") in the City.

ESTIMATED SOURCES AND USES*

Sources	Utility Revenue Portion	CIP Portion	Total Bond Issue
Par Amount of Bonds	$22,715,000	$3,530,000	$26,245,000
Reoffering Premium	737,514	263,985	1,001,499
Total Sources	**$23,452,514**	**$3,793,985**	**$27,246,499**
Uses			
Total Underwriter's Discount (1.000%)	$227,150	$35,300	$262,450
Costs of Issuance	141,942	22,058	164,000
Deposit to Construction Fund	23,078,864	3,738,744	26,817,607
Rounding Amount	4,559	(2,117)	2,442
Total Uses	**$23,452,514**	**$3,793,985**	**$27,246,499**

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Utility Revenue Portion	CIP Portion	Total Bond Issue
2/01/2028	$455,000	$245,000	$700,000
2/01/2029	735,000	300,000	1,035,000
2/01/2030	775,000	310,000	1,085,000
2/01/2031	815,000	330,000	1,145,000
2/01/2032	855,000	345,000	1,200,000
2/01/2033	895,000	360,000	1,255,000
2/01/2034	940,000	380,000	1,320,000
2/01/2035	990,000	400,000	1,390,000
2/01/2036	1,035,000	420,000	1,455,000
2/01/2037	1,090,000	440,000	1,530,000
2/01/2038	1,145,000	-	1,145,000
2/01/2039	1,200,000	-	1,200,000
2/01/2040	1,250,000	-	1,250,000
2/01/2041	1,305,000	-	1,305,000
2/01/2042	1,365,000	-	1,365,000
2/01/2043	1,430,000	-	1,430,000
2/01/2044	1,495,000	-	1,495,000
2/01/2045	1,570,000	-	1,570,000
2/01/2046	1,645,000	-	1,645,000
2/01/2047	1,725,000	-	1,725,000
Total	**$22,715,000**	**$3,530,000**	**$26,245,000**

*Preliminary, subject to change.

SECURITY

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

The City anticipates that the debt service on the Utility Revenue Portion of the Bonds will be paid entirely from net revenues of the water system ("utility revenues") which is owned and operated by the City. In accordance with Minnesota Statutes, receipt of utility revenues will be sufficient to provide not less than 105% of principal and interest on the Utility Revenue Portion of the Bonds.

The City anticipates that the debt service on the CIP Portion of the Bonds will be paid from ad valorem property taxes. In accordance with Minnesota Statutes, the City will levy each year an amount not less than 105% of the debt service requirements on the CIP Portion of the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy an additional ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

Should the utility revenues and/or ad valorem property taxes pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy a tax 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+"/Stable outlook by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating 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, 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.

The City failed to timely file notice of the incurrence of a financial obligation in May of 2022 and September of 2025. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, 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.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

TAX EXEMPTION

On the date of issuance of the Bonds, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion, that, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions are subject to the condition that the City complies with all applicable federal tax requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income and taxable net income, retroactive to their date of issuance. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences.

Other Federal and State Tax Considerations

Other Tax Considerations

Though excluded from gross income, interest on the Bonds is subject to federal income taxation for certain types of taxpayers and certain income taxes, including without implied limitation, taxation to the extent it is included as part of (a) the adjusted current earnings of a corporation for purposes of the alternative minimum tax, (b) effectively connected earnings and profits of a foreign corporation for purposes of the branch profits tax on dividend equivalent amounts, (c) excess net passive income of an S Corporation which has Subchapter C earnings and profits, or (d) minimum effectively connected net investment income of a foreign insurance company. Interest on the Bonds is also taken into account in other ways for federal income tax purposes, including without implied limitation, (a) reducing loss reserve deductions of property and casualty insurance companies, (b) reducing interest expense deductions of financial institutions, and (c) causing certain taxpayers to include in gross income a portion of social security benefits and railroad retirement benefits. Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion as to any of such consequences, and prospective purchasers who may be subject to such collateral consequences should consult their tax advisers.

Original Issue Discount

Some of the Bonds ("the OID Bonds") may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holders' tax basis in such Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such Bonds are held.

Original Issue Premium

Some of the Bonds may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(b)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the 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, 2025 have been audited by Redpath and Company, LLC, St. Paul, 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 are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (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 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 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 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.

State Economy; State Aids: State 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	2023/24	2024/25	2025/26
Residential homestead[1]	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%	First $500,000 - 1.00% Over $500,000 - 1.25%
Agricultural homestead[1]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $2,150,000 - 0.50% [2] Over $2,150,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $3,500,000 - 0.50% [2] Over $3,500,000 - 1.00% [2]	First $500,000 HGA - 1.00% Over $500,000 HGA - 1.25% First $3,500,000 - 0.50% [2] Over $3,500,000 - 1.00% [2]
Agricultural non-homestead	Land - 1.00% [2]	Land - 1.00% [2]	Land - 1.00% [2]
Seasonal recreational residential	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]	First $500,000 - 1.00% [3] Over $500,000 - 1.25% [3]
Residential non-homestead:	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City[4] - 1.25% Affordable Rental: First $174,000 - 0.75% Over $174,000 - 0.25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental: – 0.25%	1 unit - 1st $500,000 - 1.00% Over $500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City [4] - 1.25% Affordable Rental – 0.25%
Industrial/Commercial/Utility[5]	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%	First $150,000 - 1.50% Over $150,000 - 2.00%

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

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

[3] Exempt from referendum market value tax.

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

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

CURRENT PROPERTY VALUATIONS

2025/26 Economic Market Value	$2,687,207,328[1]
2025/26 Assessor's Estimated Market Value	
Real Estate	$2,569,626,400
Personal Property	15,780,300
Total Valuation	$2,585,406,700
2025/26 Net Tax Capacity	
Real Estate	$28,742,342
Personal Property	312,516
Net Tax Capacity	$29,054,858
Less:	
Captured Tax Increment Tax Capacity[2]	(291,568)
Fiscal Disparities Contribution[3]	(2,260,755)
Taxable Net Tax Capacity	$26,502,535
Plus: Fiscal Disparities Distribution[3]	2,423,612
Adjusted Taxable Net Tax Capacity	$28,926,147

[1] According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City was about 96.27% of the actual selling prices of property 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 $2,687,207,328.

[2] The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

[3] 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.

2025/26 NET TAX CAPACITY BY CLASSIFICATION

	2025/26 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	$17,843,292	61.41%
Agricultural	8,696	0.03%
Commercial/industrial	5,776,767	19.88%
Public utility	48,470	0.17%
Non-homestead residential	5,029,025	17.31%
Commercial & residential seasonal/rec.	36,092	0.12%
Personal property	312,516	1.08%
Total	$29,054,858	100.00%

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity[1]	Adjusted Taxable Net Tax Capacity[2]	Percent Increase/Decrease in Estimated Market Value
2021/22	$1,718,211,500	$1,670,262,400	$19,157,926	$19,553,887	5.20%
2022/23	2,172,934,300	2,130,609,500	24,264,958	24,500,451	26.46%
2023/24	2,319,954,000	2,269,764,200	26,048,540	26,177,940	6.77%
2024/25	2,425,052,200	2,360,909,500	27,126,095	27,188,787	4.53%
2025/26	2,585,406,700	2,529,469,292	29,054,858	28,926,147	6.61%

[1] Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

[2] Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2025/26 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Ridgeview Medical Center	Commercial/Industrial	$496,706	1.71%
KTJ 363 LLC	Apartments	380,000	1.31%
TCO Real Estate-Fund 2 LLC	Commercial/Industrial	296,622	1.02%
ACPI Wood Products LLC	Commercial/Industrial	279,724	0.96%
Centerpoint Energy Minnegasco	Commercial/Industrial	263,659	0.91%
JE Waconia 2018 LLC	Commercial/Industrial	259,652	0.89%
Lakeview Clinic Bldg Corp.	Commercial/Industrial	194,548	0.67%
Target Corporation	Commercial/Industrial	189,240	0.65%
Auburn Meadows LLC	Apartments	158,824	0.55%
Pine Park Properties LLC	Commercial/Industrial	149,350	0.51%
Total		$2,668,325	9.18%

City's Total 2025/26 Net Tax Capacity $29,054,858

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

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes	$16,100,000
Total G.O. debt secured by special assessments and utility revenues	620,000
Total G.O. debt secured by tax abatement revenues	2,165,000
Total G.O. debt secured by taxes (includes the CIP Portion of the Bonds)*	29,890,000
Total G.O. debt secured by utility revenues (includes the Utility Revenue Portion of the Bonds)*	33,365,000
Total General Obligation Debt*	$82,140,000

*Preliminary, subject to change.

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

Temporary General Obligation Debt

Issue Date	Name of Issue	Final Maturity	Principal Outstanding
7/2/26	G.O. Temporary Street Reconstruction Plan Bonds, Series 2026B	2/1/29	$3,270,000

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations	$134,000
Total Economic Development Authority (EDA) lease purchase obligations	490,826
Total lease purchase obligations paid by annual appropriations[1]	$624,826

Other Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
5/27/22	$297,796	Sweeper Lease	5/27/28	$122,519
9/15/25	$665,576	Community Center HVAC (cost share agreement with I.S.D. No. 110)[2]	12/10/29	$665,576

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The City plans to issue approximately $16,000,000 general obligation bonds for two street reconstruction projects and capital improvement projects in 2027. Aside from the preceding, the City has no additional plans to issue debt in the next 12 months.

[1] Non-general obligation debt has not been included in the debt ratios.

[2] The City's annual payments for this loan have zero interest.

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" means 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 certain obligations enumerated under Minnesota Statutes, Section 475.51, subd.4, including the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (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 revenue producing public 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 certain postemployment benefit liabilities; (9) obligations issued to pay certain judgments against the City; and (10) 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.

2025/26 Assessor's Estimated Market Value	$2,585,406,700
Multiply by 3%	0.03
Statutory Debt Limit	$77,562,201
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes[1] (includes the CIP Portion of the Bonds)*	(22,395,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	(134,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations (EDA)	(490,826)
Unused Debt Limit	$54,542,375

* Preliminary, subject to change.

[1] Does not include a portion of the City's $4,755,000 General Obligation Bonds, Series 2020A ($175,000 Sanitary Sewer portion principal outstanding), a portion of the City's $7,215,000 General Obligation Bonds, Series 2021A ($875,000 Sanitary Sewer portion principal outstanding), a portion of the City's $17,630,000 General Obligation Bonds, Series 2022A ($155,000 Sanitary Sewer portion principal outstanding), a portion of the City's $3,925,000 General Obligation Bonds, Series 2023A ($105,000 Sanitary Sewer portion principal outstanding), a portion of the City's $6,080,000 General Obligation Bonds, Series 2024A ($245,000 Sanitary Sewer portion principal outstanding), a portion of the City's $8,740,000 General Obligation Bonds, Series 2025A ($2,775,000 Sanitary Sewer portion principal outstanding) and the a portion of the City's $8,695,000 General Obligation Bonds, Series 2026A ($3,165,000 Sanitary Sewer portion principal outstanding), as they are not subject to the debt limit per Minnesota Statutes, Section 115.46.

City of Waconia, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 11/05/2026)

	Improvement Bonds 1) Series 2016A		Improvement Bonds 2) Series 2017A		Improvement Bonds 3) Series 2018A		Street Improvement Bonds 4) Series 2020A		Improvement Bonds 5) Series 2022A	
Dated	05/24/2016		08/15/2017		09/12/2018		09/03/2020		10/06/2022	
Amount	$4,075,000		$6,935,000		$965,000		$1,880,000		$1,710,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	445,000	4,450	775,000	31,625	105,000	8,325	190,000	11,850	160,000	61,250
2028			800,000	10,000	110,000	5,100	195,000	8,000	170,000	53,000
2029					115,000	1,725	200,000	5,050	175,000	44,375
2030							200,000	3,050	185,000	35,375
2031							205,000	1,025	195,000	25,875
2032									205,000	15,875
2033									215,000	5,375
2034										
2035										
2036										
2037										
	445,000	4,450	1,575,000	41,625	330,000	15,150	990,000	28,975	1,305,000	241,125

1) This represents the $4,075,000 Improvement portion of the $4,785,000 General Obligation Bonds, Series 2016A.

2) This represents the $6,935,000 Improvement portion of the $7,470,000 General Obligation Bonds, Series 2017A.

3) This represents the $965,000 Improvement portion of the $1,465,000 General Obligation Bonds, Series 2018A.

4) This represents the $1,880,000 Street Improvement portion of the $4,755,000 General Obligation Bonds, Series 2020A.

5) This represents the $1,710,000 Improvement portion of the $17,630,000 General Obligation Bonds, Series 2022A.

--Continued on next page

City of Waconia, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 11/05/2026)

	Improvement Bonds 6) Series 2023A		Improvement Bonds 7) Series 2024A		Improvement Bonds 8) Series 2025A		Improvement Bonds 9) Series 2026A							
Dated	06/01/2023		05/23/2024		07/01/2025		07/02/2026							
Amount	$2,155,000		$3,295,000		$2,210,000		$4,425,000							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	190,000	75,450	285,000	115,100	175,000	100,825	0	227,619	2,325,000	636,494	2,961,494	13,775,000	14.44%	**2027**
2028	200,000	65,700	295,000	103,500	185,000	91,825	350,000	201,900	2,305,000	539,025	2,844,025	11,470,000	28.76%	**2028**
2029	210,000	55,450	310,000	91,400	195,000	82,325	370,000	183,900	1,575,000	464,225	2,039,225	9,895,000	38.54%	**2029**
2030	220,000	44,700	320,000	78,800	205,000	72,325	390,000	164,900	1,520,000	399,150	1,919,150	8,375,000	47.98%	**2030**
2031	230,000	34,600	335,000	65,700	215,000	61,825	410,000	144,900	1,590,000	333,925	1,923,925	6,785,000	57.86%	**2031**
2032	240,000	25,200	350,000	52,000	225,000	50,825	430,000	123,900	1,450,000	267,800	1,717,800	5,335,000	66.86%	**2032**
2033	250,000	15,400	360,000	37,800	235,000	39,325	450,000	101,900	1,510,000	199,800	1,709,800	3,825,000	76.24%	**2033**
2034	260,000	5,200	375,000	23,100	245,000	27,325	470,000	78,900	1,350,000	134,525	1,484,525	2,475,000	84.63%	**2034**
2035			390,000	7,800	260,000	16,000	495,000	54,775	1,145,000	78,575	1,223,575	1,330,000	91.74%	**2035**
2036					270,000	5,400	520,000	32,000	790,000	37,400	827,400	540,000	96.65%	**2036**
2037							540,000	10,800	540,000	10,800	550,800	0	100.00%	**2037**
	1,800,000	321,700	3,020,000	575,200	2,210,000	548,000	4,425,000	1,325,494	16,100,000	3,101,719	19,201,719			

6) This represents the $2,155,000 Improvement portion of the $3,925,000 General Obligation Bonds, Series 2023A.

7) This represents the $3,295,000 Improvement portion of the $6,080,000 General Obligation Bonds, Series 2024A.

8) This represents the $2,210,000 Improvement portion of the $8,740,000 General Obligation Bonds, Series 2025A.

9) This represents the $4,425,000 Improvement portion of the $8,695,000 General Obligation Bonds, Series, 2026A.

City of Waconia, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Utility Revenues
(As of 11/05/2026)

	Utility Revenue Bonds 1) Series 2019A							
Dated	08/22/2019							
Amount	$1,320,000							
Maturity	02/01							
Calendar Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	145,000	24,125	145,000	24,125	169,125	475,000	23.39%	**2027**
2028	150,000	16,750	150,000	16,750	166,750	325,000	47.58%	**2028**
2029	160,000	9,800	160,000	9,800	169,800	165,000	73.39%	**2029**
2030	165,000	3,300	165,000	3,300	168,300	0	100.00%	**2030**
	620,000	53,975	620,000	53,975	673,975			

1) This represents the $1,320,000 Water & Storm Sewer portions of the $4,515,000 General Obligation Bonds, Series 2019A.

City of Waconia, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 11/05/2026)

	Tax Abatement Bonds 1) Series 2019A		Tax Abatement Bonds 2) Series 2020A		Tax Abatement Bonds 3) Series 2021A		Tax Abatement Bonds 4) Series 2022A							
Dated	08/22/2019		09/03/2020		12/02/2021		10/06/2022							
Amount	$230,000		$1,090,000		$695,000		$1,045,000							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	25,000	4,075	110,000	6,900	70,000	9,850	0	48,600	205,000	69,425	274,425	1,960,000	9.47%	**2027**
2028	25,000	2,825	115,000	4,650	70,000	7,750	0	48,600	210,000	63,825	273,825	1,750,000	19.17%	**2028**
2029	25,000	1,700	115,000	2,925	70,000	5,650	85,000	46,475	295,000	56,750	351,750	1,455,000	32.79%	**2029**
2030	30,000	600	115,000	1,775	75,000	3,850	90,000	42,100	310,000	48,325	358,325	1,145,000	47.11%	**2030**
2031			120,000	600	75,000	2,350	95,000	37,475	290,000	40,425	330,425	855,000	60.51%	**2031**
2032					80,000	800	95,000	32,725	175,000	33,525	208,525	680,000	68.59%	**2032**
2033							100,000	27,850	100,000	27,850	127,850	580,000	73.21%	**2033**
2034							105,000	22,725	105,000	22,725	127,725	475,000	78.06%	**2034**
2035							110,000	17,350	110,000	17,350	127,350	365,000	83.14%	**2035**
2036							120,000	12,200	120,000	12,200	132,200	245,000	88.68%	**2036**
2037							120,000	7,400	120,000	7,400	127,400	125,000	94.23%	**2037**
2038							125,000	2,500	125,000	2,500	127,500	0	100.00%	**2038**
	105,000	9,200	575,000	16,850	440,000	30,250	1,045,000	346,000	2,165,000	402,300	2,567,300			

1) This represents the $230,000 Tax Abatement portion of the $4,515,000 General Obligation Bonds, Series 2019A.

2) This represents the $1,090,000 Tax Abatement portion of the $4,755,000 General Obligation Bonds, Series 2020A.

3) This represents the $695,000 Tax Abatement portion of the $7,215,000 General Obligation Bonds, Series 2021A.

4) This represents the $1,045,000 Tax Abatement portion of the $17,630,000 General Obligation Bonds, Series 2022A.

City of Waconia, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 11/05/2026)

	Capital Improvement Plan Bonds Series 2015C		Equipment Certificates 1) Series 2017A		Equipment Certificates & Refunding Bonds 2) Series 2019A		Sanitary Sewer Bonds 3) Series 2020A		Equipment Certs & Street Recon. Bonds 4) Series 2021A	
Dated	12/15/2015		08/15/2017		08/22/2019		09/03/2020		12/02/2021	
Amount	$4,320,000		$535,000		$1,665,000		$325,000		$2,495,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	370,000	16,950	70,000	1,050	235,000	19,575	35,000	2,100	255,000	35,125
2028	380,000	5,700			250,000	7,450	35,000	1,400	260,000	27,400
2029					30,000	600	35,000	875	270,000	19,450
2030							35,000	525	280,000	12,600
2031							35,000	175	285,000	6,950
2032									205,000	2,050
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
2041										
	750,000	22,650	70,000	1,050	515,000	27,625	175,000	5,075	1,555,000	103,575

1) This represents the $535,000 Equipment Certificates portion of the $7,470,000 General Obligation Bonds, Series 2017A.

2) This represents the $1,665,000 Equipment Certificates and Series 2010A Refunding portions of the $4,515,000 General Obligation Bonds, Series 2019A.

3) This represents the $325,000 Sanitary Sewer portion of the $4,755,000 General Obligation Bonds, Series 2020A.
This portion is not subject to the debt limit.

4) This represents the $2,495,000 Equipment Certificates & Street Reconstruction portions of the $7,215,000 General Obligation Bonds, Series 2021A.

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City of Waconia, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 11/05/2026)

	Sanitary Sewer Bonds 5) Series 2021A		Capital Improvement Plan Bonds 6) Series 2022A		Sanitary Sewer Bonds 7) Series 2022A		Equipment Certificates 8) Series 2023A		Sanitary Sewer Bonds 9) Series 2023A	
Dated	12/02/2021		10/06/2022		10/06/2022		06/01/2023		06/01/2023	
Amount	$1,370,000		$13,770,000		$210,000		$645,000		$125,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	135,000	19,675	0	606,350	20,000	7,250	65,000	22,175	10,000	4,400
2028	140,000	15,550	0	606,350	20,000	6,250	70,000	18,800	10,000	3,900
2029	145,000	11,275	375,000	596,975	20,000	5,250	70,000	15,300	10,000	3,400
2030	150,000	7,600	525,000	574,475	20,000	4,250	75,000	11,675	15,000	2,775
2031	150,000	4,600	545,000	547,725	25,000	3,125	80,000	8,200	15,000	2,100
2032	155,000	1,550	735,000	515,725	25,000	1,875	80,000	5,000	15,000	1,500
2033			1,070,000	470,600	25,000	625	85,000	1,700	15,000	900
2034			1,125,000	415,725					15,000	300
2035			1,180,000	358,100						
2036			1,240,000	303,800						
2037			1,285,000	253,300						
2038			1,340,000	200,800						
2039			1,395,000	146,100						
2040			1,450,000	89,200						
2041			1,505,000	30,100						
	875,000	60,250	13,770,000	5,715,325	155,000	28,625	525,000	82,850	105,000	19,275

5) This represents the $1,370,000 Sanitary Sewer portion of the $7,215,000 General Obligation Bonds, Series 2021A. This portion is not subject to the debt limit.

6) This represents the $13,770,000 Capital Improvement Plan portion of the $17,630,000 General Obligation Bonds, Series 2022A.

7) This represents the $210,000 Sanitary Sewer portion of the $17,630,000 General Obligation Bonds, Series 2022A. This portion is not subject to the debt limit.

8) This represents the $645,000 Equipment Certificates portion of the $3,925,000 General Obligation Bonds, Series 2023A.

9) This represents the $125,000 Sanitary Sewer portion of the $3,925,000 General Obligation Bonds, Series 2023A. This portion is not subject to the debt limit.

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City of Waconia, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 11/05/2026)

	Sanitary Sewer Bonds 10) Series 2024A		Equipment Certificates 11) Series 2025A		Sanitary Sewer Bonds 12) Series 2025A		Sanitary Sewer Bonds 13) Series 2026A		Capital Improvement Plan Bonds 14) Series 2026C							
Dated	05/23/2024		07/01/2025		07/01/2025		07/02/2026		11/05/2026							
Amount	$265,000		$1,680,000		$2,775,000		$3,165,000		$3,530,000*							
Maturity	02/01		02/01		02/01		02/01		02/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	25,000	9,300	135,000	76,625	220,000	126,600	0	162,786	0	130,414	1,575,000	1,240,375	2,815,375	28,315,000	5.27%	**2027**
2028	25,000	8,300	140,000	69,750	235,000	115,225	250,000	144,400	245,000	170,375	2,060,000	1,200,850	3,260,850	26,255,000	12.16%	**2028**
2029	25,000	7,300	145,000	62,625	245,000	103,225	265,000	131,525	300,000	156,750	1,935,000	1,114,550	3,049,550	24,320,000	18.63%	**2029**
2030	25,000	6,300	155,000	55,125	255,000	90,725	280,000	117,900	310,000	141,500	2,125,000	1,025,450	3,150,450	22,195,000	25.74%	**2030**
2031	25,000	5,300	165,000	47,125	270,000	77,600	290,000	103,650	330,000	125,500	2,215,000	932,050	3,147,050	19,980,000	33.15%	**2031**
2032	30,000	4,200	170,000	38,750	280,000	63,850	305,000	88,775	345,000	108,625	2,345,000	831,900	3,176,900	17,635,000	41.00%	**2032**
2033	30,000	3,000	180,000	30,000	295,000	49,475	320,000	73,150	360,000	91,000	2,380,000	720,450	3,100,450	15,255,000	48.96%	**2033**
2034	30,000	1,800	190,000	20,750	310,000	34,350	340,000	56,650	380,000	72,500	2,390,000	602,075	2,992,075	12,865,000	56.96%	**2034**
2035	30,000	600	195,000	12,100	325,000	20,100	355,000	39,275	400,000	53,000	2,485,000	483,175	2,968,175	10,380,000	65.27%	**2035**
2036			205,000	4,100	340,000	6,800	375,000	22,900	420,000	32,500	2,580,000	370,100	2,950,100	7,800,000	73.90%	**2036**
2037							385,000	7,700	440,000	11,000	2,110,000	272,000	2,382,000	5,690,000	80.96%	**2037**
2038											1,340,000	200,800	1,540,800	4,350,000	85.45%	**2038**
2039											1,395,000	146,100	1,541,100	2,955,000	90.11%	**2039**
2040											1,450,000	89,200	1,539,200	1,505,000	94.96%	**2040**
2041											1,505,000	30,100	1,535,100	0	100.00%	**2041**
	245,000	46,100	1,680,000	416,950	2,775,000	687,950	3,165,000	948,711	3,530,000	1,093,164	29,890,000	9,259,175	39,149,175			

* Preliminary, subject to change.

10) This represents the $265,000 Sanitary Sewer portion of the $6,080,000 General Obligation Bonds, Series 2024A.
This portion is not subject to the debt limit.

11) This represents the $1,680,000 Equipment Certificates portion of the $8,740,000 General Obligation Bonds, Series 2025A.

12) This represents the $2,775,000 Sanitary Sewer portion of the $8,740,000 General Obligation Bonds, Series 2025A.
This portion is not subject to the debt limit.

13) This represents the $3,165,000 Sanitary Sewer portion of the $8,695,000 General ObligationBonds, Series, 2026A.
This issue is not subject to the debt limit.

14) This represents the $3,530,000 Capital Improvement Plan Portion of the $26,245,000 General Obligation
Water Revenue and Capital Improvement Plan Bonds, Series 2026C.

City of Waconia, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 11/05/2026)

	Utility Revenue Bonds 1) Series 2018A		Utility Revenue Bonds 2) Series 2019A		Utility Revenue Bonds 3) Series 2020A		Water & Sewerage System Rev. Ref. Bonds Series 2020B		Utility Revenue Bonds 4) Series 2021A	
Dated	09/12/2018		08/22/2019		09/03/2020		12/10/2020		12/02/2021	
Amount	$500,000		$1,300,000		$1,460,000		$4,515,000		$2,655,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	60,000	4,500	140,000	23,600	150,000	9,300	390,000	9,750	265,000	38,075
2028	60,000	2,700	150,000	16,350	155,000	6,250			270,000	30,050
2029	60,000	900	155,000	9,500	155,000	3,925			280,000	21,800
2030			160,000	3,200	155,000	2,375			285,000	14,750
2031					160,000	800			295,000	8,950
2032									300,000	3,000
2033										
2034										
2035										
2036										
2037										
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
2046										
2047										
	180,000	8,100	605,000	52,650	775,000	22,650	390,000	9,750	1,695,000	116,625

1) This represents the $500,000 Water & Sanitary Sewer portions of the $1,465,000 General Obligation Bonds, Series 2018A.

2) This represents the $1,300,000 Sanitary Sewer portion of the $4,515,000 General Obligation Bonds, Series 2019A.

3) This represents the $1,460,000 Utility Revenue portion of the $4,755,000 General Obligation Bonds, Series 2020A.

4) This represents the $2,655,000 Utility Revenue portion of the $7,215,000 General Obligation Bonds, Series 2021A.

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City of Waconia, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 11/05/2026)

	Utility Revenue Bonds 5) Series 2022A		Utility Revenue Bonds 6) Series 2023A		Utility Revenue Bonds 7) Series 2024A		Utility Revenue Bonds 8) Series 2025A		Utility Revenue Bonds 9) Series 2026A	
Dated	10/06/2022		06/01/2023		05/23/2024		07/01/2025		07/02/2026	
Amount	$895,000		$1,000,000		$2,520,000		$2,075,000		$1,105,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	85,000	31,875	90,000	35,000	215,000	88,100	165,000	94,675	0	56,891
2028	90,000	27,500	90,000	30,500	230,000	79,200	175,000	86,175	90,000	50,400
2029	95,000	22,875	100,000	25,750	235,000	69,900	185,000	77,175	95,000	45,775
2030	95,000	18,125	105,000	20,625	245,000	60,300	190,000	67,800	95,000	41,025
2031	100,000	13,250	105,000	15,900	255,000	50,300	200,000	58,050	100,000	36,150
2032	105,000	8,125	110,000	11,600	270,000	39,800	210,000	47,800	105,000	31,025
2033	110,000	2,750	115,000	7,100	275,000	28,900	220,000	37,050	115,000	25,525
2034			120,000	2,400	285,000	17,700	235,000	25,675	120,000	19,650
2035					300,000	6,000	245,000	14,900	125,000	13,525
2036							250,000	5,000	125,000	7,900
2037									135,000	2,700
2038										
2039										
2040										
2041										
2042										
2043										
2044										
2045										
2046										
2047										
	680,000	124,500	835,000	148,875	2,310,000	440,200	2,075,000	514,300	1,105,000	330,566

5) This represents the $895,000 Utility Revenue portion of the $17,630,000 General Obligation Bonds, Series 2022A.

6) This represents the $1,000,000 Utility Revenue portion of the $3,925,000 General Obligation Bonds, Series 2023A.

7) This represents the $2,520,000 Utility Revenue portion of the $6,080,000 General Obligation Bonds, Series 2024A.

8) This represents the $2,075,000 Utility Revenue portion of the $8,740,000 General Obligation Bonds, Series 2025A.

9) This represents the $1,105,000 Utility Revenue portion of the $8,695,000 General Obligation Bonds, Series, 2026A.

