

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 19, 2026

NEW ISSUE
BANK QUALIFIED

BOOK ENTRY ONLY
S&P'S RATING "AA+"

In the opinion of Kutak Rock LLP, Bond Counsel, 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 is excludable from gross income for federal income tax purposes and is not a preference item for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is exempt from State of Minnesota income tax, to the same extent as set forth in the preceding sentence with respect to federal income tax, and is not a specific preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The City has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986. For a more detailed description of such opinions of Bond Counsel, see "Tax Matters" herein.

CITY OF CHAMPLIN, MINNESOTA \$4,110,000* General Obligation Improvement and Utility Bonds, Series 2026A

**Dated Date: Date of Delivery (Estimated to be November 19, 2026) Interest Due: Each February 1 and August 1
Commencing August 1, 2027**

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2028	\$175,000	_____ %	_____ %	_____	2/1/2036	\$285,000	_____ %	_____ %	_____
2/1/2029	215,000	_____	_____	_____	2/1/2037	290,000	_____	_____	_____
2/1/2030	225,000	_____	_____	_____	2/1/2038	305,000	_____	_____	_____
2/1/2031	230,000	_____	_____	_____	2/1/2039	320,000	_____	_____	_____
2/1/2032	240,000	_____	_____	_____	2/1/2040	330,000	_____	_____	_____
2/1/2033	255,000	_____	_____	_____	2/1/2041	345,000	_____	_____	_____
2/1/2034	260,000	_____	_____	_____	2/1/2042	365,000	_____	_____	_____
2/1/2035	270,000	_____	_____	_____					

The General Obligation Improvement and Utility Bonds, Series 2026A (the "Bonds" or the "Issue") are being issued by the City of Champlin, Minnesota (the "City" or the "Issuer"), pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended. Proceeds of the Bonds will be used to finance street improvement projects, stormwater improvements and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the City and are payable from net revenues of the City's storm water utility, special assessments levied against benefitted properties, and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the debt service account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See *Security/Sources and Uses of Funds* herein for additional information.

The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2028. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2027. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. The Paying Agent/Registrar will be Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, Minnesota.

Proposals: Monday, October 26, 2026 10:00 A.M., Central Time

Award: Monday, October 26, 2026 6:00 P.M., Central Time

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$4,064,790 (98.90%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. A Good Faith Deposit (the "Deposit") in the amount of \$82,200, in the form of a federal wire transfer payable to the order of the City, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

* Preliminary, subject to change.



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The Bonds are offered, subject to prior sale when, as and if accepted by the underwriter(s) named on the front cover of this official statement and subject to an opinion as to validity of the Bonds by Bond Counsel. Subject to applicable securities laws and prevailing market conditions, the underwriter(s) intends, but is not obligated, to effect secondary market trading for the Bonds. Closing Date is estimated to be November 19, 2026.

No person has been authorized to give any information or to make any representations other than those contained in this official statement in connection with the offers made hereby, and if given or made, such information or representations must not be relied upon as having been authorized by the Issuer or the underwriter(s). This official statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person makes such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the underwriter(s). Neither the delivery of this official statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Within the meaning of Securities and Exchanges Commission Rule 15c2-12, the information included in the preliminary official statement is deemed final by the Issuer as of its date and is accurate and complete in all material respects, except for the omission of the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), other terms of the issue depending on such matters, and the identity of the underwriter(s).

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

The Bonds are considered securities and have not been approved or disapproved by the Securities and Exchange Commission or any state or federal regulatory authority nor has any state or federal regulatory authority confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary may be a criminal offense. Investors must rely on their own examination of this Official Statement, the security pledged to repay the Bonds, the Issuer and the merits and risks of the investment opportunity.

FORWARD-LOOKING STATEMENTS

This Official Statement, including its appendices, contains statements which should be considered "forward-looking statements," meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as "plan," "expect," "estimate," "budget," "may," or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause a deviation from the actual results, performance or achievements expressed or implied by such forward-looking statements. The Issuer does not expect or intend to update or revise any forward-looking statements contained herein if or when its expectations, or events, conditions, or circumstances on which such statements are based occur.

SUMMARY OF OFFERING

City of Champlin, Minnesota

\$4,110,000 *

General Obligation Improvement and Utility Bonds, Series 2026A

(Book-Entry Only)

AMOUNT -	\$4,110,000*																																
ISSUER -	City of Champlin, Minnesota (the “City” or the “Issuer”)																																
AWARD DATE -	October 26, 2026																																
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920																																
TYPE OF ISSUE -	General Obligation Improvement and Utility Bonds, Series 2026A (the “Bonds” or the “Issue”)																																
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Improvement and Utility Bonds, Series 2026A (the “Bonds”) are being issued by the City of Champlin, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended. Proceeds of the Bonds will be used to finance street improvement projects, stormwater improvements and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from net revenues of the City's storm water utility, special assessments levied against benefitted properties, and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the debt service account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																																
DATE OF ISSUE -	Date of Delivery (Estimated to be November 19, 2026)																																
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing August 1, 2027, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).																																
MATURITIES* -	<table><tr><td>2/1/2028</td><td>\$175,000</td><td>2/1/2032</td><td>\$240,000</td><td>2/1/2036</td><td>\$285,000</td><td>2/1/2040</td><td>\$330,000</td></tr><tr><td>2/1/2029</td><td>215,000</td><td>2/1/2033</td><td>255,000</td><td>2/1/2037</td><td>290,000</td><td>2/1/2041</td><td>345,000</td></tr><tr><td>2/1/2030</td><td>235,000</td><td>2/1/2034</td><td>260,000</td><td>2/1/2038</td><td>305,000</td><td>2/1/2042</td><td>365,000</td></tr><tr><td>2/1/2031</td><td>230,000</td><td>2/1/2035</td><td>270,000</td><td>2/1/2039</td><td>320,000</td><td></td><td></td></tr></table>	2/1/2028	\$175,000	2/1/2032	\$240,000	2/1/2036	\$285,000	2/1/2040	\$330,000	2/1/2029	215,000	2/1/2033	255,000	2/1/2037	290,000	2/1/2041	345,000	2/1/2030	235,000	2/1/2034	260,000	2/1/2038	305,000	2/1/2042	365,000	2/1/2031	230,000	2/1/2035	270,000	2/1/2039	320,000		
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2/1/2031	230,000	2/1/2035	270,000	2/1/2039	320,000																												
REDEMPTION -	The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.																																
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.																																
PAYING AGENT/REGISTRAR -	Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, Minnesota																																
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”). <u>Bank Qualified Tax-Exempt Obligations</u> - The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.																																
LEGAL OPINION -	Kutak Rock LLP, Minneapolis, Minnesota (“Bond Counsel”)																																
BOND RATING -	The City applied for an underlying rating from S&P Global Ratings (“S&P”). See <i>Bond Rating</i> herein for additional information.																																
CLOSING -	Estimated to be November 19, 2026																																
PRIMARY CONTACTS -	Jenny Max, City Administrator, City of Champlin, Minnesota 763-923-7110 Korrie Johnson, Finance Director, City of Champlin, Minnesota 763-923-7107 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964 Jessica Green, Managing Director, Northland Securities, Inc., 612-851-5930																																

* Preliminary, subject to change.

CITY OF CHAMPLIN, MINNESOTA

PRINCIPAL CITY OFFICIALS

Elected Officials

Name

Ryan Sabas

Jessica Tesdall

Tom Moe

Rachel Wales

Lorraine Coan

City Council

Position

Mayor

Council Member

Council Member

Council Member

Council Member (Appointed)

Term Expires

12/31/2026

12/31/2026

12/31/2026

12/31/2028

12/31/2026

Primary Contacts

Jenny Max

City Administrator

Korrie Johnson

Finance and Administrative Services Director

BOND COUNSEL

Kutak Rock LLP
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

\$4,110,000*

GENERAL OBLIGATION IMPROVEMENT AND UTILITY BONDS, SERIES 2026A

CITY OF CHAMPLIN, MINNESOTA
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE:

Proposals (also referred to herein as "bids") will be opened by the City's Administrator, or designee, on Monday, October 26, 2026, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the City's "Municipal Advisor"), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Monday, October 26, 2026 at 6:00 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:00 A.M., CT, on Monday, October 26, 2026. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:00 A.M., CT, 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™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

Neither the City nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

BOOK-ENTRY SYSTEM

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the City through Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, Minnesota (the "Paying Agent/Registrar"), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC. The City will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be November 19, 2026)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 475, 444, and 429, as amended. Proceeds will be used to finance street improvement projects, finance stormwater improvements and to pay costs associated with the issuance of the Bonds. The Bonds are payable from net revenues of the City's storm water utilities, special assessments levied against benefitted properties, and ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing August 1, 2027, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

MATURITIES

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$175,000	2033	\$255,000	2038	\$305,000
2029	215,000	2034	260,000	2039	320,000
2030	225,000	2035	270,000	2040	330,000
2031	230,000	2036	285,000	2041	345,000
2032	240,000	2037	290,000	2042	365,000

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.

INTEREST RATES

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* All Bonds of the same maturity must bear a single uniform rate from date of issue to maturity.

**ESTABLISHMENT OF ISSUE PRICE
(HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)**

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 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, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's Municipal Advisor and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

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 Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids 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 cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the City shall promptly so advise the winning bidder. The City may then determine to treat the initial offering price to the public as of the award date of the Bonds as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the "Hold-the-Offering-Price Rule"). Bids will **not** be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to the Bonds. **Bidders should prepare their bids on the assumption that the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.**

By submitting a bid, 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 bid 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 award date for the Bonds and ending on the **earlier** of the following:

- (1) the close of the fifth (5th) business day after the award date; or
- (2) the date on which the underwriters have sold at least 10% of a maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the "10% Test"), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter 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 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 a 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 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 if applicable to the Bonds.

By submitting a bid, 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 a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) 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 (C) 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, 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 or 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 retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

Notes: 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 such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) "public" means any person other than an underwriter or a related party,*
- (2) "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).*
- (3) 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 or 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 or 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*
- (4) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.*

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the City and shall be at the sole discretion of the City. The successful bidder may not withdraw or modify its Proposal once submitted to the City for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

OPTIONAL REDEMPTION

Bonds maturing on and after February 1, 2035 are subject to redemption and prepayment at the option of the City on February 1, 2034 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

DELIVERY

Delivery of the Bonds will be within thirty days after award, subject to an approving legal opinion by Kutak Rock LLP, Bond Counsel. The legal opinion will be paid by the City and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

TYPE OF PROPOSAL

Proposals of not less than \$4,064,790 (98.90%) and accrued interest on the principal sum of \$4,110,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Jenny Max, City Administrator
11955 Champlin Drive
Champlin, MN 55316

A good faith deposit (the "Deposit") in the amount of \$82,200 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The City will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the City. 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 on the basis of 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 will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the City determines to have failed to comply with the terms herein.

INFORMATION FROM SUCCESSFUL BIDDER

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

OFFICIAL STATEMENT

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

FULL CONTINUING DISCLOSURE UNDERTAKING

The City will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the City, and notices of certain material events, as required by SEC Rule 15c2-12.

BANK QUALIFIED

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.

BOND INSURANCE AT UNDERWRITER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The City reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: August 10, 2026

BY ORDER OF THE CHAMPLIN CITY COUNCIL

/s/Jenny Max
City Administrator

Additional information may be obtained from:
Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Telephone No.: 612-851-5900

(ISSUE PRICE CERTIFICATE – HOLD THE PRICE)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[UNDERWRITER]”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Initial Offering Price of the Bonds.

(a) [UNDERWRITER] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. Defined Terms.

(a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____), or (ii) the date on which [UNDERWRITER] has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means the City of Lake Elmo, Minnesota.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [UNDERWRITER] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: _____, 2026

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [UNDERWRITER] to purchase the Bonds.

(b) [UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) ***Sale Date*** means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____.

(d) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: _____, 2026

AUTHORITY AND PURPOSE

The General Obligation Improvement and Utility Bonds, Series 2026A (the “Bonds” or the “Issue”) are being issued by the City of Champlin, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended. Proceeds from issuance of the Bonds will be used to finance street improvement projects, stormwater improvements and to pay costs associated with issuance of the Bonds.

SECURITY/SOURCES AND USES OF FUNDS

Security

The Bonds are valid and binding general obligations of the City and are payable from net revenues of the City's storm water utility, special assessments levied against benefitted properties, and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the debt service account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount.

Sources and Uses of Funds

Following are the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount of Bonds	\$ 4,110,000*
Total Sources of Funds:	<u>\$ 4,110,000</u>

Uses of Funds

Deposit to Project Fund	\$ 3,987,500
Costs of Issuance/Underwriter's Discount	118,428
Rounding Amount	<u>4,072</u>
Total Uses of Funds:	<u>\$ 4,110,000</u>

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, any secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

S&P Global Ratings has assigned a rating of “___” to the Bonds. 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 the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

* Preliminary, subject to change.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Tax Exemption, Bank Qualification and Loss of Tax Exemption

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and post-issuance tax covenants of the Issuer may result in the inclusion of interest on the Bonds in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

The Bonds are designated as “qualified tax-exempt obligations” under the exception provided in Section 265(b)(3) of the Code, and the Issuer has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the Issuer in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset.

Pending Federal and State Tax Legislation

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Factors Beyond Issuer's Control

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the Issuer, 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 governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Summary

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 become thoroughly familiar with this entire Official Statement and the Appendices hereto.

