PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 2, 2026

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

In the opinion of Kutak Rock LLP, Bond Counsel to the Issuer, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds [(including any original issue discount properly allocable to the owner of a Bond)] is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, trusts and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. Interest on the Bonds (a) may affect the federal alternative minimum tax imposed on certain corporations, and (b) is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. For a more detailed description of such opinions of Bond Counsel, see "Tax Matters" herein and "Appendix B – Form of Legal Opinion."

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

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

CITY OF NORWOOD YOUNG AMERICA, MINNESOTA
(Carver County)

$2,240,000* GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES 2026D

PROPOSAL OPENING: November 9, 2026, 10:30 A.M., C.T. **CONSIDERATION**: November 9, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $2,240,000* General Obligation Improvement Refunding Bonds, Series 2026D (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, and Minnesota Statutes, Section 475.67, as amended, by the City of Norwood Young America, Minnesota (the "City"), for the purpose of effecting a current refunding of certain outstanding general obligations of the City as more fully described herein. 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 Kutak Rock LLP, Minneapolis, Minnesota.

DATE OF BONDS: December 3, 2026

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2028	$160,000	2032	$205,000	2036	$240,000
2029	180,000	2033	215,000	2037	405,000
2030	190,000	2034	220,000		
2031	195,000	2035	230,000		

***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, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: $2,213,120.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $44,800 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Kutak Rock LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

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

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 NORWOOD YOUNG AMERICA
CITY COUNCIL

		Term Expires
Connor Smith	Mayor	January 2027
Craig Heher	Council Member	January 2027
Brandon Stender	Council Member	January 2029
Andrew Storms	Council Member	January 2029
Charlie Storms	Council Member	January 2027

ADMINISTRATION

Andrea Aukrust, City Administrator
Danielle Amira, Finance Director

PROFESSIONAL SERVICES

Melchert Hubert Sjodin, City Attorney, Chaska, Minnesota

Kutak Rock 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 Norwood Young America, Minnesota (the "City") and the issuance of its $2,240,000* General Obligation Improvement Refunding Bonds, Series 2026D (the "Bonds" or the "Series 2026D 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 November 9, 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 December 3, 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, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 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 authorized pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, and Minnesota Statutes, Section 475.67, as amended, by the City, for the purpose of effecting a current refunding of the City's $3,925,000 General Obligation Temporary Improvement Bonds, Series 2024A (the "Series 2024A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturity Being Refunded	Interest Rate	Principal to be Refunded	CUSIP Base 669738
Series 2024A Bonds	5/16/24	12/15/26	Par	2027	3.625%	$2,400,000	NP7
Total Series 2024A Bonds Being Refunded						$2,400,000	

A portion of the proceeds of the Bonds will be used to call and prepay the maturity described above and to pay all or most of the costs of issuance.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	$2,240,000	
Planned Issuer Equity Contribution	283,677	
Total Sources		**$2,523,677**
Uses		
Total Underwriter's Discount (1.200%)	$26,880	
Costs of Issuance	63,000	
Deposit to Redemption Fund	2,432,383	
Rounding Amount	1,414	
Total Uses		**$2,523,677**

*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 Bonds will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Series 2024A Bonds and from ad valorem property taxes. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the special assessments 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 an additional tax for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the City will be offering for sale its General Obligation Temporary Utility Revenue Bonds, Series 2026E (the "Concurrent Obligations" or the "Series 2026E Bonds"), which are scheduled to close on December 3, 2026.

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.

Prior continuing disclosure undertakings entered into by the City included language stating that an Annual Report including the City's audited financial statements and operating data would be filed "as soon as available." Although the City did not always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. 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.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kutak Rock 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.

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the Form of Legal Opinion found in APPENDIX B) and has not performed any investigation as to its accuracy, completeness, or sufficiency. Bond Counsel has not examined or verified, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds [(including any original issue discount properly allocable to the owner of a Bond)] is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Interest on the Bonds (a) may affect the federal alternative minimum tax imposed on certain corporations, and (b) is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as Appendix B.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, if any, as shown on the cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, if any, as shown on the cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Bank Qualified. The City has represented that it does not reasonably anticipate issuing greater than $10,000,000 of tax-exempt obligations in calendar year 2026 (excluding certain private activity and refunding bonds) and that it has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions' interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

Backup Withholding

An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. 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 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 or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MUNICIPAL ADVISOR

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

MUNICIPAL ADVISOR AFFILIATED COMPANIES

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

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2025 have been audited by Abdo, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

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

Taxes: The Bonds 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 (special assessments) 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	$509,869,504[1]
2025/26 Assessor's Estimated Market Value	
Real Estate	$472,580,800
Personal Property	2,501,000
Total Valuation	$475,081,800
2025/26 Net Tax Capacity	
Real Estate	$5,121,449
Personal Property	48,831
Net Tax Capacity	$5,170,280
Less:	
Captured Tax Increment Tax Capacity[2]	(155,503)
Fiscal Disparities Contribution[3]	(516,084)
Taxable Net Tax Capacity	$4,498,693
Plus: Fiscal Disparities Distribution[3]	1,171,273
Adjusted Taxable Net Tax Capacity	$5,669,966

[1] According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City was about 93.20% 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 $509,869,504.

[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	$3,106,730	60.09%
Agricultural	25,849	0.50%
Commercial/industrial	1,313,217	25.40%
Public utility	11,684	0.23%
Railroad operating property	4,206	0.08%
Non-homestead residential	657,717	12.72%
Commercial & residential seasonal/rec.	2,046	0.04%
Personal property	48,831	0.94%
Total	$5,170,280	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	$363,768,000	$341,670,000	$4,014,577	$4,298,865	4.79%
2022/23	439,340,000	422,170,400	4,816,860	5,144,318	20.77%
2023/24	450,552,400	433,679,000	4,988,891	5,277,354	2.55%
2024/25	458,999,500	431,631,900	4,998,275	5,450,381	1.87%
2025/26	475,081,800	448,575,346	5,170,280	5,669,966	3.50%

[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
Par Real Estate LLC	Commercial	$300,172	5.81%
PVS Sackett - Waconia, Inc.	Commercial	155,974	3.02%
Peace Villa Inc.	Rental	78,041	1.51%
Hydro Real Estate LLC	Commercial	60,664	1.17%
Country Cove Apartments LLC	Rental	53,912	1.04%
YMI Properties LLC	Commercial	51,078	0.99%
Kleinbank (State Bank of YA)	Commercial	42,272	0.82%
Lakeview Clinic Bldg. Corp.	Commercial	39,650	0.77%
Citizen State Bank	Commercial	39,236	0.76%
Faxon Rd. Investors LLC	Commercial	37,221	0.72%
Total		$858,220	16.60%

City's Total 2025/26 Net Tax Capacity $5,170,280

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 (includes the Series 2026D Bonds)*	$10,485,000
Total G.O. debt secured by tax abatement revenues	2,020,000
Total G.O. debt secured by taxes	2,315,000
Total G.O. debt secured by utility revenues	5,405,000
Total G.O. debt secured by housing revenues (Economic Development Authority (EDA))	3,290,000
Total General Obligation Debt*	$23,515,000

Temporary General Obligation Debt

Issue Date	Name of Issue	Final Maturity	Principal Outstanding
12/3/26	G.O. Temporary Utility Revenue Bonds, Series 2026E (includes the Series 2026E Bonds)*	12/1/29	$5,090,000

*Preliminary, subject to change.

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

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

In addition to the Concurrent Obligations, the City plans to issue approximately $5,800,000 general obligation bonds for its 2027 street and utility improvement project in the next 12 months.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" 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 (includes the Series 2026D Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (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 (includes the Series 2026E Bonds).

2025/26 Assessor's Estimated Market Value	$475,081,800
Multiply by 3%	0.03
Statutory Debt Limit	$14,252,454
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	(2,315,000)
Unused Debt Limit	$11,937,454

City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 12/03/2026)

	Improvement Refunding Bonds 1) Series 2020A		Improvement Bonds 2) Series 2021A		Improvement Bonds 3) Series 2022A		Improvement Bonds 4) Series 2024B		Improvement Bonds 5) Series 2025A	
Dated	07/07/2020		08/19/2021		06/16/2022		11/21/2024		06/18/2025	
Amount	$3,685,000		$760,000		$1,630,000		$1,230,000		$3,590,000	
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	290,000	9,100	75,000	6,590	155,000	33,653	70,000	53,650	210,000	158,650
2028	30,000	3,000	80,000	5,040	160,000	28,928	75,000	50,025	225,000	147,775
2029	35,000	2,350	80,000	3,440	165,000	24,053	75,000	46,275	235,000	136,275
2030	35,000	1,650	80,000	2,240	170,000	19,028	80,000	42,400	245,000	124,275
2031	35,000	950	80,000	1,380	175,000	13,853	85,000	38,275	260,000	111,650
2032	30,000	300	80,000	460	180,000	8,528	90,000	33,900	270,000	98,400
2033					185,000	2,914	95,000	29,275	285,000	84,525
2034							95,000	24,525	300,000	69,900
2035							100,000	19,650	315,000	56,100
2036							75,000	15,275	325,000	43,300
2037							80,000	11,800	170,000	33,400
2038							80,000	8,600	175,000	26,500
2039							85,000	5,300	185,000	19,300
2040							90,000	1,800	190,000	11,800
2041									200,000	4,000
	455,000	17,350	475,000	19,150	1,190,000	130,954	1,175,000	380,750	3,590,000	1,125,850

1) This represents the $3,685,000 Series 2010A (Street Reconstruction), Series 2010B (Improvement Refunding) and Series 2011A (Improvement Refunding) portions of the $5,220,000 General Obligation Bonds, Series 2020A.

2) This represents the $760,000 Improvement portion of the $1,585,000 General Obligation Bonds, Series 2021A.

3) This represents the $1,630,000 Improvement portion of the $2,695,000 General Obligation Improvement and Utility Revenue Bonds, Series 2022A.

4) This represents the $1,230,000 Improvement portion of the $2,415,000 General Obligation Improvement and Utility Bonds, Series 2024B.

5) This represents the $3,590,000 Improvement Portion of the $4,925,000 General Obligation Improvement and Utility Revenue Bonds, Series 2025A.

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City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 12/03/2026)

	Taxable Improvement Refunding Bonds Series 2026A		Taxable Improvement Refunding Bond Series 2026B		Improvement Refunding Bonds 6) Series 2026D							
Dated	04/20/2026		04/13/2026		12/03/2026							
Amount	$1,000,000		$360,000		$2,240,000*							
Maturity	Monthly		Monthly		02/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	74,074	0	26,667	0	0	62,779	900,741	324,422	1,225,162	9,584,259	8.59%	**2027**
2028	111,111	0	40,000	0	160,000	91,840	881,111	326,608	1,207,719	8,703,148	16.99%	**2028**
2029	111,111	0	40,000	0	180,000	85,165	921,111	297,558	1,218,669	7,782,037	25.78%	**2029**
2030	111,111	0	40,000	0	190,000	77,810	951,111	267,403	1,218,514	6,830,926	34.85%	**2030**
2031	111,111	0	40,000	0	195,000	70,013	981,111	236,120	1,217,231	5,849,815	44.21%	**2031**
2032	111,111	0	40,000	0	205,000	61,761	1,006,111	203,349	1,209,460	4,843,704	53.80%	**2032**
2033	111,111	0	40,000	0	215,000	52,939	931,111	169,653	1,100,764	3,912,593	62.68%	**2033**
2034	111,111	0	40,000	0	220,000	43,640	766,111	138,065	904,176	3,146,482	69.99%	**2034**
2035	111,111	0	40,000	0	230,000	33,908	796,111	109,658	905,769	2,350,371	77.58%	**2035**
2036	37,037	0	13,334	0	240,000	23,565	690,371	82,140	772,511	1,660,000	84.17%	**2036**
2037					405,000	9,113	655,000	54,313	709,313	1,005,000	90.41%	**2037**
2038							255,000	35,100	290,100	750,000	92.85%	**2038**
2039							270,000	24,600	294,600	480,000	95.42%	**2039**
2040							280,000	13,600	293,600	200,000	98.09%	**2040**
2041							200,000	4,000	204,000	0	100.00%	**2041**
	1,000,000	0	360,000	0	2,240,000	612,532	10,485,000	2,286,585	12,771,585			

* Preliminary, subject to change.

6) This issue will refund the City's $3,925,000 General Obligation Temporary Improvement Bonds, Series 2024A, dated May 16, 2024.

City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 12/03/2026)

Taxable Tax Abatement Bonds
Series 2023A

Dated	03/09/2023
Amount	$2,165,000
Maturity	02/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2027	80,000	98,085	80,000	98,085	178,085	1,940,000	3.96%	**2027**
2028	80,000	93,285	80,000	93,285	173,285	1,860,000	7.92%	**2028**
2029	85,000	88,335	85,000	88,335	173,335	1,775,000	12.13%	**2029**
2030	90,000	83,085	90,000	83,085	173,085	1,685,000	16.58%	**2030**
2031	100,000	78,185	100,000	78,185	178,185	1,585,000	21.53%	**2031**
2032	100,000	73,760	100,000	73,760	173,760	1,485,000	26.49%	**2032**
2033	105,000	69,173	105,000	69,173	174,173	1,380,000	31.68%	**2033**
2034	110,000	64,280	110,000	64,280	174,280	1,270,000	37.13%	**2034**
2035	115,000	59,105	115,000	59,105	174,105	1,155,000	42.82%	**2035**
2036	120,000	53,700	120,000	53,700	173,700	1,035,000	48.76%	**2036**
2037	130,000	47,820	130,000	47,820	177,820	905,000	55.20%	**2037**
2038	135,000	41,460	135,000	41,460	176,460	770,000	61.88%	**2038**
2039	140,000	34,860	140,000	34,860	174,860	630,000	68.81%	**2039**
2040	145,000	27,875	145,000	27,875	172,875	485,000	75.99%	**2040**
2041	155,000	20,375	155,000	20,375	175,375	330,000	83.66%	**2041**
2042	160,000	12,500	160,000	12,500	172,500	170,000	91.58%	**2042**
2043	170,000	4,250	170,000	4,250	174,250	0	100.00%	**2043**
	2,020,000	950,133	2,020,000	950,133	2,970,133			

City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 12/03/2026)

	Capital Improvement Plan Bonds Series 2013A		Cap Imp Plan Ref & Refunding Bonds 1) Series 2016A		Street Recon, Ref Bonds & Equip Certs 2) Series 2020A							
Dated	06/20/2013		07/21/2016		07/07/2020							
Amount	$1,920,000		$1,500,000		$955,000							
Maturity	02/01		02/01		02/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	120,000	19,175	105,000	33,275	65,000	7,100	290,000	59,550	349,550	2,025,000	12.53%	**2027**
2028	125,000	15,194	105,000	31,175	70,000	5,100	300,000	51,469	351,469	1,725,000	25.49%	**2028**
2029	130,000	11,050	110,000	28,888	70,000	3,700	310,000	43,638	353,638	1,415,000	38.88%	**2029**
2030	135,000	6,744	110,000	26,275	75,000	2,250	320,000	35,269	355,269	1,095,000	52.70%	**2030**
2031	140,000	2,275	115,000	23,463	75,000	750	330,000	26,488	356,488	765,000	66.95%	**2031**
2032			180,000	19,550			180,000	19,550	199,550	585,000	74.73%	**2032**
2033			190,000	14,463			190,000	14,463	204,463	395,000	82.94%	**2033**
2034			195,000	8,925			195,000	8,925	203,925	200,000	91.36%	**2034**
2035			200,000	3,000			200,000	3,000	203,000	0	100.00%	**2035**
	650,000	54,438	1,310,000	189,013	355,000	18,900	2,315,000	262,350	2,577,350			

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

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

City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 12/03/2026)

	Water Revenue Note Series 2010		Utility Revenue Refunding Bonds 1) Series 2016A		Utility Revenue Refunding Bonds 2) Series 2020A		Utility Revenue Bonds 3) Series 2021A		Utility Revenue Bonds 4) Series 2022A	
Dated	07/21/2010		07/21/2016		07/07/2020		08/19/2021		06/16/2022	
Amount	$1,966,604		$1,920,000		$580,000		$825,000		$1,065,000	
Maturity	08/20		02/01		02/01		02/01		02/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2027	70,000	25,841	185,000	9,825	25,000	500	80,000	7,120	105,000	22,005
2028	71,000	24,118	185,000	6,125			85,000	5,470	105,000	18,855
2029	73,000	22,371	190,000	2,138			85,000	3,770	110,000	15,630
2030	75,000	20,574					85,000	2,495	110,000	12,330
2031	77,000	18,728					90,000	1,553	115,000	8,955
2032	78,000	16,833					90,000	518	115,000	5,505
2033	80,000	14,914							120,000	1,890
2034	82,000	12,945								
2035	84,000	10,927								
2036	87,000	8,860								
2037	89,000	6,719								
2038	91,000	4,528								
2039	93,000	2,289								
2040										
2041										
	1,050,000	189,645	560,000	18,088	25,000	500	515,000	20,925	780,000	85,170

1) This represents the $1,920,000 Utility Revenue Refunding portion of the $3,875,000 General Obligation Refunding Bonds, Series 2016A.