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City of Waconia, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 11/05/2026)

	Utility Revenue Bonds 10) Series 2026C							
Dated	11/05/2026							
Amount	$22,715,000*							
Maturity	02/01							
Calendar Year Ending	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	0	808,320	1,560,000	1,200,087	2,760,087	31,805,000	4.68%	**2027**
2028	455,000	1,082,593	1,765,000	1,411,718	3,176,718	30,040,000	9.97%	**2028**
2029	735,000	1,052,843	2,095,000	1,330,443	3,425,443	27,945,000	16.24%	**2029**
2030	775,000	1,015,093	2,105,000	1,243,293	3,348,293	25,840,000	22.55%	**2030**
2031	815,000	975,343	2,030,000	1,158,743	3,188,743	23,810,000	28.64%	**2031**
2032	855,000	933,593	1,955,000	1,074,943	3,029,943	21,855,000	34.50%	**2032**
2033	895,000	889,843	1,730,000	991,168	2,721,168	20,125,000	39.68%	**2033**
2034	940,000	843,968	1,700,000	909,393	2,609,393	18,425,000	44.78%	**2034**
2035	990,000	795,718	1,660,000	830,143	2,490,143	16,765,000	49.75%	**2035**
2036	1,035,000	745,093	1,410,000	757,993	2,167,993	15,355,000	53.98%	**2036**
2037	1,090,000	691,968	1,225,000	694,668	1,919,668	14,130,000	57.65%	**2037**
2038	1,145,000	636,093	1,145,000	636,093	1,781,093	12,985,000	61.08%	**2038**
2039	1,200,000	582,868	1,200,000	582,868	1,782,868	11,785,000	64.68%	**2039**
2040	1,250,000	529,830	1,250,000	529,830	1,779,830	10,535,000	68.42%	**2040**
2041	1,305,000	471,378	1,305,000	471,378	1,776,378	9,230,000	72.34%	**2041**
2042	1,365,000	409,626	1,365,000	409,626	1,774,626	7,865,000	76.43%	**2042**
2043	1,430,000	344,285	1,430,000	344,285	1,774,285	6,435,000	80.71%	**2043**
2044	1,495,000	275,174	1,495,000	275,174	1,770,174	4,940,000	85.19%	**2044**
2045	1,570,000	201,988	1,570,000	201,988	1,771,988	3,370,000	89.90%	**2045**
2046	1,645,000	124,416	1,645,000	124,416	1,769,416	1,725,000	94.83%	**2046**
2047	1,725,000	42,263	1,725,000	42,263	1,767,263	0	100.00%	**2047**
	22,715,000	13,452,289	33,365,000	15,220,505	48,585,505			

* Preliminary, subject to change.

10) This represents the $22,715,000 Utility Revenue Portion of the $26,245,000 General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C.

City of Waconia, Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 11/05/2026)

	Baseball Stadium 2016 Lease							
Dated	10/20/2016							
Amount	$1,220,000							
Maturity	02/01							
Calendar Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	134,000	1,400	134,000	1,400	135,400	0	100.00%	**2027**
	134,000	1,400	134,000	1,400	135,400			

Waconia Economic Development Authority, Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 11/05/2026)

	Ice Arena Series 2014
Dated	02/11/2014
Amount	$4,706,907
Maturity	Monthly

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	68,888	2,787	68,888	2,787	71,675	421,937	14.04%	**2026**
2027	421,937	8,111	421,937	8,111	430,048	0	100.00%	**2027**
	490,826	10,898	490,826	10,898	501,723			

OVERLAPPING DEBT[1]

Taxing District	2025/26 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt[2]	City's Proportionate Share
Carver County	$258,611,202	11.1852%	$8,815,000	$985,975
I.S.D. No. 110 (Waconia Public Schools)	50,464,277	57.3200%	93,425,000[3]	53,551,210
Metropolitan Council	6,503,726,905	0.4448%	261,560,000[4]	1,163,419
City's Share of Total Overlapping Debt				$55,700,604

[1] Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. 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.

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

[3] 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.

[4] 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

	G.O. Debt	Debt/Economic Market Value $2,687,207,328	Debt/ Per Capita 14,810[1]
Direct G.O. Debt Secured By:			
Special Assessments & Taxes	$16,100,000		
Special Assessments & Utility Revenues	620,000		
Tax Abatement Revenues	2,165,000		
Taxes*	29,890,000		
Utility Revenues*	33,365,000		
Total General Obligation Debt*	$82,140,000		
Less: G.O. Debt Paid Entirely from Revenues[2]	(33,985,000)		
Tax Supported General Obligation Debt*	$48,155,000	1.79%	$3,251.52
City's Share of Total Overlapping Debt	$55,700,604	2.07%	$3,761.01
Total*	$103,855,604	3.86%	$7,012.53

* Preliminary, subject to change.

[1] Estimated 2025 population.

[2] 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[1]	Total Collected Following Year	Collected to Date	% Collected
2021/22	$9,014,211	$8,994,396	$9,014,211	100.00%
2022/23	10,219,805	10,201,240	10,218,819	99.99%
2023/24	11,640,669	11,618,832	11,636,745	99.97%
2024/25	13,013,051	12,989,975	12,989,975	99.82%
2025/26	13,914,413	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.[2] 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[3]

	2021/22	2022/23	2023/24	2024/25	2025/26
Carver County	34.170%	29.267%	30.106%	30.934%	31.299%
City of Waconia	46.158%	41.301%	44.778%	48.173%	48.098%
I.S.D. No. 110 (Waconia Public Schools)	31.258%	24.140%	23.734%	23.278%	22.373%
Carver County CDA	1.635%	1.396%	1.449%	1.480%	1.468%
Carver County Rail Authority	0.110%	0.088%	0.091%	0.094%	0.093%
Carver County WMO	0.859%	0.732%	0.746%	0.758%	0.747%
Metro Mosquito	0.365%	0.313%	0.331%	0.312%	0.324%
Metropolitan Council	0.637%	0.544%	0.649%	0.538%	0.580%
Referendum Market Value Rates:					
I.S.D. No. 110 (Waconia Public Schools)	0.23807%	0.20385%	0.19281%	0.19996%	0.23079%

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

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

[2] Second half tax payments on agricultural property are due on November 15 of each year.

[3] 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 1921. 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, Finance Director and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 47 full-time, 38 part-time and twelve (12) 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 Units

The City has no Recognized and Certified Bargaining Units.

POST EMPLOYMENT BENEFITS

The City has not done an actuarial study at this time.

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

FUNDS ON HAND (as of July 31, 2026)

Fund	Total Cash and Investments
General	$8,656,040
Special Revenue	1,233,224
Debt Service	3,926,380
Capital Projects	6,689,260
Enterprise Funds	12,881,773
Total Funds on Hand	$33,386,677

ENTERPRISE FUNDS

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

	2023 Audited	2024 Audited	2025 Audited
Water			
Total Operating Revenues	$2,149,419	$1,933,709	$2,061,558
Less: Operating Expenses	(2,414,847)	(2,529,158)	(3,336,084) [1]
Operating Income	($265,428)	($595,449)	($1,274,526)
Plus: Depreciation	978,962	1,012,918	1,169,973
Revenues Available for Debt Service	$713,534	$417,469	($104,553)
Sewer			
Total Operating Revenues	$2,654,424	$2,958,334	$3,113,509
Less: Operating Expenses	(2,774,880)	(3,064,043)	(3,543,534) [2]
Operating Income	($120,456)	($105,709)	($430,025)
Plus: Depreciation	620,052	635,263	803,966
Revenues Available for Debt Service	$499,596	$529,554	$373,941
Storm Water			
Total Operating Revenues	$1,693,624	$1,814,126	$2,034,791
Less: Operating Expenses	(1,784,944)	(1,757,003)	(2,545,223) [2]
Operating Income	($91,320)	$57,123	($510,432)
Plus: Depreciation	710,571	737,063	868,939
Revenues Available for Debt Service	$619,251	$794,186	$358,507
Street Light			
Total Operating Revenues	$290,279 [3]	$299,405	$309,154
Less: Operating Expenses	(413,791)	(273,605)	(329,332) [2]
Operating Income	($123,512)	$25,800	($20,178)
Plus: Depreciation	501	501	14,540
Revenues Available for Debt Service	($123,011)	$26,301	($5,638)

[1] In 2025, the City had consulting and engineering expenses for planning of a new water treatment facility. These costs included preliminary design with an architect and engineering services to determine proper location and size for the community.

[2] In 2025, the City had more operating expenses due to the timing of planned capital projects.

[3] In 2023, the City completed a larger street light maintenance project along Marketplace Drive. This area of the City includes several commercial businesses and retail establishments.

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, 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 2025 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2021 Audited	2022 Audited	2023 Audited	2024 Audited	2025 Audited
Revenues					
Property taxes	$5,901,086	$5,984,955	$6,479,939	$7,775,563	$8,921,483
Licenses and permits	1,175,255	1,700,990	1,146,918	1,065,548	1,853,102
Intergovernmental	247,759	431,104	848,327 [1]	559,833	946,087
Charges for services	957,198	940,890	998,793	1,068,603	1,120,541
Fine and forfeits	37,632	42,747	53,504	53,221	45,957
Investment income	(27,581)	(220,849)	212,956	248,953	275,009
Contributions and donations	12,371	4,040	14,514	35,805	33,828
Total Revenues	$8,303,720	$8,883,877	$9,754,951	$10,807,526	$13,196,007
Expenditures					
General government	$1,718,851	$2,061,259	$2,255,756	$2,651,624	$3,065,514
Public safety	1,416,903	1,549,542	1,683,055	2,217,927	2,485,971
Public works	1,930,196	2,335,824	2,666,038	2,920,646	2,889,674
Culture and recreation	15,378	19,225	68,220	74,932	91,205
Community development[2]	651,268	1,207,883	786,389	889,794	1,292,963
Total Expenditures	$5,732,596	$7,173,733	$7,459,458	$8,754,923	$9,825,327
Excess of revenues over (under) expenditures	$2,571,124	$1,710,144	$2,295,493	$2,052,603	$3,370,680
Other Financing Sources (Uses)					
Sale of capital asset	$0	$0	$0	$0	$139,061
Transfers in	228,084	242,202	271,944	316,700	376,601
Transfers (out)	(2,046,792)	(2,158,117)	(2,027,825)	(2,049,275)	(2,385,625)
Total Other Financing Sources (Uses)	($1,818,708)	($1,915,915)	($1,755,881)	($1,732,575)	($1,869,963)
Net changes in Fund Balances	$752,416	($205,771)	$539,612	$320,028	$1,500,717
General Fund Balance January 1	$4,010,916	$4,763,332	$4,557,561	$5,097,173	$5,417,201
Prior Period Adjustment	0	0	0	0	0
General Fund Balance December 31	$4,763,332	$4,557,561	$5,097,173	$5,417,201	$6,917,918
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	$111,255	$100,404	$130,513	$137,457	$137,496
Restricted	1,057	1,057	582,938	490,939	510,302
Committed	664,462	644,987	629,987	659,910	687,570
Unassigned	3,986,558	3,811,113	3,753,735	4,128,895	5,582,550
Total	$4,763,332	$4,557,561	$5,097,173	$5,417,201	$6,917,918

Note: The City budgeted to use fund balance in fiscal years 2021-2025 instead of transferring fund balance to a capital project fund or increasing the City's general operating levy. The City ended fiscal year 2025 with a 57% fund balance due to building permit revenues outperforming what was budgeted and strong property tax collections. This trend in strong building activity and tax collections is expected to carry over into 2026. The City's financial policy requires the City to hold a fund balance of 41%.

Note: In 2025, the City received one-time intergovernmental revenue in the form of a grant that was passed thru to a developer for redevelopment in the downtown district. This pass thru resulted in the City having additional community development expenses in 2025.

[1] The City received a one time aid of $581,881 for public safety expenditures from the State of Minnesota. These funds were recognized in 2023 as revenue and are being held in restricted fund balance until they are spent on qualifying purchases.

[2] The large increase from 2021 to 2024 in community development expense is a result of adding one full time position to the planning department to assist with permit issuance and review. Additionally, the City had additional building inspections due to the increased about of permits processed in 2022, and the City was the recipient of an economic development grant in 2022. The City received revenue from an outside agency and passed through a local business, that repurposed an unused building in the City's downtown district.

GENERAL FUND BUDGET SUMMARY

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31 2026 Amended Budget[1]
Revenues	
Property taxes	$9,927,827
Licenses and permits	1,066,300
Intergovernmental	859,206
Charges for services	905,850
Fine and forfeits	52,000
Investment income	70,000
Contributions and donations	1,000
Total Revenues	$12,882,183
Expenditures	
General government	$3,390,855
Public safety	2,634,150
Public works	3,498,277
Culture and recreation	104,460
Community development	1,265,134
Total Expenditures	$10,892,876
Excess of revenues over (under) expenditures	$1,989,307
Other Financing Sources (Uses)	
Transfers in	$406,800
Transfers (out)	(3,014,675)
Total Other Financing Sources (Uses)	($2,607,875)
Net changes in Fund Balances	($618,568)
General Fund Balance January 1	$5,417,201
Prior Period Adjustment	0
General Fund Balance December 31	$4,798,633

[1] The 2026 budget was adopted on December 22, 2025 and amended on April 20, 2026 and again on May 18, 2026. The deficit shown in the budget after transfers is a planned use of the fund balance by the City that will likely be offset by additional building permit and planning and zoning fees.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 13,033 and a 2025 population estimate of 14,810, and comprising an area of 5.80 square miles, is located approximately 53 miles southwest of St. Paul, Minnesota.

LARGER EMPLOYERS[1]

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Ridgeview Medical Center	Hospital	1,833
Strom Aviation, Inc.	Aircraft dealers	1,001
I.S.D. No. 110 (Waconia Public Schools)	Elementary and secondary education	816 [2]
CabinetWorks Group	Wood cabinets and door manufacturing	600
Mackenthun's Supermarket	Retail grocery store	200
Target	Retail	150
Laketown Electric Corp.	Electrical contractors	135
Good Samaritan Society Waconia/Westview Acres	Assisted living facility and nursing home	130
Lakeview Clinic	Medical care services	120
Auburn Meadows Assisted Living	Residential care homes	100

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

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

[2] Reflects total number of employees for the entire district, including those outside City limits.

BUILDING PERMITS (as of July 31, 2026)

	2022	2023	2024	2025	2026
New Single Family Homes					
No. of building permits	144	70	104	102	105
Valuation	$49,333,292	$26,207,272	$41,745,315	$47,758,470	$45,578,959
New Multiple Family Buildings					
No. of building permits	38	16	22	27	12
Valuation	$10,953,846	$4,666,480	$6,235,535	$27,499,837	$3,206,130
New Commercial/Industrial					
No. of building permits	11	7	0	5	2
Valuation	$43,415,480	$17,719,000	$0	$7,379,000	$4,200,000
All Building Permits *(including additions and remodelings)*					
No. of building permits	1,882	1,862	2,125	2,491	1,397
Valuation	$127,790,000	$84,600,000	$65,200,000	$134,500,000	$71,218,296

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	10,697
2020 U.S. Census population	13,033
Percent of Change 2010 - 2020	21.84%
2025 Metropolitan Council Population Estimate	14,810

Income and Age Statistics

	The City	Carver County	State of Minnesota	United States
2024 per capita income	$53,078	$60,893	$48,237	$44,673
2024 median household income	$111,031	$125,946	$89,062	$80,734
2024 median family income	$144,727	$154,249	$113,993	$99,999
2024 median gross rent	$1,330	$1,514	$1,280	$1,413
2024 median value owner occupied units	$431,000	$453,600	$329,300	$332,700
2024 median age	38.4 yrs.	39.0 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
City % of 2024 per capita income	110.04%	118.81%
City % of 2024 median family income	126.96%	144.73%

Housing Statistics

	The City		
	2020	2025	Percent of Change
All Housing Units	4,659	5,582	19.81%

Source: 2010 and 2020 Census of Population and Housing, and 2024 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (https://data.census.gov), and 2025 Population Estimates, Metropolitan Council (https://metrocouncil.org/).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Carver County	Carver County	State of Minnesota
2022	60,584	1.9%	2.5%
2023	61,247	2.3%	2.8%
2024	61,771	2.7%	3.1%
2025	62,087	3.4%	3.9%
2026, August	60,973	4.2%	4.8%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF WACONIA, MINNESOTA

For the Year Ended December 31, 2025

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF WACONIA, MINNESOTA

FOR THE YEAR ENDED

DECEMBER 31, 2025

Prepared By:

Finance Department

Nicole Meyer,
Finance Director

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I. INTRODUCTORY SECTION

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City of Waconia

May 14, 2026

To the Citizens of the City of Waconia, Honorable Mayor, and City Council Members

The Annual Comprehensive Financial Report of the City of Waconia, Minnesota (the City) for the fiscal year ended December 31, 2025 is hereby submitted. This report was prepared by the City's Finance Department. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board, the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, Minnesota's Office of the State Auditor and City policies.

This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Reporting Entity and Its Services

This report includes all funds, account groups, and departments of the City (the primary government) and its component units. The City provides a full range of services to its residents and businesses including administrative services, public safety (police and fire protection), public services (engineering, streets, and equipment maintenance), culture and recreation, and community development. In addition to the general municipal services, the City provides utility services including water, sanitary sewer service, storm water, and street lighting along with oversight (through licensing) of the refuse and recycling services. In accordance with the reporting entity definition of the Governmental Accounting Standards Board, the City has included the Waconia Economic Development Authority (EDA) and the Waconia Housing and Redevelopment Authority (HRA) in these financial statements as blended component units. Both the EDA and HRA are considered component units because the governing boards are substantively the same as that of the City Council and because the City is in a relationship of financial burden with each of the entities. The school district that serves the residents of the City, like all school districts in Minnesota, is governed independently by its own elected board members. It levies its own taxes and prepares its own financial reports. Accordingly, it is excluded from this report.

Relevant Financial Policies

The City has a policy regarding its General Fund reserve balances. The unassigned fund balance in the General Fund should be approximately 50% of the actual expenses of the fund less annual transfers and shall never fall below 41% of operating expenditures. This provides working capital between the City's semi-annual property tax settlements from Carver County.

The primary financial goal of the City's Investment Policy is to invest funds in a manner which will provide the highest investment return with the maximum security of principal. Cash temporarily idle during the year is invested in certificates of deposits, obligations of the U.S. Treasury, and government agencies. The City only invests in instruments authorized under Minnesota Statute 118A. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at the end of the year, based on average monthly cash balances. As of December 31, 2025, the maturities of the investments ranged from 13 days to 8.9 years, with an average maturity of 2.5 years. The average yield to maturity in the portfolio on December 31, 2025 was 3.66%. The City's portfolio has no more than 20% of the total investments exceeding 5 years and maturities may not exceed 10 years without prior City Council approval. It is the City's practice to hold all instruments to maturity.

The City established a Municipal Subsidy Policy that includes a tax abatement program, pursuant to the provisions of Minnesota Statutes 469.1812 through 469.1815. The tax abatement program was established to aid private development projects that will eventually expand the City's tax base. Expected long-term benefits include; local job and career creation, enhanced diversity in the City's economic base, removal and redevelopment of blighted properties, and construction of affordable housing.

Economic Condition and Outlook

The City of Waconia, Minnesota, is located west of the Twin Cities metropolitan area in Carver County, Minnesota. The City encompasses an area of 6.20 square miles. State Highways 5, 7, and 284 along with Carver County Road 10 provide access for commuters coming into the City from the Twin Cities metropolitan area as well as for residents traveling to work outside the City.

The City's population estimate as of December 31, 2025 was 15,850. Waconia's total number of building permits increased in 2025 from 2024. The total number of building permits for 2025 was 2,491 and the total number of building permits in 2024 was 2,125. Total construction valuation of the City's permits increased in 2025 from 2024. The total valuation of all building permit activity in 2025 was $134,500,000; this compares to the total 2024 building permit valuation of $65,200,000. The increase is largely due to several significant commercial projects taking place in 2025 along with the construction of a 92-unit apartment building in the City's core downtown district. New home construction activity was very similar year over year when reviewing 2024 and 2025. A total of 129 new home units (102 single family and 27 townhomes) were built in 2025. By comparison, a total of 126 new home units (104 single family and 22 townhomes) were constructed in 2024.

Several significant commercial projects had building permits issued and were finalized in 2025. The City issued 158 commercial permits with a total construction value of approximately $28,200,000. In comparison, the City issued 105 commercial permits in 2024 with approximately $2,400,000 in construction valuation. In 2025, the City issued permits for new commercial buildings; this including a Goodwill store, Transport Security, and Tractor Supply. Lakeview Clinic also completed a large renovation to their campus which resulted in about $4,800,000 in construction value.

The City expects to continue seeing residential growth and development in 2026. The City budgeted for the completion of 125 single family homes in 2026 based on available lot inventory and building trends provided by developers. Along with single family home growth, the City continues to review plans and permit applications

for townhome and apartment building projects. This higher density residential development adds market rate, work force, and senior rental opportunities to the community. The City has also approved site plans for two new commercial buildings and one industrial building that are planned to be constructed in 2026; these include Les Schwab Tire Center, GVT Tire & Auto Center, and TMC Properties, LLC.

In 2025, the City issued $8,740,000 of General Obligation bonds for infrastructure improvements in the core downtown business district of the City, equipment replacement including a new fire rescue truck, and utility oversizing that will support growth and development in the community. Infrastructure improvements were made to streets, sidewalks, water, sanitary sewer, and storm water structures. Some of the buried infrastructure that was replaced was nearly 100 years old. The 2025 infrastructure improvements included: portions of First, Olive, and Second Street. The City will continue this work in the core downtown business district in 2026 to replace this extremely aged infrastructure.

As part of issuing bonds in 2025, the City underwent a financial review by Standard & Poor's (the City's bond rating agency). This review resulted in the City maintaining its bond rating of AA+. The City's forward looking management along with robust long-term planning, healthy reserve levels, and strong financial policies were given for maintaining the rating.

Accounting Systems and Budgetary Control

The City's accounting records are maintained on the accrual, or modified accrual basis, as appropriate. Budgetary control is maintained through the City's accounting and reporting system whereby monthly detailed reports of budget versus actual are provided to all departments with summaries being provided to the City Council on a quarterly basis. Approval listings and documentation are provided for the City Council at each semi-monthly meeting for all checks and payments issued by the City. The City's legal level of budgetary control (i.e., the level at which management cannot overspend the budget without the approval of the governing body) is at the fund level. City Council action is required for budgetary changes to personnel, contract services, and use of fund balance after formal approval of the annual budget.

In the City's accounting system, careful consideration is given to the adequacy of internal controls. These controls are designed to provide reasonable, but not necessarily absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluation occurs within the above framework. We believe the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording for financial transactions.

Capital financings for major municipal improvements are provided through (1) improvement bonds, (2) general obligation bonds, or (3) revenue bonds. Internal financing of improvement projects is usually minimal and only for short periods of time.

Long Term Financial Planning

In 2005, the City created a 30-year financial model to assist in long term planning in the General Fund. As a growing community, the use of this tool has assisted the City in planning for future capital improvements, operational changes, and management of general obligation debt. The model ties budget, levy, and tax rate information together to provide a complete financial picture and is reviewed and updated annually.

In addition, the City has a 10-year capital improvement plan in place for infrastructure and equipment, as well as a pavement management plan for streets, sidewalks, and trails. The City's Capital Improvement Plan (CIP) committee meets to discuss current and future projects, funding sources, and capital fund cash flows.

The City also undertakes an annual rate study of its water, sanitary sewer, storm water, and street light rates. As part of this process the City projects fund balances and capital improvements to each of the systems for the next ten years and identifies required changes to user and connection rates for each fund for that same time period.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waconia for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the twelfth consecutive year that the City has achieved this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City is submitting the 2025 report to GFOA for consideration of the Certificate of Achievement for Excellence in Financial Reporting. We believe our current report continues to conform to the high standards of the certificate program.

Independent Audit

State law provides that the City may arrange for examination of its books, records, accounts and affairs, or any part thereof, by the State Auditor, or by Certified Public Accountants. It has been a long-standing policy of the City to provide for a complete annual audit of City records by Certified Public Accountants. The auditor's opinion has been included in this report.

Acknowledgements

We wish to express our appreciation to the members of the City Council for their support in continually improving the financial condition of the City. We also want to thank the Finance Department staff and department directors for their assistance in compiling the information necessary for this report. Finally, we wish to acknowledge Redpath and Company for their assistance in preparing this report.

Respectfully Submitted,

Nicole Meyer, Finance Director

CITY OF WACONIA, MINNESOTA
ELECTED OFFICIALS AND ADMINISTRATION
December 31, 2025

Elected Officials	Position	Term Expires
Tim Liftin	Mayor	December 31, 2026
Nick Gleason	Councilmember	December 31, 2026
Derek Siddons	Councilmember	December 31, 2028
Jeff Grengs	Councilmember	December 31, 2026
Jacob Coleman	Councilmember	December 31, 2028

Appointed	
Shane Fineran	City Administrator
Nicole Meyer	Finance Director
Mike Melchert	City Attorney
Bolton & Menk, Inc.	City Engineer

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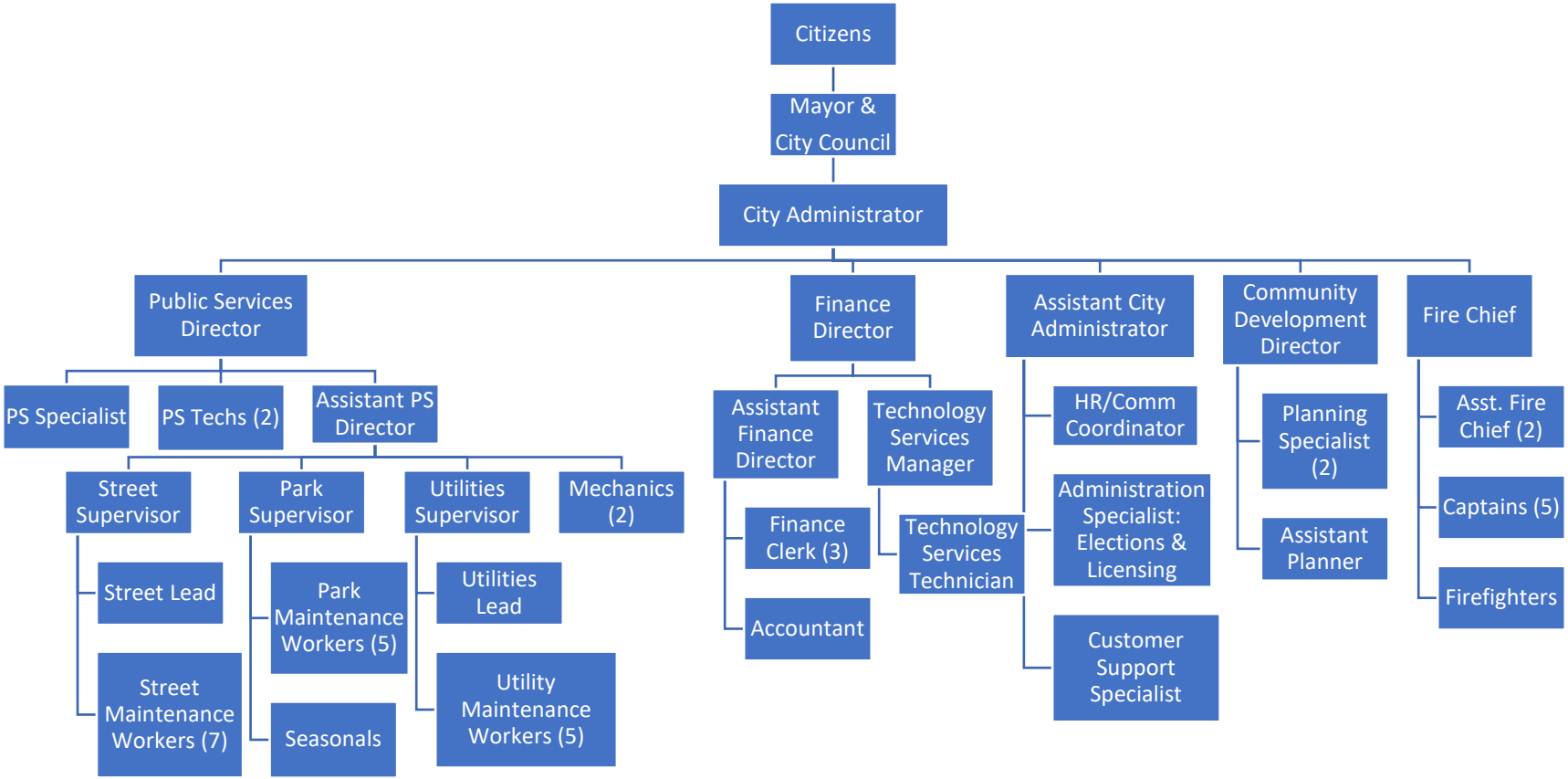
Organizational Chart (2025)



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waconia
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Executive Director/CEO

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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Waconia, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waconia, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Waconia, Minnesota'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 of Waconia, Minnesota, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 Waconia, Minnesota 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.

Report on Summarized Comparative Information

We have previously audited the City of Waconia, Minnesota's 2024 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated May 14, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Waconia, Minnesota'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 *Governmental 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 of Waconia, Minnesota'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 of Waconia, Minnesota'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the City of Waconia, Minnesota's basic financial statements. The accompanying combining and individual nonmajor 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 relates 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 nonmajor 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 included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements 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 May 13, 2026 on our consideration of the City of Waconia, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waconia, Minnesota'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 of Waconia, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 13, 2026

Management's Discussion and Analysis

As management of the City of Waconia, we offer readers of the City of Waconia's financial statements this narrative overview and analysis of the financial activities of the City of Waconia for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here.