DESCRIPTION OF THE BONDS

Details of Certain Terms

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be November 19, 2026), and will be issued as fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2028. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing August 1, 2027. The Bonds when issued, will be registered in the name of Cede & Co. (the "Registered Holder"), as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder of the Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof ("Authorized Denominations"). Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").

Registration, Transfer and Exchange

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Bonds may be transferred upon surrender of the Bonds at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Bonds, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Bonds of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Bonds being exchanged. The Bond Registrar will require the payment by the Bond holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of a particular stated maturity for redemption in accordance with the provisions of the Bond resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Bonds or portion thereof selected for redemption.

Optional Redemption

The Bonds maturing on February 1, 2035 and thereafter are subject to redemption, in whole or in part, on February 1, 2034 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the City. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

Book-Entry System

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

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 and www.dtcc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or 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 Bonds 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.

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

DTC may discontinue providing its services as depository with respect to the Bonds 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, certificates for the Bonds are required to be printed and delivered.

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

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

FULL CONTINUING DISCLOSURE

In order to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to a resolution awarding the Issue and a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the City on or before Bond closing, the City has and will covenant for the benefit of holders of the Bonds to annually provide certain financial and operating data, relating to the City to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the

annual report or the notices of material events is set forth in the Continuing Disclosure Certificate in substantially the form attached hereto as Appendix B.

To the best of its knowledge, the City has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events within the past five years. A failure by the City to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Certificate* herein for additional information.

The City has implemented disclosure policies and procedures to be followed by the City in relation to the financial disclosures and reportable events for which the City must provide notice to the MSRB's Electronic Municipal Market Access system. The City has retained a Dissemination Agent for its continuing disclosure filings.

UNDERWRITER

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price of \$_____, which is the par amount of the Bonds of \$_____ less the Underwriter's discount of \$_____, plus the original issue premium of \$_____.

MUNICIPAL ADVISOR

The City has retained Northland Securities, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. Northland Securities, Inc. is registered as a municipal advisor with both the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources that have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

Northland Securities, Inc., is a subsidiary of Northland Capital Holdings, Inc. First National of Nebraska, Inc., is the parent company of Northland Capital Holdings, Inc. and First National Bank of Omaha.

FUTURE FINANCING

The City does not anticipate the need to issue any additional general obligation debt within the next three months.

BOND RATING

The City applied for an underlying rating from S&P Global Ratings ("S&P"). No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of S&P and any explanation of the significance of this rating may be obtained only from S&P. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of S&P, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

LITIGATION

As of the date of this Official Statement, the City is not aware of any threatened or pending litigation that questions the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

CERTIFICATION

The City will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any

untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The City has always promptly met all payments of principal and interest on its indebtedness when due.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Kutak Rock LLP, Minneapolis, Minnesota ("Bond Counsel") as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto.

TAX MATTERS

General Matters

In the opinion of 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 Bonds)] 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. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of 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 retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, to the same extent as set forth in the preceding sentence with respect to federal income tax, and is not a specific preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Minnesota or any other state or jurisdiction.

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 as Appendix A.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside 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, as shown on the inside 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 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 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.

CITY OF CHAMPLIN, MINNESOTA

GENERAL INFORMATION

Location and Access

The City of Champlin, situated in northern Hennepin County, is located approximately 18 miles northwest of Minneapolis and is part of the Twin Cities Metropolitan Area. Access is provided via U.S. Highway 169 as well as numerous County Roads. Interstate Highways 94 and 694 are approximately five and seven miles south of the City, respectively.

Population

2000 Census	22,184	2020 Census	23,919
2010 Census	23,089	2026 City Estimate*	24,125

Labor Force Data¹

Comparative average labor force and unemployment rate figures for April 2026 and year-end 2025 are listed below. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	April 2026		2025	
	<u>Civilian</u> <u>Labor Force</u>	<u>Unemployment</u> <u>Rate</u>	<u>Civilian</u> <u>Labor Force</u>	<u>Unemployment</u> <u>Rate</u>
Hennepin County	715,131	3.6%	722,311	3.7%
Minneapolis-St. Paul- Bloomington MSA	2,070,861	3.8	2,092,254	4.0
Minnesota	3,129,892	4.0	3,157,448	4.3

Income Data²

Comparative income levels are listed below for the City, the State of Minnesota and the United States.

	<u>City of Champlin</u>	<u>State of Minnesota</u>	<u>United States</u>
Median Family Income	\$121,443	\$113,993	\$99,999
Per Capita Income	49,956	48,237	44,673

City Government

Champlin, founded in 1852 and incorporated as a City in 1971, is a Minnesota Statutory City with an Optional Plan A form of government. It has a mayor elected at large for a two-year term and four council members elected by geographic wards for four-year terms. The City employs regular full-time, part-time, and seasonal staff. In addition, municipal fire protection is provided through a partnership with the Anoka-Champlin Fire Department, which utilizes a combination of full-time staff and paid-on-call firefighters. The City hires seasonal staff to support public works, utilities, parks maintenance and recreation activities. The professional leadership staff is appointed and consists of a City Administrator, Finance and Administrative Services Director, City Engineer, Community Development Director, Public Works Director, Parks & Recreation Director and Police Chief.

Municipal Enterprise Services

Municipal enterprise services provided by the City include the water utility system, the sewer utility system, and the storm water system.

* Provided by the City

¹ Source: Minnesota Department of Employment and Economic Development.

² Source: 2020-2024 American Community Survey, U.S. Census Bureau.

Bargaining Units/Labor Contracts

The labor unions representing certain City employee groups are shown below.

<u>Employee Group</u>	<u>Union</u>	<u>Contract Expiration Date</u>
Public Works & Utilities	Teamsters	12/31/2026
Police Officers	LELS	12/31/2026
Sergeants	LELS	12/31/2026
Office Staff	AFSME	12/31/2027

Employee Pension Programs

The City employs a total of 105 people, 84 full-time, 9 part-time, and 12 seasonal. The pension plan covers all eligible full and part-time employees.

The City participates in the General Employees Retirement Plan (General Plan) and the Public Employees Police and Fire Retirement Plan (Police and Fire Plan). The plans are 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.

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 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 were equal to the required contributions as set by state statute.

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

Other Postemployment Benefits (OPEB)

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The OPEB plan issues a separate report that includes required supplementary information and trend information. This report can be obtained from the Finance Director at 11955 Champlin Drive, Champlin, MN 55316. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75.

Changes in the City's net OPEB liability for the year ended December 31, 2025 are as follows:

Balances at January 1, 2025	<u>\$ 1,414,114</u>
Changes for the year:	
Service Cost	\$ 59,183
Interest Cost	52,413
Assumption Changes	(74,431)
Differences between expected and actual experience	508,979
Benefit Payments	<u>(114,507)</u>
Total Net Changes	431,637
Balances at December 31, 2025	<u>\$ 1,845,751</u>

Estimated Cash/Investment Balances as of July 16, 2026 (unaudited)*Fund Name*

General Fund	\$6,495,692
Special Revenue Funds	4,902,772
Debt Service Funds	1,341,453
Capital Projects Funds	41,100,234
Enterprise Funds	28,187,668
Internal Service Fund	<u>1,246,256</u>

Total Estimated Cash/Investment Balances	<u>\$83,274,075</u>
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General Fund Budget Summary

	<u>2025 Budget</u>	<u>2025 Actual</u>	<u>2026 Budget</u>
Revenues:			
Property Taxes	\$15,083,400	\$14,969,620	\$16,161,000
Special Assessments	0	14,697	0
Licenses and Permits	420,000	836,508	559,100
Intergovernmental Revenue	461,200	537,690	487,300
Charges for Services	1,225,600	1,374,044	1,198,100
Fines and Forfeits	160,000	234,903	160,000
Investment Income	40,000	271,548	120,000
Miscellaneous	209,900	412,478	242,800
Transfers In	<u>338,500</u>	<u>338,500</u>	<u>346,600</u>
Total Revenues	\$17,938,600	\$18,989,988	\$19,274,900
Expenditures:			
General Government	\$1,837,400	\$1,896,402	\$1,763,400
Public Safety	7,708,800	7,346,152	8,270,800
Public Works	3,053,400	2,693,092	3,281,300
Contingency	478,400	425,211	250,000
Culture and Recreation	1,399,700	1,302,438	1,419,900
Transfers Out	<u>3,431,900</u>	<u>3,431,900</u>	<u>4,289,500</u>
Total Expenditures	\$17,909,600	\$17,095,195	\$19,274,900

Residential Development

There are 9,233 households located within the City as of January 2026. Residential development for the years 2023 through 2026 is provided below.

<u>Subdivision Name</u>	<u>Year Constructed</u>	<u>Total Lots/Units</u>	<u>Vacant Lots/Units</u>	<u>Status (% Developed)</u>
Oaks at Bauer Farm	2023	15	19	80%
Oaks at Bauer Farm	2024	16	3	97
Oaks at Bauer Farm	2025	3	0	100

Industrial Parks

The City has 3 industrial parks totaling approximately 63.5 acres. Currently there are 13 enterprises occupying the parks, the larger of which include Cardinal Health.

Commercial/Industrial Development

Building construction and commercial/industrial development completed within the past three years and a portion of 2026 has been as follows:

<u>Name</u>	<u>Product/Service</u>	<u>Description of Construction</u>	<u>Year</u>
Twin City Twisters	Gymnastics	30,000 sq. ft. building	2023
Jensen's Market	Grocery	10,000 sq. ft. building	2023
Lightbridge Academy	Day Care	12,000 sq. ft. building	2024
Riverway Church	Church	40,000 sq. ft. building	2024
Char Blu Riverside	Restaurant	12,000 sq. ft. building	2025

Building Permits

Building permits issued for the past five years and a portion of the current year have been as follows:

<u>Year</u>	<u>Commercial/ Industrial Number of Permits</u>	<u>Residential Number of Permits</u>	<u>Total Number of Permits</u>	<u>Total Permit Valuation</u>
2026 (as of 07/15/26)	17	330	347	\$3,921,453
2025	21	924	945	11,905,516
2024	37	1278	1315	23,199,771
2023	20	1253	1273	26,879,993
2022	26	892	918	25,313,322
2021	30	735	765	30,640,887

Banking/Financial Institutions

Banking and financial services providers with branch offices located within the City include: CorTrust Bank National Association, Granite Bank, JP Morgan Chase Bank National Association, PrinsBank, and Wells Fargo Bank National Association.

Education

Champlin is served primarily by Anoka-Hennepin School District 11. Within the City limits, the Anoka-Hennepin district operates two elementary schools, grades early childhood through five; one middle school, grades six through eight; and a senior high school, grades nine through twelve.

Major Employers¹

Following are some of the major employers within the City:

<u>Employer Name</u>	<u>Product/Service</u>	<u>Number of Employees²</u>
ISD No. 11, Anoka-Hennepin	Public Education	450
Lifetime Fitness	Health Club	200
Neitz Electric	Electric Contractor	200
First Student Training Center	School Bus	200
City of Champlin	City Government	105
Cub Foods	Grocery Store	100
Cardinal Health	Health Care	85
Edina Realty Inc	Real Estate	80
Crown Equipment Corp	Industrial Equipment	73
Gracewood	Assisted Living	63

Largest Taxpayers³

Following are ten of the largest taxpayers within the City:

<u>Name</u>	<u>Classification</u>	<u>2025/2026 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$39,329,804)⁴</u>
MC Housing LLC	Apartment	\$ 665,075	1.69%
OIRE Minnesota LLC	Industrial	416,792	1.06
9000 109 th North Owner LLC	Industrial	387,810	0.99
Opus Properties LLC	Industrial	362,836	0.92
Eagle Partners IV LLC	Industrial	320,610	0.82
Target Corporation	Commercial	256,790	0.65
GKI Industrial MPLS LLC	Industrial	206,950	0.53
Amira Choice Champlin LLC	Apartment	200,000	0.51
Lock One Investments LLC	Industrial	165,570	0.42
Engelsma Ltd Partnership	Commercial	160,930	0.41
		<u>\$ 3,143,363</u>	<u>7.99%</u>

(Remainder of page intentionally left blank)

¹ Source: The City and Data Axle Reference Solutions.

² Includes full-time, part-time, and seasonal employees.

³ As reported by Hennepin County.

⁴ Before tax increment adjustment.

MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value

State Law defines the “market value” of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's-length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called “estimated market value”. This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five years.

Taxable Market Value

The “taxable market value” is the amount used for calculating property taxes. The taxable market value may differ from the estimated market value due to the application of special programs that exclude value from taxation. These programs currently include, but are not limited to, Homestead Market Value Exclusion and Green Acres.

Market Value Exclusion

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For a homestead valued at \$95,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$38,000 at \$95,000 of market value. For a homestead valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus nine percent of the valuation over \$95,000. For a homestead valued at \$517,200 or more, there is no valuation exclusion.

Sales Ratio

The Minnesota Department of Revenue conducts the Assessment Sales Ratio Study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the state. There are three different sales ratio studies that cover three distinct time periods. The 12-month study includes sales that occur from October 1st of a given year to September 30th of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the sales ratio used to calculate indicated and economic market values.

Economic and Indicated Market Value

“Economic market value” and “indicated market value” reflect adjustments made to account for the effects of the sales ratio. The economic market value is determined by dividing the estimated market value of the jurisdiction by the sales ratio. Economic market value provides an estimation of the full value of property if it were valued at 100% of its value in the marketplace (prior to the application of legislatively mandated exclusions). The indicated market value is determined by dividing the taxable market value of the jurisdiction by the sales ratio. This value represents an estimation of the “full value” of property for taxation, after the deduction of legislative exclusions.