2) This represents the $580,000 Series 2010A, Series 2010B & Series 2011A (Utility Revenue) Refunding portions of the $5,220,000 General Obligation Bonds, Series 2020A.

3) This represents the $825,000 Utility Revenue portion of the $1,585,000 General Obligation Bonds, Series 2021A.

4) This represents the $1,065,000 Utility Revenue portion of the $2,695,000 General Obligation Improvement and Utility Revenue Bonds, Series 2022A.

--Continued on next page

City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 12/03/2026)

	Utility Revenue Bonds 5) Series 2024B		Utility Revenue Bonds 6) Series 2025A							
Dated	11/21/2024		06/18/2025							
Amount	$1,185,000		$1,335,000							
Maturity	02/01		02/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2027	55,000	51,575	60,000	57,950	580,000	174,816	754,816	4,825,000	10.73%	**2027**
2028	60,000	48,700	65,000	54,825	571,000	158,093	729,093	4,254,000	21.30%	**2028**
2029	70,000	45,450	70,000	51,450	598,000	140,808	738,808	3,656,000	32.36%	**2029**
2030	70,000	41,950	75,000	47,825	415,000	125,174	540,174	3,241,000	40.04%	**2030**
2031	70,000	38,450	75,000	44,075	427,000	111,761	538,761	2,814,000	47.94%	**2031**
2032	75,000	34,825	85,000	40,075	443,000	97,756	540,756	2,371,000	56.13%	**2032**
2033	80,000	30,950	85,000	35,825	365,000	83,579	448,579	2,006,000	62.89%	**2033**
2034	80,000	26,950	90,000	31,450	252,000	71,345	323,345	1,754,000	67.55%	**2034**
2035	85,000	22,825	95,000	27,300	264,000	61,052	325,052	1,490,000	72.43%	**2035**
2036	90,000	18,450	95,000	23,500	272,000	50,810	322,810	1,218,000	77.47%	**2036**
2037	95,000	14,300	100,000	19,600	284,000	40,619	324,619	934,000	82.72%	**2037**
2038	100,000	10,400	100,000	15,600	291,000	30,528	321,528	643,000	88.10%	**2038**
2039	100,000	6,400	110,000	11,400	303,000	20,089	323,089	340,000	93.71%	**2039**
2040	110,000	2,200	110,000	7,000	220,000	9,200	229,200	120,000	97.78%	**2040**
2041			120,000	2,400	120,000	2,400	122,400	0	100.00%	**2041**
	1,140,000	393,425	1,335,000	470,275	5,405,000	1,178,027	6,583,027			

5) This represents the $1,185,000 Utility Revenue portion of the $2,415,000 General Obligation Improvement and Utility Bonds, Series 2024B.

6) This represents the $1,335,000 Utility Revenue Portion of the $4,925,000 General Obligation Improvement and Utility Revenue Bonds, Series 2025A.

Economic Development Authority of the City of Norwood Young America, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Housing Revenues
(As of 12/03/2026)

	Housing Revenue Refunding Bonds Series 2020
Dated	07/16/2020
Amount	$4,580,000
Maturity	08/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2027	240,000	73,200	240,000	73,200	313,200	3,050,000	7.29%	**2027**
2028	245,000	66,000	245,000	66,000	311,000	2,805,000	14.74%	**2028**
2029	255,000	58,650	255,000	58,650	313,650	2,550,000	22.49%	**2029**
2030	265,000	51,000	265,000	51,000	316,000	2,285,000	30.55%	**2030**
2031	265,000	45,700	265,000	45,700	310,700	2,020,000	38.60%	**2031**
2032	270,000	40,400	270,000	40,400	310,400	1,750,000	46.81%	**2032**
2033	280,000	35,000	280,000	35,000	315,000	1,470,000	55.32%	**2033**
2034	280,000	29,400	280,000	29,400	309,400	1,190,000	63.83%	**2034**
2035	290,000	23,800	290,000	23,800	313,800	900,000	72.64%	**2035**
2036	295,000	18,000	295,000	18,000	313,000	605,000	81.61%	**2036**
2037	300,000	12,100	300,000	12,100	312,100	305,000	90.73%	**2037**
2038	305,000	6,100	305,000	6,100	311,100	0	100.00%	**2038**
	3,290,000	459,350	3,290,000	459,350	3,749,350			

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	2.1925%	$8,815,000	$193,269
I.S.D. No. 108 (Central Public School)	17,460,920	32.4723%	47,139,918[3]	15,307,416
Metropolitan Council	6,503,726,905	0.0872%	261,560,000[4]	228,080
City's Share of Total Overlapping Debt				$15,728,765

[1] Overlapping debt is as of the dated date of the Bonds and the Concurrent Obligations. 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 $509,869,504	Debt/ Per Capita 4,226[1]
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	$10,485,000		
Tax Abatement Revenues	2,020,000		
Taxes	2,315,000		
Utility Revenues	5,405,000		
Housing Revenues (EDA)	3,290,000		
Total General Obligation Debt*	$23,515,000		
Less: G.O. Debt Paid Entirely from Revenues[2]	(8,695,000)		
Tax Supported General Obligation Debt*	$14,820,000	2.91%	$3,506.86
City's Share of Total Overlapping Debt	$15,728,765	3.08%	$3,721.90
Total*	$30,548,765	5.99%	$7,228.77

*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	$3,079,404	$3,067,051	$3,078,087	99.96%
2022/23	3,374,176	3,351,896	3,372,651	99.95%
2023/24	3,676,260	3,653,609	3,668,713	99.79%
2024/25	3,972,797	3,950,648	3,950,648	99.44%
2025/26	4,016,662	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 Norwood Young America	72.204%	64.093%	71.041%	73.930%	70.042%
I.S.D. No. 108 (Central Public School)	24.962%	28.175%	27.311%	27.087%	26.910%
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%	0.731%	0.746%	0.758%	0.747%
Metropolitan Council	0.637%	0.544%	0.649%	0.538%	0.580%
Mosquito Control	0.365%	0.313%	0.331%	0.312%	0.324%
Norwood Young America EDA	1.464%	1.273%	1.527%	1.458%	1.508%
Referendum Market Value Rates:					
I.S.D. No.108 (Central Public School)	0.13795%	0.12728%	0.13086%	0.12607%	0.12434%

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 1997. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Administrator and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 15 full-time, three (3) part-time, and six (6) seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Unit

Bargaining Unit	Expiration Date of Current Contract
Local No. 49	December 31, 2027

POST EMPLOYMENT BENEFITS

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

LITIGATION

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

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 September 30, 2026)

Fund	Total Cash and Investments
General	$2,935,647
Special Revenue	1,675,440
Debt Service	1,116,288
Capital Projects	2,141,738
Enterprise Funds	1,666,521
Escrow Funds	11,155
Total Funds on Hand	$9,546,790

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	$917,495	$938,046	$954,064
Less: Operating Expenses	(799,611)	(736,517)	(864,899)
Operating Income	$117,884	$201,529	$89,165
Plus: Depreciation	299,185	314,984	321,144
Revenues Available for Debt Service	$417,069	$516,513	$410,309
Sewer			
Total Operating Revenues	$795,042	$925,618	$961,671
Less: Operating Expenses	(750,222)	(883,205)	(935,613)
Operating Income	$44,820	$42,413	$26,058
Plus: Depreciation	312,169	319,868	326,346
Revenues Available for Debt Service	$356,989	$362,281	$352,404
Harbor at Peace			
Total Operating Revenues	$1,955,862	$1,940,858	$2,154,770
Less: Operating Expenses	(1,824,733)	(2,165,687)	(2,134,429)
Operating Income	$131,129	($224,829)	$20,341
Plus: Depreciation	229,019	254,135	253,226
Revenues Available for Debt Service	$360,148	$29,306	$273,567

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					
Taxes	$1,660,440	$1,519,172	$1,859,201	$1,909,505	$2,135,544
Licenses and permits	107,858	107,397	106,051	150,446	118,738
Intergovernmental	578,726	571,290	747,199	811,754	785,499
Charges for services	155,720	170,106	163,929	128,100	176,307
Fine and forfeits	10,191	13,123	11,534	26,736	9,310
Special assessments	11,195	449	28,033	63,979	857
Interest on investments	(9,966)	31,412	97,026	149,039	113,462
Miscellaneous	83,521	155,161	50,161	30,162	180,914
Total Revenues	$2,597,685	$2,568,110	$3,063,134	$3,269,721	$3,520,631
Expenditures					
General government	$614,716	$726,427	$813,061	$760,630	$1,069,669
Public safety	422,687	474,955	549,989	695,663	688,491
Public works	639,240	767,364	816,282	775,957	919,259
Culture and recreation	330,169	324,092	346,436	383,194	465,604
Economic development	119,250	172,151	179,333	209,339	11,566
Miscellaneous	16,950	0	2,700	4,550	3,080
Capital outlay	71,997	29,240	22,268	21,110	48,414
Total Expenditures	$2,215,009	$2,494,229	$2,730,069	$2,850,443	$3,206,083
Excess of revenues over (under) expenditures	$382,676	$73,881	$333,065	$419,278	$314,548
Other Financing Sources (Uses)					
Sale of capital asset	$0	$37,142	$30,636	$0	$0
Transfers (out)	(845,777)	0	0	0	0
Total Other Financing Sources (Uses)	($845,777)	$37,142	$30,636	$0	$0
Net changes in Fund Balances	($463,101)	$111,023	$363,701	$419,278	$314,548
General Fund Balance January 1	$2,503,350	$2,040,249	$2,151,272	$2,514,973	$2,934,251
General Fund Balance December 31	$2,040,249	$2,151,272	$2,514,973	$2,934,251	$3,248,799
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	$248,114	$0	$174,691	$50,669	$0
Unassigned	1,792,135	2,151,272	2,340,282	2,883,582	3,248,799
Total	$2,040,249	$2,151,272	$2,514,973	$2,934,251	$3,248,799

GENERAL FUND BUDGET SUMMARY

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31 2026 Adopted Budget[1]
Revenues	
Taxes	$1,779,840
Licenses and permits	85,810
Intergovernmental	775,937
Charges for services	201,530
Fine and forfeits	11,500
Special assessments	6,000
Interest on investments	105,000
Miscellaneous	43,180
Use of Unassigned Fund Balance	265,500
Total Revenues	$3,274,297
Expenditures	
General government	$1,170,418
Public safety	751,415
Public works	824,624
Culture and recreation	424,020
Miscellaneous	103,820
Total Expenditures	$3,274,297
Excess of revenues over (under) expenditures	$0
Net changes in Fund Balances	$0
General Fund Balance January 1	$3,248,799
General Fund Balance December 31	$3,248,799

[1] The 2026 budget was adopted on December 8, 2025.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 3,863 and a 2025 population estimate of 4,226, and comprising an area of 1.91 square miles, is located approximately 42 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
Bongards' Creameries, Inc.	Cheese and whey processing	250
I.S.D. No. 108 (Central Public Schools)	Elementary and secondary education	127
Vickerman Co.	Manufacturer and wholesaler	60
Haven at Peace Village	Home Health Services	52
PVS-Sackett-Waconia, Inc.	Dry fertilizer blending and handling systems manufacturer	60
Xtreme Electrical Services	Electrical contractor	50
Accurate Concrete Forming, Inc.	Concrete contractors	40
McDonald's	Restaurant	40
Kwik Trip	Gas/convenience station	30
Diversified Plumbing	Plumbing contractor	20

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

[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.

BUILDING PERMITS (as of September 30, 2026)

	2022	2023	2024	2025	2026
New Single Family Homes					
No. of building permits	2	1	4	4	2
Valuation	$285,000	$425,000	$1,452,769	$1,327,100	$994,703
New Multiple Family Buildings					
No. of building permits	2	0	0	0	1
Valuation	$440,000	$0	$0	$0	$7,855,496
New Commercial/Industrial					
No. of building permits	2	1	27	20	21
Valuation	$1,074,576	$821,823	$1,748,332	$2,398,840	$1,638,473
All Building Permits *(including additions and remodelings)*					
No. of building permits	209	210	222	267	198
Valuation	$4,458,439	$8,154,805	$6,059,389	$7,136,997	$12,573,512

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	3,549
2020 U.S. Census population	3,863
Percent of Change 2010 - 2020	8.85%
2025 Metropolitan Council Population Estimate	4,226

Income and Age Statistics

	The City	Carver County	State of Minnesota	United States
2024 per capita income	$34,019	$60,893	$48,237	$44,673
2024 median household income	$71,364	$125,946	$89,062	$80,734
2024 median family income	$85,625	$154,249	$113,993	$99,999
2024 median gross rent	$1,073	$1,514	$1,280	$1,413
2024 median value owner occupied units	$299,300	$453,600	$329,300	$332,700
2024 median age	37.8 yrs.	39.0 yrs.	38.8 yrs.	38.9 yrs.