Financial Highlights

- The assets and deferred outflows of resources of the City of Waconia exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $138,314,656 (*net position*). Of this amount, $17,885,689 (*unrestricted net position*) may be used to meet the government's ongoing obligation to citizens and creditors.
- At the end of the fiscal year, the City of Waconia's governmental funds had a total fund balance of $17,657,887, which is $2,006,567 more than the previous year.
- The unassigned fund balance for the General Fund was $5,582,550 or 57% of total General Fund expenditures as of the end of the fiscal year. The City realized an increase of $1,453,655 in the unassigned General Fund fund balance from the prior year of 2024.
- The City of Waconia's capital assets increased from $150,487,510 to $165,917,554 net of accumulated depreciation. The significant balance change was driven by two major factors. First, the City recognized $21,533,836 in donated municipal improvements from developers across both the general and proprietary funds. Secondly, the city entered into an agreement resulting in the disposal of an asset with a net book value of $13,576,711, commonly referred to as the hospital land and building.
- Long-term debt increased from $57,138,927 to $59,987,431 by the end of 2025. The City issued $3,890,000 in general obligation bonds to fund the 2025 infrastructure improvements in the core downtown district, as well as the acquisition of equipment. In addition, $4,850,000 in General Obligation Water, Sewer, and Storm revenue bonds were issued to further support downtown infrastructure and to fund utility oversizing for growth and development in the southeast area of the City.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in the 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 government-wide financial statements distinguish functions of the City of Waconia that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges for services (*business-type activities*). The governmental activities of the City of Waconia include administrative services, community development, culture and recreation, public safety, and public services. The business-type activities of the City of Waconia include water, sewer, storm water, and street lighting.

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 of Waconia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Waconia can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Waconia maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Permanent Improvement Revolving Capital Project Fund which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found in Statements 3 through 5 of this report.

The City of Waconia adopts an annual appropriated budget for its General Fund and all special revenue funds. Annual budgets approved for the City's capital project and debt funds are used as a guide by the City Council for those major items already approved by resolution. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with its budget. Budgetary information for the General Fund can be found on Statement 9. Budgetary comparison information for non-major special revenue funds including the Public Education Fund, Revolving Loan Fund, Safari Island Fund, Ice Arena Fund, and Lodging Tax Fund can be found on Statements 18 through 22 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, storm water, and street light funds which are considered major funds of the City of Waconia.

The basic proprietary fund financial statements can be found in Statements 6 through 8 of this report.

Notes to the financial statements. The notes provide additional information that is essential to get a full understanding of the data provided in the government-wide and fund financial statements. The notes that accompany the financial statements can be found immediately following Statement 8 of this report.

Other information. The combining statements referred to earlier in this report, in connection with non-major funds, are presented immediately following the notes to the financial statements. Combined and individual fund statements and schedules can be found in Statements 16 and 17 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. For the City of Waconia, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $138,314,656 at the close of the most recent fiscal year.

By far the largest portion of the City of Waconia's net position (78%) reflects its investments 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 of Waconia uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Waconia'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.

A portion of the City of Waconia's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $17,885,689 or 13% may be used to meet the government's ongoing obligation to citizens and creditors.

During 2025, the City of Waconia completed a transaction involving the sale of land and hospital building previously owned by the City and leased to Ridgeview Medical Center. This transaction resulted in the disposal of an asset with an original asset value of $34,968,602 and net accumulated depreciation of $21,391,891. The transaction was unusual in nature and fell outside the scope of normal operations. Further information is provided in Notes 4 and 18 of this report.

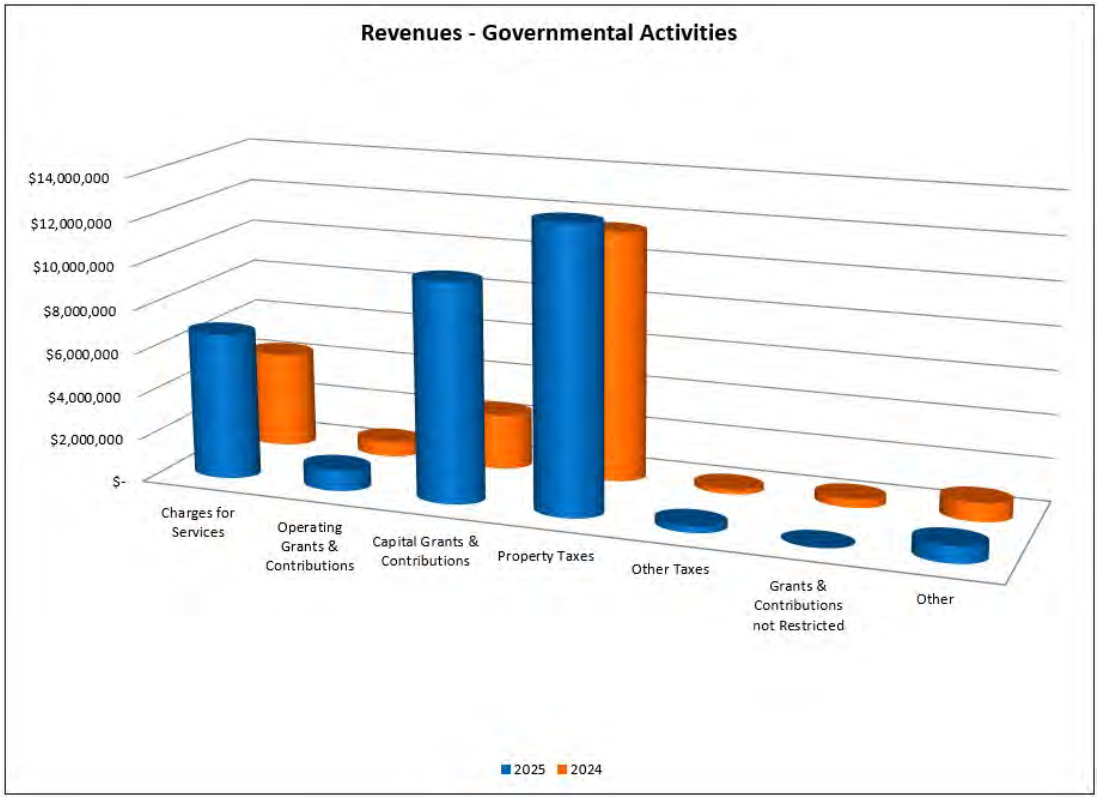
At the end of the current fiscal year, the City of Waconia can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

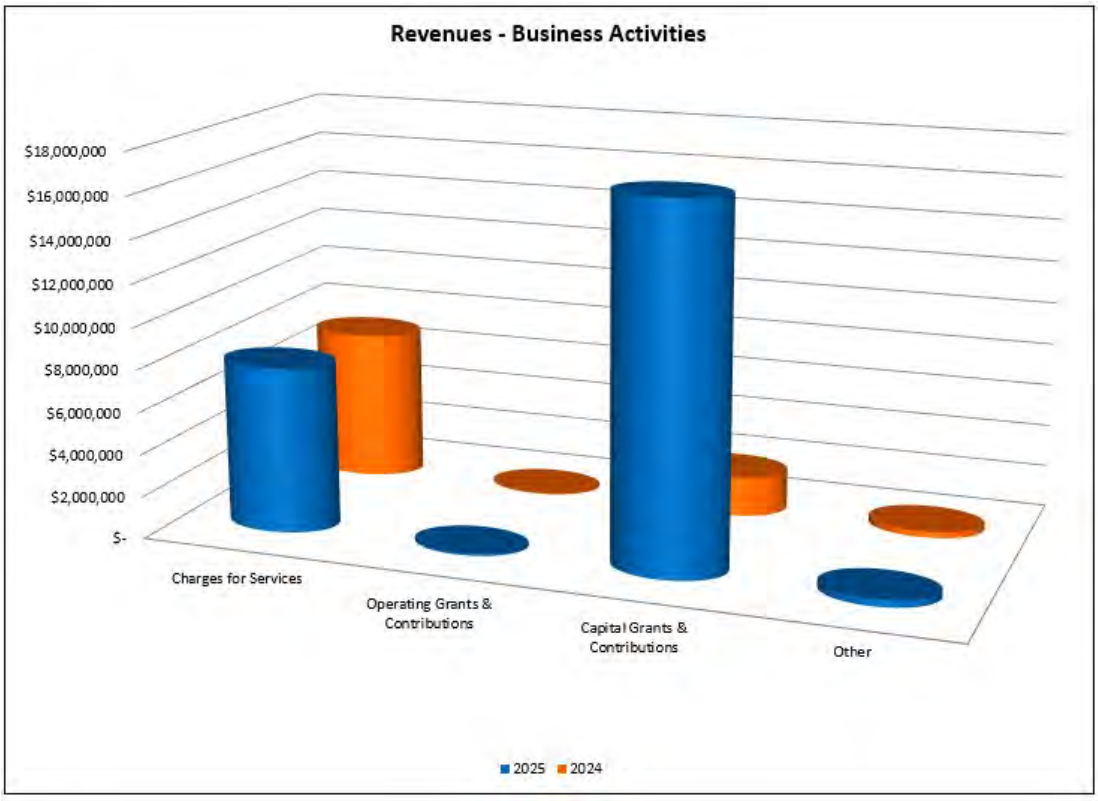
Net Position	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current & Other Assets	$ 27,194,937	$ 31,683,122	$ 12,844,941	$ 11,564,504	$ 40,039,878	$ 43,247,626
Capital Assets	$ 94,319,202	$ 94,932,155	$ 71,598,352	$ 55,555,355	$ 165,917,554	$ 150,487,510
Total Assets	$ 121,514,139	$ 126,615,277	$ 84,443,293	$ 67,119,859	$ 205,957,432	$ 193,735,136
Deferred Outflows of Resources	$ 592,991	$ 692,841	$ 177,407	$ 137,449	$ 770,398	$ 830,290
Long-Term Liabilities	$ 42,308,421	$ 42,058,746	$ 19,248,423	$ 16,715,326	$ 61,556,844	$ 58,774,072
Other Liabilities	$ 3,159,756	$ 3,016,174	$ 982,920	$ 660,291	$ 4,142,676	$ 3,676,465
Total Liabilities	$ 45,468,177	$ 45,074,920	$ 20,231,343	$ 17,375,617	$ 65,699,520	$ 62,450,537
Deferred Inflows of Resources	$ 2,394,936	$ 10,356,861	$ 318,718	$ 347,248	$ 2,713,654	$ 10,704,109
Net Investment in Capital Assets	$ 55,111,700	$ 55,154,727	$ 52,670,219	$ 39,378,665	$ 107,781,919	$ 94,533,392
Net Position Restricted	$ 12,647,048	$ 12,355,381	$ -	$ -	$ 12,647,048	$ 12,355,381
Net Position Unrestricted	$ 6,485,269	$ 4,366,229	$ 11,400,420	$ 10,155,778	$ 17,885,689	$ 14,522,007
Total Net Position	$ 74,244,017	$ 71,876,337	$ 64,070,639	$ 49,534,443	$ 138,314,656	$ 121,410,780

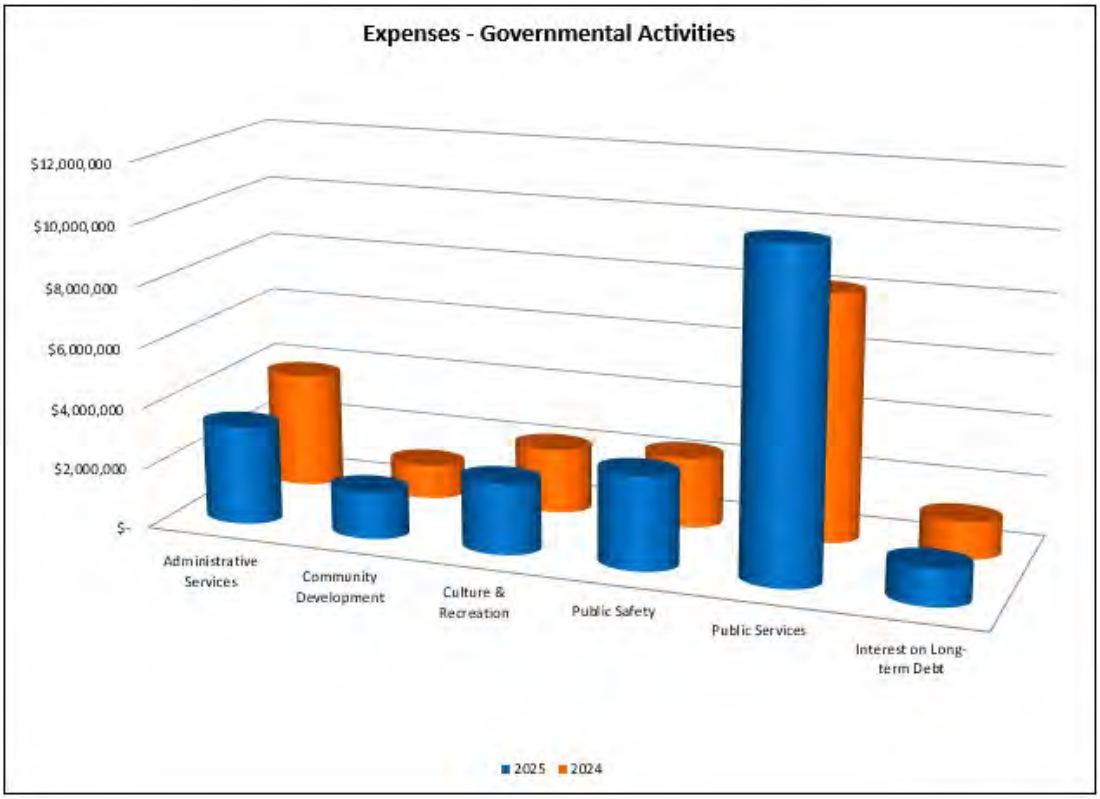
Governmental activities. The City's governmental activities net position increased by $2,367,680 in 2025, compared to an increase of $1,908,087 in 2024. This growth was driven in part by a $725,569 rise in building permit revenue from 2024 to 2025. The increase in permit activity was primarily attributable to three new commercial construction projects, construction of a new 92-unit apartment building, and a severe weather event that led to a surge in over-the-counter permits for roof and siding repairs.

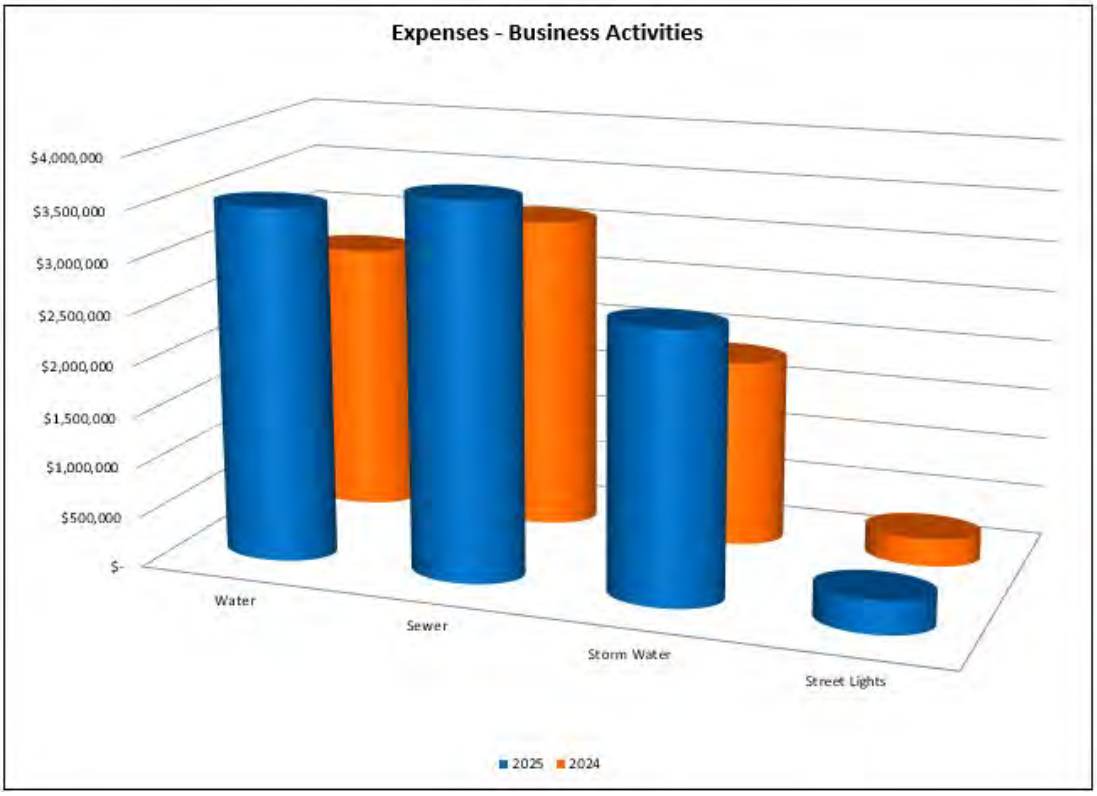
Business-type activities. Business-type activities increased the City's net position by $14,536,196 compared to the previous year's increase in net position of $1,318,567. Net position increased significantly due to contributions of capital assets in the water, sewer, and storm water funds. The contributions of capital assets are recognized as part of the acceptance of municipal improvements for the Woodland Creek, Interlaken, Shores of Lake Waconia East, Orchard Park, and Waterford developments.

Net Position Changes	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	$ 6,657,854	$ 4,428,760	$ 7,852,367	$ 7,141,584	$ 14,510,221	$ 11,570,344
Operating Grants & Contributions	$ 1,068,141	$ 667,523	$ 86,502	$ 41,770	$ 1,154,643	$ 709,293
Capital Grants & Contributions	$ 10,048,231	$ 2,561,034	$ 16,986,353	$ 1,884,319	$ 27,034,584	$ 4,445,353
General Revenues					$ -	$ -
Property Taxes	$ 13,013,757	$ 11,542,466	$ -	$ -	$ 13,013,757	$ 11,542,466
Other Taxes	$ 304,638	$ 227,296	$ -	$ -	$ 304,638	$ 227,296
Grants & Contributions not Restricted	$ 2,095	$ 381,469	$ 3,243	$ -	$ 5,338	$ 381,469
Other	$ 774,443	$ 853,878	$ 331,584	$ 285,969	$ 1,106,027	$ 1,139,847
Total Revenues	$ 31,869,159	$ 20,662,426	$ 25,260,049	$ 9,353,642	$ 57,129,208	$ 30,016,068
Expenses						
Administrative Services	$ 3,259,331	$ 3,836,884	$ -	$ -	$ 3,259,331	$ 3,836,884
Community Development	$ 1,549,973	$ 1,139,167	$ -	$ -	$ 1,549,973	$ 1,139,167
Culture & Recreation	$ 2,342,919	$ 2,157,232	$ -	$ -	$ 2,342,919	$ 2,157,232
Public Safety	$ 3,132,561	$ 2,337,814	$ -	$ -	$ 3,132,561	$ 2,337,814
Public Services	$ 10,632,795	$ 8,160,209	$ -	$ -	$ 10,632,795	$ 8,160,209
Interest on Long-term Debt	$ 1,213,216	$ 1,223,399	$ -	$ -	$ 1,213,216	$ 1,223,399
Water	$ -	$ -	$ 3,490,416	$ 2,685,922	$ 3,490,416	$ 2,685,922
Sewer	$ -	$ -	$ 3,688,489	$ 3,117,004	$ 3,688,489	$ 3,117,004
Storm Water	$ -	$ -	$ 2,648,650	$ 1,858,178	$ 2,648,650	$ 1,858,178
Street Lights	$ -	$ -	$ 329,332	$ 273,605	$ 329,332	$ 273,605
Total Expenses	$ 22,130,795	$ 18,854,705	$ 10,156,887	$ 7,934,709	$ 32,287,682	$ 26,789,414
Increase (Decrease) in Net Position before Transfers	$ 9,738,364	$ 1,807,721	$ 15,103,162	$ 1,418,933	$ 24,841,526	$ 3,226,654
Transfers	$ 566,966	$ 100,366	$ (566,966)	$ (100,366)	$ -	$ -
Special Item	$ (7,937,650)					
Increase (Decrease) in Net Position	$ 2,367,680	$ 1,908,087	$ 14,536,196	$ 1,318,567	$ 16,903,876	$ 3,226,654
Net Position January 1	$ 71,876,337	$ 69,968,250	$ 49,534,443	$ 48,215,876	$ 121,410,780	$ 118,184,126
Net Position December 31	$ 74,244,017	$ 71,876,337	$ 64,070,639	$ 49,534,443	$ 138,314,656	$ 121,410,780


Revenues - Governmental Activities
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
Charges for Services
Operating Grants & Contributions
Capital Grants & Contributions
Property Taxes
Other Taxes
Grants & Contributions not Restricted
Other
2025
2024


Revenues - Business Activities
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
Charges for Services
Operating Grants & Contributions
Capital Grants & Contributions
Other
2025
2024


Expenses - Governmental Activities
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$-
Administrative Services
Community Development
Culture & Recreation
Public Safety
Public Services
Interest on Long-term Debt
2025
2024


Expenses - Business Activities
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
Water
Sewer
Storm Water
Street Lights
2025
2024

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Waconia'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 of Waconia's financing requirements. Unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Waconia's governmental funds reported combined ending fund balances of $17,657,887. Of this total amount, $4,361,740 (approximately 25%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is assigned, restricted, or committed to other governmental activities including debt service payments, economic development loans, and capital projects.

All debt service funds have a total fund balance of $6,680,719. These funds are restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service funds was $153. The City issued bonds in 2025 known as the General Obligation Bonds of 2025A to fund infrastructure improvements in the core downtown district as well as large equipment replacements for the Public Services and Fire departments.

General Fund Analysis

As an indicator of the General Fund's liquidity, it is helpful to compare the unassigned and total fund balances to total fund expenditures. As of the end of the fiscal year, the unassigned fund balance represented 57% of total General Fund expenditures. During the year, the unassigned fund balance increased by $1,453,655. This increase reflects the City's strong collection of property taxes, licenses and permits, and intergovernmental aid.

Permanent Improvement Revolving Capital Project Fund Analysis

The Permanent Improvement Revolving Capital Project Fund decreased fund balance by $1,344,623 during the current fiscal year. The fund balance had a total deficit balance of $78,782 due to significant capital planning project expenses. The deficit will be eliminated with future intergovernmental and reimbursement revenue.

Proprietary funds. The City of Waconia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The total unrestricted net position of all the propriety funds totals $11,400,420. Total unrestricted net position increased 12% from 2024.

Water Utility Fund Analysis

Net position of the Water Utility Fund increased $4,950,427 during 2025 compared to a $276,767 increase in 2024. Operating expenditures including depreciation exceeded operating revenues in 2025 by $1,274,526. The City had significant costs for planning additional water sources and a new water treatment facility. These projects will be considered for construction beginning in 2026.

Sewer Utility Fund Analysis
Net position of the Sewer Utility Fund increased $5,311,838 during 2025 compared to a $601,491 increase in 2024. Operating expenditures including depreciation exceeded operating revenues in 2025 by $430,025.

Storm Water Utility Fund Analysis
Net position of the Storm Water Utility Fund increased $4,257,559 during 2025 compared to a $396,440 increase in 2024. Operating expenditures including depreciation exceeded operating revenues in 2025 by $510,432.

For all three utility funds, even though operating expenses exceeded revenues, net position increased due to contribution of capital assets related to municipal development improvements that were donated to the city. In addition, user charges were not set in these funds to fully cover depreciation expense.

Street Light Utility Fund Analysis
Net position of the Street Light Utility Fund increased $16,372 during 2025 compared to a $43,869 increase in 2024. Operating expenditures, including depreciation, exceeded operating revenues in 2025 by $20,178. Street light electricity expense came in by about 28% higher than the previous year.

General Fund Budgetary Highlights

Budget amendments were approved that modified the originally adopted 2025 General Fund budget. Below are brief summaries of the most significant amendments:

- The City received local housing aid in 2025. This revenue source is expected to continue in future years as appropriated by the State of Minnesota. Funds will be allocated to aid in the General Fund and only released with approved housing projects reviewed by the City Council.

- An amendment was also approved for an interfund transfer from the general fund of $23,000 to the Ice Arena Debt Fund. This increased interfund transfer will be carried forward into 2026 and 2027 to ensure cash is available to make the final years of the debt payments for the ice arena facility.

The actual General Fund expenditures of $9,825,327 were $71,165 over the General Fund budget of $9,754,162; however, revenues also came in significantly higher than budgeted at a surplus of $1,489,295. The primary departments resulting in this variance include building inspections, technology and planning. In review of these departments, the following variances were noted:

- Building Inspections – Building permit revenue significantly exceeded budget, coming in at nearly twice the projected amount. This increase also drove higher professional services costs, as inspection services are provided by a contracted third-party vendor whose fees are calculated as a percentage of revenue collected.

- Technology – Licenses and fees were below budget, primarily driven by a delay in software implementation and the addition of user licenses.

- Planning – Personnel-related expenses were below budget due to timing differences associated with an employee resignation and subsequent replacement. A vacancy period between the departure and onboarding of the new employee resulted in temporary cost savings within the department.

The overall transfers-out total $2,385,625 to special revenue, debt service, and capital equipment funds impacted the total outflow of resources.

Capital Assets and Debt Administration

Capital assets. The City of Waconia's investment in capital assets for its governmental and business type activities as of December 31, 2025, amounted to $165,917,554 (net of accumulated depreciation). This investment in capital assets includes land, permanent easements, buildings, improvements, machinery, furniture, equipment, park facilities, roads, and highways. The total increase in the City of Waconia's overall value of capital assets for the current fiscal year was 10.3%. The reason for the increase was that the addition of capital assets and construction in progress exceeded depreciation expense.

Major capital asset information for the current fiscal year follows:

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 10,586,483	$ 6,486,483	$ 695,880	$ 695,880	$ 11,282,363	$ 7,182,363
Permanent Easements	$ 2,565,220	$ 2,565,220	$ -	$ -	$ 2,565,220	$ 2,565,220
Buildings	$ 35,441,945	$ 56,013,739	$ 10,184,039	$ 10,184,039	$ 45,625,984	$ 66,197,778
Infrastructure	$ 90,625,495	$ 95,299,454	$ 91,397,293	$ 75,743,565	$ 182,022,788	$ 171,043,019
Machinery & Equipment	$ 6,866,995	$ 5,881,682	$ 1,710,651	$ 1,448,293	$ 8,577,646	$ 7,329,975
Vehicles	$ 5,675,542	$ 5,801,645	$ 1,501,155	$ 1,225,394	$ 7,176,697	$ 7,027,039
Construction in Progress	$ 5,565,300	$ 16,949,925	$ 3,418,335	$ 1,707,645	$ 8,983,635	$ 18,657,570
Accumulated Depreciation	$ (63,007,778)	$ (94,065,993)	$ (37,309,001)	$ (35,449,461)	$ (100,316,779)	$ (129,515,454)
Total Capital Assets	$ 94,319,202	$ 94,932,155	$ 71,598,352	$ 55,555,355	$ 165,917,554	$ 150,487,510

Additional information on the City of Waconia's capital assets can be found in Note 7 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Waconia had total debt outstanding of $59,987,431. Of this amount $14,155,000 is special assessment debt for which the government is liable in the event of default by the property owner subject to the assessment. The remainder of the City's long-term debt represents bonds secured by specified revenue sources (i.e., water and sewer user charges or tax levy) of $40,484,262, notes payable of $1,089,489, unamortized bond premium of $3,469,913, arbitrage payable of $216,962 and compensated absences of $571,805. During the current fiscal year, the City's total long-term debt increased by $2,848,504. Total principal payments made in 2025 were $6,716,194.

The City issued $2,210,000 for General obligation improvement bonds for infrastructure improvements in the core downtown district which include replacement of the street, sidewalk and streetlighting components. This is part of a planned four-year phased approach to replace infrastructure that is over 100 years old. The City also issued $1,680,000 in equipment certificates for a dump truck, mobile lift, and fire engine replacement.

The City issued $4,850,000 in General Obligation Water, Sewer, and Stormwater Bonds. These bonds were also attributable to the water, sewer, storm water components of the infrastructure improvements in the core downtown district. A portion of the water and sewer bonds were issued for utility oversizing near the new Holbrook Development. This oversizing of utilities will support future community growth and development in the southeast area of the City.

Long-Term Debt	Governmental Activities		Business Activities		Total	
	2025	2024	2025	2024	2025	2024
Bonded Debt						
General Obligation Debt	$ 22,540,000	$ 22,340,000	$ -	$ -	$ 22,540,000	$ 22,340,000
Special Assessment Debt with Governmental Commitment	$ 14,155,000	$ 14,240,000	$ -	$ -	$ 14,155,000	$ 14,240,000
Public Project Revenue Bonds	$ 829,262	$ 1,222,479	$ -	$ -	$ 829,262	$ 1,222,479
G.O. Revenue Bonds	$ -	$ -	$ 17,115,000	$ 14,650,000	$ 17,115,000	$ 14,650,000
Total Bonded Debt	$ 37,524,262	$ 37,802,479	$ 17,115,000	$ 14,650,000	$ 54,639,262	$ 52,452,479
Notes Payable	$ 931,576	$ 395,000	$ 157,913	$ 191,890	$ 1,089,489	$ 586,890
Unamortized Bond Premium	$ 2,135,504	$ 2,149,728	$ 1,334,409	$ 1,251,625	$ 3,469,913	$ 3,401,353
Arbitrage Rebate Payable	$ 216,962	$ 216,962	$ -	$ -	$ 216,962	$ 216,962
Compensated Absences	$ 389,462	$ 336,204	$ 182,343	$ 145,039	$ 571,805	$ 481,243
Total Long-Term Debt	$ 41,197,766	$ 40,900,373	$ 18,789,665	$ 16,238,554	$ 59,987,431	$ 57,138,927

- The City of Waconia will be paying approximately $7,214,609 in principal payments in 2026.
- The City of Waconia received an enhanced bond rating in 2015. The City's bond rating was increased from AA rating to AA+ rating from Standard & Poor's on its general obligation debt. The City's bond rating was reaffirmed in June 2025 with the issuance of general obligation bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 3% of its total assessed valuation. The current debt limitation for the City of Waconia is $72,751,566. The City of Waconia's current outstanding general obligation debt of $22,540,000 is well below the maximum allowed.

Additional information on the City of Waconia's long-term debt can be found in Note 8 of this report.

2026 Budget and Rate Information

The following factors were considered in preparing the City of Waconia's budget for the 2026 fiscal year.

- The City's 2026 Taxable Market Value increased to $2,533,807,698 up 6.82% from the previous year's market value and the Net Total Tax Capacity increased to $26,568,233 up 7.64%.
- The City of Waconia prepared its 2026 General Fund budget of $13,362,286 for an 8.3% increase in projected General Fund expenditures including interfund transfers out to other funds.
- The City's tax rate increased from 48.173% to 47.979% for a 0.19% decrease. The average valued home realized a slight decrease in their tax bill if their valuation remained the same.