Net Tax Capacity

Property taxes are calculated on the basis of the “net tax capacity value”. Net tax capacity is calculated by multiplying the taxable market value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revisions by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

Tax Cycle

Minnesota local government ad valorem property taxes are extended and collected by the various counties within the state. The process begins in the fall of every year with the certification, to the county auditor, of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its net tax capacity. One percentage point of local tax rate represents one dollar of tax per \$100 net tax capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

Tax Levies for General Obligation Bonds (Minnesota Statutes, Section 475.61)

State Law requires the governing body of any municipality issuing general obligations, prior to delivery of the obligations, to levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full will, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, produce at least five percent in excess of the amount needed to meet the principal and interest payments on the obligations when due.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations.

The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected and remitted, and the amount therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the tax capacity value of taxable property in that part of the municipality located in the county bears to the tax capacity value of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of that levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

Levy Limits

The State Legislature periodically enacts limitations on the ability of cities and counties to levy property taxes. Levy limits were reenacted in 2013 and applied to all counties with a population over 5,000 and all cities with a population over 2,500 for taxes payable in 2014 only. Levies “to pay the costs of the principal and interest on bonded indebtedness” and “to provide for the bonded indebtedness portion of payments made to another political subdivision of the State of Minnesota” are designated special levies and can be levied in addition to the amount allowed by levy limitations.

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The following is a partial summary of these factors:

Property Tax Classifications

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2023/ 2024</u>	<u>2024/ 2025</u>	<u>2025/ 2026</u>
1a	<u>Residential Homestead</u> : First \$500,000	1.00%	1.00%	1.00%
	Over \$500,000	1.25	1.25	1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000 [†]	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$2,150,000	0.50		
	Over \$2,150,000	1.00		
	First \$3,500,000		.50	
	Over \$3,500,000		1.00	
	First \$3,800,000			.50
	Over \$3,800,000			1.00
2b	<u>Non-Homestead Rural Vacant Land</u> ¹	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000 [†]	1.50	1.50	1.50
	Over \$150,000 [†]	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	<u>Residential Non-Homestead</u> (Single Unit)			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial</u> [†] (Resort): First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(12)	<u>Seasonal Residential Recreational</u> [†]			
	Non-Commercial (Cabin): First \$500,000*	1.00	1.00	1.00
	Over \$500,000*	1.25	1.25	1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$100,000	.75	.25	.25
	Over \$100,000	.25	.25	.25

[†] Subject to the state general property tax.

* Exempt from referendum market value-based taxes.

¹ Homestead remainder & non-homestead; includes minor ancillary structures.

CITY OF CHAMPLIN, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION¹

Valuations

	<i>Estimated Market Value 2025/2026</i>	<i>Net Tax Capacity 2025/2026</i>
Real Property	\$ 3,713,081,400	\$ 39,109,214
Personal Property	11,254,500	220,590
Less Tax Increment Deduction	---	(1,192,658)
Fiscal Disparities ²	---	
(Contribution to Pool)	---	(2,337,547)
Distribution from Pool	---	<u>4,999,225</u>
Total Adjusted Valuation	<u>\$ 3,724,335,900</u>	<u>\$ 40,798,824</u>

Valuation Trends (Real and Personal Property)

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
2025/2026	\$3,919,364,298	95.08%	\$3,724,335,900	\$3,604,468,932	\$39,329,804	\$40,798,824
2024/2025	3,842,092,392	96.24	3,696,330,600	3,579,594,570	39,028,172	40,632,932
2023/2024	3,803,881,149	96.62	3,670,157,800	3,611,010,953	39,373,700	40,458,839
2022/2023	3,608,179,131	95.63	3,443,604,200	3,378,957,513	36,630,735	37,873,681
2021/2022	3,160,301,923	89.65	2,832,688,600	2,738,593,539	29,800,733	32,006,834

Breakdown of Valuations

2025/2026 Tax Capacity, Real and Personal Property (before tax increment and fiscal disparities adjustments):

Residential Homestead	\$ 31,586,056	80.31%
Commercial & Industrial	5,767,188	14.66
Residential Non-Homestead	1,607,388	4.09
Seasonal/Recreational	148,582	0.38
Personal Property	<u>220,590</u>	<u>0.56</u>
Totals:	<u>\$ 39,329,804</u>	<u>100.00%</u>

¹ Property valuations, tax rates, and tax levies and collections are provided by Hennepin County. Economic market value and sales ratio are provided by the Minnesota Department of Revenue.

² Fiscal Disparities Law

The 1971 Legislature enacted a "fiscal disparities law" which allows all the Twin City Metropolitan Area Municipalities to share in commercial/industrial growth, regardless of where the growth occurred geographically. Forty percent (40%) of every metropolitan municipality's growth in commercial/industrial assessed valuation is pooled then redistributed to all municipalities on the basis of population and per capita valuation *after* the tax increment and fiscal disparity adjustments.

Tax Capacity Rates

Tax capacity rates for a City resident for the past five-assessable/collection years have been as follows:

<i>Levy Year/ Collection Year</i>	<i>2021/22 Tax Capacity Rates</i>	<i>2022/23 Tax Capacity Rates</i>	<i>2023/24 Tax Capacity Rates</i>	<i>2024/25 Tax Capacity Rates</i>	<i>2025/26 Tax Capacity Rates</i>
Hennepin County	38.535%	34.542%	34.681%	37.081%	39.242%
City of Champlin	40.628	36.656	38.766	42.081	44.708
ISD No. 11 (Anoka-Hennepin)	16.341	13.671	13.592	13.598	13.028
Metro Mosquito	0.377	0.331	0.312	0.328	0.333
Metro Council	0.659	0.576	0.614	0.567	0.598
Metro Transit	1.204	1.066	0.927	1.134	0.987
Three Rivers Park District	2.787	2.473	2.399	2.471	2.529
Park Museum	0.722	0.647	0.694	0.744	0.731
HCRRA	1.329	1.188	1.153	1.205	1.177
Hennepin HRA	<u>0.771</u>	<u>0.663</u>	<u>0.624</u>	<u>0.797</u>	<u>0.768</u>
Totals:	<u>103.353%</u>	<u>91.813%</u>	<u>93.762%</u>	<u>100.006%</u>	<u>104.101%</u>

Tax Levies and Collections¹

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 1/1/2026</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2025/2026	\$18,109,024		In Process of Collection		
2024/2025	16,876,231	\$16,792,793	99.51%	\$16,792,793	99.51%
2023/2024	15,580,828	15,509,244	99.54	15,549,033	99.80
2022/2023	14,042,174	13,982,342	99.57	14,028,753	99.90
2021/2022	13,005,706	12,971,502	99.74	13,000,693	99.96

¹ 2025/2026 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Hennepin County.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit¹

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

Computation of Legal Debt Margin as of October 2, 2026:

2025/2026 Estimated Market Value	\$ 3,724,335,900
Multiplied by 3%	<u>x .03</u>
Statutory Debt Limit	<u>\$ 111,730,077</u>
Less outstanding debt applicable to debt limit:	
\$4,235,000 G.O. Capital Improvement Plan Refunding Bonds, Series 2013A	\$ 465,000
\$8,690,000 G.O. Improvement, Equipment and Utility Bonds, Series 2020A	1,035,000
\$1,860,000 General Obligation Equipment and Utility Revenue Bonds, Series 2024A	<u>395,000</u>
Total Debt applicable to debt limit:	\$ 1,895,000
Legal debt margin	<u>\$ 109,835,077</u>

¹ Effective June 2, 1997 and pursuant to Minnesota Statutes 465.71, any lease revenue or public project revenue bond issues/agreements of \$1,000,000 or more are subject to the statutory debt limit. Lease revenue or public project revenue bond issues/agreements less than \$1,000,000 are not subject to the statutory debt limit.

CITY OF CHAMPLIN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of October 2, 2026)

Purpose:	G.O. Capital Improvement Plan Refunding Bonds, Series 2013A	G.O. Improvement, Equipment and Utility Bonds, Series 2020A	G.O. Equipment and Utility Revenue Bonds, Series 2024A			
Dated:	06/20/13	09/01/20	03/20/24			
Original Amount:	\$4,235,000	\$1,475,000	\$430,000			
Maturity:	1-Feb	1-Feb	1-Feb	TOTAL	TOTAL	
Interest Rates:	2.00-2.50%	1.00-2.00%	4.00%	PRINCIPAL:	PRIN & INT:	
2026	\$0	\$0	\$0	\$0	\$0	2026
2027	465,000	95,000	40,000	600,000	636,258	2027
2028	0	95,000	40,000	135,000	161,945	2028
2029	0	100,000	40,000	140,000	163,395	2029
2030	0	100,000	40,000	140,000	159,795	2030
2031	0	105,000	45,000	150,000	166,045	2031
2032	0	105,000	45,000	150,000	162,670	2032
2033	0	105,000	45,000	150,000	159,768	2033
2034	0	110,000	50,000	160,000	166,630	2034
2035	0	110,000	50,000	160,000	163,255	2035
2036	0	110,000	0	110,000	110,770	2036
	\$465,000	\$1,035,000	\$395,000	\$1,895,000	\$2,050,531	
		(1)	(2)			

NOTE: 94% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

(1) This schedule represents a portion of the \$8,690,000 General Obligation Improvement, Equipment, and Utility Bonds, Series 2020A, dated September 1, 2020, consisting of \$4,810,000 backed by special assessments, \$1,475,000 back by ad valorem taxes, and \$2,405,000 backed by net revenues of the municipal storm water utility system.

(2) This schedule represents a portion of the \$1,860,000 General Obligation Equipment, and Utility Bonds, Series 2024A, dated March 20, 2024, consisting of \$430,000 back by ad valorem taxes, and \$1,430,000 backed by net revenues of the municipal water and sewer utility systems.

CITY OF CHAMPLIN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of October 2, 2026, Plus a Portion of This Issue)

Purpose:	Portion of This Issue					
	G.O. Improvement, Equipment, and Utility Bonds, Series 2020A	G.O. Equipment and Utility Revenue Bonds, Series 2024A	G.O. Improvement and Utility Bonds, Series 2026A			
Dated:	09/01/20	03/20/24	11/19/26			
Original Amount:	\$2,405,000	\$1,430,000	\$1,430,000			
Maturity:	1-Feb	1-Feb	1-Feb			
Interest Rates:	1.00-2.00%	4.00%		TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
2026	\$0	\$0	\$0	\$0	\$0	2026
2027	155,000	125,000	0	280,000	396,827	2027
2028	160,000	130,000	60,000	350,000	475,423	2028
2029	160,000	135,000	75,000	370,000	484,541	2029
2030	165,000	140,000	80,000	385,000	488,020	2030
2031	170,000	145,000	80,000	395,000	486,050	2031
2032	170,000	150,000	85,000	405,000	484,505	2032
2033	175,000	155,000	90,000	420,000	488,223	2033
2034	175,000	160,000	90,000	425,000	481,355	2034
2035	175,000	170,000	95,000	440,000	483,821	2035
2036	180,000	0	100,000	280,000	313,975	2036
2037	0	0	100,000	100,000	128,465	2037
2038	0	0	105,000	105,000	129,005	2038
2039	0	0	110,000	110,000	129,220	2039
2040	0	0	115,000	115,000	129,100	2040
2041	0	0	120,000	120,000	128,665	2041
2042	0	0	125,000	125,000	127,938	2042
	\$1,685,000	\$1,310,000	\$1,430,000	\$4,425,000	\$5,355,132	
	(1)	(2)	(3)			

NOTE: 78% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.

- (1) This schedule represents a portion of the \$8,690,000 General Obligation Improvement, Equipment, and Utility Bonds, Series 2020A, dated September 1, 2020, consisting of \$4,810,000 backed by special assessments, \$1,475,000 back by ad valorem taxes, and \$2,405,000 backed by net revenues of the municipal storm water utility system.
- (2) This schedule represents a portion of the \$1,860,000 General Obligation Equipment, and Utility Bonds, Series 2024A, dated March 20, 2024, consisting of \$430,000 back by ad valorem taxes, and \$1,430,000 backed by net revenues of the municipal water and sewer utility systems.
- (3) This schedule represents a portion of the \$4,110,000 General Obligation Improvement and Utility Bonds, Series 2026A, dated November 19, 2026, consisting of \$2,680,000 back by special assessments, and \$1,430,000 backed by net revenues of the municipal storm water utility system.

CITY OF CHAMPLIN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS
(As of October 2, 2026, Plus a Portion of This Issue)

Purpose:	Portion of This Issue				
	G.O. Improvement, Equipment, and Utility Bonds, Series 2020A	G.O. Improvement Bonds, Series 2023A	G.O. Improvement and Utility Bonds, Series 2026A	TOTAL PRINCIPAL:	TOTAL PRIN & INT:
Dated:	09/01/20	05/16/23	11/19/26		
Original Amount:	\$4,810,000	\$5,970,000	\$2,580,000		
Maturity:	1-Feb	1-Feb	1-Feb		
Interest Rates:	1.00-2.00%	3.00-4.00%			
2026	\$0	\$0	\$0	\$0	\$0
2027	310,000	635,000	0	945,000	1,232,684
2028	315,000	640,000	115,000	1,070,000	1,357,488
2029	325,000	645,000	140,000	1,110,000	1,360,891
2030	330,000	240,000	145,000	715,000	936,546
2031	335,000	250,000	150,000	735,000	934,711
2032	345,000	255,000	155,000	755,000	935,091
2033	345,000	265,000	165,000	775,000	937,506
2034	350,000	275,000	170,000	795,000	938,791
2035	355,000	280,000	175,000	810,000	933,896
2036	360,000	290,000	185,000	835,000	937,508
2037	0	300,000	190,000	490,000	572,056
2038	0	310,000	200,000	510,000	572,702
2039	0	320,000	210,000	530,000	572,158
2040	0	0	215,000	215,000	241,688
2041	0	0	225,000	225,000	241,511
2042	0	0	240,000	240,000	245,640
	\$3,370,000	\$4,705,000	\$2,680,000	\$10,755,000	\$12,950,863
	(1)		(2)		

NOTE: 72% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.