	State of Minnesota	United States
City % of 2024 per capita income	70.52%	76.15%
City % of 2024 median family income	75.11%	85.63%

Housing Statistics

	The City		
	2020	2025	Percent of Change
All Housing Units	1,551	1,694	9.22%

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, September	61,345	3.9%	4.4%

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 FINANCIAL REPORT

CITY OF NORWOOD YOUNG AMERICA
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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City of Norwood Young America, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2025

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INTRODUCTORY SECTION

City of Norwood Young America
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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City of Norwood Young America, Minnesota

Elected and Appointed Officials

For the Year Ended December 31, 2025

ELECTED

Name	Title	Term Expires
Connor Smith	Mayor	2026
Charlie Storms	Council Member	2026
Craig Heher	Council Member	2026
Brandon Stender	Council Member	2028
Andrew Storms	Council Member	2028

APPOINTED

Andrea Aukrust	Administrator
Mitchell Thiesfeld	Clerk-Finance Director

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FINANCIAL SECTION

City of Norwood Young America
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwood Young America, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Norwood Young America and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Norwood Young America's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Norwood Young America'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 Norwood Young America'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 starting on page 17 and the Schedule of Employer's Shares of the Net Pension Liability, the related note disclosures, the Schedules of Employer's Contributions, and the Schedule of Changes in Net Pension Liability (Asset) and related ratios, the respective budgetary comparison schedule and related note disclosures, starting on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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Minneapolis, Minnesota
May 6, 2026

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Management's Discussion and Analysis

As management of the City of Norwood Young America, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

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

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

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

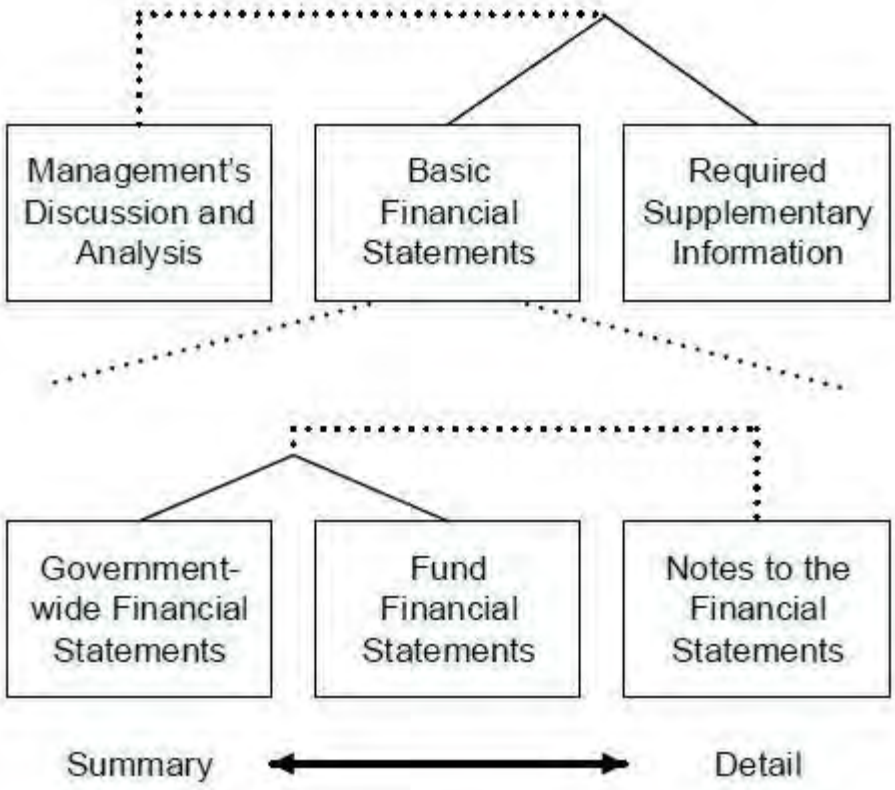


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City include water, elderly housing, and sewer. The government-wide financial statements start on page 29 of this report.

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

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

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

The City maintains several individual governmental funds, five of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Capital fund, and Industrial Park Land (2nd Addition) and 4th Avenue Street Improvements fund all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 34 of this report.

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

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

The basic proprietary fund financial statements start on page 41 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 45 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Norwood Young America's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension benefits to its employees and the budgetary comparison schedule. Required supplementary information can be found starting on page 74 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules starts on page 82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

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

City of Norwood Young America's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Assets						
Current and other assets	$ 19,455,064	$ 17,346,941	$ 2,108,123	$ 2,102,168	$ 1,933,408	$ 168,760
Capital assets	23,005,391	19,686,667	3,318,724	17,633,604	17,214,900	418,704
Total Assets	42,460,455	37,033,608	5,426,847	19,735,772	19,148,308	587,464
Deferred Outflows of Resources						
Deferred pension resources	229,464	270,632	(41,168)	68,125	46,663	21,462
Liabilities						
Noncurrent liabilities outstanding	18,104,219	15,567,623	2,536,596	9,253,948	8,548,017	705,931
Other liabilities	768,266	1,159,921	(391,655)	297,104	277,335	19,769
Total Liabilities	18,872,485	16,727,544	2,144,941	9,551,052	8,825,352	725,700
Deferred Outflows of Resources						
Deferred pension resources	205,931	300,878	(94,947)	89,025	89,211	(186)
Net Position						
Invested in capital assets, net of related debt	6,496,094	5,067,093	1,429,001	8,871,407	8,834,966	36,441
Restricted	10,669,672	9,495,860	1,173,812	-	-	-
Unrestricted	6,445,737	5,712,865	732,872	1,292,413	1,445,442	(153,029)
Total Net Position	$ 23,611,503	$ 20,275,818	$ 3,335,685	$ 10,163,820	$ 10,280,408	$ (116,588)
Net Position as a Percent of Total						
Net investment in capital assets	27.5 %	25.0 %		87.3 %	85.9 %	
Restricted	45.2	46.8		-	-	
Unrestricted	27.3	28.2		12.7	14.1	
	100.0 %	100.0 %		100.0 %	100.0 %	

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

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

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

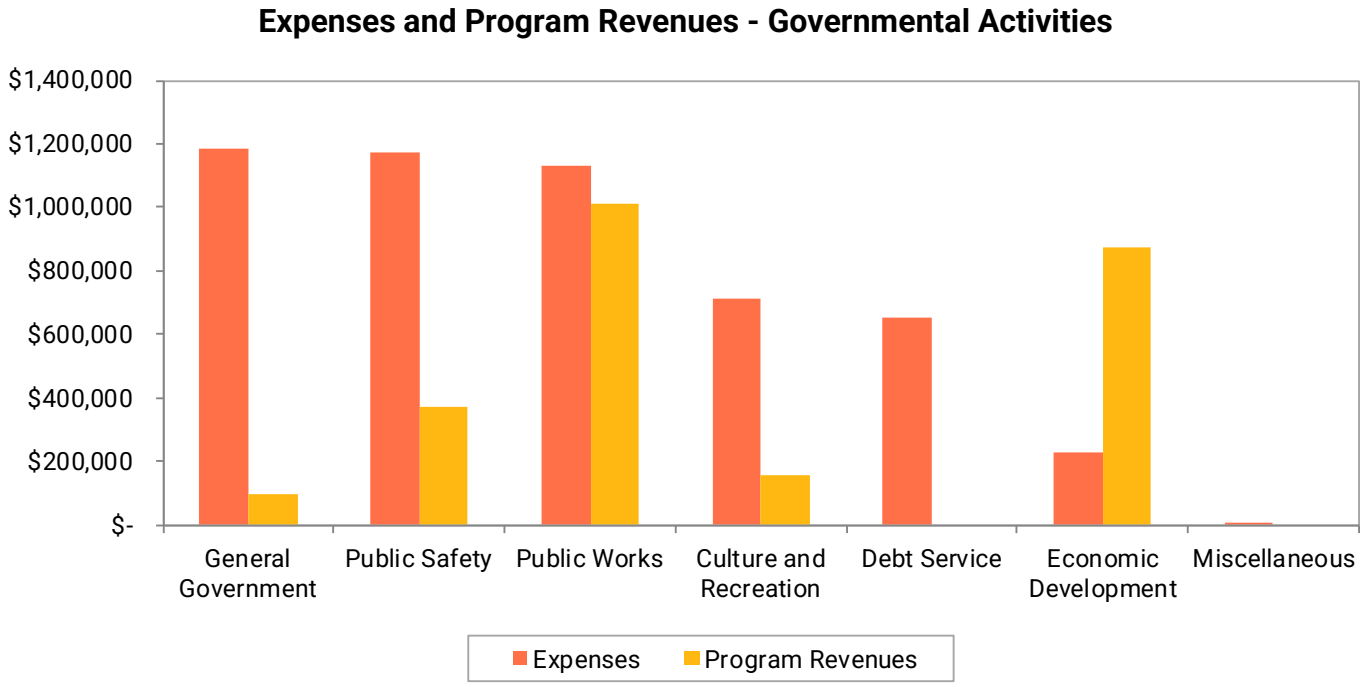
City of Norwood Young America's Changes in Net Position

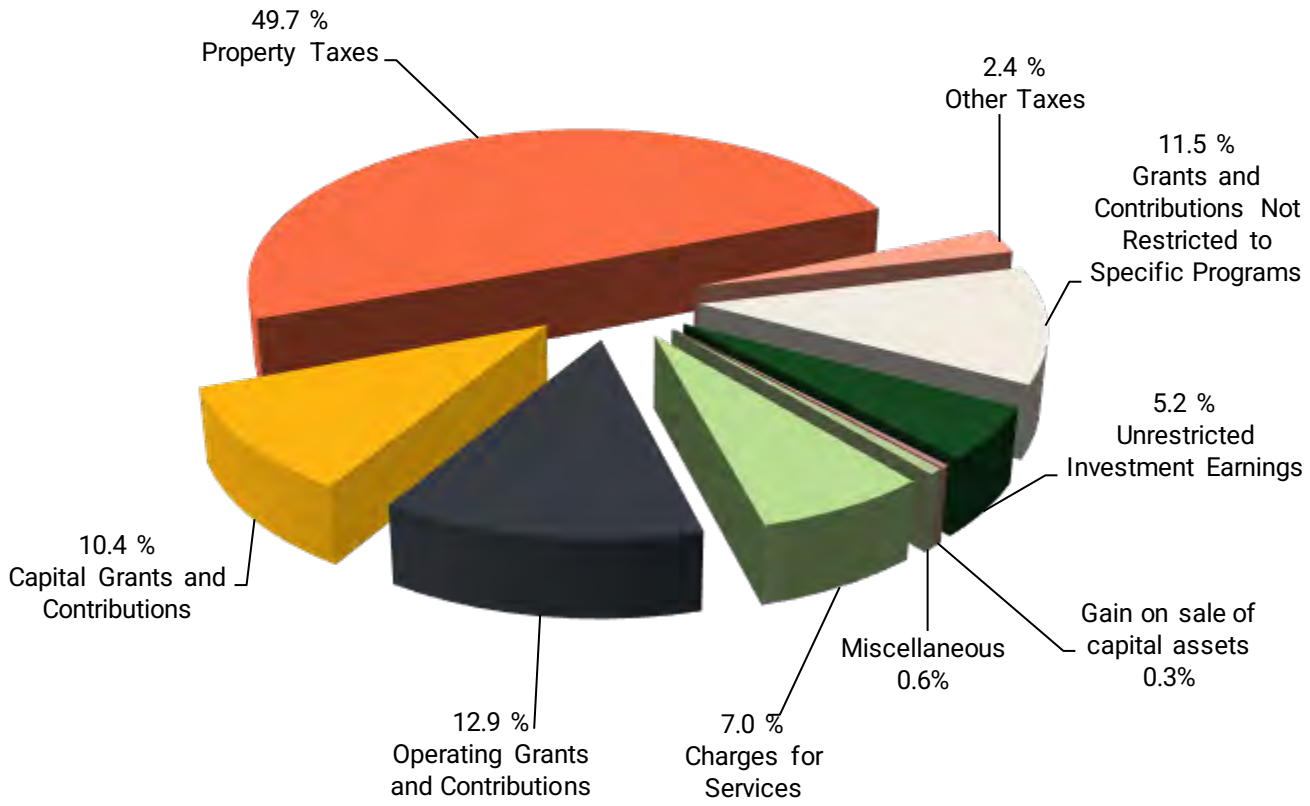
	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 579,423	$ 518,461	$ 60,962	$ 4,070,505	$ 3,804,522	$ 265,983
Operating grants and contributions	1,064,860	252,183	812,677	52,667	43,828	8,839
Capital grants and contributions	860,262	565,205	295,057	3,335	14,206	(10,871)
General Revenues						
Property taxes	4,113,816	3,704,860	408,956	-	-	-
Tax increments	200,632	297,283	(96,651)	-	-	-
Grants and Contributions Not restricted to specific programs	953,731	691,486	262,245	-	-	-
Unrestricted Investment Earnings	429,890	398,941	30,949	66,977	77,942	(10,965)
Gain on Sale of Capital Assets	22,639	1,046,902	(1,024,263)	-	-	-
Miscellaneous	49,561	8,052	41,509	-	-	-
Total Revenues	8,274,814	7,483,373	791,441	4,193,484	3,940,498	252,986
Expenses						
General government	1,188,002	822,850	365,152	-	-	-
Public safety	1,171,932	847,221	324,711	-	-	-
Public works	1,132,396	1,483,205	(350,809)	-	-	-
Culture and recreation	712,710	550,772	161,938	-	-	-
Economic development	226,842	371,377	(144,535)	-	-	-
Miscellaneous	3,080	4,550	(1,470)	-	-	-
Debt Service	656,099	549,154	106,945	-	-	-
Water	-	-	-	970,048	815,186	154,862
Sewer	-	-	-	983,579	895,289	88,290
Harbor at Peace	-	-	-	2,204,513	2,237,964	(33,451)
Total Expenses	5,091,061	4,629,129	461,932	4,158,140	3,948,439	209,701
Change in Net Position Before Transfers	3,183,753	2,854,244	329,509	35,344	(7,941)	43,285
Capital transfers by other funds	-	(16,225)	16,225	-	16,225	(16,225)
Transfers	151,932	203,639	(51,707)	(151,932)	(203,639)	51,707
Change in Net Position	3,335,685	3,041,658	294,027	(116,588)	(195,355)	78,767
Net Position, January 1	20,275,818	17,234,160	3,041,658	10,280,408	10,475,763	(195,355)
Net Position, December 31	$ 23,611,503	$ 20,275,818	$ 3,335,685	$ 10,163,820	$ 10,280,408	$ (116,588)

Significant variations from prior year include the following and directly contributed to the increase in net position.

- General government increased due to additional community development staffing.
- Operating grants increased due to significant grants received for the purchase and development of the industrial park.
- Capital grants increased due to the issuance of special assessments for the repayment of capital related debt issuances.

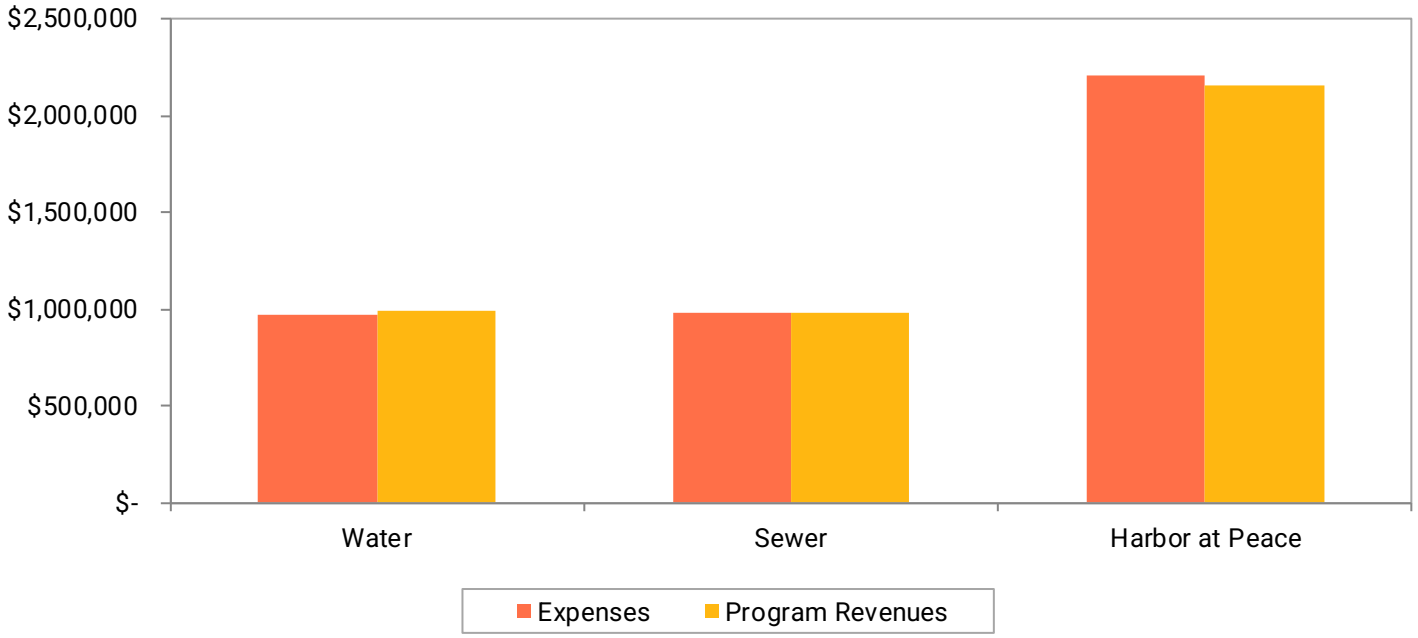
The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.