Requests for Information

This financial report is designed to provide a general overview of the City of Waconia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Waconia City Hall, Attn: Finance Director, 201 South Vine Street, Waconia, MN, 55387.

BASIC FINANCIAL STATEMENTS

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CITY OF WACONIA, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2025
With Comparative Totals For December 31, 2024

Statement 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2025	2024
Assets:				
Cash and investments	$15,053,113	$11,798,762	$26,851,875	$26,507,042
Accrued interest receivable	100,452	-	100,452	116,103
Due from other governmental units	3,387,201	2,092	3,389,293	1,063,029
Accounts receivable - net	378,752	635,988	1,014,740	826,951
Internal balances	(182,970)	182,970	-	-
Prepaid items	772,674	42,308	814,982	214,854
Property taxes receivable	27,987	-	27,987	27,144
Special assessments receivable	2,759,502	150,313	2,909,815	2,799,480
Deposits receivable	175,000	-	175,000	175,000
Notes receivable - net	2,323,527	32,508	2,356,035	1,290,239
Leases receivable	1,427,274	-	1,427,274	9,231,420
Land held for resale	20,000	-	20,000	20,000
Net pension asset	952,425	-	952,425	976,364
Capital assets - nondepreciable	18,717,003	4,114,215	22,831,218	28,405,153
Capital assets - net of accumulated depreciation	75,602,199	67,484,137	143,086,336	122,082,357
Total assets	121,514,139	84,443,293	205,957,432	193,735,136
Deferred outflows of resources related to:				
Pensions	555,251	177,407	732,658	773,677
Debt refunding	37,740	-	37,740	56,613
Total deferred outflows of resources	592,991	177,407	770,398	830,290
Liabilities:				
Accounts payable	1,000,979	272,511	1,273,490	888,915
Due to other governmental units	13,923	13,598	27,521	60,382
Salaries and benefits payable	184,007	71,494	255,501	224,587
Contracts payable	491,625	320,811	812,436	544,311
Deposits payable	789,143	-	789,143	996,391
Unearned revenue	61,733	-	61,733	111,171
Accrued interest payable	618,346	304,506	922,852	850,708
Long-term liabilities:				
Long-term debt, due within one year	4,848,647	2,790,901	7,639,548	7,141,109
Long-term debt, due in more than one year	36,349,119	15,998,764	52,347,883	49,997,818
Net pension liability, due in more than one year	1,110,655	458,758	1,569,413	1,635,145
Total liabilities	45,468,177	20,231,343	65,699,520	62,450,537
Deferred inflows of resources related to:				
Pensions	967,662	318,718	1,286,380	1,472,689
Leases	1,427,274	-	1,427,274	9,231,420
Total deferred inflows of resources	2,394,936	318,718	2,713,654	10,704,109
Net position:				
Net investment in capital assets	55,111,700	52,670,219	107,781,919	94,533,392
Restricted for:				
Debt service	8,644,745	-	8,644,745	8,699,919
Economic development loans	1,628,841	-	1,628,841	1,580,137
Fire Relief Association pension plan	952,425	-	952,425	976,364
Public safety purposes	246,559	-	246,559	416,559
Tax increment purposes	440,994	-	440,994	417,108
Park improvements	437,780	-	437,780	161,775
Affordable housing	262,686	-	262,686	73,323
Other purposes	33,018	-	33,018	30,196
Unrestricted	6,485,269	11,400,420	17,885,689	14,522,007
Total net position	$74,244,017	$64,070,639	$138,314,656	$121,410,780

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges For Services
Primary government:		
Governmental activities:		
Administrative services	$3,259,331	$772,064
Community development	1,549,973	1,776,228
Culture and recreation	2,342,919	1,923,622
Public safety	3,132,561	358,539
Public services	10,632,795	1,827,401
Interest on long-term debt	1,213,216	-
Total governmental activities	22,130,795	6,657,854
Business-type activities:		
Water	3,490,416	2,122,988
Sewer	3,688,489	3,108,116
Storm water	2,648,650	2,286,998
Street lighting	329,332	334,265
Total business-type activities	10,156,887	7,852,367
Total primary government	$32,287,682	$14,510,221

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
$10,155	$ -	($2,477,112)	$ -	($2,477,112)	($2,970,695)
189,363	-	415,618	-	415,618	(15,185)
-	-	(419,297)	-	(419,297)	(378,284)
315,845	13,050	(2,445,127)	-	(2,445,127)	(1,785,475)
552,778	10,035,181	1,782,565	-	1,782,565	(4,824,350)
-	-	(1,213,216)	-	(1,213,216)	(1,223,399)
1,068,141	10,048,231	(4,356,569)	-	(4,356,569)	(11,197,388)
26,429	6,394,830	-	5,053,831	5,053,831	160,146
24,034	5,958,599	-	5,402,260	5,402,260	504,400
33,637	4,632,924	-	4,304,909	4,304,909	437,618
2,402	-	-	7,335	7,335	30,800
86,502	16,986,353	-	14,768,335	14,768,335	1,132,964
$1,154,643	$27,034,584	(4,356,569)	14,768,335	10,411,766	(10,064,424)
General revenues:					
Property taxes		13,013,757	-	13,013,757	11,542,466
Tax increment collections		272,608	-	272,608	193,304
Lodging taxes		32,030	-	32,030	33,992
Grants and contributions not restricted to specific programs		2,095	3,243	5,338	381,469
Unrestricted investment earnings		676,260	292,696	968,956	1,080,503
Gain on sale of capital assets		98,183	38,888	137,071	59,344
Transfers		566,966	(566,966)	-	-
Total general revenues and transfers		14,661,899	(232,139)	14,429,760	13,291,078
Special item:					
Loss on disposal of capital assets (Note 18)		(7,937,650)	-	(7,937,650)	-
Change in net position		2,367,680	14,536,196	16,903,876	3,226,654
Net position - January 1		71,876,337	49,534,443	121,410,780	118,184,126
Net position - December 31		$74,244,017	$64,070,639	$138,314,656	$121,410,780

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025
With Comparative Totals For December 31, 2024

Statement 3

	General Fund (101)	Permanent Improvement Revolving Capital Fund (103)	Other Governmental Funds	Total Governmental Funds	
				2025	2024
Assets:					
Cash and investments	$5,359,597	$110,071	$9,583,445	$15,053,113	$16,026,544
Accrued interest receivable	100,452	-	-	100,452	116,103
Due from other governmental units	154,126	3,215,673	17,402	3,387,201	1,063,029
Accounts receivable - net	115,705	144,253	118,794	378,752	232,450
Prepaid items	137,496	-	635,178	772,674	164,151
Property taxes receivable	19,376	-	8,611	27,987	27,144
Special assessments receivable:					
Delinquent	-	-	2,100	2,100	897
Deferred	2,461	-	2,754,941	2,757,402	2,613,324
Interfund loan receivable	2,315,000	-	424,859	2,739,859	633,457
Deposits receivable	-	-	175,000	175,000	175,000
Notes receivable - net	1,402,584	216,648	704,295	2,323,527	1,253,355
Leases receivable	1,427,274	-	-	1,427,274	9,231,420
Land held for resale	-	20,000	-	20,000	20,000
Total assets	$11,034,071	$3,706,645	$14,424,625	$29,165,341	$31,556,874
Liabilities, Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts payable	$529,505	$350,278	$121,196	$1,000,979	$640,773
Due to other governmental units	12,882	-	1,041	13,923	46,784
Salaries and benefits payable	184,007	-	-	184,007	160,591
Contracts payable	-	491,625	-	491,625	461,136
Deposits payable	478,915	310,228	-	789,143	996,391
Interfund loan payable	-	2,416,648	506,181	2,922,829	850,116
Unearned revenue	61,733	-	-	61,733	111,171
Total liabilities	1,267,042	3,568,779	628,418	5,464,239	3,266,962
Deferred inflows of resources:					
Unavailable revenue	1,421,837	216,648	2,977,456	4,615,941	3,407,172
Related to leases	1,427,274	-	-	1,427,274	9,231,420
Total deferred inflows of resources	2,849,111	216,648	2,977,456	6,043,215	12,638,592
Fund balance:					
Nonspendable	137,496	-	635,178	772,674	164,151
Restricted	510,302	859,936	9,537,664	10,907,902	10,452,348
Committed	687,570	-	448,004	1,135,574	990,707
Assigned	-	-	479,997	479,997	366,826
Unassigned	5,582,550	(938,718)	(282,092)	4,361,740	3,677,288
Total fund balance	6,917,918	(78,782)	10,818,751	17,657,887	15,651,320
Total liabilities, deferred inflows of resources, and fund balance	$11,034,071	$3,706,645	$14,424,625	$29,165,341	$31,556,874
Fund balance reported above				$17,657,887	$15,651,320
Amounts reported for governmental activities in the statement of net position are different because:					
Certain assets and deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				95,864,618	96,601,360
Long-term liabilities, including deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds.				(43,894,429)	(43,783,515)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.				4,615,941	3,407,172
Net position of governmental activities				$74,244,017	$71,876,337

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

Statement 4

	General Fund (101)	Permanent Improvement Revolving Capital Fund (103)	Other Governmental Funds	Total Governmental Funds	
Revenues:				2025	2024
Property taxes	$8,921,483	$ -	$4,091,433	$13,012,916	$11,542,781
Tax increment collections	-	-	272,608	272,608	193,304
Lodging taxes	-	-	32,030	32,030	33,992
Special assessments	-	-	368,376	368,376	523,696
Intergovernmental	946,087	2,621,395	-	3,567,482	2,371,569
Investment income	275,009	238,684	162,567	676,260	801,654
Charges for services	1,120,541	1,368,682	2,269,572	4,758,795	3,309,991
Licenses and permits	1,853,102	-	-	1,853,102	1,065,548
Fines and forfeits	45,957	-	-	45,957	53,221
Contributions and donations	33,828	-	326,209	360,037	105,805
Total revenues	13,196,007	4,228,761	7,522,795	24,947,563	20,001,561
Expenditures:					
Current:					
Administrative services	3,065,514	-	-	3,065,514	2,674,399
Community development	1,292,963	-	282,911	1,575,874	1,138,450
Culture and recreation	91,205	-	2,003,618	2,094,823	1,928,016
Public safety	2,485,971	-	-	2,485,971	2,217,927
Public services	2,889,674	3,376,938	93,310	6,359,922	3,971,172
Capital outlay:					
Administrative services	-	26,959	14,457	41,416	156,795
Culture and recreation	-	-	281,505	281,505	336,045
Public safety	-	51,863	29,044	80,907	6,486,304
Public services	-	5,912,463	913,210	6,825,673	4,376,729
Debt service:					
Principal	-	-	4,297,217	4,297,217	3,910,598
Interest and fiscal charges	-	45,362	1,437,215	1,482,577	1,484,192
Total expenditures	9,825,327	9,413,585	9,352,487	28,591,399	28,680,627
Revenues over (under) expenditures	3,370,680	(5,184,824)	(1,829,692)	(3,643,836)	(8,679,066)
Other financing sources (uses):					
Bonds issued	-	2,148,634	1,741,366	3,890,000	3,295,000
Bond premium	-	166,332	126,696	293,028	191,771
Notes issued	-	665,576	-	665,576	-
Sale of capital assets	139,061	1,500	94,272	234,833	141,398
Transfers in	376,601	858,159	2,032,591	3,267,351	2,557,941
Transfers out	(2,385,625)	-	(314,760)	(2,700,385)	(2,457,575)
Total other financing sources (uses)	(1,869,963)	3,840,201	3,680,165	5,650,403	3,728,535
Net change in fund balance	1,500,717	(1,344,623)	1,850,473	2,006,567	(4,950,531)
Fund balance - January 1	5,417,201	1,265,841	8,968,278	15,651,320	20,601,851
Fund balance - December 31	$6,917,918	($78,782)	$10,818,751	$17,657,887	$15,651,320

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

Statement 5

	2025	2024
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balance - total governmental funds (Statement 4)	$2,006,567	($4,950,531)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation	(5,379,658)	(5,650,990)
Capital outlay	7,229,501	11,355,873
Capital outlay not capitalized	(5,978)	-
Current expenditures capitalized	-	68,049
Various other transactions involving capital assets increase (decrease) net position on the statement of activities, but are not reported in governmental funds because they do not provide (or use) current financial resources:		
Contributed capital assets	7,017,482	302,487
Gain (loss) on disposal of capital assets	2,411	(89,174)
Gain (loss) on disposal of capital assets - special item (Note 18)	(8,076,711)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent taxes	841	(315)
Change in deferred and delinquent special assessments	145,282	42,825
Change in long-term notes receivable	(337,354)	189,790
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Bonds issued, including bond premium	(4,183,028)	(3,486,771)
Notes issued	(665,576)	-
Repayment of principal	4,297,217	3,910,598
Governmental funds report the effects of bond premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized over the life of the debt in the statement of activities.		
Amortization of bond premiums	307,252	290,920
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. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:		
Change in arbitrage rebate payable	-	(216,962)
Change in compensated absences payable	(53,258)	(42,923)
Change in accrued interest payable	(19,018)	(11,254)
Change in deferred outflows related to debt refunding	(18,873)	(18,873)
Governmental funds report pension contributions as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense differed from pension contributions:	100,581	215,338
Change in net position of governmental activities (Statement 2)	$2,367,680	$1,908,087

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025
With Comparative Totals For December 31, 2024

Statement 6

	Business-Type Activities - Enterprise Funds					
	Water (601)	Sewer (602)	Storm Water (655)	Street Light Utility (668)	Total	
Assets:					2025	2024
Current assets:						
Cash and cash equivalents	$4,952,080	$4,481,848	$2,032,381	$332,453	$11,798,762	$10,480,498
Due from other governmental units	1,142	791	159	-	2,092	-
Accounts receivable - net	157,448	277,705	172,164	28,671	635,988	594,501
Prepaid items	16,038	14,381	9,828	2,061	42,308	50,703
Special assessments receivable - current portion	28,077	-	11,700	-	39,777	40,311
Interfund loan receivable - current portion	-	34,622	-	-	34,622	33,689
Trunk fees receivable - current portion	2,021	2,406	-	-	4,427	4,375
Total current assets	5,156,806	4,811,753	2,226,232	363,185	12,557,976	11,204,077
Noncurrent assets:						
Special assessments receivable - noncurrent portion	72,954	-	37,582	-	110,536	144,948
Interfund loan receivable - noncurrent portion	-	148,348	-	-	148,348	182,970
Trunk fees receivable - noncurrent portion	13,227	14,854	-	-	28,081	32,509
Capital assets:						
Land	378,680	55,000	262,200	-	695,880	695,880
Buildings	9,880,592	303,447	-	-	10,184,039	10,184,039
Machinery and equipment	463,673	920,822	310,241	15,915	1,710,651	1,448,293
Infrastructure	32,132,209	27,216,401	32,038,656	10,027	91,397,293	75,743,565
Vehicles	276,314	551,945	525,116	147,780	1,501,155	1,225,394
Construction in progress	1,948,282	396,630	1,073,423	-	3,418,335	1,707,645
Total capital assets	45,079,750	29,444,245	34,209,636	173,722	108,907,353	91,004,816
Less: Allowance for depreciation	(17,055,441)	(9,820,647)	(10,395,940)	(36,973)	(37,309,001)	(35,449,461)
Net capital assets	28,024,309	19,623,598	23,813,696	136,749	71,598,352	55,555,355
Total noncurrent assets	28,110,490	19,786,800	23,851,278	136,749	71,885,317	55,915,782
Total assets	33,267,296	24,598,553	26,077,510	499,934	84,443,293	67,119,859
Deferred outflows of resources related to pensions	62,770	53,266	57,506	3,865	177,407	137,449
Liabilities:						
Current liabilities:						
Accounts payable	92,658	101,153	58,639	20,061	272,511	248,142
Due to other governments	5,507	2,584	5,507	-	13,598	13,598
Salaries and benefits payable	21,391	20,032	28,295	1,776	71,494	63,996
Contracts payable	198,440	20,788	101,583	-	320,811	83,175
Accrued interest payable	127,252	111,416	65,838	-	304,506	251,380
Compensated absences payable - current	46,174	46,009	39,519	3,806	135,508	128,059
Bonds and notes payable - current	1,280,250	815,000	560,143	-	2,655,393	2,418,977
Total current liabilities	1,771,672	1,116,982	859,524	25,643	3,773,821	3,207,327
Noncurrent liabilities:						
Compensated absences payable	15,959	15,902	13,658	1,316	46,835	16,980
Net pension liability	167,907	140,305	141,342	9,204	458,758	476,772
Bonds and notes payable	6,877,549	5,498,244	3,576,136	-	15,951,929	13,674,538
Total noncurrent liabilities	7,061,415	5,654,451	3,731,136	10,520	16,457,522	14,168,290
Total liabilities	8,833,087	6,771,433	4,590,660	36,163	20,231,343	17,375,617
Deferred inflows of resources related to pensions	110,776	94,661	106,488	6,793	318,718	347,248
Net position:						
Net investment in capital assets	19,668,070	13,289,566	19,575,834	136,749	52,670,219	39,378,665
Unrestricted	4,718,133	4,496,159	1,862,034	324,094	11,400,420	10,155,778
Total net position	$24,386,203	$17,785,725	$21,437,868	$460,843	$64,070,639	$49,534,443

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

Statement 7

	Business-Type Activities - Enterprise Funds					
	Water (601)	Sewer (602)	Storm Water (655)	Street Light Utility (668)	Total	
					2025	2024
Operating revenues:						
Charges for services	$2,035,129	$3,089,475	$2,001,154	$306,752	$7,432,510	$6,963,804
Pension related revenue	26,429	24,034	33,637	2,402	86,502	41,770
Total operating revenues	2,061,558	3,113,509	2,034,791	309,154	7,519,012	7,005,574
Operating expenses:						
Wages and salaries	465,465	430,627	575,254	44,360	1,515,706	1,310,046
Employee benefits	164,106	151,325	205,090	12,339	532,860	472,067
Materials and supplies	214,940	20,686	52,270	3,118	291,014	269,143
Repairs and maintenance	49,232	177,911	34,629	33,977	295,749	396,321
Professional services	1,056,260	1,831,909	643,304	2,049	3,533,522	2,221,104
Insurance	31,546	29,206	18,829	5,256	84,837	95,850
Utilities	145,472	46,764	18,614	212,900	423,750	346,700
Depreciation	1,169,973	803,966	868,939	14,540	2,857,418	2,385,745
Equipment	15,542	6,075	986	-	22,603	17,806
Miscellaneous	23,548	45,065	127,308	793	196,714	109,027
Total operating expenses	3,336,084	3,543,534	2,545,223	329,332	9,754,173	7,623,809
Operating income (loss)	(1,274,526)	(430,025)	(510,432)	(20,178)	(2,235,161)	(618,235)
Nonoperating revenues (expenses):						
Investment income	139,002	82,957	61,700	9,037	292,696	278,849
Intergovernmental revenue	1,350	1,893	-	-	3,243	-
Other income	87,859	18,641	285,844	27,513	419,857	177,780
Interest and fiscal charges	(154,332)	(144,955)	(103,427)	-	(402,714)	(310,900)
Gain (loss) on disposal of capital assets	22,095	11,714	5,079	-	38,888	7,120
Total nonoperating revenues (expenses)	95,974	(29,750)	249,196	36,550	351,970	152,849
Income (loss) before contributions and transfers	(1,178,552)	(459,775)	(261,236)	16,372	(1,883,191)	(465,386)
Transfers in	-	-	-	-	-	406,600
Transfers out	(265,851)	(186,986)	(114,129)	-	(566,966)	(506,966)
Capital contributions:						
Connection charges	1,125,560	834,360	506,968	-	2,466,888	1,494,300
Contribution of capital assets	5,269,270	5,124,239	4,125,956	-	14,519,465	390,019
Total contributions and transfers	6,128,979	5,771,613	4,518,795	-	16,419,387	1,783,953
Change in net position	4,950,427	5,311,838	4,257,559	16,372	14,536,196	1,318,567
Net position - January 1	19,435,776	12,473,887	17,180,309	444,471	49,534,443	48,215,876
Net position - December 31	$24,386,203	$17,785,725	$21,437,868	$460,843	$64,070,639	$49,534,443

The accompanying notes are an integral part of these financial statements.

CITY OF WACONIA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

Statement 8

	Business-Type Activities - Enterprise Funds					
	Water (601)	Sewer (602)	Storm Water (655)	Street Light Utility (668)	Total	
Cash flows from operating activities:					2025	2024
Receipts from customers and users	$2,034,099	$3,100,516	$2,034,092	$306,726	$7,475,433	$6,952,553
Payment to suppliers	(1,529,119)	(2,134,972)	(887,245)	(264,089)	(4,815,425)	(3,468,718)
Payment to employees	(646,826)	(596,402)	(790,455)	(56,583)	(2,090,266)	(1,783,537)
Miscellaneous revenue	87,859	18,641	285,844	27,513	419,857	177,780
Net cash flows from operating activities	(53,987)	387,783	642,236	13,567	989,599	1,878,078
Cash flows from noncapital financing activities:						
Transfer to other funds	(155,000)	(150,000)	(70,000)	-	(375,000)	(315,000)
Repayment of interfund loan receivable	-	33,689	-	-	33,689	115,927
Intergovernmental revenue	1,350	1,893	-	-	3,243	-
Net cash flows from noncapital financing activities	(153,650)	(114,418)	(70,000)	-	(338,068)	(199,073)
Cash flows from capital and related financing activities:						
Principal paid on debt	(1,096,700)	(800,000)	(522,277)	-	(2,418,977)	(2,217,618)
Interest and fiscal charges paid on debt	(298,749)	(189,867)	(143,226)	-	(631,842)	(558,187)
Transfer to other funds	(110,851)	(36,986)	(44,129)	-	(191,966)	(191,966)
Special assessment collections	23,449	-	11,497	-	34,946	29,461
Connection charges	1,127,571	836,725	506,968	-	2,471,264	1,537,804
Bond proceeds, including premium	1,516,420	2,983,762	714,856	-	5,215,038	2,947,149
Acquisition of capital assets	(1,814,284)	(696,683)	(1,575,179)	(18,280)	(4,104,426)	(1,911,701)
Transfer from other funds	-	-	-	-	-	406,600
Net cash flows from capital and related financing activities	(653,144)	2,096,951	(1,051,490)	(18,280)	374,037	41,542
Cash flows from investing activities:						
Investment income	139,002	82,957	61,700	9,037	292,696	278,849
Net increase (decrease) in cash and cash equivalents	(721,779)	2,453,273	(417,554)	4,324	1,318,264	1,999,396
Cash and cash equivalents - January 1	5,673,859	2,028,575	2,449,935	328,129	10,480,498	8,481,102
Cash and cash equivalents - December 31	$4,952,080	$4,481,848	$2,032,381	$332,453	$11,798,762	$10,480,498
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	($1,274,526)	($430,025)	($510,432)	($20,178)	($2,235,161)	($618,235)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Miscellaneous revenue	87,859	18,641	285,844	27,513	419,857	177,780
Depreciation	1,169,973	803,966	868,939	14,540	2,857,418	2,385,745
Changes in assets, liabilities, deferred outflows and inflows:						
Decrease (increase) in receivables	(27,459)	(12,993)	(699)	(2,428)	(43,579)	(53,021)
Decrease (increase) in prepaid items	3,517	3,473	772	633	8,395	(3,892)
Decrease (increase) in deferred outflows of resources	(12,208)	(11,102)	(15,538)	(1,110)	(39,958)	96,786
Increase (decrease) in payables	3,904	19,171	7,923	(6,629)	24,369	(8,875)
Increase (decrease) in salaries and benefits payable	1,680	1,536	3,876	406	7,498	22,393
Increase (decrease) in compensated absences	7,494	8,048	19,650	2,112	37,304	16,399
Increase (decrease) in net pension liability	(5,504)	(5,005)	(7,005)	(500)	(18,014)	(250,178)
Increase (decrease) in deferred inflows of resources	(8,717)	(7,927)	(11,094)	(792)	(28,530)	113,176
Total adjustments	1,220,539	817,808	1,152,668	33,745	3,224,760	2,496,313
Net cash flows from operating activities	($53,987)	$387,783	$642,236	$13,567	$989,599	$1,878,078
Noncash investing, capital and financing activities:						
Contribution of capital assets	$5,269,270	$5,124,239	$4,125,956	$ -	$14,519,465	$390,019
Acquisition of capital assets via contracts payable	$198,440	$20,788	$101,583	$ -	$320,811	$83,175

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waconia, Minnesota (the City) is a statutory City governed by an elected mayor and four council members. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. Generally, component units are legally separate organizations for which the officials of the primary government are financially accountable.

COMPONENT UNITS

The City has two component units, the Economic Development Authority (EDA) and the Waconia Housing and Redevelopment Authority (HRA). Both the EDA and HRA are considered component units because the governing boards are substantively the same as that of the City, the City is in a relationship of financial burden with each of the entities, and because management of the City has operational responsibilities for the EDA and HRA.

The EDA and HRA component units are presented using the blended method, meaning the financial position and results of operations are reported together with the City's governmental funds, using the modified accrual basis of accounting. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Separate financial statements are not prepared for the EDA or HRA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

The City reports the following major governmental funds:

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

The *Permanent Improvement Revolving capital project fund* provides for the tracking and reporting of capital improvement projects for infrastructure and facilities.

The City reports the following major proprietary funds:

The *Water Utility enterprise fund* accounts for the operations of the City's water utility.

The *Sewer Utility enterprise fund* accounts for the operations of the City's sewer utility.

The *Storm Water Utility enterprise fund* accounts for the operations of the City's storm water utility.

The *Street Light Utility enterprise fund* accounts for the operations of the City's street light utility.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds 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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for service. 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 non-operating revenues and expenses.

D. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General, Special Revenue and Enterprise Funds.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to or in December of each year, the City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amount and all revisions made during the year.

2. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for capital project funds is accomplished through the use of project controls.

3. Appropriations are authorized by the City Council at the fund level, which are the legal levels of budgetary control. Administrative controls are maintained through the establishment of more detailed line item budgets. All expenditures in excess of budget appropriations are approved by the City Council through the disbursement approval process.

4. Any changes in the total budget of each fund must be approved by a majority vote of the City Council.

During 2025, expenditures exceeded annual appropriated budgets in the following funds:

	Actual	Final Budget	Overage
General Fund	$9,825,327	$9,754,162	$71,165
Safari Island	1,444,504	1,384,889	59,615

E. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool. Investments are stated at fair value.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to proprietary fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types is considered cash equivalents.

F. RECEIVABLES

The estimated portion of uncollectible property taxes, special assessments, notes and leases receivable is not material and has not been reported. Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables. Leases receivable are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded in relation to the leases. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable and is recognized as revenue over the lease term.

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the county in December of each year for collection in the following year. The county is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the county and remitted to the City on or before July 15 and December 15 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The county possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS
The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS
The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the county by December 31 (remitted to the City the following January) are classified as due from other governmental units. Taxes not received at year end are classified as property taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are remitted to the City in payment of delinquent special assessments. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS
The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS
Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the county by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

I. INVENTORIES

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. The City does not maintain material amounts of inventories of goods and supplies.

J. 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. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

K. CAPITAL ASSETS

Capital assets, which include land, buildings, machinery, equipment, infrastructure (e.g., roads, bridges, and sidewalks) and intangible assets (e.g., permanent easements), 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 $10,000 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. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	
Land and land improvements	No depreciation
Permanent easements	No depreciation
Buildings	40 years
Improvements	5 - 20 years
Furniture, equipment, software	5 - 10 years
Vehicles	5 - 20 years
Infrastructure	20 - 40 years

L. COMPENSATED ABSENCES

Employees accrue paid time off (PTO) based on years of service with the City. The maximum number of PTO hours that an employee may accrue is 480. Upon termination, employees are compensated for the full amount of unused PTO leave, provided they leave in good standing as specified in the personnel policy. Employees who were eligible for an extended sick leave bank in 2009 were allowed to establish such a leave bank. No additional hours may be accrued to this bank and upon termination; a qualified employee will be compensated for 35% of their extended sick leave bank up to 336 hours.

All PTO and sick leave benefits which are attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid 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 or retirements.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

N. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

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

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

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by resolution.

Assigned - consists of internally imposed constraints for the specific purpose of the City's intended use. Pursuant to the City's Financial Policy and Guidelines document, the City Council possesses the authority to assign fund balance and does so by adopting City Resolutions.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned, and 3) unassigned.

O. NET POSITION

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

P. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as due from other funds in the advancing fund, and due to other funds in the fund with the deficit, until adequate resources are received. Long-term interfund loans are classified as "interfund loan receivable/payable." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Q. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

R. COMPARATIVE TOTALS

The basic financial statements and schedules and combining fund financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

S. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in the category. The first is the pension related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The second type of deferred outflow represents an unamortized loss from a bond refunding transaction.

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to a future period and therefore will *not* be recognized as an inflow of resources (revenue) until that time. The City has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position, and lease related deferred inflows of resources reported in the government-wide Statement of Net Position and the governmental funds Balance Sheet. The City also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, developer agreement receivables and notes receivable.

T. DEFINED BENEFIT PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and 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.

U. RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "certain assets and deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the funds."

The details of this $95,864,618 difference are as follows:

Capital assets - net of accumulated depreciation	$94,319,202
Net pension asset	952,425
Deferred outflows of resources related to pensions	555,251
Deferred outflows of resources related to debt refunding	37,740
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$95,864,618

Another element of the reconciliation explains that "long-term liabilities, including deferred inflows of resources, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this ($43,894,429) difference are as follows:

Bonds and notes payable	($38,455,838)
Arbitrage rebate payable	(216,962)
Unamortized bond premium	(2,135,504)
Accrued interest payable	(618,346)
Compensated absences payable	(389,462)
Net pension liability	(1,110,655)
Deferred inflows of resources related to pensions	(967,662)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	($43,894,429)

Another element of the reconciliation states that "other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds." The details of this $4,615,941 difference are as follows:

Delinquent property taxes receivable	$27,987
Deferred and delinquent special assessments receivable	2,759,502
Notes receivable	1,828,452
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$4,615,941

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains its deposits at depository banks authorized by the City Council. All such banks are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bonds or collateral. The fair value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. Securities pledged as collateral are required to be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

Custodial Credit Risk – Deposits – the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit and investment policy which addresses custodial credit risk for deposits, stating the primary objectives, in priority order, of the deposit and investment activities shall be safety, liquidity and return.