- (1) This schedule represents a portion of the \$8,690,000 General Obligation Improvement, Equipment, and Utility Bonds, Series 2020A, dated September 1, 2020, consisting of \$4,810,000 backed by special assessments, \$1,475,000 back by ad valorem taxes, and \$2,405,000 backed by net revenues of the municipal storm water utility system.
- (2) This schedule represents a portion of the \$4,110,000 General Obligation Improvement and Utility Bonds, Series 2026A, dated November 19, 2026, consisting of \$2,680,000 back by special assessments, and \$1,430,000 backed by net revenues of the municipal storm water utility system.

Indirect Debt*

<u>Issuer</u>	<u>2025/2026 Tax Capacity Value⁽¹⁾</u>	<u>2025/2026 Tax Capacity Value in City⁽¹⁾</u>	<u>Percentage Applicable in City</u>	<u>Outstanding General Obligation Debt⁽²⁾</u>	<u>Taxpayers' Share of Debt</u>
Hennepin County	\$ 2,885,601,120	\$40,798,824	1.41%	\$1,222,750,000	\$ 17,240,775
Hennepin County Railroad Authority	2,885,601,120	40,798,824	1.41	71,980,000	1,014,918
ISD No. 11, Anoka- Hennepin	428,514,641	40,798,824	9.52	215,860,000	20,549,872
Three Rivers Park District	2,121,317,192	40,798,824	1.92	52,925,000	1,016,160
Metropolitan Council	6,503,726,905	40,798,824	.63	12,100,000 ⁽³⁾	76,230
Metro Transit	5,665,367,373	40,798,824	.72	223,650,000 ⁽⁴⁾	<u>1,610,280</u>
				<i>Total Indirect Debt:</i>	<u><u>\$ 41,508,235</u></u>

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* Only those taxing jurisdictions with general obligation debt outstanding that is not payable from revenues are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, general obligation debt payable from revenues, or general obligation tax/aid anticipation certificates of indebtedness.

(1) Tax Capacity Value is after tax increment deduction and fiscal disparity adjustments.

(2) As of October 2, 2026 unless noted otherwise.

(3) Metropolitan Council has \$12,100,000 of general obligation debt outstanding as of December 31, 2025. This debt is payable from ad valorem taxes levied on all taxable property within the Metropolitan Taxing District. This amount excludes \$1,122,348,000 of general obligation debt payable from wastewater and sewer revenues, and lease agreements.

(4) Metropolitan Transit has \$223,650,000 of property tax supported general obligation debt outstanding as of December 31, 2025. Transit debt is issued by the Metropolitan Council for public transit operations and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District. This amount excludes \$181,410,000 of general obligation debt payable from revenues.

General Obligation Debt

Bonds secured by special assessments (includes a portion of this issue)	\$ 10,755,000
Bonds secured by water/sewer/storm water revenues (includes a portion of this issue)	4,425,000
Bonds secured by taxes	<u>1,895,000</u>
Subtotal	\$ 17,075,000
Less bonds secured by water/sewer/storm water revenues	(<u>4,425,000</u>)
<i>Direct General Obligation Debt</i>	12,650,000
Add taxpayers' share of indirect debt	<u>41,508,235</u>
<i>Direct and Indirect Debt</i>	<u>\$ 54,158,235</u>

Facts for Ratio Computations

2025/2026 Economic Market Value (real and personal property)	\$3,919,364,298
Population (2026 estimate)	24,125

Debt Ratios Excluding Revenue-Supported Debt

	<i>Direct <u>Debt</u></i>	<i>Indirect <u>Debt</u></i>	<i>Direct and <u>Indirect Debt</u></i>
To Economic Market Value	0.32%	1.06%	1.38%
Per Capita	\$524	\$1,721	\$2,245

APPENDIX A

Proposed Form of Legal Opinion

\$4,110,000
City of Champlin, Minnesota
General Obligation Improvement and Utility Bonds
Series 2026A

We have acted as bond counsel to the City of Champlin, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement and Utility Bonds, Series 2026A (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$4,110,000. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

2. The principal of and interest on the Bond are payable in part from revenues of the storm water system of the Issuer, special assessments and ad valorem property taxes, but if necessary for the payment thereof additional ad valorem property 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 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 _____, 2026 at Minneapolis, Minnesota.

APPENDIX B

Proposed Form of Continuing Disclosure Certificate

\$4,110,000
City of Champlin, Minnesota
General Obligation Improvement and Utility Bonds
Series 2026A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2026

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Champlin, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement and Utility Bonds, Series 2026A (the “Bonds”) in the original aggregate principal amount of \$4,110,000. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to _____, _____, _____ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

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

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

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

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

“Bonds” means the General Obligation Improvement and Utility Bonds, Series 2026A, issued by the Issuer in the original aggregate principal amount of \$4,110,000.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

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

“Final Official Statement” means the deemed final Official Statement, dated _____, 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 Champlin, 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 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. Economic and Financial Information – “Valuations,” “Tax Capacity Rates,” and “Tax Levies and Collections”
2. Summary of Debt and Debt Statistics

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 CHAMPLIN, MINNESOTA

Mayor

City Administrator

APPENDIX C

City's Financial Report

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2025. The complete financial report for the year 2025 and the prior two years are available for inspection at the Champlin City Hall and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

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 Champlin, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Champlin, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Champlin, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2026, on our consideration of the City of Champlin, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Champlin, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Champlin, Minnesota's internal control over financial reporting and compliance.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

May 19, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Champlin, we offer readers of the City of Champlin's financial statements this narrative overview and analysis of the financial activities of the City of Champlin for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Champlin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$248 million (net position). Of this amount, \$80 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$13 million.
- As of the close of the current fiscal year, the City of Champlin's governmental funds reported combining ending fund balances of \$58.4 million, an increase of \$5.1 million when compared to the prior year. Approximately 90% of this total amount, \$52.8 million, is available for spending at the City's discretion (assigned and unassigned fund balances).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8.5 million, approximately 62% of total General Fund expenditures.
- The City of Champlin's total debt decreased by \$1.6 million during the current fiscal year, primarily due to scheduled payments beginning on the new 2023 bond issuance for street and utility projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Champlin's basic financial statements. The City of Champlin'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 supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City of Champlin's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Champlin 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 of Champlin that are principally supported by tax revenues (governmental activities) from other functions that intend to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Champlin include general government, public safety, public works, community development, and parks and recreation. The business-type activities of the City of Champlin include water and sewer utilities, refuse, recycling and storm water.

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

The government-wide financial statements can be found on pages 33 - 35 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 of Champlin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Champlin can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Champlin maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, general obligation bonds, tax increment projects, permanent improvement, and park reserve funds, all of which are considered to be major funds. Data from the other eleven 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 elsewhere in this report. The City of Champlin adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 36 - 41 of this report.

Proprietary funds. The City of Champlin maintains five different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Champlin uses enterprise funds to account for its sewer and water utilities, refuse and recycling collection, and storm water activity. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Champlin's various functions. The City of Champlin uses internal service funds to account for its property, liability, and workers' compensation insurance activities, geographical information services (GIS), employee benefits, and compensated absences. Because these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utilities, refuse collection, storm water, and recycling, all of which are considered to be major funds of the City of Champlin.

The basic proprietary fund statements can be found on pages 42 - 44 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information. Combining and individual fund statements and schedules can be found on pages 97 - 108 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Champlin, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$248 million at the close of the most recent fiscal year.

A large portion of the City of Champlin's net position (65%) 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 of Champlin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Champlin'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 cannot themselves be used to liquidate these liabilities.

An additional portion of the City of Champlin's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$80 million) may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF CHAMPLIN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$70,877,409	\$66,863,437	\$31,331,866	\$29,996,684	\$102,209,275	\$96,860,121
Capital assets	131,608,092	127,105,718	\$44,450,483	43,807,579	176,058,575	170,913,297
Total assets	<u>\$202,485,501</u>	<u>\$193,969,155</u>	<u>\$75,782,349</u>	<u>\$73,804,263</u>	<u>\$278,267,850</u>	<u>\$267,773,418</u>
Total deferred outflows of resources	\$5,257,357	\$5,211,471	\$57,178	\$34,014	\$5,314,535	\$5,245,485
Long-term liabilities outstanding	18,771,406	20,275,359	3,696,639	3,825,499	22,468,045	24,100,858
Other liabilities	3,540,642	3,700,902	440,490	419,658	3,981,132	4,120,560
Total liabilities	<u>\$22,312,048</u>	<u>\$23,976,261</u>	<u>\$4,137,129</u>	<u>\$4,245,157</u>	<u>\$26,449,177</u>	<u>\$28,221,418</u>
Total deferred inflows of resources	\$9,567,742	\$10,194,787	\$16,624	\$17,306	\$9,584,366	\$10,212,093
Net Position:						
Net investment in capital assets	119,369,799	113,560,107	40,940,692	40,127,285	160,310,491	153,687,392
Restricted	7,401,105	7,547,767	-	-	7,401,105	7,547,767
Unrestricted	49,092,164	43,901,704	30,745,082	29,448,529	79,837,246	73,350,233
Total net position	<u>\$175,863,068</u>	<u>\$165,009,578</u>	<u>\$71,685,774</u>	<u>\$69,575,814</u>	<u>\$247,548,842</u>	<u>\$234,585,392</u>

The City adopted accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 in 2016. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota statutes. Net position was negatively impacted by \$6.1 million at December 31, 2025 due to the assumption changes and investment earnings projections from the Public Employees Retirement Association's (PERA) own actuarial study.

Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$4,400,474
Deferred inflows of resources	(6,010,723)
Pension liability	(4,520,429)
Total	<u>(\$6,130,678)</u>

At the end of the current fiscal year, the City of Champlin is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF CHAMPLIN CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$4,346,532	\$4,582,356	\$10,366,669	\$9,621,371	\$14,713,201	\$14,203,727
Operating grants and contributions	1,262,575	964,108	195,942	625,664	1,458,517	1,589,772
Capital grants and contributions	11,241,731	3,617,422	164,150	207,150	11,405,881	3,824,572
General revenues:						
Property taxes	16,823,188	15,603,483	-	-	16,823,188	15,603,483
Tax increments	1,056,733	1,176,762	-	-	1,056,733	1,176,762
Other taxes	1,091,876	1,108,030	-	-	1,091,876	1,108,030
Unrestricted investment earnings	2,483,689	2,097,167	1,303,762	1,215,196	3,787,451	3,312,363
Grants and contributions not restricted to specific pr	-	-	-	71,820	-	71,820
Gain on sale of capital asset	20,513	31,127	-	34,600	20,513	65,727
Miscellaneous	-	-	33,216	-	33,216	-
Total revenues	38,326,837	29,180,455	12,063,739	11,775,801	50,390,576	40,956,256
Expenses:						
General government	3,755,988	3,908,097	-	-	3,755,988	3,908,097
Public safety	7,478,652	6,947,799	-	-	7,478,652	6,947,799
Public works	12,555,268	6,464,353	-	-	12,555,268	6,464,353
Parks and recreation	3,287,887	2,853,740	-	-	3,287,887	2,853,740
Interest on long-term debt	352,665	345,250	-	-	352,665	345,250
Water	-	-	3,138,817	4,349,642	3,138,817	4,349,642
Sewer	-	-	3,380,676	3,484,731	3,380,676	3,484,731
Refuse	-	-	1,527,676	1,510,763	1,527,676	1,510,763
Recycling	-	-	738,809	538,130	738,809	538,130
Storm Water	-	-	1,210,688	1,598,035	1,210,688	1,598,035
Total expenses	27,430,460	20,519,239	9,996,666	11,481,301	37,427,126	32,000,540
Change in net position before transfers	10,896,377	8,661,216	2,067,073	294,500	12,963,450	8,955,716
Transfers	(42,887)	422,000	42,887	(422,000)	-	-
Change in net position	10,853,490	9,083,216	2,109,960	(127,500)	12,963,450	8,955,716
Net position - January 1	165,009,578	155,926,362	69,575,814	69,703,314	234,585,392	225,629,676
Net position - December 31	\$175,863,068	\$165,009,578	\$71,685,774	\$69,575,814	\$247,548,842	\$234,585,392

Governmental activities. Governmental activities increased the City's net position by \$10.9 million. Key elements of this increase are as follows:

- Capital grants and contributions increased \$7.6 million primarily related to State bonding revenue received for a major street project on 109th avenue. This project was shared with the neighboring City of Brooklyn Park.
- Property taxes increased \$1.2 million (7.8%) over prior year. This was necessary due to an increased levy that added two additional positions. Property values increased in all property classes from 2024 to 2025.
- Charges for services increased \$548K primarily related to right-of-way permitting revenue from a one-time project that occurred in 2025.