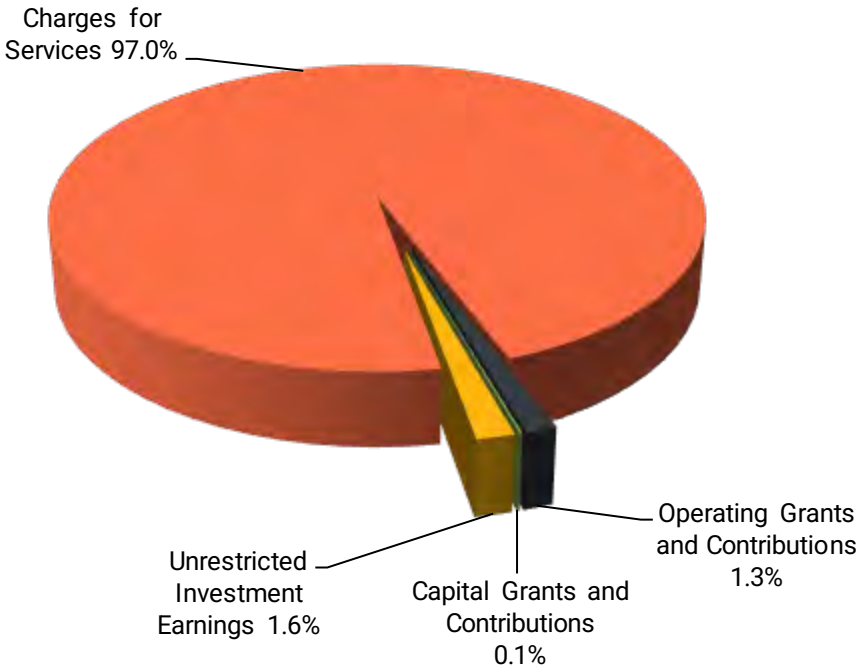


Business-type Activities. Business-type activities decreased the City's net position. The pages further explain the decreases. The following charts the operating expenses and revenues for the business-type activities excluding the operating and capital transfers discussed above.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

***Governmental Funds*.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2025.

	General	Debt Service	Capital	Industrial Park Land (2nd Addition)	4th Avenue Street Improvements	Other Governmental Funds	Total Governmental Funds	Prior Year Total	Increase/ (Decrease)
Fund Balances									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 116,034	$ (116,034)
Restricted	-	2,953,177	-	6,885,510	1,139,041	307,334	11,285,062	9,603,741	1,681,321
Committed	-	-	-	-	-	1,770,014	1,770,014	141,293	1,628,721
Assigned	-	-	862,296	-	-	1,235,186	2,097,482	4,246,003	(2,148,521)
Unassigned	3,248,799	-	-	-	-	(519,521)	2,729,278	1,475,017	1,254,261
Total	#######	$ 2,953,177	######	$6,885,510	$ 1,139,041	$ 2,793,013	$ 17,881,836	$ 15,582,088	$ 2,299,748

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 51 of this report.

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

	Current Year Ending Balance	Prior Year Ending Balance
General Fund Fund Balance		
Restricted	$ -	$ 50,669
Unassigned	3,248,799	2,883,582
Total	$ 3,248,799	$ 2,934,251
General Fund Expenditures	3,206,083	2,850,443
Unassigned as a percent of expenditures	101.3 %	98.3 %
Total Fund Balance as a percent of expenditures	101.3	102.9

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to the collection of revenues over budget, including interest earnings, permit revenue, and state grants. Spending was under budget, mainly due to less then expected public works costs.

Other major governmental fund analysis is shown below:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Debt Service	$ 2,953,177	$ 2,762,153	$ 191,024
The Debt Service fund increased from the prior year due to a transfer in various activities during the current year.			
Capital	$ 862,296	$ 1,578,936	$ (716,640)
The Capital fund decreased due to transfers relating to writing off loans in closed tif districts			
Industrial Park Land (2nd Addition)	$ 6,885,510	$ 6,041,228	$ 844,282
The Industrial Park Land fund increased due to the grants received in the current year			
4th Avenue Street Improvements	$ 1,139,041	$ (127,214)	$ 1,266,255
The 4th Avenue Street Improvements fund increased due to bonds issued relating to the construction project.			

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

	December 31, 2025	December 31, 2024	Increase (Decrease)
Water	$ 7,567,385	$ 7,534,664	$ 32,721
The Water fund increased during the current year primarily due an increase in charges for services			
Sewer	$ 4,440,657	$ 4,540,223	$ (99,566)
The Sewer fund decreased during the year due to operating expenses and interest cost exceeding net revenue.			
Harbor at Peace	$ (1,844,222)	$ (1,794,479)	$ (49,743)
The Harbor at Peace fund decreased during the year due to operating costs exceeding available revenue			

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025 is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to the following major capital asset events during the fiscal year:

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

- Street Improvements Project.
- Merger Street Project
- Industrial Park Project

Additional information on the City's capital assets can be found in Note 3B starting on page 55 of this report.

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

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Land	$ 2,232,840	$ 2,232,840	$ -	$ 239,048	$ 239,048	$ -
Construction in Progress	3,052,517	1,582,983	1,469,534	1,253,324	925,820	327,504
Buildings	2,212,259	2,333,295	(121,036)	6,549,135	6,773,342	(224,207)
Infrastructure	13,327,750	11,876,686	1,451,064	9,301,555	8,924,466	377,089
Machinery and Equipment	2,180,025	1,660,863	519,162	290,542	352,224	(61,682)
Total	$ 23,005,391	$ 19,686,667	$ 3,318,724	$ 17,633,604	$ 17,214,900	$ 418,704

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt and revenue related debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City

City of Norwood Young America's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
General Obligation Bonds	$ 9,990,000	$ 10,420,000	$ (430,000)	$ -	$ -	$ -
General Obligation Improvement Bonds	7,061,435	4,209,645	2,851,790	-	-	-
General Obligation Revenue Bonds	-	-	-	8,726,565	8,054,355	672,210
Bond Premium	708,706	594,213	114,493	354,637	328,812	25,825
Bond Discount	-	-	-	-	(3,233)	3,233
Total	$ 17,760,141	$ 15,223,858	$ 2,536,283	$ 9,081,202	$ 8,379,934	$ 701,268

Additional information on the City's long-term debt can be found in Note 3D starting on page 58 of this report.

Currently Known Facts, Decisions, or Conditions

- In 2025, the 2025 - 2029 Financial Plan will updated and adopted.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORWOOD YOUNG AMERICA
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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City of Norwood Young America, Minnesota

Statement of Net Position

December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	$ 11,633,475	$ 1,486,176	$ 13,119,651
Receivables			
Accrued interest	17,579	-	17,579
Delinquent taxes	68,726	-	68,726
Accounts, net of allowance	24,886	468,414	493,300
Loans, net of allowance	154,255	-	154,255
Special assessments	1,064,486	116,108	1,180,594
Due from other governments	16,261	200	16,461
Prepaid items	-	31,270	31,270
Land held for resale	6,475,396	-	6,475,396
Capital assets			
Non-depreciable	5,285,357	1,492,372	6,777,729
Depreciable (net of accumulated depreciation)	17,720,034	16,141,232	33,861,266
Total Assets	42,460,455	19,735,772	62,196,227
Deferred Outflows of Resources			
Deferred pension resources	229,464	68,125	297,589
Liabilities			
Accounts and other payables	371,982	185,256	557,238
Accrued salaries and wages payable	39,965	11,240	51,205
Due to other governments	15,482	7,624	23,106
Deposits payable	50,162	(15,354)	34,808
Accrued interest payable	290,675	108,338	399,013
Noncurrent liabilities			
Due within one year			
Long-term liabilities	1,284,256	738,670	2,022,926
Due in more than one year			
Long-term liabilities	16,519,827	8,373,519	24,893,346
Net pension liability	300,136	141,759	441,895
Total Liabilities	18,872,485	9,551,052	28,423,537
Deferred Inflows of Resources			
Deferred pension resources	205,931	89,025	294,956
Net Position			
Net investment in capital assets	6,496,094	8,871,407	15,367,501
Restricted for			
Debt service	3,588,631	-	3,588,631
Park dedication	97,566	-	97,566
Economic development	6,983,475	-	6,983,475
Unrestricted	6,445,737	1,292,413	7,738,150
Total Net Position	$ 23,611,503	$ 10,163,820	$ 33,775,323

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

City of Norwood Young America, Minnesota
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 1,188,002	$ 67,910	$ 27,732	$ -
Public safety	1,171,932	274,787	96,877	-
Public works	1,132,396	140,094	18,034	851,205
Culture and recreation	712,710	96,382	49,111	9,057
Economic development	226,842	-	873,106	-
Miscellaneous	3,080	250	-	-
Interest on long-term debt	656,099	-	-	-
Total Governmental Activities	5,091,061	579,423	1,064,860	860,262
Business-type Activities				
Water	970,048	954,064	32,656	2,710
Sewer	983,579	961,671	20,011	625
Harbor at Peace	2,204,513	2,154,770	-	-
Total Business-type Activities	4,158,140	4,070,505	52,667	3,335
Total	$ 9,249,201	$ 4,649,928	$ 1,117,527	$ 863,597

General Revenues	
Taxes	
Property taxes levied for general purposes	
Property taxes levied for debt service	
Tax increments	
Grants and contributions not restricted to specific programs	
Unrestricted investment earnings	
Gain on sale of assets	
Miscellaneous	
Transfers - Internal Activities	
Total General Revenues and Transfers	
Change in Net Position	
Net Position, January 1	
Net Position, December 31	

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (1,092,360)	$ -	$ (1,092,360)
(800,268)	-	(800,268)
(123,063)	-	(123,063)
(558,160)	-	(558,160)
646,264	-	646,264
(2,830)	-	(2,830)
(656,099)	-	(656,099)
(2,586,516)	-	(2,586,516)
-	19,382	19,382
-	(1,272)	(1,272)
-	(49,743)	(49,743)
-	(31,633)	(31,633)
(2,586,516)	(31,633)	(2,618,149)
3,285,971	-	3,285,971
827,845	-	827,845
200,632	-	200,632
953,731	-	953,731
429,890	66,977	496,867
22,639	-	22,639
49,561	-	49,561
151,932	(151,932)	-
5,922,201	(84,955)	5,837,246
3,335,685	(116,588)	3,219,097
20,275,818	10,280,408	30,556,226
$ 23,611,503	$ 10,163,820	$ 33,775,323

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

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FUND FINANCIAL STATEMENTS

CITY OF NORWOOD YOUNG AMERICA
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

City of Norwood Young America, Minnesota
Balance Sheet
Governmental Funds
December 31, 2025

	General	Debt Service	Capital	Industrial Park Land (2nd Addition)
Assets				
Cash and temporary investments	$ 3,381,387	$ 2,950,626	$ 473,959	$ 411,851
Receivables				
Accrued interest	17,579	-	-	-
Delinquent taxes	68,726	-	-	-
Accounts	10,975	-	277	-
Special assessments	46,767	927,516	-	-
Loans	-	-	154,255	-
Due from other governments	15,097	1,164	-	-
Advances to other funds	-	-	253,378	-
Land held for resale	-	-	-	6,475,396
Total Assets	$ 3,540,531	$ 3,879,306	$ 881,869	$ 6,887,247
Liabilities				
Accounts and other payables	$ 127,447	$ -	$ 19,573	$ 1,737
Deposits payable	30,315	-	-	-
Accrued salaries and wages payable	39,183	-	-	-
Due to other governments	15,482	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	212,427	-	19,573	1,737
Deferred Inflows of Resources				
Unavailable revenue - taxes	32,538	-	-	-
Unavailable revenue - special assessments	46,767	926,129	-	-
Total Deferred Inflows of Resources	79,305	926,129	-	-
Fund Balances				
Restricted for				
Debt service	-	2,953,177	-	-
Park dedication	-	-	-	-
Economic development	-	-	-	6,885,510
Capital projects	-	-	-	-
Committed				
Donations	-	-	-	-
Cemetery	-	-	-	-
Economic development	-	-	-	-
Storm Water	-	-	-	-
Assigned for				
Industrial park marketing	-	-	52,410	-
Capital outlay	-	-	809,886	-
Unassigned	3,248,799	-	-	-
Total Fund Balances	3,248,799	2,953,177	862,296	6,885,510
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,540,531	$ 3,879,306	$ 881,869	$ 6,887,247

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

4th Avenue Street Improvements	Other Governmental Funds	Total Governmental Funds
$ 1,212,587	$ 3,203,065	$ 11,633,475
-	-	17,579
-	-	68,726
-	13,634	24,886
-	90,203	1,064,486
-	-	154,255
-	-	16,261
-	-	253,378
-	-	6,475,396
$ 1,212,587	$ 3,306,902	$ 19,708,442
$ 73,546	$ 149,679	$ 371,982
-	19,847	50,162
-	782	39,965
-	-	15,482
-	253,378	253,378
73,546	423,686	730,969
-	-	32,538
-	90,203	1,063,099
-	90,203	1,095,637
-	-	2,953,177
-	97,566	97,566
-	97,965	6,983,475
1,139,041	111,803	1,250,844
-	18,646	18,646
-	7,510	7,510
-	1,661,816	1,661,816
-	82,042	82,042
-	-	52,410
-	1,235,186	2,045,072
-	(519,521)	2,729,278
1,139,041	2,793,013	17,881,836
$ 1,212,587	$ 3,306,902	$ 19,708,442

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

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City of Norwood Young America, Minnesota

Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2025

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

Total Fund Balances - Governmental Funds	$ 17,881,836
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	40,376,348
Less: accumulated depreciation	(17,370,957)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(43,942)
Bond principal payable	(17,051,435)
Less bond premium	(708,706)
Net Pension liability	(300,136)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	32,538
Special assessments	1,063,099
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	229,464
Deferred inflows of pension resources	(205,931)
Governmental funds do not report a liability for accrued interest until due and payable.	(290,675)
Total Net Position - Governmental Activities	$ 23,611,503