At December 31, 2025, the bank balance of the City's deposits with financial institutions was $6,131,088 and the carrying amount was $5,679,965. All deposits were covered by federal depository insurance or by collateral pledged and held in the City's name.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trusts and guaranteed investment contracts.

As of December 31, 2025 the City had the following investments and maturities:

			Investment Maturities (in Years)		
Investment Type	Rating	Fair Value	Less Than 1	1-5	6-10
Money market	AAAm	$1,215,383	$1,215,383	$ -	$ -
Brokered certificates of deposit	Not rated	7,798,136	2,656,212	5,141,924	-
Municipal bonds	*	5,741,058	591,782	3,547,356	1,601,920
U.S. Treasuries	AA+	5,023,540	4,745,366	278,174	-
Federal agency notes	AA+	1,393,593	380,395	228,036	785,162
Total		$21,171,710	$9,589,138	$9,195,490	$2,387,082

* $2,629,161 (AAA), $102,900 (AA+), $1,798,270 (AA), $237,117 (AA-), $973,610 (Aa1)

Total investments	$21,171,710
Deposits	5,679,965
Cash on hand	200
Total cash and investments	$26,851,875

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. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2025:

Investment Type	12/31/2025	Fair Value Measurement Using Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	$7,798,136	$ -	$7,798,136	$ -
Municipal bonds	5,741,058	-	5,741,058	-
U.S. Treasuries	5,023,540	5,023,540	-	-
Federal agency notes	1,393,593	-	1,393,593	-
		$5,023,540	$14,932,787	$ -
Investments not categorized:				
Money market	1,215,383			
Total investments	$21,171,710			

C. INVESTMENT RISKS

Interest rate risk – the risk that fair value of securities in a portfolio will decrease due to changes in market interest rates. The City's investment policy states the City will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements.

Extended maturities may be utilized to take advantage of higher yields and to match investment maturities with debt obligation; however, no more than 20% of the total investments should extend beyond five years. Unless prior City Council approval is received, no investment with a maturity exceeding 10 years will be purchased. The City will attempt to diversify its investment portfolio according to broker-dealer or financial institutions. No more than 50% of the entire investment portfolio shall be held with one broker-dealer or financial institution. At December 31, 2025, 63% of total cash and investments were held with one broker-dealer due to unspent bond proceeds held by that broker-dealer for the construction of utility and roadway infrastructure along with the final costs for the purchase of a fire truck. The allocation of the City's investments to this broker-dealer was approved by resolution of the City Council.

Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes 118A.04 and 118A.05 limits investments in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not specifically address credit risk.

Custodial credit risk – investments – for an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy addresses this risk and states that when a broker-dealer holds investments purchased by the City in safekeeping, the broker must provide asset protection of $500,000 through the Securities Investor Protection Corporation (SIPC) and at least another $49.5 million of supplemental insurance protections. As of December 31, 2025, all investments of the City were insured, registered and held by the City or its agent in the City's name.

Concentration of credit risk – the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy has addressed concentration of credit risk as to diversification so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The City's investment policy states the City will attempt to diversify its investments according to type and maturity.

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2025 are as follows:

	Governmental Activities			
	General Fund	PIR Capital	Nonmajor Funds	Total
Property taxes receivable	$12,100	$ -	$5,000	$17,100
Special assessments receivable	-	-	2,468,930	2,468,930
Deposits receivable	-	-	175,000	175,000
Notes receivable	1,200,000	191,849	634,069	2,025,918
Leases receivable	1,315,501	-	-	1,315,501
Total	$2,527,601	$191,849	$3,282,999	$6,002,449

In addition, receivable balances of business-type activities not expected to be collected within one year are shown on the statement of net position – proprietary funds, as noncurrent assets.

Note 4 LEASES RECEIVABLE

The City leases space on Tower 2 to AT&T for a cellular tower antenna site. The lease is non-cancelable through December 31, 2027, with two renewal periods of 5 years each at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreement calls for annual payments of $19,862 with increases of 4.5% each term. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2%. As of December 31, 2025, a lease receivable and deferred inflow of resources in the amount of $206,169 is reported related to this agreement.

The City leases space on Tower 2 to Verizon for a cellular tower antenna site. During the year ended December 31, 2025, the lease was remeasured to reflect an extension of the lease term. As remeasured, the lease is non-cancelable through December 31, 2031, with up to four additional renewal options. The City considers the likelihood of these options being exercised to be less than 50%. The agreement calls for annual payments of $38,473 with increases of 5% each year. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2%. As of December 31, 2025, a lease receivable and deferred inflow of resources in the amount of $302,041 is reported related to this agreement.

The City leases space on Tower 3 to T-Mobile for a cellular tower antenna site. During the year ended December 31, 2025, the lease was remeasured to reflect an extension of the lease term. As remeasured, the lease is non-cancelable through December 31, 2030, with one renewal period of 5 years at the lessor or lessee's option. Given both parties have the option to exercise a lease extension, the renewal periods are not reported as part of the lease receivable. The agreement calls for annual payments of $36,023 with increases of 4% each year. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2%. As of December 31, 2025, a lease receivable and deferred inflow of resources in the amount of $219,136 is reported related to this agreement.

The City leases space on Tower 3 to DISH Wireless for a cellular tower antenna site. The lease is non-cancelable through November 30, 2028, with four renewal periods of 5 years each at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreement calls for monthly payments of $2,084 with increases of 4% on January 1st of each year. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3%. As of December 31, 2025, a lease receivable and deferred inflow of resources in the amount of $699,928 is reported related to this agreement.

The City previously leased land and a hospital building to Ridgeview Medical Center. In December 2025, the City amended the agreement to sell the hospital building, resulting in termination of the lease. Accordingly, the lease receivable and related deferred inflow of resources were derecognized in 2025 in accordance with GASB 87. The sale of the hospital building is described in Note 18.

Total revenue recognized in relation to these leases is as follows:

	Lease Revenue
Amortization of lease-related deferred inflows:	
Antenna leases	$103,791
RMC land lease	162,971
Revenue recognized from deferred inflow amortization	266,762
Interest revenue:	
Antenna leases	27,997
RMC land lease	162,025
Total revenue recognized in relation to leased assets	$456,784

Note 5 UNAVAILABLE REVENUES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes	Special Assessments	Notes Receivable	Total
Major Funds:				
General Fund	$19,376	$2,461	$1,400,000	$1,421,837
PIR Capital	-	-	216,648	216,648
Nonmajor funds	8,611	2,757,041	211,804	2,977,456
Total unavailable revenue	$27,987	$2,759,502	$1,828,452	$4,615,941

Note 6 INTERFUND LOANS AND TRANSFERS

Amounts reported as interfund loan receivable/payable as of December 31, 2025 are as follows:

	Interfund Loan Receivable	Interfund Loan Payable	Source for Repayment
Major Funds:			Collection of receivables ($2.2 million in Jan. 2026), Waconia Baseball Assoc.
General Fund	$2,315,000	$ -	reimbursements
PIR Capital	-	2,416,648	
Sewer	182,970	-	
Nonmajor Funds:			
Revolving Loan	424,859	-	
Safari Island	-	208,211	User charges
TIF #5 Olive Street Redevel.	-	65,000	Tax increment collections
TIF #6 Olive and 2nd Street	-	50,000	Tax increment collections
Clearwater Shores HIA	-	182,970	Special assessments
Total	$2,922,829	$2,922,829	

Interfund transfers made during 2025 are summarized as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	$376,601	$2,385,625
PIR Capital	858,159	-
Water	-	265,851
Sewer	-	186,986
Storm Water	-	114,129
Nonmajor Funds	2,032,591	314,760
Total	$3,267,351	$3,267,351

A description of these transfers is as follows:

- $742,800 from the General Fund to the Safari Island and Ice Arena Funds to subsidize operating costs.
- $650,000 from the General Fund to the Capital Fund to finance capital expenditures.
- $545,000 from the General Fund to the PIR Capital Fund to finance project costs.
- $447,825 from the General Fund and $191,966 from the Water, Sewer and Stormwater funds to various debt service funds to meet debt service requirements.
- $375,000 from the Water, Sewer, and Stormwater funds and $1,601 from the Lodging Tax fund to the General Fund to cover administrative, planning and technology costs.
- $93,159 from the Safari Island Fund and $220,000 from the Lease Purchase Agreement of 2016 Fund to the PIR Capital Fund to finance an HVAC project at the Safari Island Community Center.

Note 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	$6,486,483	$4,100,000	$ -	$10,586,483
Permanent easements	2,565,220	-	-	2,565,220
Construction in progress	16,949,925	7,300,224	18,684,849	5,565,300
Total capital assets, not being depreciated	26,001,628	11,400,224	18,684,849	18,717,003
Capital assets, being depreciated:				
Buildings	56,013,739	14,396,808	34,968,602	35,441,945
Machinery and equipment	5,881,682	1,165,501	180,188	6,866,995
Improvements and infrastructure	95,299,454	9,849,537	14,523,496	90,625,495
Vehicles	5,801,645	290,484	416,587	5,675,542
Total capital assets being depreciated	162,996,520	25,702,330	50,088,873	138,609,977
Less accumulated depreciation for:				
Buildings	30,670,644	876,660	21,391,891	10,155,413
Machinery and equipment	2,972,164	531,108	126,728	3,376,544
Improvements and infrastructure	57,139,533	3,567,336	14,523,496	46,183,373
Vehicles	3,283,652	404,554	395,758	3,292,448
Total accumulated depreciation	94,065,993	5,379,658	36,437,873	63,007,778
Total capital assets being depreciated - net	68,930,527	20,322,672	13,651,000	75,602,199
Governmental activities capital assets - net	$94,932,155	$31,722,896	$32,335,849	$94,319,202
Business-type activities:				
Capital assets, not being depreciated:				
Land and land improvements	$695,880	$ -	$ -	$695,880
Construction in progress	1,707,645	4,372,335	2,661,645	3,418,335
Total capital assets, not being depreciated	2,403,525	4,372,335	2,661,645	4,114,215
Capital assets, being depreciated:				
Buildings	10,184,039	-	-	10,184,039
Machinery and equipment	1,448,293	312,785	50,427	1,710,651
Infrastructure	75,743,565	16,492,399	838,671	91,397,293
Vehicles	1,225,394	392,924	117,163	1,501,155
Total capital assets, being depreciated	88,601,291	17,198,108	1,006,261	104,793,138
Less accumulated depreciation for:				
Buildings	5,278,239	257,496	-	5,535,735
Machinery and equipment	1,008,363	148,236	47,905	1,108,694
Infrastructure	28,261,180	2,359,465	838,668	29,781,977
Vehicles	901,679	92,221	111,305	882,595
Total accumulated depreciation	35,449,461	2,857,418	997,878	37,309,001
Total capital assets being depreciated - net	53,151,830	14,340,690	8,383	67,484,137
Business-type activities capital assets - net	$55,555,355	$18,713,025	$2,670,028	$71,598,352

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

Governmental activities:	
Administrative services	$222,645
Culture and recreation	248,096
Public safety	594,021
Public services, including depreciation of general infrastructure assets	4,314,896
Total depreciation expense - governmental activities	$5,379,658
Business-type activities:	
Water	$1,169,973
Sewer	803,966
Storm sewer	868,939
Street lighting	14,540
Total depreciation expense - business-type activities	$2,857,418

Note 8 LONG-TERM DEBT

The City issues long-term debt to provide for the acquisition and construction of major capital facilities and improvement projects. The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

As of December 31, 2025, long-term debt consisted of the following:

	Interest Rates	Issue Date	Maturity Date	Original Issue	Payable 12/31/2025
Governmental Activities:					
General Obligation Bonds:					
Street Reconstruction Plan Bonds of 2015A	2.00 - 4.00%	7/9/2015	2/1/2026	$2,420,000	$275,000
Capital Improvement Plan Bonds of 2015C	2.00 - 3.00%	12/15/2015	2/1/2028	4,320,000	1,110,000
Bonds of 2016A - equipment portion	2.00%	5/24/2016	2/1/2027	710,000	85,000
Bonds of 2017A - equipment portion	2.50 -3.00%	8/15/2017	2/1/2027	535,000	135,000
Bonds of 2019A	4.00 - 5.00%	8/22/2019	2/1/2030	1,895,000	865,000
Bonds of 2020A - tax abatement portion	1.00 - 2.00%	9/3/2020	2/1/2031	1,090,000	685,000
Bonds of 2021A	2.00 - 3.00%	12/2/2021	2/1/2032	3,190,000	2,305,000
Bonds of 2022A - CIP and tax abatement portion	4.00 - 5.00%	10/6/2022	2/1/2041	14,815,000	14,815,000
Bonds of 2023A - equipment portion	4.00 - 5.00%	6/1/2023	2/1/2033	645,000	585,000
Bonds of 2025A - equipment portion	4.45%	7/1/2025	2/1/2036	1,680,000	1,680,000
Total general obligation bonds				31,300,000	22,540,000
General Obligation Improvement Bonds:					
Bonds of 2015A - improvement portion	2.00 - 4.00%	7/9/2015	2/1/2026	3,380,000	390,000
Bonds of 2016A - improvement portion	2.00%	5/24/2016	2/1/2027	4,075,000	880,000
Bonds of 2017A - improvement portion	2.50 - 3.00%	8/15/2017	2/1/2028	6,935,000	2,330,000
Bonds of 2018A - improvement portion	3.00 - 4.00%	9/12/2018	2/1/2029	965,000	435,000
Bonds of 2020A - improvement portion	1.00 - 2.00%	9/3/2020	2/1/2031	1,880,000	1,180,000
Bonds of 2022A - improvement portion	4.00 - 5.00%	10/6/2022	2/1/2033	1,710,000	1,455,000
Bonds of 2023A - improvement portion	4.00 - 5.00%	6/1/2023	2/1/2034	2,155,000	1,980,000
Bonds of 2024A - improvement portion	4.00%	5/23/2024	2/1/2035	3,295,000	3,295,000
Bonds of 2025A - improvement portion	4.45%	7/1/2025	2/1/2036	2,210,000	2,210,000
Total G.O. improvement bonds				26,605,000	14,155,000
Public Project Revenue Bonds:					
2007 HRA Public Project Revenue Bonds	3.50%	12/11/2007	12/11/2027	6,100,000	829,262
Note payable - grandstand	2.09%	10/20/2016	2/1/2027	1,220,000	266,000
Note payable - ISD 110	0.00%	9/15/2025	12/10/2029	665,576	665,576
Unamortized bond premium				3,546,360	2,135,504
Arbitrage rebate payable				N/A	216,962
Compensated absences				N/A	389,462
Total governmental activities				$68,771,360	$41,197,766
Business-Type Activities:					
General Obligation Revenue Bonds:					
Water, Sewer & Storm Revenue Bonds of 2015A	2.00 - 4.00%	7/9/2015	2/1/2026	3,360,000	385,000
Water and Sewer Revenue Bonds of 2018A	3.00 - 4.00%	9/12/2018	2/1/2029	500,000	230,000
Water, Sewer, and Storm Revenue Bonds of 2019A	4.00 - 5.00%	8/22/2019	2/1/2030	2,620,000	1,495,000
Water, Sewer, and Storm Revenue Bonds of 2020A	1.00 - 2.00%	9/3/2020	2/1/2031	1,785,000	1,125,000
Water and Sewer Revenue Refunding Bonds of 2020B	5.00%	12/10/2020	2/1/2027	4,515,000	1,320,000
Water, Sewer, and Storm Revenue Bonds of 2021A	2.00 - 3.00%	12/2/2021	2/1/2032	4,025,000	2,955,000
Water, Sewer, and Storm Revenue Bonds of 2022A	4.00 - 5.00%	10/6/2022	2/1/2033	1,105,000	935,000
Water, Sewer, and Storm Revenue Bonds of 2023A	4.00 - 5.00%	6/1/2023	2/1/2033	1,125,000	1,035,000
Water, Sewer, and Storm Revenue Bonds of 2024A	4.00%	5/23/2024	2/1/2035	2,785,000	2,785,000
Water, Sewer, and Storm Revenue Bonds of 2025A	4.45%	7/1/2025	2/1/2036	4,850,000	4,850,000
Total G.O. revenue bonds				21,820,000	17,115,000
Note payable - street sweeper	4.09%	5/27/2022	5/27/2028	297,796	157,913
Unamortized bond premium				2,518,599	1,334,409
Compensated absences				N/A	182,343
Total business-type activites				$24,636,395	$18,789,665

The Public Project Revenue Bonds and the notes payable are direct borrowings.

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31	General Obligation Bonds Governmental Activities Principal	General Obligation Bonds Governmental Activities Interest	G.O. Improvement Bonds Governmental Activities Principal	G.O. Improvement Bonds Governmental Activities Interest
2026	$1,510,000	$904,242	$2,480,000	$499,792
2027	1,335,000	848,900	2,325,000	413,625
2028	1,310,000	801,025	1,955,000	342,125
2029	1,185,000	753,450	1,205,000	285,575
2030	1,345,000	704,075	1,130,000	239,750
2031	1,365,000	652,025	1,180,000	193,625
2032	1,365,000	596,650	1,020,000	148,700
2033	1,435,000	531,850	1,060,000	102,900
2034	1,420,000	459,200	880,000	60,825
2035	1,485,000	387,550	650,000	23,800
2036	1,565,000	320,100	270,000	5,400
2037	1,405,000	260,700	-	-
2038	1,465,000	203,300	-	-
2039	1,395,000	146,100	-	-
2040	1,450,000	89,200	-	-
2041	1,505,000	30,100	-	-
Total	$22,540,000	$7,688,467	$14,155,000	$2,316,117

Year Ending December 31	Public Project Revenue Bonds Governmental Activities Principal	Public Project Revenue Bonds Governmental Activities Interest	Note Payable - Grandstand Governmental Activities Principal	Note Payable - Grandstand Governmental Activities Interest
2026	$407,216	$22,521	$132,000	$4,180
2027	422,046	8,038	134,000	1,401
Total	$829,262	$30,559	$266,000	$5,581

Year Ending December 31	Note Payable - ISD 110 Governmental Activities Principal	Note Payable - ISD 110 Governmental Activities Interest
2026	$30,000	$ -
2027	30,000	-
2028	302,788	-
2029	302,788	-
Total	$665,576	$0

BUSINESS-TYPE ACTIVITIES

Annual debt service requirements to maturity for the business-type long-term debt are as follows:

	G.O. Revenue Bonds Business-Type Activities		Note Payable - Street Sweeper Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	$2,620,000	$646,768	$35,393	$6,581
2027	2,150,000	528,575	36,869	5,106
2028	1,835,000	446,350	85,651	3,570
2029	1,905,050	373,200	-	-
2030	1,899,950	303,025	-	-
2031	1,635,000	240,450	-	-
2032	1,500,000	183,600	-	-
2033	1,085,000	130,100	-	-
2034	995,000	82,525	-	-
2035	900,000	41,600	-	-
2036	590,000	11,800	-	-
Total	$17,115,000	$2,987,993	$157,913	$15,257

CHANGE IN LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	$22,340,000	$1,680,000	$1,480,000	$22,540,000	$1,510,000
G.O. improvement bonds	14,240,000	2,210,000	2,295,000	14,155,000	2,480,000
Public project revenue bonds	1,222,479	-	393,217	829,262	407,216
Note payable - grandstand	395,000	-	129,000	266,000	132,000
Note payable - ISD #110	-	665,576	-	665,576	30,000
Unamortized bond premium	2,149,728	293,028	307,252	2,135,504	-
Arbitrage rebate payable	216,962	-	-	216,962	-
Compensated absences*	336,204	53,258	-	389,462	289,431
Total governmental activities	$40,900,373	$4,901,862	$4,604,469	$41,197,766	$4,848,647
Business-Type Activities:					
G.O. revenue bonds	$14,650,000	$4,850,000	$2,385,000	$17,115,000	$2,620,000
Note payable - street sweeper	191,890	-	33,977	157,913	35,393
Unamortized bond premium	1,251,625	365,038	282,254	1,334,409	-
Compensated absences*	145,039	37,304	-	182,343	135,508
Total business-type activities	$16,238,554	$5,252,342	$2,701,231	$18,789,665	$2,790,901

* The change in compensated absences is presented as a net change.

PUBLIC PROJECT REVENUE BONDS

2007 HRA bonds – the Housing and Redevelopment Authority of the City of Waconia issued bonds to construct and equip an ice arena. The bonds do not constitute a charge, lien or encumbrance upon any property of the HRA, other than the revenues derived from the project. However, if an Event of Default occurs, as defined in the bond resolution, all outstanding principal and interest shall become immediately due and payable.

NOTE PAYABLE - GRANDSTAND

To finance the costs of a new grandstand facility at the Lion's baseball park, the City entered into a lease-purchase agreement dated October 20, 2016 with a bank. The bank provided financing to the City in the amount of $1,220,000 at a rate of 2.09% per annum. The note requires annual principal and interest payments and matures February 1, 2027. For accounting purposes, the agreement qualifies as a financed purchase rather than a lease.

The note is not a general obligation of the City, and the full faith, credit and taxing powers of the City are not pledged. Rather, payments are payable from amounts annually appropriated by the City. The bank has a security interest in the grandstand until all payment requirements have been satisfied. If an Event of Default occurs, and with 30 days written notice, the bank may repossess the property and terminate the agreement.

NOTE PAYABLE – STREET SWEEPER

To finance the costs of a new street sweeper, the City entered into a lease-purchase agreement dated May 27, 2022 with a bank. The bank provided financing to the City in the amount of $297,796 at a rate of 4.09% per annum. The note requires annual principal and interest payments and matures May 27, 2028. For accounting purposes, the agreement qualifies as a financed purchase rather than a lease.

NOTE PAYABLE – ISD 110

On September 15, 2025, the City entered into a cost-share agreement with Independent School District No. 110 for HVAC improvements at the Safari Island Community Center. Under the agreement, the City's portion of the project cost was financed through a note payable in the amount of $665,576, which requires annual payments and bears no interest. The note matures on December 10, 2029.

NONEXCHANGE FINANCIAL GUARANTEE OF DEBT

During 2002, the Carver County CDA (a legally separate entity from the City) and the City entered into a joint powers agreement for the purposes of the acquisition and construction of a mixed use facility. The facility contains City Hall, senior rental housing, a library, and office space for other governmental uses. To finance the cost of the rental housing component, the Carver County CDA issued Governmental Development Revenue Bonds that are expected to be paid from the revenues of the housing component. The bonds are secured by the full faith and credit and taxing powers of the County.

Pursuant to Minnesota Statutes, Section 469.034, Subd. 2, the City has also pledged its full faith and credit and taxing powers to reimburse the County for debt service payments required to be paid by the County from its own funds. The guarantee is subject to an aggregate limitation of $3,000,000 of principal, plus interest. As of December 31, 2025, the City has not been required to make any such reimbursements to the County. The pledge exists until the bonds are retired, which is scheduled to occur on February 1, 2034.

ARBITRAGE REBATE PAYABLE

During 2024, the City identified an arbitrage rebate liability related to investment earnings in excess of amounts permitted under federal tax law on certain tax-exempt bond proceeds. The liability is based on cumulative excess earnings calculated in accordance with Internal Revenue Code Section 148 and applicable Treasury Regulations. As of December 31, 2025, the City has recorded an arbitrage rebate payable of $216,962, for which payment is expected to become due in 2027. This amount represents the best estimate of the liability based on current

calculations; however, the actual amount due may differ depending on future investment activity and timing of required payments.

REVENUE PLEDGED

Future revenue pledged for the payment of long-term debt is as follows:

		Revenue Pledged				Current Year	
Bond Issue	Use of Proceeds	Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
2007 HRA Public Project Revenue Bonds	Ice Arena	Transfers and WHA commitment*	100%	2008-2027	$859,821	$429,737	$428,000
Bonds of 2015A - Street Reconst. and Improvement Portions	Infrastructure improvements	Special assessments Ad valorem taxes	10% 90%	2016-2025	$674,975	$674,625	$679,561
CIP Bonds of 2015C	Construct public works facility	Ad valorem taxes	100%	2015-2027	$1,160,550	$388,550	$393,441
Bonds of 2016A	Infrastructure improvements and equipment purchases	Special assessments Ad valorem taxes	34% 66%	2017-2026	$983,550	$539,450	$326,556
Note payable - Grandstand	Grandstand at Lions Park	Ad valorem taxes Pledged contributions	36% 64%	2016-2035	$271,581	$135,908	$96,312
Bonds of 2017A	Infrastructure improvements, purchase of fire truck	Special assessments Ad valorem taxes	29% 71%	2018-2027	$2,565,325	$881,950	$581,678
Bonds of 2018A	Infrastructure improvements	Special assessments Ad valorem taxes	21% 79%	2019-2028	$462,150	$116,100	$112,513
Bonds of 2019A	Infrastructure improvements and equipment purchases	Ad valorem taxes	100%	2020-2029	$938,100	$288,400	$272,548
Bonds of 2020A	Infrastructure improvements	Special assessments Ad valorem taxes	14% 86%	2021 - 2030	$1,935,575	$320,650	$315,561
Bonds of 2021A	Infrastructure improvements	Ad valorem taxes	100%	2022 - 2031	$2,493,325	$368,725	$382,839
Bonds of 2022A	Infrastructure improvements, construct new fire station	Special assessments Ad valorem taxes	2% 98%	2023 - 2040	$23,296,400	$876,325	$888,753
Bonds of 2023A	Infrastructure improvements and equipment purchases	Special assessments Ad valorem taxes	18% 82%	2024 - 2033	$3,137,550	$362,750	$389,118
Bonds of 2024A	Infrastructure improvements	Special assessments Ad valorem taxes	32% 68%	2025 - 2034	$3,996,500	$156,696	$408,940
Bonds of 2025A	Infrastructure improvements and equipment purchases	Special assessments Ad valorem taxes	29% 71%	2026 - 2035	$5,055,584	$ -	$20,000
Water Revenue Bonds of 15A, 18A, 19A, 19A, 20A, 20B, 21A, 22A, 23A, 24A,	Infrastructure improvements	Water usage charges Special assessments**	100%	Varies through 2035	$8,768,316	$1,360,584	$2,059,494
Sewer Revenue Bonds of 15A, 18A, 19A, 19A, 20A, 20B, 21A, 22A, 23A, 24A,	Infrastructure improvements	Sewer usage charges	100%	Varies through 2035	$6,983,208	$929,827	$3,089,475
Storm Water Revenue Bonds of 15A, 19A, 20A, 21A, 22A, 23A, 24A, 25A	Infrastructure improvements	Storm water charges Special assessments**	100%	Varies through 2035	$4,351,468	$613,982	$2,013,705

*The 2007 HRA Public Project Revenue Bonds issued for the purpose of constructing an ice arena had a capital contribution commitment from the Waconia Hockey Association. The commitment was fulfilled in 2022.

**Special assessments pledged for the Water and Storm Water Revenue Bonds pertain only to the Bonds of 2019A. Special assessments are pledged to cover 25% of the debt service payments for this bond issue.

Note 9 DEFINED BENEFIT PENSION PLANS - CITY

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). These plan provisions are established and administered according to Minnesota Statutes Chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

   Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than $425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

   Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

   The General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. 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 prorated increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months 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 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025 were $318,676. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025 were $25,108. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of $1,463,952 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 $35,315.

City's proportionate share of the net pension liability	$1,463,952
State of Minnesota's proportionate share of the net pension liability associated with the City	35,315
Total	$1,499,267

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0442% at the end of the measurement period and 0.0410% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of $78,416 for its proportionate share of the General Plan's pension expense. In addition, the City recognized an additional ($5,417) 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, 2025, the City reported General Employees Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$140,235	$ -
Changes in actuarial assumptions	35,275	345,004
Net difference between projected and actual earnings on pension plan investments	-	558,787
Changes in proportion	214,508	42,654
Employer contributions subsequent to the measurement date	163,869	-
Total	$553,887	$946,445

The $163,869 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2026	($101,822)
2027	(189,415)
2028	(161,121)
2029	(104,069)
2030	-
Thereafter	-

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of $105,461 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0090% at the end of the measurement period and 0.0092% for the beginning of the period.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation, and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by $17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay $26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The $9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded, for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $3,656.

City's proportionate share of the net pension liability	$105,461
State of Minnesota's proportionate share of the net pension liability associated with the City	3,656
Total	$109,117

For the year ended December 31, 2025, the City recognized pension expense of $35,880 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional $1,769 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid, because this contribution was not considered to meet the definition of a special funding situation. The City recognized $810 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.
At December 31, 2025, the City reported Police and Fire Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$48,717	$ -
Changes in actuarial assumptions	80,794	131,400
Net difference between projected and actual earnings on pension plan investments	-	47,380
Changes in proportion	26,706	11,289
Employer contributions subsequent to the measurement date	12,554	-
Total	$168,771	$190,069

The $12,554 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2026	$25,816
2027	(14,857)
2028	(44,023)
2029	(3,010)
2030	2,222
Thereafter	-

The net pension liability will be liquidated by the general, water, sewer, storm water and street light utility funds.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025 using the entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.00% is within that range.

Benefit increases after retirement are assumed to be 1.50% for the General Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Plan range in annual increments from 11.50% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.0% after 23 years of service.

Mortality rates for the General Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Plan are reviewed every four years. The General Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The 1.00% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1.00% to 3.00%; subsequent January 1 increases will be 1.00%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

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%	0.75%
Private markets	25%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2025 was 7.00%. 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 Plan and Police and Fire Plan were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability, 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 (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the General Plan net pension liability	$3,555,709	$1,463,952	($232,934)
Proportionate share of the Police and Fire Plan net pension liability	$276,330	$105,461	($34,850)

H. PENSION PLAN FIDUCIARY NET POSITION

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

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2025 is as follows:

General Plan	$72,999
Police and Fire Plan	37,649
Fire Relief (Note 10)	201,938
Total	$312,586

Note 10 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF

A. PLAN DESCRIPTION

The Waconia Fire Relief Association participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by 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, 2024 (the measurement date), the plan covered 34 active firefighters and 14 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 five years at 40% through 20 years at 100%.