Business-type activities. Business-type activities increased the City's net position by \$2.1 million. Key elements of this increase are as follows:

- Water expenses decreased by \$1.2 million. In 2024 a major Water Treatment Plan rehabilitation took place. There were no major projects in 2025. Operating revenue increased by \$100K, resulting mainly from a 6% increase in water rates. Overall, the net position increased largely due to positive investment earnings

- Sewer operating revenue also saw an increase of \$200K from increasing rates by 5.75%.
- Storm Water expenses decreased by \$387K. In 2024 there was a large capital project on Mississippi Drive. Only smaller projects took place in 2025. Storm Water saw a \$200K increase in operating revenues due to an 18% rate increase.
- Investment income contributed to increases in net position, benefiting from elevated interest rates and relatively stable market conditions.

Financial Analysis of the City's Funds

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

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

As of the close of the current fiscal year, the City of Champlin's governmental funds reported combining ending fund balances of \$58.4 million, an increase of \$5.1 million in comparison with the prior year. Approximately 90% of this total amount (\$52.8 million) constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is restricted 1) to pay debt service (\$3million), 2) to generate income to pay for the perpetual care of the municipal cemetery (\$115K), 3) for public safety grant and forfeiture funds (\$694K), 4) for affordable housing aid (\$340K), 5) because of its form, land held for resale (\$1.1 million), or it is considered nonspendable because of its form (i.e. prepayments and inventories) or there is a legal or contractual commitment requiring it to be maintained intact.

The General Fund is the chief operating fund of the City of Champlin. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8.5 million, while the total fund balance reached \$8.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62% of total general fund expenditures, while total fund balance represents 63% of that same amount.

The City of Champlin's general fund balance increased by \$1.9 million during the current fiscal year. The increase in the General Fund balance was driven primarily by higher property tax revenues resulting from growth in taxable market values and levy increases approved to support ongoing operations which included the addition of two positions, as well as higher-than-anticipated investment earnings due to favorable market conditions. The General Fund's property taxes accounted for nearly 86% of the budgeted revenue supporting operations, that levy increased by \$1.3 million to support budgeted operations.

The fund balance in the general obligation bond fund decreased by \$43K resulting in a balance of \$3.0 Million at the close of the fiscal year. The General Obligation Bond Fund experienced a decrease in fund balance due to lower special assessment collections compared to 2024 and increased debt service payments due to the 2023A bond incurring the first principal payment. The fund balance in this fund is primarily the receipt of property taxes and special assessments collected to pay the annual debt service obligations. These two revenue sources decreased by \$236K compared to 2024. Fund balance continues to be sufficient to support future debt payments. The total fund balance is restricted for debt service.

The tax increment project fund has a fund balance of \$597K which reflects an increase of \$492K over the prior year. This is primarily due to tax increment revenues exceeding current-year expenditures. 2025 revenue decreased from 2024 due to a large TIF district disputing their tax value. Activity in the fund was largely related to ongoing redevelopment efforts, with tax increment revenues used to support land acquisition costs and internal financing arrangements with other City funds. The fund balance will be used to pay off an interfund loan and a PAYGO note.

The Permanent Improvement Fund has a fund balance of \$30 million, an increase of \$952K over 2024. The increase in the Permanent Improvement Fund balance was attributable primarily to transfers in from the General Fund and Water Fund totaling \$960K which was allocated to project costs. The fund balance stayed healthy as a result of \$7.2 million from State Bonding revenue and \$250K from the county that covered 100% of the costs of a large street construction project on 109th Ave. In addition, investment income, including Fair Market Value Change, increased almost \$177K over 2024.

The Park Reserve Fund has a fund balance of \$4.3 million. A primary funding source for this is an annual transfer from the General Fund for \$728K. Between this transfer and a large grant from the Metropolitan Council that covered the majority of costs for a large trail project the fund balance has increased by \$273K.

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

Unrestricted net position of the proprietary funds of the City of Champlin and the growth in net position are as follows:

	Beginning Balance	Additions (Deductions)	Ending Balance
Water utility	\$ 15,937,004	\$ 775,067	\$ 16,712,071
Sewer utility	8,709,426	4,583	8,714,009
Refuse	1,880,304	173,002	2,053,306
Recycling	360,017	74,823	434,840
Stom Water	2,561,778	269,078	2,830,856
	<u>\$ 29,448,529</u>	<u>\$ 1,296,553</u>	<u>\$ 30,745,082</u>

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Champlin's business-type activities.

General Fund Budgetary Highlights

During the year, revenues exceeded budgetary estimates by \$1 million prior to transfers. Key factors contributing to this increase include:

- Licenses and permitting revenue surpassed the budget by \$416K, primarily due to right-of-way permitting fees collected for a one-time project.
- Investment income exceeded budget projections by \$149K, along with a net increase of \$82,379 in the fair value of investments, driven by a stronger-than-expected year for investments.
- Other revenues exceeded projected budget by \$171K, largely due to the receipt of the arbitration reward for the legal costs associated with the construction of the Mississippi Crossings Event Center.

Expenditures were \$814K under budget. Key factors contributing to these savings include:

- Public Safety expenditures came in \$396K under budget, primarily due to staffing vacancies throughout the year.
- Public Works expenditures were \$321K under budget, as a milder winter resulted in lower snow removal costs therefore cutting down on overtime costs.
- Park & Recreation expenditures came in \$97K under budget, primarily due to staffing vacancies throughout the year.

Capital Asset and Debt Administration

Capital assets. The City of Champlin's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to \$176 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Champlin's investment in capital assets for the current fiscal year was 3% (a 3.5% increase for governmental activities and a 1.5% increase for business-type activities).

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$44,306,683	\$43,424,193	\$611,532	\$611,532	\$44,918,215	\$44,035,725
Buildings	15,514,948	16,305,724	2,288,025	2,549,244	17,802,973	18,854,968
Improvements other than buildings	66,472,542	60,936,361	39,428,115	38,627,123	105,900,657	99,563,484
Machinery and equipment	4,626,253	4,682,911	2,091,404	1,943,998	6,717,657	6,626,909
Construction in progress	687,666	1,756,529	31,407	75,682	719,073	1,832,211
Total	<u>\$131,608,092</u>	<u>\$127,105,718</u>	<u>\$44,450,483</u>	<u>\$43,807,579</u>	<u>\$176,058,575</u>	<u>\$170,913,297</u>

Major capital asset projects completed during the current fiscal year include the following:

- Street and infrastructure reconstruction
 - 109th Ave/Winnetka to Jefferson \$3.4 million
 - Jefferson Highway/Elm Creek Pkwy and Signals \$1.1 million
 - Elm Creek Trail/Goose Lake Pkwy \$3.8 million
- Park improvements
 - Andrews Pickleball Courts \$544K
 - Trail Improvements \$206K
- Utilities
 - Sanitary Sewer Rehab \$794K
 - SCADA server replacement \$186K

Additional information on the City of Champlin's capital assets can be found in Note 7 on pages 61 - 62 of this report.

Long-term debt. At the end of the current fiscal year, the City of Champlin had total bonded debt outstanding of \$11,495,000. All of the bonded debt is backed by the full faith and credit of the City. The only bonds subject to tax levy are the obligation bonds.

	Governmental activities	
	2025	2024
General obligation bonds	\$11,495,000	\$12,960,000
Net pension liability	4,520,429	4,798,784
Net OPEB liability	1,679,027	1,281,668
Total	<u>\$17,694,456</u>	<u>\$19,040,452</u>

The City's total bonded debt decreased by \$1,465,000 due to payments on bond issuances.

The City of Champlin bond rating from Standard and Poor's was affirmed in 2025 as "AA+" due to "the city's stable financial operations, very strong reserves and strong financial management assessment (FMA)" and the City continues to maintain that rating.

State statutes limit the amount of net general obligation debt a governmental entity may issue to 3% of the taxable market value. Net debt is the amount remaining after deducting from its gross debt the amount of current revenues which are applicable to the payment of any debt and the aggregate principal of debt that is paid from other proceeds such as tax increments, special assessments, utility revenue, etc. The debt limitation for the City of Champlin is currently \$110 million which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Champlin's long-term debt can be found in Note 9 on pages 62 - 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- Champlin is located in Hennepin County which continues to have unemployment levels within state and national averages as shown in the following schedule:

	February 2026		February 2025	
	Unemployment		Unemployment	
	Labor Force	Rate	Labor Force	Rate
Hennepin County	722,000	4.4%	717,807	3.1%
Minnesota	3,138,000	4.5%	3,146,747	3.0%
United States	170,090,000	4.4%	170,116,000	4.1%

Source: *Minnesota Employment and Economic Development Department.*

- Inflationary trends in the region compare favorably to national indices although federal policy uncertainty and inflationary pressures could have a significant impact Minnesota's economic stability.
- In 2025, the State of Minnesota's real GDP grew by 1.65% although some areas, like manufacturing, saw a decline. Workforce shortages and cost pressures remain a concern.
- The State of Minnesota currently faces significant fiscal challenges. The City of Champlin receives minimal state aid from the State of Minnesota and does not budget to receive any state aids so there is no impact on the City's operating budget. However, any changes the State may make to the fiscal disparities program could have a significant impact on the City. The City is scheduled to receive \$2 million from this program in 2026 which reduces the amount of taxes paid by residents.

During the current fiscal year, the unassigned fund balance in the General Fund increased by \$1.8 million, and remaining above the established fund balance policy guidelines.

The 2026 General Fund budget reflects a 7.8% increase in both budgeted revenues and expenditures compared to 2025. While non-tax revenues are expected to remain stable, the General Fund levy is projected to increase by 7.1%. The 2026 budget also includes a new mandatory tax for MN paid leave, election costs as 2026 is an election year, approval of a new position in public works and a new position in police.

The year 2026 has over \$12 million planned in capital projects across all capital and enterprise funds. Of this total, over \$4.5 million is allocated to street improvements, with \$2.4 million in grants to help offset the costs.

Modest rate increases will be implemented across all enterprise funds to support ongoing operations and capital rehabilitation. Specifically, water rates will increase by 6%, sewer rates will rise by 5.75% and storm water rates will increase by 18%. The storm water fund needs to increase its cash balance to be able to support future capital needs.

Requests for Information

This financial report is designed to provide a general overview of the City of Champlin'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 Office of the Finance Director, City of Champlin, 11955 Champlin Drive, Champlin, MN 55316.

BASIC FINANCIAL STATEMENTS

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	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets:			
Cash and investments	\$60,184,908	\$28,711,959	\$88,896,867
Receivables:			
Accounts	368,051	1,215,295	1,583,346
Special assessments	4,302,789	568,211	4,871,000
Taxes	193,517	-	193,517
Lease	3,298,039	-	3,298,039
Interest	292,377	148,852	441,229
Due from other governmental units	1,283,570	-	1,283,570
Internal balances	(444,219)	444,219	-
Prepayments	515,917	150,431	666,348
Inventory - at cost	26,460	92,899	119,359
Land held for resale	856,000	-	856,000
Capital assets - net of accumulated depreciation			
Land	44,306,683	611,532	44,918,215
Buildings	15,514,948	2,288,025	17,802,973
Improvements other than buildings	66,472,542	39,428,115	105,900,657
Machinery and equipment	4,626,253	2,091,404	6,717,657
Construction in progress	687,666	31,407	719,073
Total assets	<u>202,485,501</u>	<u>75,782,349</u>	<u>278,267,850</u>
Deferred outflows of resources			
Deferred outflows of resources - pension related	4,400,474	-	4,400,474
Deferred outflows of resources - other post employment benefits related	856,883	57,178	914,061
Total deferred outflows of resources	<u>5,257,357</u>	<u>57,178</u>	<u>5,314,535</u>
Liabilities:			
Accounts payable	626,557	239,172	865,729
Contracts payable - retained percentage	352,712	49,534	402,246
Accrued salaries and withholdings payable	379,020	-	379,020
Due to other governmental units	108,700	115,526	224,226
Unearned revenue	1,810,293	-	1,810,293
Accrued interest payable	130,738	36,258	166,996
Deposits	132,622	-	132,622
Noncurrent liabilities:			
Due within one year	1,800,369	281,128	2,081,497
Due in more than one year	16,971,037	3,415,511	20,386,548
Total liabilities	<u>22,312,048</u>	<u>4,137,129</u>	<u>26,449,177</u>
Deferred inflows of resources			
Deferred inflows of resources - related to leases	3,298,039	-	3,298,039
Deferred inflows of resources - pension related	6,010,723	-	6,010,723
Deferred inflows of resources - other post employment benefits related	258,980	16,624	275,604
Total deferred inflows of resources	<u>9,567,742</u>	<u>16,624</u>	<u>9,584,366</u>
Net position:			
Net investment in capital assets	119,369,799	40,940,692	160,310,491
Restricted for:			
Debt service	5,137,103	-	5,137,103
Public safety	693,978	-	693,978
Scholarships	7,390	-	7,390
Facility improvements	115,486	-	115,486
Affordable housing	339,756	-	339,756
Economic development	1,107,392	-	1,107,392
Unrestricted	49,092,164	30,745,082	79,837,246
Total net position	<u>\$175,863,068</u>	<u>\$71,685,774</u>	<u>\$247,548,842</u>