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

City of Norwood Young America, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General	Debt Service	Capital	Industrial Park Land (2nd Addition)
Revenues				
Taxes	$ 2,135,544	$ 827,845	$ 800,000	-
Licenses and permits	118,738	-	-	-
Intergovernmental	785,499	-	-	873,106
Charges for services	176,307	-	-	-
Fines and forfeits	9,310	-	-	-
Special assessments	857	312,099	-	-
Interest on investments	113,462	76,129	38,697	8,992
Miscellaneous	180,914	49,477	288,405	-
Total Revenues	3,520,631	1,265,550	1,127,102	882,098
Expenditures				
Current				
General government	1,069,669	-	-	-
Public safety	688,491	-	-	-
Public works	919,259	-	-	-
Culture and recreation	465,604	-	-	-
Economic development	11,566	-	-	-
Miscellaneous	3,080	-	-	-
Capital outlay				
General government	7,638	-	21,906	-
Public safety	26,919	-	391,920	-
Public works	-	-	481,993	-
Culture and recreation	13,857	-	309,339	-
Economic development	-	-	-	37,793
Debt service				
Principal	-	1,148,210	-	-
Interest and other	-	517,709	-	-
Bond issuance costs	-	-	-	23
Total Expenditures	3,206,083	1,665,919	1,205,158	37,816
Excess (Deficiency) of Revenues Over (Under) Expenditures	314,548	(400,369)	(78,056)	844,282
Other Financing Sources (Uses)				
Bonds issued	-	101,527	-	-
Bond premium	-	-	-	-
Sale of capital assets	-	-	33,660	-
Transfers in	-	489,866	87	-
Transfers out	-	-	(672,331)	-
Total Other Financing Sources (Uses)	-	591,393	(638,584)	-
Net Change in Fund Balances	314,548	191,024	(716,640)	844,282
Fund Balances, January 1, as previously presented	2,934,251	2,762,153	1,578,936	6,041,228
Changes within the financial reporting entity				
Nonmajor to Major	-	-	-	-
Major to Nonmajor	-	-	-	-
Fund Balances, January 1, as restated	2,934,251	2,762,153	1,578,936	6,041,228
Fund Balances, December 31	$ 3,248,799	$ 2,953,177	$ 862,296	$ 6,885,510

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

4th Avenue Street Improvements	*Formerly Major* Railroad Street Improvements	Other Governmental Funds	Total Governmental Funds
$ -		$ 527,072	$ 4,290,461
-		-	118,738
-		278,382	1,936,987
-		125,366	301,673
-		-	9,310
-		16,462	329,418
51,789		140,821	429,890
-		14,533	533,329
51,789	-	1,102,636	7,949,806
-		2,168	1,071,837
-		-	688,491
-		47,192	966,451
-		36,084	501,688
-		130,934	142,500
-		-	3,080
-		-	29,544
-		-	418,839
2,396,052		709,986	3,588,031
-		-	323,196
-		47,741	85,534
-		20,000	1,168,210
-		42,562	560,271
77,697		-	77,720
2,473,749	-	1,036,667	9,625,392
(2,421,960)	-	65,969	(1,675,586)
3,488,473		-	3,590,000
199,742		-	199,742
		-	33,660
-		1,202,780	1,692,733
-		(868,470)	(1,540,801)
3,688,215	-	334,310	3,975,334
1,266,255	-	400,279	2,299,748
-	244,243	2,021,277	15,582,088
(127,214)	-	127,214	-
-	(244,243)	244,243	-
(127,214)	-	2,392,734	15,582,088
$ 1,139,041	$ -	$ 2,793,013	$ 17,881,836

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

City of Norwood Young America, Minnesota

Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2025

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

Total Net Change in Fund Balances - Governmental Funds	$ 2,299,748
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	4,246,959
Depreciation expense	(917,214)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(11,021)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effect of these differences in the treatment of long-term debt and related items.	
Debt issued	(3,590,000)
Bond premium	(199,742)
Principal repayments	1,168,210
Amortization of bond premium	85,249
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(103,357)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	23,987
Special assessments	279,400
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(12,062)
Long-term pension activity is not reported in governmental funds.	
Pension expense	66,546
Direct aid contributions	(1,018)
Change in Net Position - Governmental Activities	$ 3,335,685

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

City of Norwood Young America, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**251** Harbor at Peace	Totals
Assets				
Current Assets				
Cash and temporary investments	$ 1,269,343	$ 545,022	$ (328,189)	$ 1,486,176
Receivables				
Accounts, net of allowance	100,657	109,516	258,241	468,414
Special assessments	63,325	52,783	-	116,108
Due from other governments	194	6	-	200
Prepaid items	1,157	1,157	28,956	31,270
Total Current Assets	1,434,676	708,484	(40,992)	2,102,168
Noncurrent Assets				
Capital assets				
Land	75,230	97,118	66,700	239,048
Buildings	5,890,829	477,582	5,337,836	11,706,247
Infrastructure	8,090,448	11,737,006	37,255	19,864,709
Machinery and equipment	428,050	628,935	436,136	1,493,121
Construction in progress	611,705	641,619	-	1,253,324
Less accumulated depreciation	(5,091,978)	(7,943,679)	(3,887,188)	(16,922,845)
Total Capital Assets	10,004,284	5,638,581	1,990,739	17,633,604
Total Assets	11,438,960	6,347,065	1,949,747	19,735,772
Deferred Outflows of Resources				
Deferred pension resources	34,058	34,067	-	68,125
Liabilities				
Current Liabilities				
Accounts and other payables	44,127	105,843	35,286	185,256
Due to other governments	4,688	2,692	244	7,624
Accrued salaries and wages payable	2,721	2,925	5,594	11,240
Deposits payable	-	-	(15,354)	(15,354)
Accrued interest payable	50,913	23,988	33,437	108,338
Compensated absences payable - current	15,494	15,493	-	30,987
Bonds payable - current	347,828	124,855	235,000	707,683
Total Current Liabilities	465,771	275,796	294,207	1,035,774
Noncurrent Liabilities				
Net Pension liability	70,871	70,888	-	141,759
Bonds payable, net	3,324,484	1,549,273	3,499,762	8,373,519
Total Noncurrent Liabilities	3,395,355	1,620,161	3,499,762	8,515,278
Total Liabilities	3,861,126	1,895,957	3,793,969	9,551,052
Deferred Inflows of Resources				
Deferred pension resources	44,507	44,518	-	89,025
Net Position				
Net investment in capital assets	6,521,527	4,093,903	(1,744,023)	8,871,407
Unrestricted	1,045,858	346,754	(100,199)	1,292,413
Total Net Position	$ 7,567,385	$ 4,440,657	$ (1,844,222)	$ 10,163,820

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

City of Norwood Young America, Minnesota
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	601 Water	**602** Sewer	**251** Harbor at Peace	Totals
Operating Revenues				
Rental income	$ -	$ -	$ 2,149,910	$ 2,149,910
Other housing income	-	-	4,860	4,860
Charges for services	954,064	961,671	-	1,915,735
Total Operating Revenues	954,064	961,671	2,154,770	4,070,505
Operating Expenses				
Personal services	285,653	285,285	1,162,881	1,733,819
Supplies	8,866	30,244	152,073	191,183
Other services and charges	117,979	167,539	343,286	628,804
Repair and maintenance	80,114	59,144	75,454	214,712
Utilities	51,143	67,055	138,111	256,309
Advertising	-	-	9,398	9,398
Depreciation	321,144	326,346	253,226	900,716
Total Operating Expenses	864,899	935,613	2,134,429	3,934,941
Operating Income (Loss)	89,165	26,058	20,341	135,564
Nonoperating Revenues (Expenses)				
Interest income	44,616	22,361	-	66,977
Miscellaneous income	32,656	20,011	-	52,667
Bond issuance cost	(13,452)	(14,640)	-	(28,092)
Amortization of deferred charges and bond premium	8,546	8,180	14,103	30,829
Interest expense and other	(100,243)	(41,506)	(84,187)	(225,936)
Total Nonoperating Revenues (Expenses)	(27,877)	(5,594)	(70,084)	(103,555)
Income (Loss) Before Contributions and Transfers	61,288	20,464	(49,743)	32,009
Contributions and Transfers				
Capital contributions	2,710	625	-	3,335
Transfers out	(31,277)	(120,655)	-	(151,932)
Total Capital Contributions and Transfers	(28,567)	(120,030)	-	(148,597)
Change in Net Position	32,721	(99,566)	(49,743)	(116,588)
Net Position, January 1	7,534,664	4,540,223	(1,794,479)	10,280,408
Net Position, December 31	$ 7,567,385	$ 4,440,657	$ (1,844,222)	$ 10,163,820

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

City of Norwood Young America, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	601 Water	602 Sewer	251 Harbor at Peace	Total
Cash Flows from Operating Activities				
Receipts from tenants and users	$ 999,636	$ 993,389	$ 2,077,330	$ 4,070,355
Payments to suppliers	(229,976)	(283,659)	(759,601)	(1,273,236)
Payments to employees	(299,238)	(288,175)	(1,197,070)	(1,784,483)
Net Cash Provided by Operating Activities	470,422	421,555	120,659	1,012,636
Cash Flows from Noncapital Financing Activities				
Transfers to other funds	(31,277)	(120,655)	-	(151,932)
Cash Flows from Capital and Related Financing Activities				
Connection fees received	2,585	500	-	3,085
Acquisition of capital assets	(611,705)	(641,167)	(66,548)	(1,319,420)
Trunk charges received	125	125	-	250
Proceeds of bonds issued, net of issuance costs and bond premium	812,160	554,635	-	1,366,795
Principal paid on long-term debt	(328,141)	(109,650)	(224,999)	(662,790)
Interest paid on long-term debt	(77,283)	(25,398)	(87,001)	(189,682)
Net Cash Used by Capital and Related Financing Activities	(202,259)	(220,955)	(378,548)	(801,762)
Cash Flows from Investing Activities				
Interest received	44,616	22,361	-	66,977
Net Increase (Decrease) In Cash and Cash Equivalents	281,502	102,306	(257,889)	125,919
Cash and Cash Equivalents, January 1	987,841	442,716	(70,300)	1,360,257
Cash and Cash Equivalents, December 31	$ 1,269,343	$ 545,022	$ (328,189)	$ 1,486,176
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and temporary investments	$ 1,269,343	$ 545,022	$ (328,189)	$ 1,486,176
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	89,165	26,058	20,341	135,564
Adjustments to reconcile operating income to net cash provided by operating activities				
Other income related to operations	32,656	20,011	-	52,667
Depreciation	321,144	326,346	253,226	900,716
(Increase) decrease in assets/deferred outflows				
Accounts receivable	(5,825)	(6,165)	(58,739)	(70,729)
Special assessments	18,741	17,872	-	36,613
Prepaid items	18	18	(8,761)	(8,725)
Deferred pension resources	(10,724)	(10,738)	-	(21,462)
Increase (decrease) in liabilities/deferred inflows				
Accounts and other payables	27,938	50,719	(32,548)	46,109
Due to other governments	170	620	30	820
Accrued salaries and wages payable	(5,072)	(5,452)	(34,189)	(44,713)
Deposits payable	-	-	(18,701)	(18,701)
Compensated absences payable	2,563	2,562	-	5,125
Net pension liability	(248)	(214)	-	(462)
Deferred pension resources	(104)	(82)	-	(186)
Net Cash Provided by Operating Activities	$ 470,422	$ 421,555	$ 120,659	$ 1,012,636
Noncash Capital and Related Financing Activities				
Amortization of bond (discount)/premium	$ 8,545	$ 8,181	$ 14,103	$ 30,829

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

The City has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has the following component unit:

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 2) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The Industrial Park Land (2nd Addition) fund accounts for the funding and development costs related to the industrial park.

The 4th Avenue Street Improvement fund accounts for the improvement project expenditures and bond issuance.

The City reports the following major proprietary funds:

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

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

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

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

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

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

Deposits and Investments

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

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

Investment Policy

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.

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

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City’s recurring fair value measurements are listed in detail on page 57 and summarized below.

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

- Negotiable Certificates of Deposit of $3,790,364 are values using a matrix pricing model (Level 2 inputs)

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2025. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

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

Prepaid Items

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

Interfund Receivables and Payables

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

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Note 1: Summary of Significant Accounting Policies (Continued)

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

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

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

Deferred Outflows of Resources

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

Compensated Absences

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

Long-term Obligations

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

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

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

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

	GERF	FRA	Total
City's proportionate share	$ 5,578	$ 57,436	$ 63,014
Proportionate share of State's contribution	(1,542)	-	(1,542)
Total pension expense	$ 4,036	$ 57,436	$ 61,472

Fire Relief Association

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Norwood Young America Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

Deferred Inflows of Resources

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

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

Fund Balance

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

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

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

Note 2: Stewardship, Compliance and Accountability (Continued)

The budget was not amended during 2025.

B. Deficit Fund Equity

As of December 31, 2025, the following funds reported deficit fund equity:

Fund	Amount
Governmental Funds	
Nonmajor capital projects	
TIF 3-6	$ 121,103
YA Downtown Streetscape	304,778
Merger Street Project	93,640
Proprietary Funds	
Harbor at Peace	1,844,222

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

Note 3: Detailed Notes on All Funds (Continued)

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

At year end, the City's carrying amount of deposits was $7,691,312 and the bank balance was $7,795,504. The bank balance was covered by federal depository insurance totaling $500,000, the remaining bank balance was covered by collateral held by the City's agent in the City's name.

Investments

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

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Level 2	Level 3
Pooled Investments at Amortized Cost						
Broker money market fund	N/A	N/A	$ 1,637,524	$ -	$ -	$ -
Non-pooled Investments at Fair Value						
Negotiable Certificates of deposit	N/A	1 to 5 years	3,790,364	-	3,790,364	-
Total Investments			$ 5,427,888	$ -	$ 3,790,364	$ -

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

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

- *Credit Risk*. Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. The City's investment policy and Minnesota statutes limit the City's investments to the list are on page 50 of the notes.

- *Custodial Credit Risk*. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy requires appropriate collateralization of investments.

- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. The City's investment policy does however require the City to seek diversification of investments.

- *Interest* R*ate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy seeks to mitigate the City's exposure to interest rate risk.

Note 3: Detailed Notes on All Funds (Continued)

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

Carrying Amount of Deposits	$ 7,691,312
Investments	5,427,888
Cash on Hand	451
Total	$ 13,119,651
Government-wide Statements	
Cash and temporary investments	$ 13,119,651

B. 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	$ 2,232,840	$ -	$ -	$ 2,232,840
Construction in progress	1,582,983	3,052,517	(1,582,983)	3,052,517
Total Capital Assets not being Depreciated	3,815,823	3,052,517	(1,582,983)	5,285,357
Capital Assets being Depreciated				
Buildings and improvements	4,343,920	-	-	4,343,920
Infrastructure	23,917,893	2,023,439	-	25,941,332
Machinery and equipment	4,281,342	775,685	(251,288)	4,805,739
Total Capital Assets being Depreciated	32,543,155	2,799,124	(251,288)	35,090,991
Less Accumulated Depreciation for				
Buildings and improvements	(2,010,625)	(121,036)	-	(2,131,661)
Infrastructure	(12,041,207)	(572,375)	-	(12,613,582)
Machinery and equipment	(2,620,479)	(223,803)	218,568	(2,625,714)
Total Accumulated Depreciation	(16,672,311)	(917,214)	218,568	(17,370,957)
Total Capital Assets being Depreciated, Net	15,870,844	1,881,910	(32,720)	17,720,034
Governmental Activities Capital Assets, Net	$ 19,686,667	$ 4,934,427	$ (1,615,703)	$ 23,005,391

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	$ 239,048	$ -	$ -	$ 239,048
Construction in progress	925,820	1,191,828	(864,324)	1,253,324
Total Capital Assets not being Depreciated	1,164,868	1,191,828	(864,324)	1,492,372
Capital Assets being Depreciated				
Buildings	11,640,522	65,725	-	11,706,247
Infrastructure	18,939,341	925,368	-	19,864,709
Machinery and equipment	1,492,298	823	-	1,493,121
Total Capital Assets being Depreciated	32,072,161	991,916	-	33,064,077
Less Accumulated Depreciation for				
Buildings	(4,867,180)	(289,932)	-	(5,157,112)
Infrastructure	(10,014,875)	(548,279)	-	(10,563,154)
Machinery and equipment	(1,140,074)	(62,505)	-	(1,202,579)
Total Accumulated Depreciation	(16,022,129)	(900,716)	-	(16,922,845)
Total Capital Assets being Depreciated, Net	16,050,032	91,200	-	16,141,232
Business-type Activities Capital Assets, Net	$ 17,214,900	$ 1,283,028	$ (864,324)	$ 17,633,604

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

Governmental Activities	
General government	$ 55,282
Public safety	120,011
Public works	534,354
Culture and recreation	139,627
Economic development	67,940
Total Depreciation Expense - Governmental Activities	$ 917,214
Business-type Activities	
Water	$ 321,144
Sewer	326,346
Harbor at Peace	253,226
Total Depreciation Expense - Business-type Activities	$ 900,716

Note 3: Detailed Notes on All Funds (Continued)

Construction Projects and Commitments

The City has active construction projects as of December 31, 2025. At year end, the commitments with the contractors for these projects are as follows:

Project	Spent to date	Remaining Commitment
2025 Street Improvement		
General	$ 2,042,302	$ 270,709
Sewer	364,162	48,270
Water	533,247	70,682
Total	$ 2,939,711	$ 389,661

C. Interfund Receivables, Payables and Transfers

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

Receivable Fund	Payable Fund	Amount
Capital fund	Nonmajor governmental funds	$ 253,378

The composition of interfund transfers as of December 31, 2025 is as follows:

	Transfer In			
Fund	Debt Service	Capital	Nonmajor Governmental	Total
Transfer Out				
Capital	$ 161,692	$ -	$ 510,639	$ 672,331
Nonmajor governmental	176,242	87	692,141	868,470
Water	31,277	-	-	31,277
Sewer	120,655	-	-	120,655
Total	$ 489,866	$ 87	$ 1,202,780	$ 1,692,733

During the year, transfers are used to move revenues from the fund with collection authorization to the Debt Service fund, as debt service principal and interest payments become due.