C. CONTRIBUTIONS

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed $148,723 in fire state aid to the fund for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the Volunteer Firefighter Fund for the year ended December 31, 2024 was $0. The City's contributions were equal to the required contributions as set by state statute, if applicable. In addition, the City made voluntary contributions of $10,000 to the plan.

D. PENSION COSTS

As of December 31, 2025, the City reported a net pension asset of $952,425 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2024. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in the net pension asset during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (b-a)
Balance end of year December 31, 2023	$1,540,731	$2,517,095	$976,364
Changes for the year:			
Service cost	79,557	-	(79,557)
Interest on total pension liability	93,425	-	(93,425)
Actual experience (gains)/losses	48,583	-	(48,583)
Projected investment earnings	-	151,868	151,868
Difference between projected and actual investment earnings	-	112,391	112,391
Changes in benefit level	221,096	-	(221,096)
Contributions - employer	-	10,000	10,000
Contributions - State of MN	-	148,723	148,723
Benefit payouts	(126,400)	(126,400)	-
Administrative fees	-	(4,260)	(4,260)
Net changes	316,261	292,322	(23,939)
Balance end of year December 31, 2024	$1,856,992	$2,809,417	$952,425

The benefit level per year of service was increased to $6,200 effective January 1, 2024 and was increased again to $6,700 effective January 1, 2025.

For the year ended December 31, 2025, the City recognized pension expense of $201,938.

As of December 31, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actuarial assumptions and actuarial experience	$ -	$123,809
Difference between projected and actual investment earnings	-	26,057
Contributions paid subsequent to the measurement date	10,000	-
Total	$10,000	$149,866

The $10,000 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to pension expense during the year ending December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2026	($11,159)
2027	16,763
2028	(70,993)
2029	(33,547)
2030	(11,068)
Thereafter	(39,862)

E. ACTUARIAL ASSUMPTIONS

The total pension liability as of December 31, 2024 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 when fully vested
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

Administrative expenses were updated to $60 per participant beginning in plan year 2025.

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made at a rate equal to the actuarially determined contribution rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the City's net pension asset for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension asset would be if it was calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Net pension asset	$887,909	$952,425	$1,014,767

H. PLAN INVESTMENTS

1. 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 investment 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.

2. Asset Allocation

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35%	5.10%
International stocks	15%	5.30%
Bonds	45%	0.75%
Cash	5%	0.00%
Total	100%	

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 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.

3. Description of Significant Investment Policy Changes During the Year

The SBI made no significant changes to its investment policy during calendar year 2024 for the Volunteer Firefighter Fund.

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the Volunteer Firefighter Fund'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 at www.mnpera.org.

Note 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 9 and 10, the City provides post-employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. BENEFITS PROVIDED

At retirement, employees of the City receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pension plan may continue to participate in the City's group insurance plan. Vesting requirements of three years if hired before July 1, 2010 or five years if hired on or after July 1, 2010 generally apply.

All health care coverage is provided through the City's group health insurance plans. Retirees are required to pay 100% of the premium cost for the City-sponsored group health insurance plan in which they participate. Premiums charged to retired and inactive employees are based on a blended rate. Management has evaluated whether the use of a blended premium rate results in an implicit rate subsidy and has determined that any resulting obligation is immaterial to the financial statements. Accordingly, no OPEB liability has been recorded.

The City provides health coverage for any firefighters disabled or killed in the line of duty in accordance with Minnesota Statute 299A.465. The amount of coverage provided is equivalent to the average benefit provided by the City to dependents of its employees who are covered by the plan. During 2025, there were no firefighters receiving benefits under this provision. Based on historical averages, management has estimated that the future amount of benefits to be paid under this provision will be immaterial to the financial statements. Therefore, no OPEB liability is reported.

Note 12 COMMITMENTS AND CONTINGENCIES

A. LITIGATION

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City's management, remotely recoverable by plaintiffs.

B. FEDERAL AND STATE FUNDS

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

C. TAX INCREMENT DISTRICTS

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

D. COMMITTED CONTRACTS

At December 31, 2025, the City had commitments of approximately $1,460,000 for uncompleted construction contracts.

Note 13 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.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is subject to a deductible of $500 per occurrence. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess various amounts. For property and casualty coverage, the City has a $500 deductible per occurrence with no annual maximum.

The City carries commercial insurance for all other risks of loss, including life, employee health and accident insurance.

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

Note 14 CONDUIT DEBT

The City has issued conduit debt on behalf of a governmental entity to provide financing for a project deemed to be in the public interest. The City is not obligated in any manner for repayment of the debt and has not made any commitments to support the debt. Accordingly, the bonds do not constitute a general obligation or indebtedness of the City and are payable solely from revenues pledged by the conduit borrower.

At December 31, 2025, conduit debt outstanding consisted of bonds issued on behalf of Auburn Meadows with an aggregate principal balance of $5,804,813.

Note 15 TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT DISTRICTS

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low to moderate income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

The City is the administrating authority for several tax increment districts. Details of the City's tax increment financing districts are as follows:

	TIF #2 Auburn Meadows	TIF #5 Olive Street Redevelopment	TIF #6 Olive and 2nd Street
Authorizing law	M.S. 469	M.S. 469	M.S. 469
Year established	2012	2022	2024
Final year of district	2037	2049	2052
Tax capacity:			
Original	$13,876	$31,005	$16,047
Current	$218,754	$106,648	$16,047
Captured	$184,716	$74,460	$ -

Each tax increment district has an outstanding pay-as-you-go revenue note. The notes are not general obligations of the City and are payable solely from available tax increments. Accordingly, the notes are not reflected in the financial statements of the City. Details of the pay-as-you-go revenue notes are as follows:

Tax Increment Revenue Note (Auburn Meadows) – issued in 2011 in the principal sum of $1,175,840 with an interest rate of 6.00% per annum. Principal and interest payments shall be paid commencing August 1, 2014 and each February 1 and August 1 thereafter to and including February 1, 2029. Payments are payable solely from tax increments, which shall mean 90% of the tax increments derived from the tax increment property and received by the City. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2029. Current year abatement (TIF note payments) amounted to $174,859. At December 31, 2025 the principal amount outstanding on the note was $88,464.

Tax Increment Revenue Note (Olive Street Redevelopment) – issued in 2022 in the principal sum of $713,549 with an interest rate of 4.00% per annum. Principal and interest payments shall be paid commencing August 1, 2024 and each February 1 and August 1 thereafter to and including February 1, 2034. Payments are payable solely from tax increments, which shall mean 90% of the tax increments derived from the tax increment property and received by the City. The payment reimburses the developer primarily for demolition, engineering, and site preparation costs. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2034. Current year abatement (TIF note payments) amounted to $70,488. At December 31, 2025 the principal amount outstanding on the note was $713,549.

Tax Increment Revenue Note (Olive and 2nd Street) – issued in 2024 in the principal sum of $3,500,000 with an interest rate of 7.25% per annum. Principal and interest payments shall be paid commencing August 1, 2028 and each February 1 and August thereafter to and including August 1, 2052. Payments are payable solely from tax increments, which shall mean 97% of the tax increments derived from the tax increment property and received by the City. The payment reimburses the developer primarily for demolition, engineering, and site preparation costs. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on August 1, 2052. Current year abatement (TIF note payments) amounted to $0. At December 31, 2025 the principal amount outstanding on the note was $3,500,000.

Tax Increment / Tax Abatement Revenue Note (Cherry Street) – issued in 2011 in the principal sum of $397,000 with an interest rate of 6.00% per annum. At December 31, 2025 the principal amount outstanding on the note was $396,579.

Tax Abatement Repayment:
Hotel Abatement: Principal and interest payments shall be paid commencing August 1, 2012 and each February 1 and August 1 thereafter to and including February 1, 2032. Payments are payable solely from real estate taxes which shall mean 100% of the City portion of the property tax bill collected in the previous six-month period excluding fiscal disparities. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2032. Abatement payments shall terminate when the Developer has received the full note amount. Current year abatement payments amounted to $18,962.

Restaurant Abatement: Principal and interest payments shall be paid commencing August 1, 2022 and each February 1 and August 1 thereafter to and including February 1, 2033. Payments are payable solely from real estate taxes which shall mean 100% of the City portion of the property tax bill collected in the previous six-month period excluding fiscal disparities. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2033. Abatement payments shall terminate when the Developer has received the full note amount. Current year abatement payments amounted to $8,234.

TIF Repayment:
Principal and interest payments were required commencing August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2022. Payments were payable solely from tax increments, which meant 90% of the tax increments derived from the tax increment property and received by the City. The final payment due February 1, 2022 was made in December 2021. As such, the TIF district was decertified during 2022. No further tax increment revenue will be collected and no additional TIF payments are owed to the developer.

Note 16 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2025, a summary of the governmental fund balance classifications is as follows:

	General Fund	PIR Capital	Other Governmental Funds	Total
Nonspendable:				
Prepaid items	$137,496	$ -	$635,178	$772,674
Restricted for:				
Debt service	-	-	6,680,719	6,680,719
Economic development loans	-	-	1,628,841	1,628,841
Park improvements	-	-	387,780	387,780
Public safety purposes	246,559	-	-	246,559
Affordable housing	262,686	-	-	262,686
Tax increment purposes	-	-	229,188	229,188
Capital improvements	-	859,936	579,175	1,439,111
Other purposes	1,057	-	31,961	33,018
Total restricted	510,302	859,936	9,537,664	10,907,902
Committed for:				
Economic development	687,570	-	-	687,570
Ice Arena operations	-	-	448,004	448,004
Total committed	687,570	-	448,004	1,135,574
Assigned for:				
Capital improvements	-	-	479,997	479,997
Unassigned	5,582,550	(938,718)	(282,092)	4,361,740
Total fund balance	$6,917,918	($78,782)	$10,818,751	$17,657,887

B. MINIMUM GENERAL FUND UNASSIGNED FUND BALANCE POLICY

The most significant revenue source of the General Fund is property taxes. This revenue source is primarily received in two installments during the year – June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. The unassigned fund balance is also a security against unforeseen changes or needs, i.e. natural disasters, loss of state aids, etc.

At year end, the general fund unassigned fund balance is targeted to be approximately 40% of the ensuing year's operating budget, excluding transfers. At December 31, 2025, actual unassigned fund balance was 51% of 2026 budgeted expenditures, excluding transfers.

C. DEFICIT FUND BALANCES

Deficit fund balances at December 31, 2025 are as follows:

	Fund Balance Deficit	Future Funding Source
Major Funds:		Project related intergovernmental
Permanent Improvement Revolving Capital	$78,782	and reimbursement revenue
Nonmajor Funds:		
Safari Island	62,784	User charges
TIF # 5 Olive Street Redevelopment	7,254	Tax increment collections
TIF # 6 Olive and 2nd Street	28,721	Tax increment collections
Clearwater Shore HIA	179,471	Special assessment collections

Note 17 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 103 *Financial Reporting Model Improvements.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 104 *Disclosure of Certain Capital Assets.* The provisions of this Statement are effective for reporting periods beginning after June 15, 2025.

Statement No. 105 *Subsequent Events*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2026.

The effect these standards may have on future financial statements is not determinable at this time.

Note 18 SPECIAL ITEM

During the year ended December 31, 2025, the City sold Ridgeview Medical Center, which consisted of hospital facilities and related land that the City owned and leased to Ridgeview Medical Center. The City did not operate the hospital and was not responsible for providing hospital services.

The City conveyed the leased assets to Ridgeview Medical Center in exchange for land with an estimated fair value of $4,100,000, a note receivable with a principal amount of $1,400,000 payable over five years, and cash consideration of $139,061 received at the time of sale. The transaction was approved by the City Council and represents the disposition of a significant governmental capital asset.

At the time of disposal, the asset had a historical cost of $34,968,602 and accumulated depreciation of $21,391,891, resulting in a net book value of $13,576,711. The transaction resulted in a loss of $7,937,650, which is reported as a special item in the government-wide Statement of Activities due to the unusual nature and infrequent occurrence of the transaction.

Note 19 SUBSEQUENT EVENT

On April 6, 2026, the City adopted resolutions providing for the issuance and sale of $9,520,000 General Obligation Bonds, Series 2026A and $3,265,000 General Obligation Temporary Street Reconstruction Bonds, Series 2026B. The bonds are expected to be sold on June 15, 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (101)
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Property taxes	$8,842,966	$8,842,966	$8,921,483	$78,517	$7,775,563
Intergovernmental	661,163	850,526	946,087	95,561	559,833
Investment income	60,000	60,000	275,009	215,009	248,953
Charges for services:					
Administrative services	675,639	675,639	680,289	4,650	713,620
Community development	13,500	13,500	14,901	1,401	15,823
Culture and recreation	9,800	9,800	9,805	5	11,654
Public safety	239,881	239,881	312,582	72,701	236,027
Public services	30,800	30,800	102,964	72,164	91,479
Licenses and permits	930,600	930,600	1,853,102	922,502	1,065,548
Fines and forfeits	50,000	50,000	45,957	(4,043)	53,221
Contributions and donations	3,000	3,000	33,828	30,828	35,805
Total revenues	11,517,349	11,706,712	13,196,007	1,489,295	10,807,526
Expenditures:					
Current:					
Administrative services:					
Administration	955,140	976,000	984,178	(8,178)	844,189
Central facilities	470,324	466,324	528,845	(62,521)	445,860
Finance	839,113	838,413	867,412	(28,999)	783,689
Technology	758,177	758,677	685,079	73,598	577,886
Total administrative services	3,022,754	3,039,414	3,065,514	(26,100)	2,651,624
Community development:					
Building inspections	277,500	277,500	555,861	(278,361)	361,134
Economic development	30,000	30,000	229,629	(199,629)	5,000
Planning	539,775	539,775	507,473	32,302	523,660
Total community development	847,275	847,275	1,292,963	(445,688)	889,794
Culture and recreation:					
Recreation	94,800	94,800	91,205	3,595	74,932
Public safety:					
Community safety	900	3,300	3,956	(656)	310
Fire	988,699	986,399	1,006,481	(20,082)	909,353
Law enforcement	1,499,866	1,499,866	1,475,534	24,332	1,308,264
Total public safety	2,489,465	2,489,565	2,485,971	3,594	2,217,927
Public services:					
Parks	1,215,023	1,208,123	1,176,880	31,243	1,068,112
Streets	2,080,085	2,074,985	1,712,794	362,191	1,852,534
Total public services	3,295,108	3,283,108	2,889,674	393,434	2,920,646
Total expenditures	9,749,402	9,754,162	9,825,327	(71,165)	8,754,923

See accompanying notes to the required supplementary information.

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues over (under) expenditures	1,767,947	1,952,550	3,370,680	1,418,130	2,052,603
Other financing sources (uses):					
Sale of capital assets	-	-	139,061	139,061	-
Transfers in	376,800	376,800	(282,329)	(659,129)	316,700
Transfers out	(2,362,625)	(2,385,625)	(2,385,625)	-	(2,049,275)
Total other financing sources (uses)	(1,985,825)	(2,008,825)	(2,528,893)	(520,068)	(1,732,575)
Net change in fund balance	($217,878)	($56,275)	841,787	$898,062	320,028
Fund balance - January 1			5,417,201		5,097,173
Fund balance - December 31			$6,258,988		$5,417,201

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Statement 10

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with City (b)	Total (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	2016	0.0383%	$3,109,770	$40,615	$3,150,385	$2,377,838	132.5%	68.9%
2017	2017	0.0305%	1,947,100	24,448	1,971,548	1,965,035	100.3%	75.9%
2018	2018	0.0302%	1,675,372	54,972	1,730,344	2,105,053	82.2%	79.5%
2019	2019	0.0321%	1,774,737	55,164	1,829,901	2,271,260	80.6%	80.2%
2020	2020	0.0349%	2,092,414	64,565	2,156,979	2,487,163	86.7%	79.1%
2021	2021	0.0354%	1,511,739	46,189	1,557,928	2,547,599	61.2%	87.0%
2022	2022	0.0379%	3,001,693	88,201	3,089,894	2,842,006	108.7%	76.7%
2023	2023	0.0395%	2,208,796	60,906	2,269,702	3,141,641	72.2%	83.1%
2024	2024	0.0410%	1,513,986	39,149	1,553,135	3,465,847	44.8%	89.1%
2025	2025	0.0442%	1,463,952	35,315	1,499,267	4,001,498	37.5%	90.8%

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION **Statement 11**
SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND
For The Last Ten Years

Fiscal Year Ending December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2016	$152,325	$152,325	$ -	$2,031,006	7.50%
2017	147,854	147,854	-	1,971,387	7.50%
2018	157,879	157,879	-	2,105,053	7.50%
2019	181,539	181,539	-	2,420,520	7.50%
2020	189,873	189,873	-	2,531,640	7.50%
2021	199,540	199,540	-	2,660,542	7.50%
2022	224,319	224,319	-	2,990,959	7.50%
2023	247,155	247,155	-	3,295,403	7.50%
2024	278,898	278,898	-	3,718,876	7.50%
2025	318,676	318,676	-	4,249,598	7.50%

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Last Ten Years

Statement 12

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with City (b)	Total (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	2016	0.0000%	$ -	$ -	$ -	$ -	n/a	63.9%
2017	2017	0.0000%	-	-	-	-	n/a	85.4%
2018	2018	0.0000%	-	-	-	-	n/a	88.8%
2019	2019	0.0037%	39,390	-	39,390	37,895	103.9%	89.3%
2020	2020	0.0102%	134,447	3,155	137,602	114,863	117.0%	87.2%
2021	2021	0.0064%	49,401	2,225	51,626	75,334	65.6%	93.7%
2022	2022	0.0059%	256,745	11,111	267,856	71,117	361.0%	70.5%
2023	2023	0.0090%	155,418	6,285	161,703	118,571	131.1%	86.5%
2024	2024	0.0092%	121,159	4,619	125,778	127,525	95.0%	90.2%
2025	2025	0.0090%	105,461	3,656	109,117	136,604	77.2%	91.8%

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION **Statement 13**
SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Last Ten Years

Fiscal Year Ending December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2016	$ -	$ -	$ -	$ -	n/a
2017	-	-	-	-	n/a
2018	-	-	-	-	n/a
2019	15,701	15,701	-	92,631	16.95%
2020	21,285	21,285	-	120,254	17.70%
2021	5,240	5,240	-	29,602	17.70%
2022	20,080	20,080	-	113,444	17.70%
2023	21,895	21,895	-	123,698	17.70%
2024	23,250	23,250	-	131,352	17.70%
2025	25,108	25,108	-	141,856	17.70%

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS -
WACONIA FIRE RELIEF ASSOCIATION
For The Last Ten Years

Fiscal year ending - December 31,	2025	2024	2023 and 2022*	2021
Measurement date - December 31,	2024	2023	2022	2021
Total pension liability:				
Service cost	$79,557	$75,218	$75,218	$70,474
Interest on total pension liability	93,425	96,853	89,269	74,037
Changes of benefit terms	221,096	-	-	196,833
Differences between expected and actual experience	48,583	(170,338)	(38,087)	(66,859)
Changes of assumptions	-	-	-	-
Benefit payouts	(126,400)	-	-	(50,735)
Net change in total pension liability	316,261	1,733	126,400	223,750
Total pension liability - beginning	1,540,731	1,538,998	1,412,598	1,188,848
Total pension liability - ending (a)	$1,856,992	$1,540,731	$1,538,998	$1,412,598
Plan fiduciary net position:				
Contributions - employer	$10,000	$10,000	$10,000	$24,000
Contributions - State of Minnesota	148,723	130,334	114,537	101,685
Net investment income (loss)	264,259	315,150	(340,170)	193,460
Benefit payouts	(126,400)	-	-	(50,735)
Administrative expenses	(4,260)	-	(1,400)	(1,194)
Net change in plan fiduciary net position	292,322	455,484	(217,033)	267,216
Plan fiduciary net position - beginning	2,517,095	2,061,611	2,278,644	2,011,428
Plan fiduciary net position - ending (b)	$2,809,417	$2,517,095	$2,061,611	$2,278,644
Net pension asset - ending (b) - (a)	$952,425	$976,364	$522,613	$866,046
Plan fiduciary net position as a percentage of the total pension liability	151.3%	163.4%	134.0%	161.3%
Covered payroll**	Not available	Not available	Not available	Not available
Net pension liability as a percentage of covered payroll**	Not available	Not available	Not available	Not available

*Prior to 2023, the fiscal year end and measurement date were the same. However, 2023 plan information from PERA was not available and therefore, 2022 amounts were re-reported in the City's 2023 ACFR.

**The Waconia Fire Relief Association is comprised of paid on-call firefighters whose pay does not meet the definition of covered payroll.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
2020	2019	2018	2017	2016	2015
$55,411	$54,582	$42,277	$44,295	$45,026	$47,458
68,171	48,480	45,013	53,883	54,457	50,232
-	244,117	-	-	-	-
(15,501)	(19,823)	49,375	(79,866)	(35,333)	(24,851)
-	-	-	-	-	-
-	-	(182,347)	(145,958)	-	-
108,081	327,356	(45,682)	(127,646)	64,150	72,839
1,080,767	753,411	799,093	926,739	862,589	789,750
$1,188,848	$1,080,767	$753,411	$799,093	$926,739	$862,589
$10,000	$10,000	$10,000	$10,000	$10,000	$17,148
97,675	93,597	89,020	85,075	85,177	82,948
250,603	244,598	(50,089)	164,362	81,184	(135)
-	-	(182,347)	(145,958)	-	-
(1,139)	(1,083)	(1,098)	(1,126)	(1,078)	(5,246)
357,139	347,112	(134,514)	112,353	175,283	94,715
1,654,289	1,307,177	1,441,691	1,329,338	1,154,055	1,059,340
$2,011,428	$1,654,289	$1,307,177	$1,441,691	$1,329,338	$1,154,055
$822,580	$573,522	$553,766	$642,598	$402,599	$291,466
169.2%	153.1%	173.5%	180.4%	143.4%	133.8%
Not available	Not available	Not available	Not available	Not available	Not available
Not available	Not available	Not available	Not available	Not available	Not available

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION **Statement 15**
SCHEDULE OF PENSION CONTRIBUTIONS - WACONIA FIRE RELIEF ASSOCIATION
For The Last Ten Years

Fiscal Year Ending December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
2016	$ -	$10,000	($10,000)	*	*
2017	-	10,000	(10,000)	*	*
2018	-	10,000	(10,000)	*	*
2019	-	10,000	(10,000)	*	*
2020	-	10,000	(10,000)	*	*
2021	-	24,000	(24,000)	*	*
2022	-	10,000	(10,000)	*	*
2023	-	10,000	(10,000)	*	*
2024	-	10,000	(10,000)	*	*
2025	-	10,000	(10,000)	*	*

*The Waconia Fire Relief Association is comprised of paid on-call firefighters whose pay does not meet the definition of covered payroll.

See accompanying notes to the required supplementary information.

Note A LEGAL COMPLIANCE – BUDGETS

The City of Waconia's budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level.

Note B PENSION INFORMATION

PERA – General Employees Retirement Fund

2025 Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.50%.

2025 Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1.00% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.50%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1.00% and 1.50%.
- The 1.00% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $170.1 million was 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 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes in Actuarial Assumptions:

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

2021 Changes in Actuarial Assumptions:

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

2020 Changes in Actuarial Assumptions:

- 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.

2020 Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.00% for the period July 1, 2020, through December 31, 2023, and 0.00% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

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

2019 Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018 Changes in Actuarial Assumptions:

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

2018 Changes in Plan Provisions:

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90% funding ratio to 50% of the Social Security Cost-of Living Adjustment, not less than 1.00% and not more than 1.50%, 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 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed annual increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2017 Changes in Plan Provisions:

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

2016 Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

PERA – Public Employees Police and Fire Fund

2025 Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

2025 Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1.00% to 3.00%; subsequent January 1 increases will be 1.00%.
- The threshold to end the $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional $9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional $17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 Changes in Plan Provisions:

- The State contribution of $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional $9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes in Actuarial Assumptions:

- The single discount rate changed from 6.50% to 5.40%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

2020 Changes in Actuarial Assumptions:

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

2019 Changes in Actuarial Assumptions:

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

2018 Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

2018 Changes in Plan Provisions:

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing $9 million state contribution.
- New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.60% to 7.50%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA was changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes in Actuarial Assumptions:

- The assumed annual benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

PERA – Statewide Volunteer Firefighter Retirement Plan

There have been no significant changes in actuarial assumptions relating to this plan. Over the past ten years, benefit level increases have occurred in 2019 (from $3,500 to $4,800), in 2021 (to $5,700), in 2024 (to $6,200), and in 2025 (to $6,700). Details can be obtained from the financial reports of the Fire Relief Association.

COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR FUND DESCRIPTIONS

NONMAJOR SPECIAL REVENUE FUNDS – are used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects.

Public Education Fund – accounts for activities related to providing information to the public through the City's cable channel and website.

Revolving Loan Fund – accounts for the revolving loan fund program which assists downtown business owners with low interest rate loans for business development, expansion and retention.

Safari Island Fund – accounts for the Safari Island Community Center operations. All revenues of the fund, which consist primarily of user fees, are committed for this purpose.

Ice Arena Fund – accounts for the ice arena operations. All revenues of the fund, which consist primarily of user fees, are committed for this purpose.

Lodging Tax Fund – accounts for the collection of lodging tax dollars which can only be used for tourism related purposes.

NONMAJOR DEBT SERVICE FUNDS – are used to account for and report financial resources that are restricted, committed or assigned for principal and interest.

Lease Purchase Agreement of 2016 Fund – accounts for debt service related to financing the costs of a new grandstand at Lions Park.

Permanent Improvement Revolving Debt Service Fund – the bonds were issued to fund infrastructure improvements. The funds account for the collection of revenues used to make semi-annual debt service payments.

General Obligation Bond Funds (2014A, 2015A, 2016A, 2017A, 2018A, 2019A, 2020A, 2021A, 2022A, 2023A, 2024A, 2025A) – the bonds were issued to fund infrastructure improvements. The funds account for the collection of revenues used to make semi-annual debt service payments.

HRA Revenue Bonds of 2007 Fund – accounts for debt service relating to the Ice Arena.

NONMAJOR CAPITAL PROJECT FUNDS – are used to account for and report financial resources that are restricted, committed or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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Capital Equipment Fund – the fund was established to provide for large capital equipment and vehicle purchases.

Park Dedication Fund – accounts for resources accumulated from park dedication fees, which are used to develop park and recreational facilities within the community.

TIF # 1 Workforce Housing Fund – the TIF district was created to promote affordable housing opportunities.

TIF # 2 Auburn Meadows Fund – the TIF district was created to promote economic development.

TIF # 3 Cherry Street Fund – the TIF district was created to promote economic development.

TIF # 4 Pine Business Park Fund – the TIF district was created to promote economic development.

TIF # 5 Olive Street Redevelopment Fund – the TIF district was created to promote economic redevelopment.

TIF # 6 Olive and 2nd Street – the TIF district was created to promote economic redevelopment.

Clearwater Shores HIA Fund – accounted for the construction of a failing retaining wall along with other improvements to buildings affected by the wall in the housing improvement area, as well as a collection of special assessments which were used to finance the construction.