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

CITY OF CHAMPLIN, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2025

Functions/Programs	<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges For Services</u>
Governmental activities:		
General government	\$3,755,988	\$699,070
Public safety	7,478,652	673,785
Public works	12,555,268	1,230,244
Parks and recreation	3,287,887	1,743,433
Interest on long-term debt	352,665	-
Total governmental activities	<u>27,430,460</u>	<u>4,346,532</u>
Business-type activities:		
Water	3,138,817	2,813,789
Sewer	3,380,676	3,876,415
Refuse collection	1,527,676	1,733,939
Recycling	738,809	701,474
Storm Water	1,210,688	1,241,052
Total business-type activities	<u>9,996,666</u>	<u>10,366,669</u>
Total government	<u>\$37,427,126</u>	<u>\$14,713,201</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
\$279,720	\$ -	(\$2,777,198)	\$ -	(\$2,777,198)
535,420	-	(6,269,447)	-	(6,269,447)
350,111	10,245,874	(729,039)	-	(729,039)
97,324	995,857	(451,273)	-	(451,273)
-	-	(352,665)	-	(352,665)
<u>1,262,575</u>	<u>11,241,731</u>	<u>(10,579,622)</u>	<u>0</u>	<u>(10,579,622)</u>
99,281	164,150	-	(61,597)	(61,597)
-	-	-	495,739	495,739
-	-	-	206,263	206,263
96,661	-	-	59,326	59,326
-	-	-	30,364	30,364
<u>195,942</u>	<u>164,150</u>	<u>0</u>	<u>730,095</u>	<u>730,095</u>
<u>\$1,458,517</u>	<u>\$11,405,881</u>	<u>(10,579,622)</u>	<u>730,095</u>	<u>(9,849,527)</u>
General revenues:				
Property taxes		16,823,188	-	16,823,188
Tax increments		1,056,733	-	1,056,733
Other taxes		1,091,876	-	1,091,876
Unrestricted investment earnings		2,483,689	1,303,762	3,787,451
Miscellaneous		-	33,216	33,216
Gain on sale of capital asset		20,513	-	20,513
Transfers		(42,887)	42,887	-
Total general revenues and transfers		<u>21,433,112</u>	<u>1,379,865</u>	<u>22,812,977</u>
Change in net position		10,853,490	2,109,960	12,963,450
Net position - January 1		<u>165,009,578</u>	<u>69,575,814</u>	<u>234,585,392</u>
Net position - December 31		<u>\$175,863,068</u>	<u>\$71,685,774</u>	<u>\$247,548,842</u>

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

CITY OF CHAMPLIN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	General Obligation Bonds
Assets		
Cash and investments	\$8,983,677	\$2,969,099
Receivables:		
Accounts	12,579	-
Special assessments	15,115	2,290,592
Taxes	180,331	3,961
Interest	49,949	4,189
Lease	1,016,588	-
Due from other funds	-	-
Due from other governmental units	2,658	-
Prepayments	141,546	-
Inventory - at cost	26,460	-
Land held for resale	-	-
Total assets	<u>\$10,428,903</u>	<u>\$5,267,841</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$93,976	\$ -
Contracts payable - retained percentage	-	-
Accrued salaries and withholdings payable	379,020	-
Due to other funds	-	-
Due to other governmental units	25,974	-
Unearned revenue	-	-
Deposits	116,540	-
Total liabilities	<u>615,510</u>	<u>0</u>
Deferred inflows of resources:		
Related to leases	1,016,588	-
Unavailable revenue	134,240	2,285,563
Total deferred inflows of resources	<u>1,150,828</u>	<u>2,285,563</u>
Fund balances:		
Nonspendable	168,006	-
Restricted	-	2,982,278
Committed	2,500	-
Assigned	-	-
Unassigned	8,492,059	-
Total fund balances	<u>8,662,565</u>	<u>2,982,278</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$10,428,903</u>	<u>\$5,267,841</u>

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

Tax Increment Project	Permanent Improvement Fund	Park Reserve	Other Governmental Funds	Intra-Activity Elimination	Total Governmental Funds
\$1,964,475	\$29,328,677	\$4,242,045	\$11,619,883	\$ -	\$59,107,856
-	227,074	190	128,208	-	368,051
-	1,996,671	-	411	-	4,302,789
2,712	-	-	6,513	-	193,517
10,023	144,092	22,896	56,523	-	287,672
-	-	2,281,451	-	-	3,298,039
-	1,647,584	-	-	(1,647,584)	-
-	1,192,237	45,000	43,675	-	1,283,570
-	-	-	90,996	-	232,542
-	-	-	-	-	26,460
346,000	510,000	-	-	-	856,000
<u>\$2,323,210</u>	<u>\$35,046,335</u>	<u>\$6,591,582</u>	<u>\$11,946,209</u>	<u>(\$1,647,584)</u>	<u>\$69,956,496</u>
\$81	\$433,257	\$22,590	\$70,480	\$ -	\$620,384
-	342,884	7,643	2,185	-	352,712
-	-	-	-	-	379,020
1,647,584	444,219	-	-	(1,647,584)	444,219
78,153	453	-	4,120	-	108,700
-	1,810,293	-	-	-	1,810,293
-	-	15,582	500	-	132,622
<u>1,725,818</u>	<u>3,031,106</u>	<u>45,815</u>	<u>77,285</u>	<u>(1,647,584)</u>	<u>3,847,950</u>
-	-	2,281,451	-	-	3,298,039
-	1,997,167	-	4,289	-	4,421,259
<u>0</u>	<u>1,997,167</u>	<u>2,281,451</u>	<u>4,289</u>	<u>0</u>	<u>7,719,298</u>
-	-	-	205,772	-	373,778
597,392	510,000	115,486	1,041,124	-	5,246,280
-	-	-	-	-	2,500
-	29,508,062	4,148,830	10,624,460	-	44,281,352
-	-	-	(6,721)	-	8,485,338
<u>597,392</u>	<u>30,018,062</u>	<u>4,264,316</u>	<u>11,864,635</u>	<u>0</u>	<u>58,389,248</u>
<u>\$2,323,210</u>	<u>\$35,046,335</u>	<u>\$6,591,582</u>	<u>\$11,946,209</u>	<u>(\$1,647,584)</u>	<u>\$69,956,496</u>
Fund balance reported above					\$58,389,248
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.					131,608,092
Other long-term assets are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the funds.					
Delinquent taxes and taxes not yet due					123,414
Delinquent special assessments and special assessments not yet due					4,297,845
Deferred outflows of resources related to other post employment benefits are not reported in the statement of net position.					856,883
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.					
Bonds payable and unamortized bond premium					(11,885,581)
Accrued interest payable					(130,738)
Other post employment benefits					(1,679,027)
Deferred inflows of resources related to other post employment benefits					(258,980)
Internal service funds are used by management to charge the cost of insurance and pension benefits to individual funds.					
The assets and liabilities are included in the governmental statement of net position.					(5,458,088)
Net position of governmental activities					<u>\$175,863,068</u>

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

CITY OF CHAMPLIN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2025

	General Fund	General Obligation Bonds	Tax Increment Project
Revenues:			
Taxes:			
Property	\$14,969,620	\$1,019,060	\$ -
Tax increments	-	-	1,056,733
Other	-	-	-
Special assessments	14,697	730,488	-
Licenses and permits	836,508	-	-
Intergovernmental	537,690	-	-
Charges for services	1,374,044	-	-
Fines and forfeitures	234,903	-	-
Investment income	189,169	70,430	48,817
Net increase (decrease) in the fair value of investments	82,379	26,264	23,191
Lease income	179,530	-	-
Other revenues	232,948	-	22,366
Total revenues	<u>18,651,488</u>	<u>1,846,242</u>	<u>1,151,107</u>
Expenditures:			
Current:			
General government	1,896,402	-	658,803
Public safety	7,346,152	-	-
Public works	2,660,858	-	-
Parks and recreation	1,302,438	-	-
Cemetery	32,234	-	-
Contingencies	425,211	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	1,465,000	-
Interest and fiscal charges	-	423,983	-
Total expenditures	<u>13,663,295</u>	<u>1,888,983</u>	<u>658,803</u>
Revenues over (under) expenditures	<u>4,988,193</u>	<u>(42,741)</u>	<u>492,304</u>
Other financing sources (uses):			
Transfers in	338,500	-	-
Transfers out	(3,431,900)	-	-
Proceeds from sale of capital asset	-	-	-
Total other financing sources (uses)	<u>(3,093,400)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	1,894,793	(42,741)	492,304
Fund balance - January 1	<u>6,767,772</u>	<u>3,025,019</u>	<u>105,088</u>
Fund balance - December 31	<u><u>\$8,662,565</u></u>	<u><u>\$2,982,278</u></u>	<u><u>\$597,392</u></u>

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

Statement 4

Permanent Improvement Fund	Park Reserve	Other Governmental Funds	Intra-Activity Elimination	Total Governmental Funds
\$245,528	\$ -	\$571,120	\$ -	\$16,805,328
-	-	-	-	1,056,733
1,091,876	-	-	-	1,091,876
1,086,135	-	65	-	1,831,385
-	-	-	-	836,508
9,733,120	1,090,857	279,775	-	11,641,442
-	-	1,064,668	-	2,438,712
-	-	-	-	234,903
875,944	122,377	313,037	-	1,619,774
469,434	60,677	157,656	-	819,601
-	98,961	-	-	278,491
74,503	104,716	123,385	-	557,918
13,576,540	1,477,588	2,509,706	0	39,212,671
77,786	-	698,625	-	3,331,616
-	-	220,997	-	7,567,149
1,739,756	-	438,596	-	4,839,210
-	236,545	775,670	-	2,314,653
-	-	-	-	32,234
-	-	-	-	425,211
11,766,721	1,696,206	684,970	-	14,147,897
-	-	-	-	1,465,000
-	-	-	-	423,983
13,584,263	1,932,751	2,818,858	0	34,546,953
(7,723)	(455,163)	(309,152)	0	4,665,718
960,000	728,000	2,033,900	(3,637,600)	422,800
-	-	(205,700)	3,637,600	-
-	-	20,513	-	20,513
960,000	728,000	1,848,713	0	443,313
952,277	272,837	1,539,561	-	5,109,031
29,065,785	3,991,479	10,325,074	-	53,280,217
\$30,018,062	\$4,264,316	\$11,864,635	\$0	\$58,389,248

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

CITY OF CHAMPLIN, MINNESOTA**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2025****Statement 5**

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Total net change in fund balance - governmental funds (Statement 4)	\$5,109,031
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 outlay	14,147,897
Capital outlay not capitalized	(5,030,391)
Transfer out of governmental capital assets contributed to enterprise funds	(465,687)
Depreciation expense	(4,149,445)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in delinquent taxes	17,860
Change in special assessments	(968,521)
The issuance of long-term debt (e.g. bonds) provides current financial resources for governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:	
Principal payments on long-term debt	1,465,000
Amortization of bond premium/discounts	45,690
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:	
Change in accrued interest payable	25,628
Change in other post-employment benefits	(120,942)
Internal service funds are used by management to charge the cost of certain activities to individual funds.	
Net revenues (expenses) of certain activities of internal service funds are reported within the governmental activities statement of activities	777,370
Change in net position of governmental activities (Statement 2)	<u>\$10,853,490</u>

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

CITY OF CHAMPLIN, MINNESOTA

GENERAL FUND

Statement 6

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

For The Year Ended December 31, 2025

	Budgets Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$15,083,400	\$15,083,400	\$14,969,620	(\$113,780)
Special assessments	-	-	14,697	14,697
Licenses and permits	369,000	420,000	836,508	416,508
Intergovernmental	461,200	461,200	537,690	76,490
Charges for services	1,225,600	1,225,600	1,374,044	148,444
Fines and forfeiture	160,000	160,000	234,903	74,903
Investment income	40,000	40,000	189,169	149,169
Net increase (decrease) in the fair value of investments	-	-	82,379	82,379
Lease income	179,400	179,400	179,530	130
Cemetery	12,000	12,000	43,085	31,085
Other revenues	18,500	18,500	189,863	171,363
Total revenues	17,549,100	17,600,100	18,651,488	1,051,388
Expenditures:				
General government:				
Mayor and council	95,800	95,800	90,769	5,031
Administration	154,700	154,700	143,028	11,672
Government services	488,500	488,500	477,876	10,624
Finance	506,400	506,400	506,604	(204)
Management information services	319,500	319,500	325,715	(6,215)
Assessing	3,500	3,500	2,655	845
Legal	87,400	87,400	168,223	(80,823)
Community development	177,100	177,100	178,977	(1,877)
Elections	4,500	4,500	2,555	1,945
Total general government	1,837,400	1,837,400	1,896,402	(59,002)
Public safety:				
Police	6,068,400	6,061,900	5,665,695	396,205
Fire	961,000	961,000	961,330	(330)
Code enforcement	152,400	152,400	150,586	1,814
Protective inspection	476,400	476,400	484,375	(7,975)
Civil defense	57,100	57,100	84,166	(27,066)
Total public safety	7,715,300	7,708,800	7,346,152	362,648
Public works:				
Engineering	285,000	285,000	247,704	37,296
Maintenance	2,734,000	2,734,000	2,413,154	320,846
Total public works	3,019,000	3,019,000	2,660,858	358,142
Other departments:				
Parks and recreation	1,399,700	1,399,700	1,302,438	97,262
Cemetery	34,400	34,400	32,234	2,166
Contingencies	584,400	478,400	425,211	53,189
Total other departments	2,018,500	1,912,500	1,759,883	152,617
Total expenditures	14,590,200	14,477,700	13,663,295	814,405
Revenues over (under) expenditures	2,958,900	3,122,400	4,988,193	1,865,793
Other financing sources (uses):				
Transfers in	338,500	338,500	338,500	-
Transfers out	(3,297,400)	(3,431,900)	(3,431,900)	-
Total other financing sources (uses)	(2,958,900)	(3,093,400)	(3,093,400)	0
Net change in fund balance	\$0	\$29,000	1,894,793	\$1,865,793
Fund balance - January 1			6,767,772	
Fund balance - December 31			\$8,662,565	