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. In addition, bonds have been issued to refund related general obligation special assessment and general obligation revenue bonds. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds, Series 2016A	$ 1,415,000	2.00 - 3.00 %	07/21/16	02/01/35	$ 1,415,000
G.O. Bonds, Series 2020A	935,000	2.00 - 4.00	07/07/20	02/01/31	480,000
G.O. Bonds, Series 2021A	760,000	1.00 - 2.00	08/19/21	02/01/32	540,000
G.O. Bonds, Series 2022A	1,865,000	3.00 - 3.15	06/16/22	02/01/33	1,535,000
G.O.Abatement Bonds, Series 202	2,165,000	4.50 - 6.00	03/09/23	02/01/43	2,095,000
G.O. Temporary Bonds, Series 20	4,925,000	3.63	05/16/24	02/01/27	3,925,000
Total General Obligation Bonds					$ 9,990,000

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

Year Ending December 31,	G.O. Bonds Governmental Activities Principal	Interest	Total
2026	$ 550,000	$ 343,196	$ 893,196
2027	4,430,000	254,755	4,684,755
2028	520,000	167,689	687,689
2029	535,000	151,829	686,829
2030	550,000	135,540	685,540
2031-2035	2,250,000	445,255	2,695,255
2036-2040	670,000	205,715	875,715
2041-2043	485,000	37,125	522,125
Total	$ 9,990,000	$ 1,741,104	$ 11,731,104

Note 3: Detailed Notes on All Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. All special assessment debt is backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2013A	$ 1,920,000	2.00 - 3.25 %	06/20/13	02/01/31	$ 770,000
G.O. Bonds, Series 2020A	4,008,550	2.00 - 4.00	07/07/20	02/01/32	946,435
G.O. Improvement Bonds, Series 2024A	1,755,000	4.00 - 5.00	11/21/24	02/01/40	1,755,000
G.O. Improvement Bonds, Series 2025A	3,590,000	4.00-5.00	06/18/25	02/01/41	3,590,000
Total G.O. Special Assessment Bonds					$ 7,061,435

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

Year Ending December 31,	G.O. Special Assessment Bonds Governmental Activities Principal	Interest	Total
2026	$ 690,314	$ 312,165	$ 1,002,479
2027	730,477	263,322	993,799
2028	476,481	237,216	713,697
2029	500,894	215,874	716,768
2030	520,894	193,575	714,469
2031-2035	2,267,375	638,453	2,905,828
2036-2040	1,675,000	424,375	2,099,375
2041	200,000	4,000	204,000
Total	$ 7,061,435	$ 2,288,980	$ 9,350,415

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Note, Series 2010	$ 1,966,604	2.46 %	07/21/10	08/20/39	$ 1,118,000
G.O. Water Revenue Bonds, Series 2016A	1,920,000	2.19	07/21/16	02/01/29	740,000
G.O. Bonds, Series 2020A	276,450	2.00 - 4.00	07/07/20	02/01/32	68,564
G.O. Housing Revenue Refunding Bonds, Series 2020	4,580,000	2.00 - 3.00	07/16/20	08/01/38	3,525,000
G.O. Bonds, Series 2021A	825,000	1.00 - 2.00	08/19/21	02/01/32	595,000
G.O. Bonds, Series 2022A	830,000	3.00 - 3.150	06/16/22	02/01/33	685,000
G.O. Bonds, Series 2024B	660,000	4.00 - 5.00	11/21/24	02/01/40	660,000
G.O. Bonds, Series 2025A	1,335,000	4.00-5.00	06/18/25	02/01/41	1,335,000
Total G.O. Revenue Bonds					$ 8,726,564

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

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities Principal	Interest	Total
2026	$ 707,683	$ 247,689	$ 955,372
2027	754,526	220,356	974,882
2028	769,519	340,197	1,109,716
2029	802,106	176,121	978,227
2030	629,106	155,005	784,111
2031-2035	2,893,625	527,595	3,421,220
2036-2040	2,050,000	164,245	2,214,245
2041	119,999	2,400	122,399
Total	$ 8,726,564	$ 1,833,608	$ 10,560,172

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

	Water	Sewer	Harbor at Peace
Revenues	$ 954,064	$ 961,671	$ 2,154,770
Principal and Interest	405,424	135,048	312,000
Percent of Revenues	42 %	14 %	14 %

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	$ 10,420,000	$ -	$ (430,000)	$ 9,990,000	$ 550,000
G.O. special assessment bonds	4,209,645	3,590,000	(738,210)	7,061,435	690,314
Unamortized premium on bonds	594,213	199,742	(85,249)	708,706	-
Total Bonds Payable	15,223,858	3,789,742	(1,253,459)	17,760,141	1,240,314
Compensated Absences Payable	31,880	12,062	-	43,942	43,942
Governmental Activity Long-term Liabilities	$ 15,255,738	$ 3,801,804	$ (1,253,459)	$ 17,804,083	$ 1,284,256
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	$ 8,054,355	$ 1,335,000	$ (662,790)	$ 8,726,565	$ 707,683
Unamortized Premium on Bonds	328,812	59,887	(34,062)	354,637	-
Discount on Bonds	(3,233)	-	3,233	-	-
Total Bonds Payable	8,379,934	1,394,887	(693,619)	9,081,202	707,683
Compensated Absences Payable	25,862	5,125	-	30,987	30,987
Business-type Activity Long-term Liabilities	$ 8,405,796	$ 1,400,012	$ (693,619)	$ 9,112,189	$ 738,670

The change in compensated absences payable balances above are shown as a net change.

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). 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.

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.

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.

General Employee Plan Benefits

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 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of 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 retirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .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.

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

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.

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.

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 $99,842. The City 's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of $416,853 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 $10,056.

City ’s proportionate share of the net pension liability	$	416,853
State of Minnesota's proportionate share of the net pension liability associated with the City		10,056
Total	$	426,909

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

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 0.0126% at the end of the measurement period and 0.0119% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of $5,578 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional negative $1,542 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 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	$ 39,717	$ -
Changes in actuarial assumptions	10,044	95,917
Net difference between projected and actual investment earnings	-	165,870
Changes in proportion	98,093	-
Employer contributions subsequent to the measurement date	52,476	-
Total	$ 200,330	$ 261,787

The $52,476 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	$ 1,260
2027	(37,941)
2028	(47,622)
2029	(29,630)

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

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

F. Actuarial 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. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption 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% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees 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 following changes in actuarial assumptions and plan provisions occurred in 2025:

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

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 1.5%.

Changes in Plan Provisions:
- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% 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 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% 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.

G. 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 Employees Plan was 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.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
General Employees Fund	$ 1,012,471	$ 416,853	$ (66,327)

I. Pension Plan Fiduciary Net Position

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

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

A. Plan Description

The Norwood Young America Fire Department (the Department) participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lumpsum [or monthly] defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2025, the plan covered 28 active firefighters and 8 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota statutes, chapter 353g.

B. Benefits Provided

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

C. Contributions

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed $50,809in fire state aid to the plan on behalf of the Norwood Young America Fire Department for the year ended December 31, 2024, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily required contributions to the SVF plan for the year ended December 31, 2024 were $7,900. In addition, the City made no voluntary contributions to the plan.

D. Investment Policy

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

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

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

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

E. Pension Cost

At December 31, 2025, the City reported a net pension liability of $25,042 for the SVF plan. The net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2024. The following table presents the changes in net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/24	$ 698,822	$ 685,440	$ 13,382
Changes for the Year			
Service cost	30,595	-	30,595
Interest on pension liability	40,747	-	40,747
Actuarial experience (gains)/losses	26,226	-	26,226
Projected investment earnings	-	39,630	(39,630)
Changes in benefit level	35,675	-	35,675
Contributions (employer)	-	7,900	(7,900)
Contributions (state)	-	45,859	(45,859)
Asset (gain)/loss	-	31,254	(31,254)
Benefit payouts	(100,593)	(100,593)	-
Administrative Costs	-	(3,060)	3,060
Net Changes	32,650	20,990	11,660
Ending Balance 12/31/25	$ 731,472	$ 706,430	$ 25,042

For the year ended December 31, 2025, the City recognized pension expense of $57,436.

At December 31, 2025, the City reported deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 39,464	$ 33,169
Net Difference Between Projected and Actual Earnings on Plan Investments	6,985	-
Contributions to SVF subsequent to the measurement date	50,810	-
Total	$ 97,259	$ 33,169

2026	$ 11,169
2027	25,546
2028	(17,875)
2029	(6,635)
Thereafter	1,075

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

F. Actuarial Assumptions

The total pension liability at December 31, 2025, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

There were no changes in actuarial assumptions in 2025.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	33.5 %	5.10 %
International Stocks	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.00 %	

G. Discount Rate

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

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

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

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.0%)	Current (6.0%)	1 Percent Increase (7.0%)
Net Pension Liability (Asset)	$ 47,138	$ 25,042	$ 3,882

I. Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of December 31, 2024, 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 6: Other Information

A. Risk Management

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $1,000,000. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Legal Debt Margin

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

C. Tax Increment Districts

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

Note 7: Joint Ventures

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

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

Note 8: Subsequent Event

On April 13, 2026, the City issued 2026B Taxable General Obligation Improvement Refunding Bonds for $360,000. The bonds will mature on March 31, 2036.

On April 20, 2026, the City issued 2026A Taxable General Obligation Improvement Refunding Bonds for $1,000,000. The Bonds will mature on March 31, 2036.

Note 9: Adjustments to Beginning Balances

During 2025, the 4th Avenue Street Improvement fund was determined to be a major fund while the Railroad Street Improvement fund were determined to be nonmajor. The effects of the changes within the financial reporting entity are shown in the financial statements above.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORWOOD YOUNG AMERICA
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

City of Norwood Young America, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2025

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

Fiscal Year Ending	City 's Proportion of the Net Pension Liability	City 's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City 's Covered Payroll (c)	City 's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2025	0.0126 %	$ 416,853	$ 10,056	$ 426,909	$ 1,131,384	36.8 %	90.8 %
6/30/2024	0.0119	440,724	11,396	452,120	938,794	46.9	89.1
6/30/2023	0.0099	553,597	15,301	568,898	790,730	70.0	83.1
6/30/2022	0.0094	744,483	21,881	766,364	687,608	108.3	76.7
6/30/2021	0.0093	397,152	12,148	409,300	664,052	59.8	87.0
6/30/2020	0.0085	509,614	15,603	525,217	603,689	84.4	79.1
6/30/2019	0.0087	481,004	14,833	495,837	614,168	78.3	80.2
6/30/2018	0.0089	493,736	16,210	509,946	599,417	82.4	79.5
6/30/2017	0.0086	549,018	-	549,018	551,281	99.6	75.9
6/30/2016	0.0090	730,755	-	730,755	582,866	125.4	68.9

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City 's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2025	$ 99,842	$ 99,842	$ -	$ 1,331,230	7.50 %
12/31/2024	73,229	73,229	-	976,393	7.50
12/31/2023	67,165	67,165	-	895,539	7.50
12/31/2022	54,055	54,055	-	720,737	7.50
12/31/2021	50,161	50,161	-	668,814	7.50
12/31/2020	46,742	46,742	-	623,227	7.50
12/31/2019	45,854	45,854	-	611,390	7.50
12/31/2018	45,744	45,744	-	609,920	7.50
12/31/2017	42,641	42,641	-	568,543	7.50
12/31/2016	43,633	43,633	-	581,773	7.50

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2025 - 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 1.5%.

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): 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.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

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

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

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

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

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

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

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

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

Changes in Plan Provisions

2025 - The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% 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 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.The 1% 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 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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

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

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

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

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

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

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

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 30,595	$ 27,768	$ 27,768	$ 37,025	$ 39,670	$ 34,179	$ 29,973	$ 25,358	$ 25,321	$ 27,263
Interest on pension liability	40,747	46,410	46,856	47,319	44,776	45,817	41,415	42,761	40,204	38,912
Differences between expected and actual experience	26,226	(30,084)	39,651	(45,505)	17,940	(28,484)	(81,092)	(15,500)	(17,276)	(21,792)
Changes of benefit level	35,675	-	-	51,127	22,904	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	-	175,282	29,366	-	-
Benefit payments	(100,593)	(182,000)	(61,409)	(115,444)	(45,100)	(103,600)	(89,265)	(70,063)	-	(41,800)
Net Change in Total Pension Liability	32,650	(137,906)	52,866	(25,478)	80,190	(52,088)	76,313	11,922	48,249	2,583
Total Pension Liability - January 1	698,821	836,727	783,861	809,339	729,149	781,237	704,924	693,002	644,753	642,170
Total Pension Liability - December 31 (a)	$ 731,471	$ 698,821	$ 836,727	$ 783,861	$ 809,339	$ 729,149	$ 781,237	$ 704,924	$ 693,002	$ 644,753
Plan Fiduciary Net Position										
Employer contributions	$ 7,900	$ -	$ 3,500	$ 3,500	$ 10,835	$ -	$ 3,244	$ -	$ 22,158	$ -
Nonemployer contributions	45,859	40,350	37,134	34,045	32,836	31,876	31,048	28,378	29,400	28,912
Projected investment return	39,630	39,626	52,673	79,032	110,463	42,999	48,067	95,132	47,203	1,921
Adjust to initial asset transfer		-	-	-	-	5,961	-	-	-	-
Gain (loss)	31,254	56,203	(177,452)	-	-	77,184	(76,509)	-	-	-
Benefit payments	(100,593)	(182,000)	(61,409)	(115,444)	(45,100)	(103,600)	(89,265)	(70,063)	-	(41,800)
Administrative expenses	(3,060)	-	(1,072)	(1,157)	(1,124)	(1,061)	(1,064)	(1,125)	(1,191)	(1,041)
Net Change in Plan Fiduciary Net Position	20,990	(45,821)	(146,626)	(24)	107,910	53,359	(84,479)	52,322	97,570	(12,008)
Plan Fiduciary Net Position - January 1	685,439	731,260	877,886	877,910	770,000	716,641	801,120	748,798	651,228	663,236
Plan Fiduciary Net Position - December 31 (b)	$ 706,429	$ 685,439	$ 731,260	$ 877,886	$ 877,910	$ 770,000	$ 716,641	$ 801,120	$ 748,798	$ 651,228
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	$ 25,042	$ 13,382	$ 105,467	$ (94,025)	$ (68,571)	$ (40,851)	$ 64,596	$ (96,196)	$ (55,796)	$ (6,475)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	96.58%	98.09%	87.40%	112.00%	108.47%	105.60%	91.73%	113.65%	108.05%	101.00%
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Schedule of Employer's Contributions - Statewide Volunteer Firefighters Fund

Year Ending	Required Supplementary Information: Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/25	$ 53,759	$ 53,759	$ -
12/31/24	50,810	50,810	-
12/31/23	40,350	40,350	-
12/31/22	35,134	38,634	(3,500)
12/31/21	29,459	30,808	(1,349)
12/31/20	33,514	36,914	(3,400)
12/31/19	31,876	31,876	-
12/31/18	29,048	29,048	-
12/31/17	28,378	28,378	-

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

City of Norwood Young America, Minnesota

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	$ 2,140,256	$ 2,135,544	$ (4,712)
Licenses and permits	76,990	118,738	41,748
Intergovernmental	702,639	785,499	82,860
Charges for services	154,200	176,307	22,107
Fines and forfeitures	11,000	9,310	(1,690)
Special assessments	11,000	857	(10,143)
Interest on investments	120,000	113,462	(6,538)
Miscellaneous	30,000	180,914	150,914
Total Revenues	3,246,085	3,520,631	274,546
Expenditures			
Current			
General government	1,131,641	1,069,669	61,972
Public safety	604,325	688,491	(84,166)
Public works	1,032,872	919,259	113,613
Culture and recreation	421,997	465,604	(43,607)
Economic development	15,000	11,566	3,434
Miscellaneous	3,250	3,080	170
Capital outlay	37,000	48,414	(11,414)
Total Expenditures	3,246,085	3,206,083	40,002
Net Change in Fund Balances	-	314,548	314,548
Fund Balances, January 1	2,934,251	2,934,251	-
Fund Balances, December 31	$ 2,934,251	$ 3,248,799	$ 314,548

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

Notes to the Required Supplemental Information - Budgetary Reporting

A. Budgetary Comparison Schedule

The budgetary comparison schedule presents the comparison of the original and final budget with actual amounts on a departmental level for the General Fund. The departmental level budgets are adopted on a basis consistent with generally accepted accounting principles. The fund balance reports revenue in the period in which they become measurable and available.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2025, expenditures did not exceed appropriations in the General Fund.