CITY OF WACONIA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025
With Comparative Totals For December 31, 2024

	Public Education (107)	Revolving Loan (202)	Safari Island (231)	Ice Arena (678)	Lodging Tax (701)
Assets:					
Cash and investments	$6,561	$710,173	$56,151	$364,826	$23,755
Due from other governmental units	-	-	-	-	-
Accounts receivable - net	608	1,320	93,644	22,185	1,037
Prepaid items	-	-	3,862	6,232	-
Property taxes receivable	-	-	-	-	-
Special assessments receivable:					
Delinquent	-	-	-	-	-
Deferred	-	-	308	-	-
Interfund loan receivable	-	424,859	-	-	-
Deposits receivable	-	-	75,000	100,000	-
Notes receivable - net	-	492,489	-	-	-
Total assets	$7,169	$1,628,841	$228,965	$493,243	$24,792
Liabilities, Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts payable	$ -	$ -	$82,311	$38,885	$ -
Due to other governmental units	-	-	919	122	-
Interfund loan payable	-	-	208,211	-	-
Total liabilities	-	-	291,441	39,007	-
Deferred inflows of resources:					
Unavailable revenue	-	-	308	-	-
Fund balance:					
Nonspendable	-	-	3,862	6,232	-
Restricted	7,169	1,628,841	-	-	24,792
Committed	-	-	-	448,004	-
Assigned	-	-	-	-	-
Unassigned	-	-	(66,646)	-	-
Total fund balance	7,169	1,628,841	(62,784)	454,236	24,792
Total liabilities, deferred inflows of resources, and fund balance	$7,169	$1,628,841	$228,965	$493,243	$24,792

Total Nonmajor Special Revenue Funds	Lease Purchase Agreement of 2016 (301)	Permanent Improvement Revolving Debt Service Fund (303)	G.O. Bonds of 2014A (304)	G.O. Bonds of 2015A (305)	G.O. Bonds of 2016A (306)	G.O. Bonds of 2017A (307)
$1,161,466	$198,903	$446,379	$16,462	$671,789	$588,759	$1,559,398
-	350	1,434	22	1,706	2,907	2,129
118,794	-	-	-	-	-	-
10,094	-	-	-	-	-	-
-	206	845	27	1,002	496	1,248
-	-	-	-	-	-	-
308	-	1,055,129	-	-	92,064	-
424,859	-	-	-	-	-	-
175,000	-	-	-	-	-	-
492,489	-	-	-	-	-	-
$2,383,010	$199,459	$1,503,787	$16,511	$674,497	$684,226	$1,562,775
$121,196	$ -	$ -	$ -	$ -	$ -	$ -
1,041	-	-	-	-	-	-
208,211	-	-	-	-	-	-
330,448	-	-	-	-	-	-
308	206	1,055,973	27	1,002	92,560	1,248
10,094	-	-	-	-	-	-
1,660,802	199,253	447,814	16,484	673,495	591,666	1,561,527
448,004	-	-	-	-	-	-
-	-	-	-	-	-	-
(66,646)	-	-	-	-	-	-
2,052,254	199,253	447,814	16,484	673,495	591,666	1,561,527
$2,383,010	$199,459	$1,503,787	$16,511	$674,497	$684,226	$1,562,775

CITY OF WACONIA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025
With Comparative Totals For December 31, 2024

	G.O. Bonds of 2018A (308)	G.O. Bonds of 2019A (309)	G.O. Bonds of 2020A (310)	G.O. Bonds of 2021A (311)	G.O. Bonds of 2022A (312)
Assets:					
Cash and investments	$167,369	$379,978	$447,348	$389,605	$799,109
Due from other governmental units	923	936	622	1,114	2,906
Accounts receivable - net	-	-	-	-	-
Prepaid items	-	-	-	-	-
Property taxes receivable	208	552	365	655	1,733
Special assessments receivable:					
Delinquent	-	-	466	-	1,634
Deferred	42,513	-	114,646	-	175,257
Interfund loan receivable	-	-	-	-	-
Deposits receivable	-	-	-	-	-
Notes receivable - net	-	-	-	-	-
Total assets	$211,013	$381,466	$563,447	$391,374	$980,639
Liabilities, Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other governmental units	-	-	-	-	-
Interfund loan payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred inflows of resources:					
Unavailable revenue	42,720	552	115,477	655	178,624
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	168,293	380,914	447,970	390,719	802,015
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	168,293	380,914	447,970	390,719	802,015
Total liabilities, deferred inflows of resources, and fund balance	$211,013	$381,466	$563,447	$391,374	$980,639

G.O. Bonds of 2023A (313)	G.O. Bonds of 2024A (314)	G.O. Bonds of 2025A (315)	HRA Revenue Bonds of 2007 (378)	Total Nonmajor Debt Service Funds	Capital Equipment (105)	Park Dedication (210)
$395,756	$472,924	$129,280	$256	$6,663,315	$1,059,172	$387,780
1,143	1,210	-	-	17,402	-	-
-	-	-	-	-	-	-
-	-	-	-	-	625,084	-
661	613	-	-	8,611	-	-
-	-	-	-	2,100	-	-
293,603	357,188	441,263	-	2,571,663	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$691,163	$831,935	$570,543	$256	$9,263,091	$1,684,256	$387,780
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
294,264	357,801	441,263	-	2,582,372	-	-
-	-	-	-	-	625,084	-
396,899	474,134	129,280	256	6,680,719	579,175	387,780
-	-	-	-	-	-	-
-	-	-	-	-	479,997	-
-	-	-	-	-	-	-
396,899	474,134	129,280	256	6,680,719	1,684,256	387,780
$691,163	$831,935	$570,543	$256	$9,263,091	$1,684,256	$387,780

CITY OF WACONIA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025
With Comparative Totals For December 31, 2024

	TIF # 1 Workforce Housing (410)	TIF # 2 Auburn Meadows (411)	TIF # 3 Cherry Street (412)	TIF # 4 Pine Business Park (413)	TIF # 5 Olive Street Redevelopment (414)
Assets:					
Cash and investments	$31,382	$192,028	$1,345	$4,433	$57,746
Due from other governmental units	-	-	-	-	-
Accounts receivable - net	-	-	-	-	-
Prepaid items	-	-	-	-	-
Property taxes receivable	-	-	-	-	-
Special assessments receivable:					
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Interfund loan receivable	-	-	-	-	-
Deposits receivable	-	-	-	-	-
Notes receivable - net	211,806	-	-	-	-
Total assets	$243,188	$192,028	$1,345	$4,433	$57,746
Liabilities, Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other governmental units	-	-	-	-	-
Interfund loan payable	-	-	-	-	65,000
Total liabilities	-	-	-	-	65,000
Deferred inflows of resources:					
Unavailable revenue	211,806	-	-	-	-
Fund balance:					
Nonspendable	-	-	-	-	-
Restricted	31,382	192,028	1,345	4,433	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(7,254)
Total fund balance	31,382	192,028	1,345	4,433	(7,254)
Total liabilities, deferred inflows of resources, and fund balance	$243,188	$192,028	$1,345	$4,433	$57,746

TIF # 6 Olive and 2nd Street (415)	Clearwater Shores HIA (420)	Total Nonmajor Capital Project Funds	Total 2025	Total 2024
$21,279	$3,499	$1,758,664	$9,583,445	$8,321,173
-	-	-	17,402	80,556
-	-	-	118,794	114,771
-	-	625,084	635,178	13,712
-	-	-	8,611	9,018
-	-	-	2,100	897
-	182,970	182,970	2,754,941	2,605,427
-	-	-	424,859	518,457
-	-	-	175,000	175,000
-	-	211,806	704,295	1,009,679
$21,279	$186,469	$2,778,524	$14,424,625	$12,848,690
$ -	$ -	$ -	$121,196	$84,098
-	-	-	1,041	46,736
50,000	182,970	297,970	506,181	609,273
50,000	182,970	297,970	628,418	740,107
-	182,970	394,776	2,977,456	3,140,305
-	-	625,084	635,178	13,712
-	-	1,196,143	9,537,664	8,600,819
-	-	-	448,004	330,797
-	-	479,997	479,997	366,826
(28,721)	(179,471)	(215,446)	(282,092)	(343,876)
(28,721)	(179,471)	2,085,778	10,818,751	8,968,278
$21,279	$186,469	$2,778,524	$14,424,625	$12,848,690

CITY OF WACONIA, MINNESOTA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

	Public Education (107)	Revolving Loan (202)	Safari Island (231)	Ice Arena (678)	Lodging Tax (701)
Revenues:					
Property taxes	$ -	$ -	$ -	$ -	$ -
Tax increment collections	-	-	-	-	-
Lodging taxes	-	-		-	32,030
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income	147	16,175	-	-	659
Interest from receivables	-	33,956	-	-	-
Charges for services	2,899	330	1,287,502	626,315	-
Contributions and donations	-	-	93,159	-	-
Total revenues	3,046	50,461	1,380,661	626,315	32,689
Expenditures:					
Current:					
Administrative services	-	-	-	-	-
Community development	-	1,757	-	-	31,312
Culture and recreation	-	-	1,398,515	605,103	-
Public services	-	-	-	-	-
Capital outlay:					
Administrative services	-	-	-	-	-
Culture and recreation	-	-	45,989	44,818	-
Public safety	-	-	-	-	-
Public services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	1,757	1,444,504	649,921	31,312
Revenues over (under) expenditures	3,046	48,704	(63,843)	(23,606)	1,377
Other financing sources (uses):					
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	176,000	138,800	-
Transfers out	-	-	(93,159)	-	(1,601)
Total other financing sources (uses)	-	-	82,841	138,800	(1,601)
Net change in fund balance	3,046	48,704	18,998	115,194	(224)
Fund balance - January 1	4,123	1,580,137	(81,782)	339,042	25,016
Fund balance - December 31	$7,169	$1,628,841	($62,784)	$454,236	$24,792

Total Nonmajor Special Revenue Funds	Lease Purchase Agreement of 2016 (301)	Permanent Improvement Revolving Debt Service Fund (303)	G.O. Bonds of 2014A (304)	G.O. Bonds of 2015A (305)	G.O. Bonds of 2016A (306)	G.O. Bonds of 2017A (307)
$ -	$96,312	$393,441	$124	$469,167	$231,559	$581,678
-	-	-	-	-	-	-
32,030	-	-	-	-	-	-
-	-	-	-	19,444	94,997	-
-	-	-	-	-	-	-
16,981	6,000	4,843	447	5,406	6,259	31,466
33,956	-	-	-	-	-	-
1,917,046	-	-	-	-	-	-
93,159	220,000	-	-	-	-	-
2,093,172	322,312	398,284	571	494,017	332,815	613,144
-	-	-	-	-	-	-
33,069	-	-	-	-	-	-
2,003,618	-	-	-	-	-	-
-	-	-	-	-	-	-
-						
-	-	-	-	-	-	-
90,807	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-						
-	129,000	350,000	150,000	645,000	515,000	800,000
-	6,908	39,351	2,500	31,071	25,252	82,752
2,127,494	135,908	389,351	152,500	676,071	540,252	882,752
(34,322)	186,404	8,933	(151,929)	(182,054)	(207,437)	(269,608)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
314,800	-	-	-	190,950	191,966	-
(94,760)	(220,000)	-	-	-	-	-
220,040	(220,000)	-	-	190,950	191,966	-
185,718	(33,596)	8,933	(151,929)	8,896	(15,471)	(269,608)
1,866,536	232,849	438,881	168,413	664,599	607,137	1,831,135
$2,052,254	$199,253	$447,814	$16,484	$673,495	$591,666	$1,561,527

CITY OF WACONIA, MINNESOTA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

	G.O. Bonds of 2018A (308)	G.O. Bonds of 2019A (309)	G.O. Bonds of 2020A (310)	G.O. Bonds of 2021A (311)	G.O. Bonds of 2022A (312)
Revenues:					
Property taxes	$97,298	$256,548	$171,146	$305,964	$803,268
Tax increment collections	-	-	-	-	-
Lodging taxes	-	-	-	-	-
Special assessments	15,215	-	29,015	-	36,885
Intergovernmental	-	-	-	-	-
Investment income	2,498	5,385	3,982	3,669	20,759
Interest from receivables	-	-	-	-	-
Charges for services	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total revenues	115,011	261,933	204,143	309,633	860,912
Expenditures:					
Current:					
Administrative services	-	-	-	-	-
Community development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public services	-	-	-	-	-
Capital outlay:					
Administrative services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Public services	-	-	-	-	-
Debt service:					
Principal	100,000	240,000	290,000	305,000	145,000
Interest and fiscal charges	16,582	48,847	35,357	64,170	731,772
Total expenditures	116,582	288,847	325,357	369,170	876,772
Revenues over (under) expenditures	(1,571)	(26,914)	(121,214)	(59,537)	(15,860)
Other financing sources (uses):					
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	16,000	115,400	76,875	48,600
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	16,000	115,400	76,875	48,600
Net change in fund balance	(1,571)	(10,914)	(5,814)	17,338	32,740
Fund balance - January 1	169,864	391,828	453,784	373,381	769,275
Fund balance - December 31	$168,293	$380,914	$447,970	$390,719	$802,015

G.O. Bonds of 2023A (313)	G.O. Bonds of 2024A (314)	G.O. Bonds of 2025A (315)	HRA Revenue Bonds of 2007 (378)	Total Nonmajor Debt Service Funds	Capital Equipment (105)	Park Dedication (210)
$325,891	$359,037	$ -	$ -	$4,091,433	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
63,227	49,903	20,000	-	328,686	-	-
-	-	-	-	-	-	-
4,419	5,905	1,574	-	102,612	27,657	6,705
-	-	-	-	-	-	-
-	-	-	-	-	43,170	275,400
-	-	-	-	220,000	13,050	-
393,537	414,845	21,574	-	4,742,731	83,877	282,105
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	93,310	-
-	-	-	-	-	14,457	-
-	-	-	-	-	190,698	-
-	-	-	-	-	29,044	-
-	-	-	-	-	913,210	-
				-		
235,000	-	-	393,217	4,297,217	-	-
122,322	157,142	327	36,832	1,401,185	30,029	-
357,322	157,142	327	430,049	5,698,402	1,270,748	-
36,215	257,703	21,247	(430,049)	(955,671)	(1,186,871)	282,105
-	-	108,033	-	108,033	1,633,333	-
-	-	-	-	-	126,696	-
-	-	-	-	-	94,272	-
-	-	-	428,000	1,067,791	650,000	-
-	-	-	-	(220,000)	-	-
-	-	108,033	428,000	955,824	2,504,301	-
36,215	257,703	129,280	(2,049)	153	1,317,430	282,105
360,684	216,431	-	2,305	6,680,566	366,826	105,675
$396,899	$474,134	$129,280	$256	$6,680,719	$1,684,256	$387,780

CITY OF WACONIA, MINNESOTA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025
With Comparative Totals For The Year Ended December 31, 2024

	TIF # 1 Workforce Housing (410)	TIF # 2 Auburn Meadows (411)	TIF # 3 Cherry Street (412)	TIF # 4 Pine Business Park (413)	TIF # 5 Olive Street Redevelopment (414)
Revenues:					
Property taxes	$ -	$ -	$ -	$ -	$ -
Tax increment collections	-	194,288	-	-	78,320
Lodging taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income	849	5,080	43	121	1,531
Interest from receivables	-	-	-	-	-
Charges for services	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total revenues	849	199,368	43	121	79,851
Expenditures:					
Current:					
Administrative services	-	-	-	-	-
Community development	275	175,670	275	275	71,247
Culture and recreation	-	-	-	-	-
Public services	-	-	-	-	-
Capital outlay:					
Administrative services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Public services	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	275	175,670	275	275	71,247
Revenues over (under) expenditures	574	23,698	(232)	(154)	8,604
Other financing sources (uses):					
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	574	23,698	(232)	(154)	8,604
Fund balance - January 1	30,808	168,330	1,577	4,587	(15,858)
Fund balance - December 31	$31,382	$192,028	$1,345	$4,433	($7,254)

TIF # 6 Olive and 2nd Street (415)	Clearwater Shores HIA (420)	Total Nonmajor Capital Project Funds	Total	
			2025	2024
$ -	$ -	$ -	$4,091,433	$3,767,218
-	-	272,608	272,608	193,304
-	-	-	32,030	33,992
-	39,690	39,690	368,376	523,696
-	-	-	-	379,501
584	404	42,974	162,567	175,252
-	-	-	33,956	37,548
-	-	318,570	2,235,616	1,783,889
-	-	13,050	326,209	20,000
584	40,094	686,892	7,522,795	6,914,400
-	-	-	-	22,775
2,100	-	249,842	282,911	248,656
-	-	-	2,003,618	1,853,084
-	-	93,310	93,310	-
	-			
-	-	14,457	14,457	-
-	-	190,698	281,505	-
-	-	29,044	29,044	69,965
-	-	913,210	913,210	1,089,495
-	-	-	4,297,217	3,910,598
-	6,001	36,030	1,437,215	1,412,140
2,100	6,001	1,526,591	9,352,487	8,606,713
(1,516)	34,093	(839,699)	(1,829,692)	(1,692,313)
-	-	1,633,333	1,741,366	90,796
-	-	126,696	126,696	-
-	-	94,272	94,272	-
-	-	650,000	2,032,591	1,816,241
-	-	-	(314,760)	(408,300)
-	-	2,504,301	3,680,165	1,498,737
(1,516)	34,093	1,664,602	1,850,473	(193,576)
(27,205)	(213,564)	421,176	8,968,278	9,161,854
($28,721)	($179,471)	$2,085,778	$10,818,751	$8,968,278

CITY OF WACONIA, MINNESOTA
SPECIAL REVENUE FUND - PUBLIC EDUCATION FUND (107) **Statement 18**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Investment income	$ -	$ -	$147	$147	$120
Franchise fees	4,300	4,300	2,899	(1,401)	4,113
Total revenues	4,300	4,300	3,046	(1,254)	4,233
Expenditures:					
Current:					
Fees and licenses	-	-	-	-	7,110
Revenues over (under) expenditures	$4,300	$4,300	3,046	($1,254)	(2,877)
Fund balance - January 1			4,123		7,000
Fund balance - December 31			$7,169		$4,123

CITY OF WACONIA, MINNESOTA
SPECIAL REVENUE FUND - REVOLVING LOAN FUND (202) **Statement 19**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Investment income	$5,000	$5,000	$16,175	$11,175	$19,522
Interest from receivables	33,716	33,716	33,956	240	37,548
Charges for services	2,360	2,360	330	(2,030)	360
Total revenues	41,076	41,076	50,461	9,385	57,430
Expenditures:					
Current:					
Contractual services	6,750	6,750	1,757	4,993	1,987
Revenues over expenditures	$34,326	$34,326	48,704	$14,378	55,443
Fund balance - January 1			1,580,137		1,524,694
Fund balance - December 31			$1,628,841		$1,580,137

CITY OF WACONIA, MINNESOTA
SPECIAL REVENUE FUND - SAFARI ISLAND FUND (231)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

Statement 20

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Charges for services	$1,210,451	$1,210,451	$1,287,502	$77,051	$1,232,078
Contributions and donations	-	-	93,159	93,159	-
Total revenues	1,210,451	1,210,451	1,380,661	170,210	1,232,078
Expenditures:					
Current:					
Personnel services	842,000	842,000	903,452	(61,452)	821,222
Materials and supplies	386,979	386,979	387,870	(891)	345,953
Contractual services	105,910	105,910	107,193	(1,283)	108,936
Capital outlay	50,000	50,000	45,989	4,011	-
Total expenditures	1,384,889	1,384,889	1,444,504	(59,615)	1,276,111
Revenues over (under) expenditures	(174,438)	(174,438)	(63,843)	110,595	(44,033)
Other financing sources:					
Transfers in	176,000	176,000	176,000	-	176,000
Transfers out	-	-	(93,159)	(93,159)	-
Total other financing sources (uses)	176,000	176,000	82,841	(93,159)	176,000
Net change in fund balance	$1,562	$1,562	18,998	$17,436	131,967
Fund balance - January 1			(81,782)		(213,749)
Fund balance - December 31			($62,784)		($81,782)

See accompanying notes to the required supplementary information.

CITY OF WACONIA, MINNESOTA
SPECIAL REVENUE FUND - ICE ARENA FUND (678)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

Statement 21

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Charges for services	$510,450	$510,450	$626,315	$115,865	$546,870
Expenditures:					
Current:					
Personnel services	254,000	254,000	208,725	45,275	214,607
Materials and supplies	290,005	290,005	314,570	(24,565)	254,502
Contractual services	69,440	69,440	81,808	(12,368)	107,864
Capital outlay	83,000	83,000	44,818	38,182	-
Total expenditures	696,445	696,445	649,921	46,524	576,973
Revenues over (under) expenditures	(185,995)	(185,995)	(23,606)	162,389	(30,103)
Other financing sources:					
Transfers in	138,800	138,800	138,800	-	138,800
Net change in fund balance	($47,195)	($47,195)	115,194	$162,389	108,697
Fund balance - January 1			339,042		230,345
Fund balance - December 31			$454,236		$339,042

CITY OF WACONIA, MINNESOTA
SPECIAL REVENUE FUND - LODGING TAX FUND (701)
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2025
With Comparative Actual Amounts For The Year Ended December 31, 2024

Statement 22

	Budgeted Amounts		2025 Actual Amounts	Variance with Final Budget - Positive (Negative)	2024 Actual Amounts
	Original	Final			
Revenues:					
Lodging taxes	$36,000	$36,000	$32,030	($3,970)	$33,992
Investment income	300	300	659	359	1,060
Total revenues	36,300	36,300	32,689	(3,611)	35,052
Expenditures:					
Current:					
Contractual services	34,500	34,500	31,312	3,188	42,963
Revenues over (under) expenditures	1,800	1,800	1,377	(423)	(7,911)
Other financing sources (uses):					
Transfers out	(1,800)	(1,800)	(1,601)	199	(1,700)
Net change in fund balance	$ -	$ -	(224)	($224)	(9,611)
Fund balance - January 1			25,016		34,627
Fund balance - December 31			$24,792		$25,016

III. STATISTICAL SECTION (UNAUDITED)

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III. STATISTICAL SECTION (UNAUDITED)

This part of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Table Number
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	Tables 1 - 4
Revenue Capacity These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	Tables 5 - 8
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	Tables 9 - 13
Demographic and Economic These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	Tables 14 - 15
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	Tables 16 - 18

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

CITY OF WACONIA, MINNESOTA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018
Governmental activities:			
Net investment in capital assets	$49,265,320	$48,001,795	$55,052,450
Restricted:			
Debt service	7,883,160	10,177,291	8,163,724
Economic development loans	1,348,885	1,370,811	1,394,070
Fire Relief Association pension plan	388,087	498,197	592,716
Public safety purposes	-	-	-
Park improvements	7,690	111,687	80,560
Tax increment purposes	278,314	295,600	311,292
Affordable housing	-	-	-
Other purposes	37,324	29,795	27,905
Unrestricted	2,542,541	2,408,870	2,410,871
Total governmental activities net position	$61,751,321	$62,894,046	$68,033,588
Business-type activities:			
Net investment in capital assets	$28,375,198	$30,137,682	$35,974,877
Unrestricted	5,756,842	5,259,740	4,996,936
Total business-type activities net position	$34,132,040	$35,397,422	$40,971,813
Primary government:			
Net investment in capital assets	$77,640,518	$78,139,477	$91,027,327
Restricted:			
Debt service	7,883,160	10,177,291	8,163,724
Economic development loans	1,348,885	1,370,811	1,394,070
Fire Relief Association pension plan	388,087	498,197	592,716
Public safety purposes	-	-	-
Park improvements	7,690	111,687	80,560
Tax increment purposes	278,314	295,600	311,292
Affordable housing	-	-	-
Other purposes	37,324	29,795	27,905
Unrestricted	8,299,383	7,668,610	7,407,807
Total primary government net position	$95,883,361	$98,291,468	$109,005,401

Table 1

2019	2020	2021	2022	2023	2024	2025
$53,036,567	$51,589,706	$51,828,364	$54,716,395	$54,087,036	$55,154,727	$55,111,700
8,204,324	8,242,354	8,014,670	8,083,320	8,438,086	8,699,919	8,644,745
1,423,475	1,452,703	1,430,940	1,417,389	1,524,694	1,580,137	1,628,841
461,066	618,998	617,028	522,613	522,613	976,364	952,425
-	-	-	-	581,881	416,559	246,559
125,539	127,938	129,236	126,171	142,481	161,775	437,780
330,530	349,026	363,833	377,897	394,827	417,108	440,994
-	-	-	-	-	73,323	262,686
173,138	216,309	337,562	93,217	42,684	30,196	33,018
3,865,330	5,316,279	6,445,030	3,883,020	4,233,948	4,366,229	6,485,269
$67,619,969	$67,913,313	$69,166,663	$69,220,022	$69,968,250	$71,876,337	$74,244,017
$36,443,538	$36,406,342	$37,390,672	$39,036,887	$39,917,250	$39,378,665	$52,670,219
5,023,629	4,766,454	7,319,897	8,201,578	8,298,626	10,155,778	11,400,420
$41,467,167	$41,172,796	$44,710,569	$47,238,465	$48,215,876	$49,534,443	$64,070,639
$89,480,105	$87,996,048	$89,219,036	$93,753,282	$94,004,286	$94,533,392	$107,781,919
8,204,324	8,242,354	8,014,670	8,083,320	8,438,086	8,699,919	8,644,745
1,423,475	1,452,703	1,430,940	1,417,389	1,524,694	1,580,137	1,628,841
461,066	618,998	617,028	522,613	522,613	976,364	952,425
-	-	-	-	581,881	416,559	246,559
125,539	127,938	129,236	126,171	142,481	161,775	437,780
330,530	349,026	363,833	377,897	394,827	417,108	440,994
-	-	-	-	-	73,323	262,686
173,138	216,309	337,562	93,217	42,684	30,196	33,018
8,888,959	10,082,733	13,764,927	12,084,598	12,532,574	14,522,007	17,885,689
$109,087,136	$109,086,109	$113,877,232	$116,458,487	$118,184,126	$121,410,780	$138,314,656

CITY OF WACONIA, MINNESOTA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018
Expenses			
Governmental activities:			
Administrative services	$2,694,304	$2,605,589	$2,630,273
Community development	877,853	693,916	845,242
Culture and recreation	2,153,859	2,101,686	2,378,745
Public safety	1,219,233	1,358,340	1,521,879
Public services	8,811,426	5,097,166	5,495,664
Interest on long-term debt	788,098	803,890	709,590
Total governmental activities expenses	16,544,773	12,660,587	13,581,393
Business-type activities:			
Water	2,407,444	2,293,405	1,897,526
Sewer	2,560,288	2,649,261	2,468,774
Storm water	947,565	1,003,319	1,381,573
Street lighting	205,240	223,464	237,420
Total business-type activities expenses	6,120,537	6,169,449	5,985,293
Total primary government expenses	$22,665,310	$18,830,036	$19,566,686
Program revenues			
Governmental activities:			
Charges for services:			
Administrative services	$807,406	$756,770	$735,603
Community development	1,184,949	708,699	724,034
Culture and recreation	1,348,595	1,567,638	1,853,294
Public safety	143,008	193,787	191,649
Public services	125,298	173,284	60,671
Operating grants and contributions	404,157	203,145	438,027
Capital grants and contributions	5,981,386	3,390,306	6,466,765
Total governmental activities program revenues	9,994,799	6,993,629	10,470,043
Business-type activities:			
Charges for services:			
Water	1,541,745	1,598,715	1,558,602
Sewer	1,845,278	1,910,095	1,953,073
Storm water	597,917	782,627	859,188
Street lighting	246,122	251,732	252,786
Operating grants and contributions	63,351	-	9,385
Capital grants and contributions	2,834,588	2,166,309	6,986,412
Total business-type activities program revenues	7,129,001	6,709,478	11,619,446
Total primary government program revenues	$17,123,800	$13,703,107	$22,089,489

2019	2020	2021	2022	2023	2024	2025
$2,714,323	$3,337,010	$2,876,875	$3,301,360	$3,534,028	$3,836,884	$3,259,331
769,991	673,370	887,554	1,450,853	1,023,914	1,139,167	1,549,973
2,318,632	1,598,737	1,828,463	2,068,549	2,231,895	2,157,232	2,342,919
1,837,582	1,684,638	1,821,216	1,843,010	5,583,162	2,337,814	3,132,561
6,064,581	6,173,716	7,207,936	7,335,197	4,243,679	8,160,209	10,632,795
673,660	701,652	631,250	1,044,294	1,232,380	1,223,399	1,213,216
14,378,769	14,169,123	15,253,294	17,043,263	17,849,058	18,854,705	22,130,795
2,717,426	2,269,315	2,069,104	2,378,714	2,529,917	2,685,922	3,490,416
3,594,233	2,799,448	3,080,213	2,617,733	2,853,337	3,117,004	3,688,489
1,328,221	1,349,937	1,386,960	2,489,887	1,889,990	1,858,178	2,648,650
259,716	245,149	247,259	294,377	413,791	273,605	329,332
7,899,596	6,663,849	6,783,536	7,780,711	7,687,035	7,934,709	10,156,887
$22,278,365	$20,832,972	$22,036,830	$24,823,974	$25,536,093	$26,789,414	$32,287,682
$744,018	$798,849	$735,418	$743,392	$715,473	$782,060	$772,064
659,297	521,118	1,177,469	1,681,830	1,181,574	1,050,659	1,776,228
1,851,410	966,489	1,101,717	1,488,972	1,658,355	1,778,948	1,923,622
190,453	165,220	249,889	222,056	247,204	289,248	358,539
95,207	273,415	296,880	294,224	168,703	527,845	1,827,401
376,788	1,277,043	393,753	554,402	861,643	667,523	1,068,141
421,979	1,212,755	3,268,389	1,660,196	1,180,605	2,561,034	10,048,231
4,339,152	5,214,889	7,223,515	6,645,072	6,013,557	7,657,317	17,774,226
2,305,044	1,730,094	1,964,931	2,171,445	2,229,322	1,989,227	2,122,988
2,831,076	2,098,264	2,312,577	2,442,155	2,665,987	2,957,982	3,108,116
951,423	1,073,822	1,521,031	1,590,449	1,780,550	1,890,896	2,286,998
254,218	271,484	265,688	280,377	434,578	303,479	334,265
70,594	10,000	-	12,500	60,442	41,770	86,502
1,932,328	1,422,897	4,687,511	4,037,340	1,376,947	1,884,319	16,986,353
8,344,683	6,606,561	10,751,738	10,534,266	8,547,826	9,067,673	24,925,222
$12,683,835	$11,821,450	$17,975,253	$17,179,338	$14,561,383	$16,724,990	$42,699,448

CITY OF WACONIA, MINNESOTA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018
Net (expense) revenue:			
Governmental activities	($6,549,974)	($5,666,958)	($3,111,350)
Business-type activities	1,008,464	540,029	5,634,153
Total primary government net (expense) revenue	(5,541,510)	(5,126,929)	2,522,803
General revenues and other changes in net position			
Governmental activities:			
Property taxes	6,489,987	7,125,562	7,780,601
Tax increment	205,391	220,075	198,918
Lodging taxes	47,143	47,858	47,395
Grants and contributions not restricted to specific programs	100,768	10,585	11,957
Unrestricted investment earnings	164,660	61,962	84,713
Gain on sale of capital assets	65,913	50,000	43,501
Transfers	(1,776,000)	(706,359)	83,807
Special item	-	-	-
Total governmental activities	5,297,862	6,809,683	8,250,892
Business-type activities:			
Grants and contributions not restricted to specific programs	-	-	-
Unrestricted investment earnings	83,644	18,994	24,045
Gain on sale of capital assets	6,781	-	-
Transfers	1,776,000	706,359	(83,807)
Total business-type activities	1,866,425	725,353	(59,762)
Total primary government	$7,164,287	$7,535,036	$8,191,130
Change in net position:			
Governmental activities	($1,252,112)	$1,142,725	$5,139,542
Business-type activities	2,874,889	1,265,382	5,574,391
Total primary government	$1,622,777	$2,408,107	$10,713,933