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

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Sewer	Refuse Collection	Recycling	Storm Water	Totals	
Assets							
Current assets:							
Cash and cash equivalents	\$15,550,826	\$8,159,395	\$1,912,841	\$392,548	\$2,696,349	\$28,711,959	\$1,077,052
Receivables:							
Accounts	301,503	434,819	249,047	97,284	132,642	1,215,295	-
Special assessments	512,777	36,358	2,555	513	16,008	568,211	-
Due from other governments	-	-	-	-	-	-	-
Interest	79,947	42,373	9,756	2,002	14,774	148,852	4,705
Due from other funds	218,289	-	-	-	-	218,289	-
Prepayments	280	150,151	-	-	-	150,431	283,375
Inventory - at cost	92,899	-	-	-	-	92,899	-
Total current assets	16,756,521	8,823,096	2,174,199	492,347	2,859,773	31,105,936	1,365,132
Noncurrent assets:							
Due from other funds	225,930	-	-	-	-	225,930	-
Capital assets:							
Land	208,860	5,000	-	-	397,672	611,532	-
Buildings	9,270,811	-	-	-	-	9,270,811	-
Improvements other than buildings	23,394,068	19,222,210	-	-	24,790,789	67,407,067	-
Machinery and equipment	3,678,444	518,251	-	-	-	4,196,695	-
Construction in process	31,407	-	-	-	-	31,407	-
Total	36,583,590	19,745,461	0	0	25,188,461	81,517,512	0
Less: accumulated depreciation	(20,695,274)	(9,489,710)	-	-	(6,882,045)	(37,067,029)	-
Net capital assets	15,888,316	10,255,751	0	0	18,306,416	44,450,483	0
Total noncurrent assets	16,114,246	10,255,751	0	0	18,306,416	44,676,413	0
Total assets	32,870,767	19,078,847	2,174,199	492,347	21,166,189	75,782,349	1,365,132
Deferred outflows of resources							
Deferred outflows of resources - pension related	-	-	-	-	-	-	4,400,474
Deferred outflows of resources - other post employment benefits related	28,589	28,589	-	-	-	57,178	-
Total deferred outflows of resources	28,589	28,589	0	0	0	57,178	4,400,474
Liabilities							
Current liabilities:							
Accounts payable	112,051	4,689	48,433	57,507	16,492	239,172	6,173
Contracts payable - retained percentage	43,886	-	-	-	5,648	49,534	-
Due to other governmental units	36,582	6,484	72,460	-	-	115,526	-
Accrued interest payable	23,833	-	-	-	12,425	36,258	-
Other post employment benefits liability	3,064	3,064	-	-	-	6,128	-
Compensated absences	-	-	-	-	-	-	204,341
Bonds payable - current portion	120,000	-	-	-	155,000	275,000	-
Total current liabilities	339,416	14,237	120,893	57,507	189,565	721,618	210,514
Noncurrent liabilities:							
Compensated absences	34,829	34,829	-	-	-	69,658	482,028
Net pension liability	-	-	-	-	-	-	4,520,429
Other post employment benefits liability	80,298	80,298	-	-	-	160,596	-
Bonds payable	1,414,719	-	-	-	1,770,538	3,185,257	-
Total noncurrent liabilities	1,529,846	115,127	0	0	1,770,538	3,415,511	5,002,457
Total liabilities	1,869,262	129,364	120,893	57,507	1,960,103	4,137,129	5,212,971
Deferred inflows of resources							
Deferred inflows of resources - pension related	-	-	-	-	-	-	6,010,723
Deferred inflows of resources - other post employment benefits related	8,312	8,312	-	-	-	16,624	-
Total deferred inflows of resources	8,312	8,312	0	0	0	16,624	6,010,723
Net position:							
Net investment in capital assets	14,309,711	10,255,751	-	-	16,375,230	40,940,692	-
Unrestricted	16,712,071	8,714,009	2,053,306	434,840	2,830,856	30,745,082	(5,458,088)
Total net position	31,021,782	18,969,760	2,053,306	434,840	19,206,086	71,685,774	(5,458,088)
Total deferred inflows of resources, liabilities and net position	\$32,899,356	\$19,107,436	\$2,174,199	\$492,347	\$21,166,189	\$75,839,527	\$5,765,606

CITY OF CHAMPLIN, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2025

Statement 8

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Sewer	Refuse Collection	Recycling	Storm Water	Totals	
Operating revenues:							
Charges for services:							
Customer service	\$11,250	\$ -	\$ -	\$ -	\$ -	\$11,250	\$1,910,091
Penalties	33,391	51,838	26,504	9,355	13,026	134,114	-
Sewer service charges	-	3,823,617	-	-	-	3,823,617	-
Refuse collection	-	-	1,707,380	-	-	1,707,380	-
Recycling collection	-	-	-	692,119	-	692,119	-
Storm water charges	-	-	-	-	1,224,837	1,224,837	-
Charges for sales:							
Water	2,725,396	-	-	-	-	2,725,396	-
Total operating revenues	<u>2,770,037</u>	<u>3,875,455</u>	<u>1,733,884</u>	<u>701,474</u>	<u>1,237,863</u>	<u>10,318,713</u>	<u>1,910,091</u>
Operating expenses:							
Personal services	678,034	623,305	131,152	63,363	403,945	1,899,799	989,789
Supplies	435,200	38,948	157	-	1,932	476,237	-
Other services and charges	1,047,217	2,301,505	1,396,367	675,446	306,310	5,726,845	248,190
Depreciation	930,024	416,918	-	-	476,417	1,823,359	-
Total operating expenses	<u>3,090,475</u>	<u>3,380,676</u>	<u>1,527,676</u>	<u>738,809</u>	<u>1,188,604</u>	<u>9,926,240</u>	<u>1,237,979</u>
Net income (loss) from operations	<u>(320,438)</u>	<u>494,779</u>	<u>206,208</u>	<u>(37,335)</u>	<u>49,259</u>	<u>392,473</u>	<u>672,112</u>
Nonoperating revenues (expenses):							
Special assessment interest and penalties	43,752	960	55	-	3,189	47,956	-
Intergovernmental	99,281	-	-	96,661	-	195,942	54,835
Investment income	464,887	245,175	56,937	10,347	80,214	857,560	29,055
Net increase (decrease) in the fair value of investments	242,935	127,972	29,802	5,150	40,343	446,202	15,259
Interest expense	(48,342)	-	-	-	(22,084)	(70,426)	-
Miscellaneous revenue (expense)	33,216	-	-	-	-	33,216	6,109
Total nonoperating revenues (expenses)	<u>835,729</u>	<u>374,107</u>	<u>86,794</u>	<u>112,158</u>	<u>101,662</u>	<u>1,510,450</u>	<u>105,258</u>
Income (loss) before contributions and transfers	<u>515,291</u>	<u>868,886</u>	<u>293,002</u>	<u>74,823</u>	<u>150,921</u>	<u>1,902,923</u>	<u>777,370</u>
Capital contributions	164,150	-	-	-	465,687	629,837	-
Transfers:							
Transfers out	(151,400)	(151,400)	(120,000)	-	-	(422,800)	-
Total contributions and transfers	<u>12,750</u>	<u>(151,400)</u>	<u>(120,000)</u>	<u>0</u>	<u>465,687</u>	<u>207,037</u>	<u>0</u>
Change in net position	<u>528,041</u>	<u>717,486</u>	<u>173,002</u>	<u>74,823</u>	<u>616,608</u>	<u>2,109,960</u>	<u>777,370</u>
Total net position - January 1	<u>30,493,741</u>	<u>18,252,274</u>	<u>1,880,304</u>	<u>360,017</u>	<u>18,589,478</u>	<u>69,575,814</u>	<u>(6,235,458)</u>
Total net position - December 31	<u>\$31,021,782</u>	<u>\$18,969,760</u>	<u>\$2,053,306</u>	<u>\$434,840</u>	<u>\$19,206,086</u>	<u>\$71,685,774</u>	<u>(\$5,458,088)</u>
Amounts reported above					Capital Contributions	Transfers	
Amounts reported for business-type activities in the statement of activities are different because:					629,837	(422,800)	
Capital contributions from governmental activities are reported as transfers on the statement of activities					(465,687)	465,687	
Amounts reported on the statement of activities					<u>164,150</u>	<u>42,887</u>	

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

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Sewer	Refuse Collection	Recycling	Storm Water	Totals	
Cash flows from operating activities:							
Receipts from customers and users	\$2,895,034	\$3,842,518	\$1,722,438	\$665,054	\$1,570,561	\$10,695,605	-
Receipts from interfund services provided	-	-	-	-	-	-	1,910,815
Payment to suppliers	(1,446,518)	(2,354,985)	(1,394,629)	(651,160)	(311,104)	(6,158,396)	(525,281)
Payment to employees	(668,561)	(613,832)	(131,152)	(63,363)	(403,945)	(1,880,853)	(1,657,821)
Miscellaneous revenue	176,249	960	55	96,661	3,189	277,114	60,944
Net cash flows from operating activities	956,204	874,661	196,712	47,192	858,701	2,933,470	(211,343)
Cash flows from noncapital financing activities:							
Transfers (out) to other funds	(151,400)	(151,400)	(120,000)	-	-	(422,800)	-
Net cash flows from noncapital financing activities	(151,400)	(151,400)	(120,000)	0	-	(422,800)	-
Cash flows from capital and related financing activities:							
Principal paid on debt	-	-	-	-	(150,000)	(150,000)	-
Interest paid on long-term debt	(78,014)	-	-	-	(31,320)	(109,334)	-
Connection fees	164,150	-	-	-	-	164,150	-
Acquisition of capital assets	(670,305)	(1,129,822)	-	-	(200,450)	(2,000,577)	-
Net cash flows from capital and related financing activities	(584,169)	(1,129,822)	0	0	(381,770)	(2,095,761)	0
Cash flows from investing activities:							
Investment income	716,946	381,181	87,488	15,477	120,869	1,321,961	46,218
Net cash flows from investing activities	716,946	381,181	87,488	15,477	120,869	1,321,961	46,218
Net increase (decrease) in cash and cash equivalents	937,581	(25,380)	164,200	62,669	597,800	1,736,870	(165,125)
Cash and cash equivalents - January 1	14,613,245	8,184,775	1,748,641	329,879	2,098,549	26,975,089	1,242,177
Cash and cash equivalents - December 31	\$15,550,826	\$8,159,395	\$1,912,841	\$392,548	\$2,696,349	\$28,711,959	\$1,077,052
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	(\$320,438)	\$494,779	\$206,208	(\$37,335)	\$49,259	\$392,473	\$672,112
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation expense	930,024	416,918	-	-	476,417	1,823,359	-
Intergovernmental revenue	99,281	-	-	96,661	-	195,942	-
Miscellaneous revenue	76,968	960	55	-	3,189	81,172	60,944
Decrease (increase) in accounts receivable	(78,441)	(46,508)	(13,633)	(40,839)	330,418	150,997	724
Decrease (increase) in special assessments receivable	(7,469)	13,571	2,187	4,419	2,280	14,988	-
Decrease (increase) in due from other funds	210,907	-	-	-	-	210,907	-
Decrease (increase) in prepayments and inventory	3,208	2,050	-	-	-	5,258	(274,375)
Increase (decrease) in accounts payable and deposits	30,109	(16,546)	2,393	24,286	(4,011)	36,231	(2,716)
Increase (decrease) in accrued salaries and withholdings payable	4,257	4,257	-	-	-	8,514	(112,267)
Increase (decrease) in contracts payable	-	-	-	-	1,149	1,149	-
Increase (decrease) in due to other governmental units	2,582	(36)	(498)	-	-	2,048	-
Increase (decrease) in other post employment benefits liability	17,139	17,139	-	-	-	34,278	-
Decrease (Increase) in deferred outflows of resources	(11,582)	(11,582)	-	-	-	(23,164)	222,627
Increase (decrease) in pension liability	-	-	-	-	-	-	(278,355)
Increase (decrease) in deferred inflows of resources	(341)	(341)	-	-	-	(682)	(500,037)
Total adjustments	1,276,642	379,882	(9,496)	84,527	809,442	2,540,997	(883,455)
Net cash provided by (used in) operating activities	\$956,204	\$874,661	\$196,712	\$47,192	\$858,701	\$2,933,470	(\$211,343)
Noncash capital and related financing activities:							
Contributions of capital assets from governmental funds	\$0	\$0	\$0	\$0	\$465,687	\$0	\$0
Acquisition of capital assets through contracts payable	\$43,886	\$0	\$0	\$0	\$5,648	\$49,534	\$0

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Champlin, Minnesota (the City) was incorporated in 1947 and operates as a statutory city. The governing body consists of an elected mayor and four-member council.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the reporting entity as blended component units.

The Economic Development Authority (EDA) is an entity legally separate from the City. However, for financial reporting purposes, the EDA is reported as if it were part of the City's operations because the members of the City Council serve as EDA Board Members and its purpose is to promote development within the City.

Complete financial statements for the EDA may be obtained at City Hall.
Economic Development Authority
11955 Champlin Drive
Champlin, MN 55316

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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The General Obligation Bond Fund accounts for bonded indebtedness that is repaid from property taxes.