C. Significant Budget Variances

- Refunds and reimbursements varied $118,038 from budget, mainly due to unexpected reimbursements.
- Police contracted services varied $52,224 from budget, mainly due to contract increases.
- Public works supplies were $106,310 less then budget, mainly due to less then expected winter related supply purchases.

D. Budgetary Compliance

There were no budgetary compliance violations for the fiscal year ending December 31, 2025.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NORWOOD YOUNG AMERICA
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

City of Norwood Young America, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

	Special Revenue	Capital Projects	Total
Assets			
Cash and temporary investments	$ 1,890,060	$ 1,313,005	$ 3,203,065
Receivables			
Accounts	13,445	189	13,634
Special assessments	-	90,203	90,203
Total Assets	$ 1,903,505	$ 1,403,397	$ 3,306,902
Liabilities			
Accounts and other payables	$ 35,143	$ 114,536	$ 149,679
Deposits payable	-	19,847	19,847
Accrued salaries and wages payable	782	-	782
Advances from other funds	-	253,378	253,378
Total Liabilities	35,925	387,761	423,686
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	90,203	90,203
Fund Balances			
Restricted for			
Park dedication	97,566	-	97,566
Economic development	-	97,965	97,965
Capital projects	-	111,803	111,803
Committed			
Donations	18,646	-	18,646
Cemetery	7,510	-	7,510
Economic Development	1,661,816	-	1,661,816
Storm Water	82,042	-	82,042
Assigned for			
Capital outlay	-	1,235,186	1,235,186
Unassigned	-	(519,521)	(519,521)
Total Fund Balances	1,867,580	925,433	2,793,013
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,903,505	$ 1,403,397	$ 3,306,902

City of Norwood Young America, Minnesota

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended December 31, 2025

	Special Revenue	Capital Projects	Total
Revenues			
Taxes			
Property	$ -	$ 326,440	$ 326,440
Tax increments	-	200,632	200,632
Intergovernmental	278,382	-	278,382
Charges for services	125,366	-	125,366
Special assessments	-	16,462	16,462
Interest on investments	73,646	67,175	140,821
Miscellaneous	14,533	-	14,533
Total Revenues	491,927	610,709	1,102,636
Expenditures			
Current			
General government	-	2,168	2,168
Public works	47,192	-	47,192
Culture and recreation	29,650	6,434	36,084
Economic development	64,772	66,162	130,934
Capital outlay			
Public works	281,395	428,591	709,986
Economic development	47,741	-	47,741
Debt service			
Principal	20,000	-	20,000
Interest and other	23,167	19,395	42,562
Total Expenditures	513,917	522,750	1,036,667
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,990)	87,959	65,969
Other Financing Sources (Uses)			
Transfers in	-	1,202,780	1,202,780
Transfers out	(44,683)	(823,787)	(868,470)
Total Other Financing Sources (Uses)	(44,683)	378,993	334,310
Net Changes in Fund Balances	(66,673)	466,952	400,279
Fund Balances, January 1, as previously presented	226,471	1,794,806	2,021,277
Changes within the financial reporting entity			
Capital project to special revenue fund	1,707,782	(1,707,782)	-
Nonmajor to Major	-	127,214	127,214
Major to Nonmajor	-	244,243	244,243
Fund Balances, January 1, as adjusted	1,934,253	458,481	2,392,734
Fund Balances, December 31	$ 1,867,580	$ 925,433	$ 2,793,013

City of Norwood Young America, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2025

	201 Park Dedication	603 Storm Water	830 Donations
Assets			
Cash and temporary investments	$ 97,566	$ 68,996	$ 16,192
Receivable			
Accounts	-	13,445	-
Total Assets	$ 97,566	$ 82,441	$ 16,192
Liabilities			
Accounts and other payables	$ -	$ 21	$ -
Accrued salaries and wages payable	-	378	-
Total Liabilities	-	399	-
Fund Balances			
Restricted for			
Park dedication	97,566	-	-
Committed			
Donations	-	-	16,192
Cemetery	-	-	-
Economic Development	-	-	-
Storm Water	-	82,042	-
Total Fund Balances	97,566	82,042	16,192
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 97,566	$ 82,441	$ 16,192

204	230	258	260	
Senior Advisory	Cemetery	ARPA (Covid) Funds	Economic Development Authority	Total
$ 2,454	$ 7,510	$ -	$ 1,697,342	$ 1,890,060
-	-	-	-	13,445
$ 2,454	$ 7,510	$ -	$ 1,697,342	$ 1,903,505
$ -	$ -	$ -	$ 35,122	$ 35,143
-	-	-	404	782
-	-	-	35,526	35,925
-	-	-	-	97,566
2,454	-	-	-	18,646
-	7,510	-	-	7,510
-	-	-	1,661,816	1,661,816
-	-	-	-	82,042
2,454	7,510	-	1,661,816	1,867,580
$ 2,454	$ 7,510	$ -	$ 1,697,342	$ 1,903,505

City of Norwood Young America, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	201	603	830
	Park Dedication	Storm Water	Donations
Revenues			
Intergovernmental	$ -	$ -	$ -
Charges for services	9,057	115,739	-
Interest on investments	3,331	2,368	914
Miscellaneous	-	2,493	7,500
Total Revenues	12,388	120,600	8,414
Expenditures			
Current			
Public works	-	47,192	-
Culture and recreation	-	-	20,638
Economic development	-	-	-
Capital outlay			
Public works	-	-	-
Economic development	-	-	-
Debt service			
Principal	-	20,000	-
Interest and other	-	23,167	-
Total Expenditures	-	90,359	20,638
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,388	30,241	(12,224)
Other Financing Sources (Uses)			
Transfers out	-	(44,596)	-
Net Change in Fund Balances	12,388	(14,355)	(12,224)
Fund Balances, January 1, as previously presented	85,178	96,397	28,416
Changes within the financial reporting entity			
Capital project to special revenue fund	-	-	-
Fund Balances, January 1, as adjusted	85,178	96,397	28,416
Fund Balances, December 31	$ 97,566	$ 82,042	$ 16,192

204 Senior Advisory	230 Cemetery	258 ARPA (Covid) Funds	260 Economic Development Authority	Total
$ -	$ -	$ 278,382	$ -	$ 278,382
320	250	-	-	125,366
22	464	-	66,547	73,646
4,540	-	-	-	14,533
4,882	714	278,382	66,547	491,927
-	-	-	-	47,192
2,428	6,584	-	-	29,650
-	-	-	64,772	64,772
-	3,100	278,295	-	281,395
-	-	-	47,741	47,741
-	-	-	-	20,000
-	-	-	-	23,167
2,428	9,684	278,295	112,513	513,917
2,454	(8,970)	87	(45,966)	(21,990)
-	-	(87)	-	(44,683)
2,454	(8,970)	-	(45,966)	(66,673)
-	16,480	-	-	226,471
-	-	-	1,707,782	1,707,782
-	16,480	-	1,707,782	1,934,253
$ 2,454	$ 7,510	$ -	$ 1,661,816	$ 1,867,580

City of Norwood Young America, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2025

	407	423	424	425	431	498
	TIF 1-5	TIF 3-3	TIF 3-4	TIF 3-5	TIF 3-6	Street Improv. Project
Assets						
Cash and temporary investments	$ 54,125	$ -	$ -	$ 43,840	$ 132,275	$ 709,908
Receivables						
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Total Assets	$ 54,125	$ -	$ -	$ 43,840	$ 132,275	$ 709,908
Liabilities						
Accounts and other payables	$ -	$ -	$ -	$ -	$ -	$ -
Deposits payable	-	-	-	-	-	-
Advances from other funds	-	-	-	-	253,378	-
Total Liabilities	-	-	-	-	253,378	-
Deferred Inflows of Resources						
Unavailable revenue - reimbursements	-	-	-	-	-	-
Fund Balances						
Restricted for						
Economic development	54,125	-	-	43,840	-	-
Capital projects	-	-	-	-	-	-
Assigned for						
Capital outlay	-	-	-	-	-	709,908
Unassigned	-	-	-	-	(121,103)	-
Total Fund Balances	54,125	-	-	43,840	(121,103)	709,908
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 54,125	$ -	$ -	$ 43,840	$ 132,275	$ 709,908

225	614	497	494	278	489	491	492		
Economic Recovery	Cable TV Upgrades	Underpass Project	2nd Avenue Phase 2	Land Acquisition	YA Downtown Streetscape	Railroad Street Improvements	Merger Street Project	Developers Escrows	Total
$ 72,566	$ 4,901	$ -	$ -	$ 454,960	$ (250,332)	$ 171,893	$ (93,640)	$ 12,509	$ 1,313,005
189	-	-	-	-	-	-	-	-	189
-	-	-		-	-	-	90,203	-	90,203
$ 72,755	$ 4,901	$ -	$ -	$ 454,960	$ (250,332)	$ 171,893	$ (3,437)	$ 12,509	$ 1,403,397
$ -	$ -	$ -	$ -	$ -	$ 54,446	$ 60,090	$ -	$ -	$ 114,536
7,338	-	-	-	-	-	-	-	12,509	19,847
-	-	-	-	-	-	-	-	-	253,378
7,338	-	-	-	-	54,446	60,090	-	12,509	387,761
-	-	-	-	-	-	-	90,203	-	90,203
-	-	-	-	-	-	-	-	-	97,965
-	-	-	-	-	-	111,803	-	-	111,803
65,417	4,901	-	-	454,960	-	-	-	-	1,235,186
-	-	-	-	-	(304,778)	-	(93,640)	-	(519,521)
65,417	4,901	-	-	454,960	(304,778)	111,803	(93,640)	-	925,433
$ 72,755	$ 4,901	$ -	$ -	$ 454,960	$ (250,332)	$ 171,893	$ (3,437)	$ 12,509	$ 1,403,397

City of Norwood Young America, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenue, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2025

	407	423	424	425	431	498	225	614
	TIF 1-5	TIF 3-3	TIF 3-4	TIF 3-5	TIF 3-6	Street Improv. Project	Economic Recovery	Cable TV Upgrades
Revenues								
Taxes								
Property	$ -	$ -	$ -	$ -	$ -	$ 176,329	$ -	$ -
Tax increments	97,229	-	-	-	103,403	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Interest on investments	2,514	-	2,250	1,605	2,947	17,521	2,772	180
Total Revenues	99,743	-	2,250	1,605	106,350	193,850	2,772	180
Expenditures								
Current								
General government	-	-	-	-	-	-	-	750
Culture and recreation	-	-	-	-	-	-	-	-
Economic development	62,512	-	1,100	1,100	1,450	-	-	-
Capital outlay								
Public works	-	-	-	-	-	-	-	-
Debt service								
Interest and other charges	-	-	6,405	-	12,990	-	-	-
Total Expenditures	62,512	-	7,505	1,100	14,440	-	-	750
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,231	-	(5,255)	505	91,910	193,850	2,772	(570)
Other Financing Sources (Uses)								
Transfers in	-	252,686	257,953	-	-	371,362	-	-
Transfers out	-	-	-	-	-	(320,779)	-	-
Total Other Financing Sources (Uses)	-	252,686	257,953	-	-	50,583	-	-
Net Change in Fund Balances	37,231	252,686	252,698	505	91,910	244,433	2,772	(570)
Fund Balances, January 1, as previously presented	16,894	(252,686)	(252,698)	43,335	(213,013)	465,475	62,645	5,471
Changes within the financial reporting entity								
Capital project to special revenue fund	-	-	-	-	-	-	-	-
Nonmajor to Major	-	-	-	-	-	-	-	-
Major to Nonmajor	-	-	-	-	-	-	-	-
Fund Balances, January 1, as adjusted	16,894	(252,686)	(252,698)	43,335	(213,013)	465,475	62,645	5,471
Fund Balances, December 31	$ 54,125	$ -	$ -	$ 43,840	$ (121,103)	$ 709,908	$ 65,417	$ 4,901

497 Underpass Project	494 2nd Avenue Phase 2	278 Land Acquisition	260 Economic Development Authority	489 YA Downtown Streetscape	*Formerly Nonmajor* 490 4th Avenue Street Improvements	*Formerly Major* 491 Railroad Street Improvements	492 Merger Street Project	Developer Escrows	Total
$ -	-	$ 150,111	$ -	$ -		$ -	$ -	$ -	$ 326,440
-	-	-	-	-		-	-	-	200,632
-	-	-	-	-		-	16,462	-	16,462
-	11,321	17,235	-	-		8,830	-	-	67,175
-	11,321	167,346	-	-	-	8,830	16,462	-	610,709
-	-	-	-	-		1,418	-	-	2,168
-	-	6,434	-	-	-	-	-		6,434
-	-	-	-	-		-	-	-	66,162
-	-	-	-	288,739		139,852	-	-	428,591
-	-	-	-	-		-	-	-	19,395
-	-	6,434	-	288,739	-	141,270	-	-	522,750
-	11,321	160,912	-	(288,739)		(132,440)	16,462	-	87,959
155,654	-	-	-	-		-	165,125	-	1,202,780
-	(371,362)	(131,646)	-	-		-	-	-	(823,787)
155,654	(371,362)	(131,646)	-	-	-	-	165,125	-	378,993
155,654	(360,041)	29,266		(288,739)		(132,440)	181,587	-	466,952
(155,654)	360,041	425,694	1,707,782	(16,039)	(127,214)	-	(275,227)	-	1,794,806
-	-	-	(1,707,782)	-	-	-	-	-	(1,707,782)
-	-	-	-	-	127,214	-	-	-	127,214
-	-	-	-	-	-	244,243	-	-	244,243
(155,654)	360,041	425,694	-	(16,039)	-	244,243	(275,227)	-	458,481
$ -	$ -	$ 454,960	$ -	$ (304,778)	$ -	$ 111,803	$ (93,640)	$ -	$ 925,433