2019	2020	2021	2022	2023	2024	2025
($10,039,617)	($8,954,234)	($8,029,779)	($10,398,191)	($11,835,501)	($11,197,388)	($4,356,569)
445,087	(57,288)	3,968,202	2,753,555	860,791	1,132,964	14,768,335
(9,594,530)	(9,011,522)	(4,061,577)	(7,644,636)	(10,974,710)	(10,064,424)	10,411,766
8,404,302	8,508,645	8,604,614	8,970,824	10,208,438	11,542,466	13,013,757
210,542	196,140	205,593	192,241	158,073	193,304	272,608
50,890	25,295	40,784	46,542	38,872	33,992	32,030
14,030	-	11,107	549,575	397,456	381,469	2,095
301,413	197,058	(44,062)	(349,027)	1,218,671	801,654	676,260
562,608	-	47,127	984,429	475,253	52,224	98,183
82,213	320,440	417,966	56,966	86,966	100,366	566,966
-	-	-	-	-	-	(7,937,650)
9,625,998	9,247,578	9,283,129	10,451,550	12,583,729	13,105,475	6,724,249
-	-	-	-	-	-	3,243
132,480	83,357	(12,463)	(168,693)	203,586	278,849	292,696
-	-	-	-	-	7,120	38,888
(82,213)	(320,440)	(417,966)	(56,966)	(86,966)	(100,366)	(566,966)
50,267	(237,083)	(430,429)	(225,659)	116,620	185,603	(232,139)
$9,676,265	$9,010,495	$8,852,700	$10,225,891	$12,700,349	$13,291,078	$6,492,110
($413,619)	$293,344	$1,253,350	$53,359	$748,228	$1,908,087	$2,367,680
495,354	(294,371)	3,537,773	2,527,896	977,411	1,318,567	14,536,196
$81,735	($1,027)	$4,791,123	$2,581,255	$1,725,639	$3,226,654	$16,903,876

CITY OF WACONIA, MINNESOTA
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018
General Fund:			
Nonspendable	$73,210	$78,810	$90,530
Restricted	1,057	1,057	1,057
Committed	667,699	664,699	664,619
Unassigned	2,438,986	2,202,643	2,276,215
Total general fund	$3,180,952	$2,947,209	$3,032,421
All other governmental funds:			
Nonspendable	$12,551	$667,610	$5,008
Restricted	5,531,525	12,468,006	8,687,512
Committed	136,455	312,718	524,582
Assigned	1,397,183	1,375,779	1,108,126
Unassigned	(866,210)	(1,162,412)	(1,217,378)
Total all other governmental funds	$6,211,504	$13,661,701	$9,107,850

Table 3

2019	2020	2021	2022	2023	2024	2025
$102,085	$121,117	$111,255	$100,404	$130,513	$137,457	$137,496
1,057	1,057	1,057	1,057	582,938	490,939	510,302
664,462	664,462	664,462	644,987	629,987	659,910	687,570
2,563,939	3,224,280	3,986,558	3,811,113	3,753,735	4,128,895	5,582,550
$3,331,543	$4,010,916	$4,763,332	$4,557,561	$5,097,173	$5,417,201	$6,917,918
$6,671	$7,752	$7,555	$9,984	$12,299	$26,694	$635,178
6,800,821	7,037,058	7,569,153	22,416,271	16,054,973	9,961,409	10,397,600
793,005	629,216	441,108	390,052	222,326	330,797	448,004
1,311,245	1,992,668	2,453,063	522,164	522,552	366,826	479,997
(492,310)	(455,080)	(414,938)	(847,543)	(1,307,472)	(451,607)	(1,220,810)
$8,419,432	$9,211,614	$10,055,941	$22,490,928	$15,504,678	$10,234,119	$10,739,969

CITY OF WACONIA, MINNESOTA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Revenues:	2016	2017	2018
General property taxes	$6,500,499	$7,148,422	$7,767,482
Tax increment	205,391	220,075	198,918
Lodging taxes	47,143	47,858	47,395
Special assessments	996,190	3,077,412	307,554
Intergovernmental	1,512,450	615,947	317,102
Investment income	164,660	61,962	84,713
Charges for services	2,349,999	2,611,592	2,769,305
Licenses and permits	1,219,498	748,269	754,444
Fines and forfeits	39,759	40,317	41,502
Contributions and donations	225,556	207,630	185,253
Total revenues	13,261,145	14,779,484	12,473,668
Expenditures:			
Current:			
Administrative services	1,749,023	1,517,485	1,607,461
Community development	240,463	693,916	867,610
Culture and recreation	1,850,538	1,777,836	2,040,710
Public safety	1,416,230	1,211,271	1,332,149
Public services	3,602,754	1,712,770	2,006,663
Capital outlay:			
Administrative services	481,910	84,693	-
Culture and recreation	-	26,527	31,800
Public safety	227,762	28,511	818,177
Public services	6,383,945	3,238,431	3,101,067
Debt service:			
Principal	3,046,005	3,606,134	5,321,814
Interest and fiscal charges	849,577	909,705	924,288
Total expenditures	19,848,207	14,807,279	18,051,739
Revenues over (under) expenditures	(6,587,062)	(27,795)	(5,578,071)
Other financing sources (uses):			
Bonds and notes issued	6,005,000	7,470,000	965,000
Bond premium	182,090	480,608	60,625
Transfers in	8,285,437	8,945,029	2,803,482
Transfers out	(10,061,437)	(9,651,388)	(2,719,675)
Sale of property and capital assets	-	-	-
Total other financing sources (uses)	4,411,090	7,244,249	1,109,432
Net change in fund balance	($2,175,972)	$7,216,454	($4,468,639)
Debt service as a percentage of noncapital expenditures	26.0%	38.9%	44.3%
Debt service as percentage of total expenditures	19.6%	30.5%	34.6%

Table 4

2019	2020	2021	2022	2023	2024	2025
$8,397,950	$8,500,796	$8,616,802	$8,996,274	$10,206,142	$11,542,781	$13,012,916
210,542	196,140	205,593	192,241	158,073	193,304	272,608
50,890	25,295	40,784	46,542	38,872	33,992	32,030
363,721	325,343	705,622	761,289	351,508	523,696	368,376
276,380	1,416,763	2,546,858	1,936,773	1,625,918	2,371,569	3,567,482
301,413	197,058	(44,062)	(349,027)	1,218,671	801,654	676,260
2,803,589	2,275,634	2,348,486	2,686,737	2,770,888	3,309,991	4,758,795
694,288	548,910	1,175,255	1,700,990	1,146,918	1,065,548	1,853,102
42,508	28,998	37,632	42,747	53,504	53,221	45,957
273,532	152,896	221,838	388,501	91,420	105,805	360,037
13,414,813	13,667,833	15,854,808	16,403,067	17,661,914	20,001,561	24,947,563
1,652,540	2,329,740	1,742,818	2,105,593	2,289,049	2,674,399	3,065,514
783,627	684,459	896,430	1,416,001	973,130	1,138,450	1,575,874
1,971,766	1,451,342	1,647,191	1,887,275	1,922,518	1,928,016	2,094,823
1,371,512	1,483,229	1,512,039	1,549,542	1,683,055	2,217,927	2,485,971
2,463,797	2,491,790	3,370,565	3,662,675	4,020,845	3,971,172	6,359,922
168,157	84,338	48,658	33,476	84,005	156,795	41,416
176,611	41,040	81,081	-	517,229	336,045	281,505
152,884	19,497	527,548	915,028	7,694,778	6,486,304	80,907
2,505,715	3,215,734	4,722,287	6,832,803	3,506,375	4,376,729	6,825,673
4,547,065	3,095,908	3,046,363	3,414,138	3,655,474	3,910,598	4,297,217
875,267	845,659	802,019	1,053,232	1,315,156	1,484,192	1,482,577
16,668,941	15,742,736	18,396,999	22,869,763	27,661,614	28,680,627	28,591,399
(3,254,128)	(2,074,903)	(2,542,191)	(6,466,696)	(9,999,700)	(8,679,066)	(3,643,836)
1,895,000	2,970,000	3,190,000	16,525,000	2,800,000	3,295,000	4,555,576
362,119	156,152	256,808	1,126,882	254,206	191,771	293,028
2,573,972	2,962,728	2,466,842	2,742,285	2,731,876	141,398	234,833
(2,491,759)	(2,544,762)	(2,048,876)	(2,685,319)	(2,644,910)	2,557,941	3,267,351
525,500	2,340	274,160	987,064	411,890	(2,457,575)	(2,700,385)
2,864,832	3,546,458	4,138,934	18,695,912	3,553,062	3,728,535	5,650,403
($389,296)	$1,471,555	$1,596,743	$12,229,216	($6,446,638)	($4,950,531)	$2,006,567
39.7%	31.8%	29.6%	29.6%	31.3%	31.3%	27.0%
32.5%	25.0%	20.9%	19.5%	18.0%	18.8%	20.2%

CITY OF WACONIA, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Residential Property	Commercial/ Industrial Property	Personal Property	All Other	Total Tax Capacity
2016	$10,096,725	$2,873,824	$167,114	$101,255	$13,238,918
2017	10,312,656	3,147,972	198,234	62,402	13,721,264
2018	11,184,617	3,221,657	235,320	100,110	14,741,704
2019	11,813,480	3,506,949	253,518	100,981	15,674,928
2020	13,392,397	3,817,410	243,834	134,007	17,587,648
2021	13,905,756	4,057,531	259,576	99,968	18,322,831
2022	14,709,050	4,146,634	194,728	107,514	19,157,926
2023	19,352,890	4,557,621	239,268	115,179	24,264,958
2024	20,505,808	5,196,464	234,356	111,912	26,048,540
2025	21,217,230	5,522,106	274,004	112,755	27,126,095

Source: Carver County Taxpayer Services

Table 5

Less Captured Tax Increment Tax Capacity	Net Fiscal Disparities Distribution	Adjusted Tax Capacity Value	City Direct Tax Rate	Estimated Taxable Market Value	Tax Capacity as a Percent of EMV
($167,486)	$150,282	$13,221,714	49.267	$1,160,365,600	1.14%
(177,696)	236,421	13,779,989	52.805	1,192,437,500	1.16%
(160,822)	307,930	14,888,812	52.836	1,288,397,100	1.16%
(170,640)	481,635	15,985,923	52.500	1,367,548,500	1.17%
(195,276)	618,137	18,010,509	46.713	1,536,864,900	1.17%
(176,681)	485,424	18,631,574	46.140	1,591,776,300	1.17%
(177,980)	573,941	19,553,887	45.158	1,670,262,400	1.17%
(162,252)	397,745	24,500,451	41.301	2,130,609,500	1.15%
(190,419)	319,819	26,177,940	44.778	2,319,954,000	1.13%
(259,176)	321,868	27,188,787	48.173	2,425,052,200	1.12%

CITY OF WACONIA, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES **Table 6**
Last Ten Fiscal Years

Fiscal Year	City Direct Rate			Overlapping Rates			Total
	Operating	Debt Service	City Total	School District #110	Carver County	Other	
Tax capacity rates (per $100 of adjusted tax capacity value)							
2016	28.618	20.649	49.267	33.358	38.880	3.203	124.708
2017	29.086	23.719	52.805	31.361	38.851	3.186	126.203
2018	31.074	21.762	52.836	33.612	37.436	3.994	127.878
2019	34.827	17.673	52.500	33.800	36.488	3.730	126.518
2020	32.233	14.480	46.713	32.269	35.179	3.577	117.738
2021	31.550	14.590	46.140	32.367	34.634	3.648	116.789
2022	30.042	15.116	45.158	31.258	34.170	3.606	114.192
2023	26.222	15.079	41.301	24.140	29.267	3.073	97.781
2024	30.026	14.752	44.778	23.734	30.106	3.266	101.884
2025	32.880	15.293	48.173	23.278	30.934	3.182	105.567

Source: Carver County Taxpayer Services

CITY OF WACONIA, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Table 7

Taxpayer	2025 Net Tax Capacity	2025 Rank	2025 Percentage of Total Net Tax Capacity	2016 Net Tax Capacity	2016 Rank	2016 Percentage of Total Net Tax Capacity
Ridgeview Real Estate LLC	$523,466	1	1.93%	$147,258	3	1.11%
KTJ 363 LLC	366,668	2	1.35%	-		
ACPI Wood Products LLC	277,344	3	1.02%	110,374	5	0.83%
JE Waconia 2018 LLC	259,652	4	0.96%	265,504	1	2.01%
Centerpoint Energy Minnegasco	254,260	5	0.94%	83,490	10	0.63%
Lakeview Clinic Building Corp.	196,514	6	0.72%	125,050	4	0.94%
Target	191,398	7	0.71%	229,068	2	1.73%
Auburn Meadows LLC	158,824	8	0.59%	98,125	6	0.74%
TCO Real Estate-Fund 2 LLC	148,868	9	0.55%	-	-	0.00%
8185 LLP	142,416	10	0.53%	-	-	0.00%
Health Care Reit Inc.	-	-	0.00%	88,243	7	0.67%
Pine Park Propertis LLC	-	-	-	87,992	8	0.66%
Xcel Energy	-	-	-	85,626	9	0.65%
Total	$2,519,410		9.29%	$1,320,730		9.98%
Total All Property	$27,126,095			$13,238,918		

Source: Carver County Taxpayer Services

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CITY OF WACONIA, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS **Table 8**
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years[1]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$6,507,534	$6,448,527	99.1%	$23,644	$6,472,171	99.5%
2017	7,225,677	7,138,648	98.8%	2,101	7,140,749	98.8%
2018	7,866,135	7,814,156	99.3%	(43,873)	7,770,283	98.8%
2019	8,398,680	8,389,081	99.9%	(7,702)	8,381,379	99.8%
2020	8,530,964	8,495,260	99.6%	(10,619)	8,484,641	99.5%
2021	8,608,629	8,606,945	100.0%	(11,303)	8,595,642	99.8%
2022	9,025,258	8,994,396	99.7%	(2,828)	8,991,568	99.6%
2023	10,223,090	10,201,268	99.8%	(26,414)	10,174,854	99.5%
2024	11,644,556	11,618,832	99.8%	(17,912)	11,600,920	99.6%
2025	13,012,694	12,989,975	99.8%	-	12,989,975	99.8%

Source: City Finance Department

[1] Negative amounts in the "Collections in Subsequent Years" column are the result of reductions to assessed property values.

CITY OF WACONIA, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	G.O. Improvement Bonds	Public Project Revenue Bonds	Notes Payable
2016	$11,231,175	$13,374,982	$4,774,973	$1,220,000
2017	10,982,432	18,239,861	4,343,839	1,220,000
2018	8,926,860	16,346,696	3,897,025	1,115,000
2019	8,551,293	14,796,846	3,433,960	1,001,000
2020	8,637,395	15,181,803	2,954,052	885,000
2021	11,200,306	13,464,992	2,456,689	766,000
2022	26,066,989	13,248,181	1,968,551	645,000
2023	25,512,505	13,426,372	1,602,077	521,000
2024	23,739,613	14,990,115	1,222,479	395,000
2025	23,922,620	14,907,884	829,262	931,576

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The Total Tax Capacity values can be found at Table 5
(2) Population data can be found at Table 14.

Table 9

Business-Type Activities						
G.O. Revenue Bonds	Note Payable	Total Debt	Percentage of Total Tax Capacity[1]	Per Capita[2]	Total Tax Capacity	Population
$14,033,748	$ -	$44,634,878	337.15%	3,607	$13,238,918	12,374
12,663,215	-	47,449,347	345.81%	3,775	13,721,264	12,571
11,953,867	-	42,239,448	286.53%	3,314	14,741,704	12,745
13,801,657	-	41,584,756	265.29%	3,250	15,674,928	12,797
19,543,689	-	47,201,939	268.38%	3,620	17,587,648	13,038
17,008,309	-	44,896,296	245.03%	3,244	18,322,831	13,841
16,437,825	255,821	58,622,367	306.00%	4,062	19,157,926	14,433
15,407,327	224,508	56,693,789	233.64%	3,823	24,264,958	14,830
15,901,625	191,890	56,440,722	216.68%	3,639	26,048,540	15,512
18,449,409	157,913	59,198,664	218.24%	3,735	27,126,095	15,850

CITY OF WACONIA, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING **Table 10**
Last Ten Fiscal Years

Fiscal Year	Debt Being Paid Solely From Property Taxes: General Obligation Bonds	Less: Debt Service Fund Balance	Net General Bonded Debt	Percentage of Total Tax Capacity[1]	Per Capita[2]
2016	$11,231,175	$2,528,808	$8,702,367	65.73%	703
2017	10,982,432	2,602,662	8,379,770	61.07%	667
2018	8,926,860	1,093,774	7,833,086	53.14%	615
2019	8,551,293	1,150,371	7,400,922	47.22%	578
2020	8,637,395	1,203,752	7,433,643	42.27%	570
2021	11,200,306	1,423,378	9,776,928	53.36%	706
2022	26,066,989	1,996,356	24,070,633	125.64%	1,629
2023	25,512,505	2,478,954	23,033,551	94.93%	1,553
2024	23,739,613	2,606,221	21,133,392	81.13%	1,362
2025	23,922,620	2,676,777	21,245,843	78.32%	1,340

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] The Total Tax Capacity values can be found at Table 5
[2] Population data can be found at Table 14.

CITY OF WACONIA, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT **Table 11**
December 31, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Direct debt:			
City of Waconia[(1)]	$40,591,342	100.00%	$40,591,342
Overlapping debt:			
Carver County	11,690,000	11.21%	1,310,215
Independent School District No. 110	99,490,000	56.95%	56,655,277
Metropolitan Council	235,750,000	0.43%	1,012,546
Subtotal - overlapping debt	346,930,000		58,978,038
Total direct and overlapping debt	$387,521,342		$99,569,380

[(1)]Excludes debt related to the City's business-type activities.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

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CITY OF WACONIA, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Table 12

Legal Debt Margin Calculation for Fiscal Year 2025

Estimated market value of property	$2,425,052,200
Debt limit percentage	3%
Statutory debt limit	72,751,566
Net debt applicable to limit:	
Total bonded debt	58,109,175
Less:	
G.O. improvement bonds	(14,907,884)
G.O. revenue bonds	(18,449,409)
Public project revenue bonds not paid from property taxes	(829,262)
Total net debt applicable to limit	23,922,620
Legal debt margin	$48,828,946

Legal Debt Margin Calculation for Fiscal Years 2016 Through 2024

Fiscal Year	Statutory Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Ratio of Net Debt to Debt Limit
2016	$36,332,928	$11,231,175	$25,101,753	30.91%
2017	37,384,467	10,982,432	26,402,035	29.38%
2018	40,213,827	8,926,860	31,286,967	22.20%
2019	42,485,841	8,551,293	33,934,548	20.13%
2020	47,352,774	8,637,395	38,715,379	18.24%
2021	48,999,618	11,200,306	37,799,312	22.86%
2022	51,546,345	26,066,989	25,479,356	50.57%
2023	65,188,029	25,512,505	39,675,524	39.14%
2024	69,598,620	23,739,613	45,859,007	34.11%

CITY OF WACONIA, MINNESOTA
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

	G.O. Improvement Bonds			
Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2016	$996,190	$2,035,000	$352,660	42%
2017	3,077,412	2,405,000	320,861	113%
2018	307,554	2,725,000	414,215	10%
2019	363,721	1,350,000	400,480	21%
2020	325,343	1,545,000	367,500	17%
2021	705,622	1,595,000	353,671	36%
2022	761,289	1,805,000	310,825	36%
2023	351,508	1,855,000	330,563	16%
2024	523,696	2,030,000	289,550	23%
2025	368,376	2,295,000	484,171	13%

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Net available revenue for the general obligation revenue bonds is equal to the revenues of the water, sewer and storm water funds, less operating expenses (excluding depreciation) of those funds.

Table 13

G.O. Revenue Bonds

Water, Sewer & Storm Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
$6,628,488	$3,967,929	$2,660,559	$570,000	$414,502	270%
6,379,958	3,898,882	2,481,076	1,330,000	303,931	152%
5,482,578	3,557,959	1,924,619	1,200,000	269,562	131%
6,282,947	3,850,304	2,432,643	1,230,000	261,390	163%
5,786,857	3,980,375	1,806,482	1,285,000	353,770	110%
8,495,319	4,111,604	4,383,715	1,505,000	498,883	219%
10,365,573	4,321,803	6,043,770	1,560,000	495,577	294%
8,308,133	4,665,086	3,643,047	2,000,000	551,284	143%
8,598,185	4,964,960	3,633,225	2,186,000	558,187	132%
10,271,892	6,581,963	3,689,929	2,387,359	631,842	122%

CITY OF WACONIA, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS **Table 14**
Last Ten Fiscal Years

Fiscal Year	Waconia Population[(1)]	Carver County Unemployment Rate[(2)]	Carver County Personal Income (Thousands)[(3)]	Carver County Per Capita Personal Income[(3)]
2016	12,374	3.3%	6,610,954	65,853
2017	12,571	2.9%	7,037,917	68,918
2018	12,745	2.5%	7,426,521	71,681
2019	12,797	2.8%	7,676,796	73,023
2020	13,038	4.9%	8,064,542	75,677
2021	13,841	2.9%	8,751,120	80,562
2022	14,433	2.2%	9,583,434	87,095
2023	14,830	2.1%	10,355,178	93,242
2024	15,512	2.1%	10,825,179	96,114
2025	15,850	3.2%	(a)	(a)

Sources: [(1)]Federal Census Data and State Demographer's Estimate
[(2)]State of Minnesota, Department of Employment and Economic Development
[(3)]U.S. Department of Commerce, Bureau of Economic Analysis

(a) Information not yet available

Information pertaining to the City's unemployment rate, personal income and per capita personal income is not available, information for Carver County was included instead.

CITY OF WACONIA, MINNESOTA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Table 15

	2025			2016		
Employer	Employees	Rank	Percentage of Total City Employment[1]	Employees	Rank	Percentage of Total City Employment[1]
Ridgeview Medical Center	1,833	1	36.0%	1,500	1	37.2%
Strom Aviation	1,001	2	19.7%	-	-	-
I.S.D. No. 110 (Waconia Schools)	816	3	16.0%	825	2	20.4%
CabinetWorks Group	600	4	11.8%	500	3	12.4%
Mackenthun's Supermarket	200	5	3.9%	200	5	5.0%
Target	150	6	2.9%	150	7	3.7%
Laketown Electric Corp.	135	7	2.7%	-		-
Good Samaritan Society Waconia	130	8	2.6%	300	4	7.4%
Lakeview Clinic	120	9	2.4%	120	9	3.0%
Auburn Meadows Assisted Living	100	10	2.0%	-		-
Waconia Farm Supply	-	-	-	120	10	3.0%
City of Waconia	-	-	-	122	8	3.0%
Physicians Service Network	-	-	-	200	6	5.0%
Total	5,085			4,037		

Source: Reference USA, written and telephone survey, and the MN Department of Employment and Economic Development

[1]The statistic for total City employment is not available, therefore the percentage represents the percentage of the top ten listed.

CITY OF WACONIA, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Full-Time Equivalent Employees as of December 31, 2016	2017	2018	2019
Administrative services	8	8	8	8
Community development	3	3	3	3
Public safety	5	6	5	6
Public services	22	22	24	25
Total	38	39	40	42

Table 16

Full-Time Equivalent Employees as of December 31,					
2020	2021	2022	2023	2024	2025
9	9	9	10	11	12
3	3	4	4	4	4
4	5	6	6	7	7
23	26	28	31	31	31
39	43	47	51	53	54

CITY OF WACONIA, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year 2016	2017	2018	2019
Building:				
Total permits issued	1,073	1,133	1,044	1,051
Total estimated value	$95,802,009	$43,720,644	$48,376,735	$50,100,000
Election:				
Registered voters	7,469	7,469	7,686	7,900
Fire:				
Average number of employees	30	30	30	30
General government:				
Area of city - square miles	4.70	4.76	4.76	5.16
Average number of permanent full-time employees (excluding fire department)	29	31	32	34
Police:				
Average number of employees	6.3	7.3	7.3	6.5
Number of major crimes	186	264	257	247
Water:				
Number of customers	4,190	4,424	4,295	4,317
Daily average consumption - gallons	975,947	969,201	975,202	919,586
Plant capacity - gallons	4,100,000	4,100,000	4,100,000	4,100,000

Table 17

Fiscal Year					
2020	2021	2022	2023	2024	2025
1,082	1,475	1,882	1,862	2,125	2,491
$28,000,000	$77,390,000	$127,790,000	$84,600,000	$65,200,000	$134,500,000
8,659	8,659	8,851	8,851	9,555	9,555
30	31	34	34	35	40
5.20	5.80	5.80	5.80	5.80	6.20
34	35	39	39	44	46
7.0	7.0	7.0	8.0	8.0	8.0
298	346	303	245	238	269
4,340	4,438	4,594	4,738	4,856	4,970
800,000	1,100,000	1,224,430	868,870	800,000	825,000
4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000

CITY OF WACONIA, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year 2016	2017	2018	2019
Fire:				
Number of stations	1	1	1	1
Parks and recreation:				
Acres of parks/open space	199.4	212.0	212.0	212.0
Number of shelter buildings	7	10	10	11
Number of playgrounds	16	16	16	16
Number of basketball courts	3	4	4	4
Number of tennis courts	5	5	5	5
Police:				
Number of stations	1	1	1	1
Public works:				
Miles of streets	54.1	56.0	56.0	56.0
Miles of sidewalks	18.2	21.0	21.0	21.0
Miles of trails	18.0	20.0	21.4	21.4
Storm Sewer:				
Miles of storm sewers	52.6	63.0	65.0	65.0
Storm sewer pump stations	-	-	3	3.0
Miles of reuse watermains	-	-	1	1.6
Sanitary Sewer:				
Miles of gravity sanitary sewers	54.1	56.0	56.4	57.7
Miles of forcemain sanitary sewers	3.7	4.6	4.6	4.9
Number of lift stations	11	11	11	11
Water:				
Miles of watermains	71.2	76.0	76.2	77.9
Number of wells	6	6	6	6

Source: Various City Departments

Table 18

Fiscal Year					
2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
209.0	209.3	209.3	233.1	233.1	233.1
11	13	13	14	14	14
16	16	17	19	19	19
4	4	4	5	9	9
5	5	5	5	5	5
1	1	1	1	1	1
57.3	57.7	64.0	64.1	64.6	66.0
21.7	21.7	26.0	28.0	28.0	28.0
23.4	23.5	25.0	26.0	26.0	26.0
60.3	68.9	77.0	78.2	77.9	79.8
4.0	4.0	6.0	6.0	6.0	6.0
1.6	1.6	2.3	6.4	14.5	16.5
60.3	60.2	65.0	65.6	66.2	68.0
5.2	5.2	5.2	5.3	5.2	5.0
11	12	12	12	12	12
80.4	81.1	85.0	86.8	85.2	88.4
6	6	6	6	6	7

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APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

PROPOSED FORM OF LEGAL OPINION

$_____
GENERAL OBLIGATION WATER REVENUE AND CAPITAL
IMPROVEMENT PLAN BONDS, SERIES 2026C
CITY OF WACONIA
CARVER COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Waconia, Carver County, Minnesota (the "Issuer"), of its $_____ General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C, bearing a date of original issue of November 5, 2026 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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 and be retroactive.

TAFT STETTINIUS & HOLLISTER LLP

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

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

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

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

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

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

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

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

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

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

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

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

(See following pages)

[Appendix ___ to Official Statement]

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Waconia, Minnesota (the "Issuer"), in connection with the issuance of its $_____ General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on October 19, 2026 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

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

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated _____, 2026, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2026, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2027, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the dates required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Current Property Valuations; Direct Debt; Tax Levies and Collections; US Census Data/Population Trend; and Employment/Unemployment Data.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting

Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following 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 Bonds, or other material events affecting the tax status of the Bonds;
(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 Bonds, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
(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.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

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

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner 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 to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

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

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: November 5, 2026.

CITY OF WACONIA, MINNESOTA

By_____
Its Mayor

By_____
Its City Administrator

APPENDIX E

TERMS OF PROPOSAL

$26,245,000* GENERAL OBLIGATION WATER REVENUE AND CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2026C CITY OF WACONIA, MINNESOTA

Proposals for the purchase of $26,245,000* General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C (the "Bonds") of the City of Waconia, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M., Central Time, on October 19, 2026, 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 444 and 475, as amended, including Minnesota Statutes, Section 475.521, by the City, for the purposes of financing the construction of a new water treatment plant and public works garage in the City. 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 5, 2026, 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:

Year	Amount*	Year	Amount*	Year	Amount*
2028	$700,000	2035	$1,390,000	2042	$1,365,000
2029	1,035,000	2036	1,455,000	2043	1,430,000
2030	1,085,000	2037	1,530,000	2044	1,495,000
2031	1,145,000	2038	1,145,000	2045	1,570,000
2032	1,200,000	2039	1,200,000	2046	1,645,000
2033	1,255,000	2040	1,250,000	2047	1,725,000
2034	1,320,000	2041	1,305,000		

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, 2027, 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** 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, Minneapolis, 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, 2037 shall be subject to optional redemption prior to maturity on February 1, 2036 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 5, 2026, 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 Taft Stettinius & Hollister LLP, 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.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

SUBMISSION OF PROPOSALS

Proposals must not be for less than $25,982,550 plus accrued interest on the principal sum of $26,245,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

1) Electronically to bondsale@ehlers-inc.com; or

2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 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 facsimile submission.

A good faith deposit ("Deposit") in the amount of $524,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

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

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

AWARD

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

BOND INSURANCE

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

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

CUSIP NUMBERS

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

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to 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 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^{th}) 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^{th}) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Debt Issuance 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 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the City Council

City of Waconia, Minnesota

PROPOSAL FORM

The City Council **October 19, 2026**
City of Waconia, Minnesota (the "City")

RE: $26,245,000* General Obligation Water Revenue and Capital Improvement Plan Bonds, Series 2026C (the "Bonds")
DATED: November 5, 2026

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 $25,982,550) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2028	_____	% due	2035	_____	% due	2042
_____	% due	2029	_____	% due	2036	_____	% due	2043
_____	% due	2030	_____	% due	2037	_____	% due	2044
_____	% due	2031	_____	% due	2038	_____	% due	2045
_____	% due	2032	_____	% due	2039	_____	% due	2046
_____	% due	2033	_____	% due	2040	_____	% due	2047
_____	% due	2034	_____	% due	2041			

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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2028 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) 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 $524,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about November 5, 2026.

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 5, 2026 of the above proposal is $_____and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Waconia, Minnesota, on October 19, 2026.

By: _____ By: _____

Title: _____ Title: _____