City of Norwood Young America, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	$ 2,140,256	$ 2,135,544	$ (4,712)
Licenses and permits			
Business	13,700	25,475	11,775
Nonbusiness	63,290	93,263	29,973
Total licenses and permits	76,990	118,738	41,748
Intergovernmental			
State			
Market value credit	250	270	20
Local government aid	641,889	641,889	-
Fire aid	-	50,810	50,810
Other	7,500	52,948	45,448
County			
Recycling	14,300	14,195	(105)
Highway aid	20,000	-	(20,000)
Other	18,700	25,387	6,687
Total intergovernmental	702,639	785,499	82,860
Charges for services			
General government	16,800	27,347	10,547
Public safety	80,700	91,357	10,657
Public works	2,000	1,900	(100)
Culture and recreation	54,700	54,443	(257)
Other	-	1,260	1,260
Total charges for services	154,200	176,307	22,107
Fines and forfeitures	11,000	9,310	(1,690)
Special assessments	11,000	857	(10,143)
Interest on investments	120,000	113,462	(6,538)
Miscellaneous			
Contributions and donations	3,000	11,790	8,790
Refunds and reimbursements	27,000	145,038	118,038
Other	-	24,086	24,086
Total miscellaneous	30,000	180,914	150,914
Total Revenues	3,246,085	3,520,631	274,546

City of Norwood Young America, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Expenditures			
Current			
General government			
Mayor and Council			
Personal services	$ 17,649	$ 17,308	$ 341
Supplies	500	1,050	(550)
Other services and charges	5,100	5,672	(572)
Total Mayor and Council	23,249	24,030	(781)
City administrator/administration			
Personal services	161,009	137,750	23,259
Supplies	500	645	(145)
Other services and charges	16,100	13,562	2,538
Total city administrator/administration	177,609	151,957	25,652
Community development director			
Personal services	363,314	354,273	9,041
Other services and charges	57,000	53,788	3,212
Total community development director	420,314	408,061	12,253
Board and commissions			
Other services and charges	6,600	5,500	1,100
City clerk-treasurer			
Personal services	151,339	152,978	(1,639)
Supplies	13,980	11,304	2,676
Other services and charges	68,524	56,916	11,608
Total city clerk-treasurer	233,843	221,198	12,645
Election			
Other services and charges	-	487	(487)
Auditing and accounting			
Other services and charges	35,000	32,588	2,412
Assessing			
Other services and charges	30,209	29,736	473
Legal services			
Other services and charges	40,889	33,990	6,899
Professional services - miscellaneous			
Other services and charges	2,000	1,350	650
General government buildings			
Personal services	18,551	13,212	5,339
Supplies	67,400	76,841	(9,441)
Other services and charges	75,977	70,719	5,258
Total general government buildings	161,928	160,772	1,156
Total general government	1,131,641	1,069,669	61,972

City of Norwood Young America, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Expenditures (Continued)			
Current (continued)			
Public safety			
Police			
Contracted services	$ 271,980	$ 324,204	$ (52,224)
Fire			
Personal services	129,680	120,374	9,306
Supplies	90,300	77,995	12,305
Other services and charges	46,563	103,546	(56,983)
Total fire	266,543	301,915	(35,372)
Building inspection			
Other services and charges	61,790	61,681	109
Civil defense			
Supplies	1,650	101	1,549
Other services and charges	330	144	186
Total	1,980	245	1,735
Animal control			
Other services and charges	2,032	446	1,586
Total public safety	604,325	688,491	(84,166)
Public works			
General			
Personal services	374,750	374,606	144
Supplies	240,050	133,740	106,310
Other services and charges	388,072	401,760	(13,688)
Total general	1,002,872	910,106	92,766
Engineering			
Other services and charges	30,000	9,153	20,847
Total public works	1,032,872	919,259	113,613
Culture and recreation			
Parks			
Personal services	178,570	170,881	7,689
Supplies	73,100	85,854	(12,754)
Other services and charges	71,129	108,824	(37,695)
Total parks	322,799	365,559	(42,760)
Library			
Other services and charges	22,070	15,572	6,498
Swimming pool			
Personal services	45,548	52,233	(6,685)
Supplies	19,850	23,190	(3,340)
Other services and charges	10,630	7,890	2,740
Total swimming pool	76,028	83,313	(7,285)

City of Norwood Young America, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Expenditures (Continued)			
Current (continued)			
Culture and recreation (continued)			
Bus services			
Other services and charges	$ 1,100	$ 1,160	$ (60)
Total culture and recreation	421,997	465,604	(43,607)
Economic development			
Other services and charges	15,000	11,566	3,434
Miscellaneous			
Cemetery			
Other services and charges	3,250	3,080	170
Total current	3,209,085	3,157,669	51,416
Capital outlay			
General government	-	7,638	(7,638)
Public safety	27,000	26,919	81
Culture and recreation	10,000	13,857	(3,857)
Total capital outlay	37,000	48,414	(11,414)
Total Expenditures	3,246,085	3,206,083	40,002
Net Change in Fund Balances	-	314,548	314,548
Fund Balances, January 1	2,934,251	2,934,251	-
Fund Balances, December 31	$ 2,934,251	$ 3,248,799	$ 314,548

City of Norwood Young America, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2025

	517 Oak Grove Debt Service	520 2013B Infrastructure Debt Service	521 2016A G.O. Refunding Debt Service	522 2020A G.O. Refunding Debt Service	523 2021A G.O. Infrastructure Debt Service
Assets					
Cash and temporary investments	$ 306,318	$ 74,873	$ 283,859	$ 1,110,841	$ 213,248
Receivables					
Special assessments	-	-	-	24,024	139,756
Due from other governments	-	207	-	957	-
Total Assets	$ 306,318	$ 75,080	$ 283,859	$ 1,135,822	$ 353,004
Deferred Inflows of Resources					
Unavailable revenue - special assessments	$ -	$ -	$ -	$ 24,024	$ 139,756
Fund Balances					
Restricted for					
Debt service	306,318	75,080	283,859	1,111,798	213,248
Total Deferred Inflows of Resources and Fund Balances	$ 306,318	$ 75,080	$ 283,859	$ 1,135,822	$ 353,004

524 2022A G.O. Infrastructure Debt Service	**525** 2023 G.O. Improvement Bond	**526** 2024A G.O. Temporary Bond	**527** 2024B G.O. Improvement Bond	**528** 2025A G.O. Improvement Bond	Total
$ 291,142	$ (159,768)	$ 448,421	$ 104,410	$ 277,282	$ 2,950,626
176,414	-	-	223,480	363,842	927,516
-	-	-	-	-	1,164
$ 467,556	$ (159,768)	$ 448,421	$ 327,890	$ 641,124	$ 3,879,306
$ 176,414	$ -	$ -	$ 222,093	$ 363,842	$ 926,129
291,142	(159,768)	448,421	105,797	277,282	2,953,177
$ 467,556	$ (159,768)	$ 448,421	$ 327,890	$ 641,124	$ 3,879,306

City of Norwood Young America, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2025

	517 Oak Grove Debt Service	520 2013B Infrastructure Debt Service	521 2016A G.O. Refunding Debt Service	522 2020A G.O. Refunding Debt Service	523 2021A G.O. Infrastructure Debt Service
Revenues					
Property taxes	$ 97,000	$ -	$ 38,246	316,787	$ 70,701
Special assessments	-	-	1,642	22,890	24,168
Interest on investments	8,710	2,700	9,495	25,297	5,297
Miscellaneous	-	-	-	49,477	-
Total Revenues	105,710	2,700	49,383	414,451	100,166
Expenditures					
Debt service					
Principal	115,000	-	-	743,210	75,000
Interest and other	27,025	-	36,900	79,776	10,065
Total Expenditures	142,025	-	36,900	822,986	85,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,315)	2,700	12,483	(408,535)	15,101
Other Financing Sources (Uses)					
Bond issued	-	-	-	-	-
Transfers in	-	-	-	358,220	-
Total Other Financing Sources (Uses)	-	-	-	358,220	-
Net Change in Fund Balances	(36,315)	2,700	12,483	(50,315)	15,101
Fund Balances, January 1	342,633	72,380	271,376	1,162,113	198,147
Fund Balances, December 31	$ 306,318	$ 75,080	$ 283,859	$ 1,111,798	$ 213,248

524 2022A G.O. Infrastructure Debt Service	525 2023 G.O. Improvement Bond	526 2024A G.O. Temporary Bond	527 2024B G.O. Improvement Bond	528 2025A G.O. Improvement Bond	Total
$ 170,000	$ 38,873	$ -	$ 96,238	$ -	$ 827,845
44,522	-	-	44,114	174,763	312,099
5,234	-	17,296	1,108	992	76,129
-	-	-	-	-	49,477
219,756	38,873	17,296	141,460	175,755	1,265,550
145,000	70,000	-	-	-	1,148,210
43,128	107,560	172,398	40,857	-	517,709
188,128	177,560	172,398	40,857	-	1,665,919
31,628	(138,687)	(155,102)	100,603	175,755	(400,369)
-	-	-	-	101,527	101,527
-	131,646	-	-	-	489,866
-	131,646	-	-	101,527	591,393
31,628	(7,041)	(155,102)	100,603	277,282	191,024
259,514	(152,727)	603,523	5,194	-	2,762,153
$ 291,142	$ (159,768)	$ 448,421	$ 105,797	$ 277,282	$ 2,953,177

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OTHER REQUIRED REPORTS

CITY OF NORWOOD YOUNG AMERICA
NORWOOD YOUNG AMERICA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwood Young America, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 6, 2026.

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

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

Abdo
Minneapolis, Minnesota
May 6, 2026

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Norwood Young America, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 6, 2026.

Internal Control Over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and response as finding 2025-001 & 2025-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The City's Responses to the Findings

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

Purpose of this Report

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

Abdo
Minneapolis, Minnesota
May 6, 2026

City of Norwood Young America, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2025

Finding	Description
2025-001	**Preparation of Financial Statements**
Condition:	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
Criteria:	Internal controls should be in place to ensure adequate internal control over and the reliability of financial records and reporting.
Cause:	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
Effect:	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
Recommendation:	Under these circumstances, the most effective controls lie in management's knowledge of the Organization's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from Banyon to the amounts reported in the financial statements.

Management Response:

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

Finding	Description
2025-002	**Limited Segregation of Duties**
Condition:	During our audit we reviewed procedures over cash disbursements, payroll, utility billing, financial reporting, and capital assets and found the City to have limited segregation of duties over those transaction cycles.
Criteria:	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
Cause:	As a result of the limited number of staff, in the disbursement cycle, the accountant has access to checks, ability to posts to the general ledger, and prepares bank reconciliations. In the payroll cycle, the Accountant has control over the checks, sets up employee records, posts to the general ledger. In the utility billing cycle, the City Council approves rates but the Accountant reconciles the amounts billed and collected in the system and posts to the general ledger. The majority of the collections of utility payments are now collected through Opus 21, however the Accountant is responsible for all the recording and reconciling. In the financial reporting and capital asset transaction cycles, the Accountant performs all of the duties.
Effect:	The existence of this limited segregation of duties increases the risk of fraud.
Recommendation:	While we recognize the number of staff is not large enough to eliminate this deficiency, we recommend that the City evaluate the current procedures and segregate duties where possible and implement any compensating controls. We are aware some compensating controls are in place; however, it is important that the City Council is aware of this condition and monitor all financial information.

Management Response:

Management recognizes that it is not economically feasible to correct this finding, however is aware of the deficiency and is relying on oversight by management and the City Council to monitor this deficiency.

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

KUTAKROCK

Kutak Rock LLP
60 South Sixth Street, Suite 3400, Minneapolis, MN 55402-4018
office 612.334.5000

$_____
City of Norwood Young America, Minnesota
General Obligation Improvement Refunding Bonds
Series 2026D

We have acted as bond counsel to the City of Norwood Young America, Minnesota (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Improvement Refunding Bonds, Series 2026D (the "Bonds"), originally dated December 3, 2026, and issued in the original aggregate principal amount of $_____. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

2. The principal of and interest on the Bonds are payable in part from special assessments levied or to be levied on property specially benefited by local improvements and in part from ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions set forth in the preceding sentences 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 the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactively to the date of issuance of the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations and such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

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

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

Dated December ___, 2026 at Minneapolis, Minnesota.

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 CERTIFICATE

(See following pages)

$_____
City of Norwood Young America, Minnesota
General Obligation Improvement Refunding Bonds
Series 2026D

CONTINUING DISCLOSURE CERTIFICATE

December ___, 2026

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Norwood Young America, Minnesota (the "Issuer") in connection with the issuance of its General Obligation Improvement Refunding Bonds, Series 2026D (the "Bonds"), in the original aggregate principal amount of $_____. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the "Resolutions"). The Bonds are being delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

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

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

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

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

"Bonds" means the General Obligation Improvement Refunding Bonds, Series 2026D, issued by the Issuer in the original aggregate principal amount of $_____.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

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

"Final Official Statement" means the deemed Final Official Statement, dated November ___, 2026, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

"GASB" means the Governmental Accounting Standards Board.

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

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

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

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

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

"Purchaser" means _____.

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

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

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

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

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2026, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

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

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

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. U.S. Census Data/Population Trend
5. Employment/Unemployment Data

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF NORWOOD YOUNG AMERICA, MINNESOTA

_____
Mayor

(SEAL)

_____
City Administrator

(Signature page to the Continuing Disclosure Certificate for the General Obligation Improvement Refunding Bonds, Series 2026D)

APPENDIX E

TERMS OF PROPOSAL

$2,240,000* GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES 2026D
CITY OF NORWOOD YOUNG AMERICA, MINNESOTA

Proposals for the purchase of $2,240,000* General Obligation Improvement Refunding Bonds, Series 2026D (the "Bonds") of the City of Norwood Young America, 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 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M., Central Time, on November 9, 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 429 and 475, as amended, and Minnesota Statutes, Section 475.67, as amended, by the City, for the purpose of effecting a current refunding of certain outstanding general obligations of 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 December 3, 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	$160,000	2032	$205,000	2036	$240,000
2029	180,000	2033	215,000	2037	405,000
2030	190,000	2034	220,000		
2031	195,000	2035	230,000		

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, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 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 December 3, 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 MATTERS

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kutak Rock 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.

Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the Form of Legal Opinion found in APPENDIX B) and has not performed any investigation as to its accuracy, completeness, or sufficiency. Bond Counsel has not examined or verified, nor attempted to examine or verify, any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

SUBMISSION OF PROPOSALS

Proposals must not be for less than $2,213,120 plus accrued interest on the principal sum of $2,240,000 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 10:30 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 $44,800 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CONTINUING DISCLOSURE

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

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate 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 Norwood Young America, Minnesota

PROPOSAL FORM

The City Council **November 9, 2026**
City of Norwood Young America, Minnesota (the "City")

RE: $2,240,000* General Obligation Improvement Refunding Bonds, Series 2026D (the "Bonds")
DATED: December 3, 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 $2,213,120) 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	2032	_____	% due	2036
_____	% due	2029	_____	% due	2033	_____	% due	2037
_____	% due	2030	_____	% due	2034			
_____	% due	2031	_____	% due	2035			

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 $44,800 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 December 3, 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 December 3, 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 Norwood Young America, Minnesota, on November 9, 2026.

By: _____ By: _____

Title: _____ Title: _____