The Tax Increment Project Fund accounts for the development projects in the City that are financed with tax increment revenues.

The Permanent Improvement Fund accounts for the costs of certain public improvements such as residential streets and other improvement projects.

Park Reserve Fund accounts for park dedications received from developers in lieu of parkland donations. Resources of this fund may be used only for parkland purchases or permanent park improvements.

The City reports the following major proprietary funds:

The Water Fund accounts for the financial transactions relating to providing water to the residents of the City.

The Sewer Fund accounts for the financial transactions relating to providing sewer service to the residents of the City.

The Refuse Collection Fund accounts for the financial transactions relating to providing refuse services to the residents of the City.

The Recycling Fund accounts for operations associated with recycling. Resources of this fund may be used only for educating the public on the importance of recycling.

The Storm Water Fund accounts for operations relating to storm sewer services and infrastructure replacement for the residents.

Additionally, the City reports the following fund type:

The City has four internal service funds: one to account for property, liability and workers' compensation insurance premiums and deductibles for all departments of the City, a second to account for Geographical Information System (GIS) services provided to all departments of the City, a third to account for pension benefits, and a fourth to account for compensated absences.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 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.

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

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

D. BUDGETARY INFORMATION

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

The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing on January 1 of the following year. At least one special Council meeting is conducted to obtain public comments as required by the State Truth in Taxation Law.

The City Council annually adopts budgets prior to January 1 for the general and special revenue funds. Special revenue funds for which budgets are not prepared include The Grant Fund, Police Forfeiture, Scholarship and Local Housing Aid. The budgets are prepared by fund, function and activity. The budgets are adopted on a basis consistent with generally accepted accounting principles and all appropriations lapse at the end of the budget year to the extent that they have not been expended. Total expenditures appropriated in the budget resolution may not legally exceed estimated revenues available from various sources. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.

Formal budgetary integration is employed as a management control device during the year. Budget revisions between activities may be made by the City Administrator. Budget revisions at the department and fund levels are authorized by the City Council. The legal level of budgetary control is therefore at the department level.

The City does not use encumbrance accounting.

E. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

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

F. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for

November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

G. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

H. RECEIVABLES AND PAYABLES

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

I. INVENTORIES AND PREPAID ITEMS

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

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 and are recorded as expenditures when consumed rather than when purchased.

J. LEASE RECEIVABLE

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue/the lessee's usage levels.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable and is recognized as revenue over the lease term.

K. LAND HELD FOR RESALE

Land is acquired for subsequent resale for development purposes. Land held for resale is valued at the lower of cost or estimated realizable value. Due to the nature of redevelopment activities, cost is frequently higher than the market value. Market values are determined using appraised values or estimated actual sales price.

L. CAPITAL ASSETS

Capital assets, including property, plant, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns of the government-wide financial statements.

The City defines capital assets as items with a useful life of more than two years and an initial individual cost exceeding the following capitalization thresholds:

Assets	Threshold
Land	\$ -
Vehicles	10,000
Machinery and equipment	10,000
Furniture and office equipment	10,000
Recreational equipment	10,000
Building, and building improvements	25,000
Land Improvement	25,000
Infrastructure	50,000

Capital assets are recorded at historical cost or, if historical cost is not available, at estimated historical cost. Donated capital assets are recorded at their acquisition value on the date of donation.

Routine maintenance and repairs that do not increase the value of the asset or significantly extend its useful life are expensed as incurred.

Major capital outlays and improvements are capitalized as construction progresses.

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

Assets	Years
Vehicles	3 - 15
Machinery and equipment	10 - 25
Furniture and equipment	3 - 10
Park buildings	20
Building	25 - 40
Building improvements	5 - 20
Land improvements	10 - 20
Infrastructure	15 - 50

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Non-union, AFSCME, Police and Sergeant employees shall receive a percentage of their unused accrued sick time to a maximum of 500 hours paid out upon retirement/separation of employment, provided the employee has three or more years of service and leaves in good standing. Sick severance along with all vacation pay that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid, is accrued in the government-wide and proprietary financial statements.

N. LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. FUND BALANCE CLASSIFICATIONS

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

Nonspendable - consists of the amounts that are not in spendable form, such as prepaid items.

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

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the City Council and may only be removed by resolution of the City Council.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by resolution of the City Council and/or management. The City's Administrator and Finance Director are authorized to establish assignments of fund balance.

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

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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

	General Fund	General Obligation Bonds	Tax Increment Project	Permanent Improvement Fund	Park Reserve Fund	Other Govt. Funds	Total Govt. Funds
Nonspendable:							
Prepayments	\$141,546	\$ -	\$ -	\$ -	\$ -	\$90,996	\$232,542
Inventory	26,460	-	-	-	-	-	26,460
Perpetual care	-	-	-	-	-	114,776	114,776
Total	168,006	0	0	0	0	205,772	373,778
Restricted for:							
Public safety	-	-	-	-	-	693,978	693,978
Recreation scholarships	-	-	-	-	-	7,390	7,390
Debt service	-	2,982,278	-	-	-	-	2,982,278
Affordable housing	-	-	-	-	-	339,756	339,756
Facility improvements	-	-	-	-	115,486	-	115,486
Economic development	-	-	597,392	510,000	-	-	1,107,392
Total	0	2,982,278	597,392	510,000	115,486	1,041,124	5,246,280
Committed to:							
Public safety	2,500	0	0	0	0	0	2,500
Assigned to:							
Economic development	-	-	-	-	-	1,357,263	1,357,263
Communications	-	-	-	-	-	126,365	126,365
Ice Forum	-	-	-	-	-	1,533,674	1,533,674
Capital projects	-	-	-	29,508,062	4,148,830	7,607,158	41,264,050
Total	0	0	0	29,508,062	4,148,830	10,624,460	44,281,352
Unassigned	8,492,059	-	-	-	-	(6,721)	8,485,338
Total	\$8,662,565	\$2,982,278	\$597,392	\$30,018,062	\$4,264,316	\$11,864,635	\$58,389,248

The City Council has formally adopted a fund balance policy for the General Fund. The policy establishes a year end targeted unassigned fund balance amount for cash-flow timing needs (working capital) in the range of 35%-45% of the subsequent year's budgeted expenditures and contingencies (1%-2%).

At December 31, 2025, the actual unassigned fund balance for the General Fund was as follows:

Working capital	\$8,355,426	53%
Contingencies	\$136,633	1%

The specific revenue source of each special revenue fund and the specific purposes for which they are assigned are as follows:

Fund	Specific Revenue Sources	Restricted To:
Grant Fund	Grants	Grant program requirements
Police Forfeiture	Sale of confiscated vehicles	Non-budgeted public safety expenditures
Scholarship	Donations	Subsidize park and recreation program fees for low income participants
Local Housing Aid	Local Housing Aid	Affordable housing
		Assigned to:
Ice Forum	Charges for services	Operations of Ice Forum
Communication	QCTV revenues	Communication and Technology purposes
Economic Development Authority	Taxes	Redevelopment as specified in grant agreements

P. USE OF ESTIMATES

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

Q. DEFINED BENEFIT PENSION PLANS

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

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial 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 government has two items that qualify for reporting in this category. These are the pension and OPEB related deferred outflows of resources reported on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position 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 government has OPEB and pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, and land held for resale. The City also reports deferred inflows of resources related to lease receivables.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, 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% of deposits not covered by insurance or bonds. Securities pledged as collateral must be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

Custodial credit risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of December 31, 2025, the bank balance of the City's deposits was \$4,276,079 all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City's name.

B. INVESTMENTS

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

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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

Investment Type	Rating	Fair Value Measurement	Total Fair Value	Years to Maturity		
				Less than 1	1-5	6-10
U.S. Agency securities	AA+	Level 2	40,529,833	\$6,180,317	\$21,949,314	\$12,400,202
Municipal bonds	AAA-AA-	Level 2	24,957,224	6,139,502	16,474,072	2,343,650
Brokered certificates of deposit	NR	Level 2	6,445,711	1,714,662	4,731,049	-
Money market mutual funds	AAAmf	N/A	603,420	603,420	-	-
US Treasuries	AA+	Level 1	2,239,097	1,500,598	738,499	-
External investment pool - 4M Fund	AAAm	N/A	9,584,562	9,584,562	-	-
External investment pool - 4M Fund - 4M	AAAm	N/A	559,119	559,119	-	-
Total fair value			<u>\$84,918,966</u>	<u>\$26,282,180</u>	<u>\$43,892,934</u>	<u>\$14,743,852</u>
				Total investments		\$84,918,966
				Deposits		3,974,699
				Petty cash		3,202
				Total cash and investments		<u>\$88,896,867</u>

N/A - Not Applicable
NR - Not Rated

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted market prices. Level 2 investments are valued using inputs that are based on matrix pricing models. Level 3 investments are valued using inputs that are unobservable.

The 4M fund is an external investment pool which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities.

For the 4M Multi-Class Fund (which includes the Liquid Asset Class and the PLUS Class), the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) of \$1 per share. Investments are measured at amortized cost in accordance with GASB Statement No. 79. The 4M Liquid Asset Class has no redemption requirements. The 4M PLUS (4MP) Class requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to penalty equal to 7 days interest on the amount withdrawn.

C. INVESTMENT RISKS

Interest rate risk. Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by:

- Structuring the investment portfolio so that no more than 50% of the portfolio is placed in long-term investments that have maturities exceeding five years, and no more than 25% of the portfolio is placed in long-term investments that have maturities exceeding seven years.
- At least 5% of the City's portfolio is kept in investments that are available on a daily basis without loss of principal.

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. The City limits its investments to only those investment instruments authorized by Minnesota Statutes. In accordance with its formal written investment policy, it is the City's policy to diversify its portfolio by type of investment, issuer and maturity date to protect against changes in the market.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Concentration of credit risk. Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The following is a list of investments by issuer which individually comprise more than 5% of the City's total investments:

Type	Fair Value	Percent
Federal Home Loan Bank - FHLB	\$16,545,087	19%
Federal Home Loan Mortgage Corporation - FHLMC	10,488,599	12%
Federal National Mortgage Association - FNMA	7,759,019	9%
Federal Farm Credit Bank - FFCB	4,873,163	6%

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City's policy that all investments shall be kept at the broker/dealers in the City's name. The broker/dealer must provide assets protection of \$500,000 through the Securities Investor Protection Corporation (SIPC) and at least another \$49,500,000 supplemental insurance protection.

Note 3 RECEIVABLES

Receivables as of year-end for the City's individual major funds, non-major funds, and internal services in the aggregate including the applicable allowance for uncollectible accounts, are as follows:

	Accounts	Special Assessments	Taxes	Interest	Lease	Intergovernmental	Total Receivables
General	\$12,579	\$15,115	\$180,331	\$49,949	\$1,016,588	\$2,658	\$1,277,220
General obligation bonds	-	2,290,592	3,961	4,189	-	-	2,298,742
Tax increment project	-	-	2,712	10,023	-	-	12,735
Permanent improvement	227,074	1,996,671	-	144,092	-	1,192,237	3,560,074
Park reserve fund	190	-	-	22,896	2,281,451	45,000	2,349,537
Water utility	301,503	512,777	-	79,947	-	-	894,227
Sewer utility	434,819	36,358	-	42,373	-	-	513,550
Refuse	249,047	2,555	-	9,756	-	-	261,358
Recycling	97,284	513	-	2,002	-	-	99,799
Storm water	132,642	16,008	-	14,774	-	-	163,424
Internal service	-	-	-	4,705	-	-	4,705
Nonmajor and other funds	128,208	411	6,513	56,523	-	43,675	235,330
Total	<u>\$1,583,346</u>	<u>\$4,871,000</u>	<u>\$193,517</u>	<u>\$441,229</u>	<u>\$3,298,039</u>	<u>\$1,283,570</u>	<u>\$11,670,701</u>

The receivables not expected to be collected within one year are \$3,460,116 of special assessment receivables reported in the permanent improvement and general obligation bond funds, \$914,924 of lease receivables in the general fund and \$2,251,983 of lease receivable in the Park reserve fund. In December 2024, the Champlin EDA entered into a forgivable business subsidy loan agreement with Mississippi Crossing Real Estate LLC to support the construction of a restaurant. The agreement includes a \$1.3 million promissory note, which will be fully forgiven provided that all terms of the agreement are met by December 2034. As the loan is not expected to be collected, it is not reflected in the financial statements.

Note 4 LEASE RECEIVABLE

The City reports lease receivables for multiple antenna leases with telecommunications companies. The antenna leases relate to the use of City-owned land and infrastructure to install and operate antennas, with terms as follows:

<u>Lease Name</u>	<u>Annual Payment*</u>	<u>Current End Date of Lease</u>	<u>Extension Terms</u>
AT&T antenna lease	42,084	6/30/2026	1, 5 year extension available
T-Mobile antenna lease	54,236	12/31/2027	2, 5 year extensions available
Verizon antenna lease	41,335	6/30/2029	None remaining

* Future annual increases of 3%-4% will occur in accordance with the lease agreement

The antenna leases are measured at the present value of future minimum lease payments expected to be received during the lease term at discount rates ranging from 4.00% - 6.52% as specified in the applicable agreements.

The City also reports a lease receivable for the use of City-owned land by a media company for billboard placement. The lease agreement calls for annual payments of \$86,994 - \$143,787 through September 20, 2039, with a 10 year extension option available.

The land lease is measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate of 3.00% as stated in the lease agreement.

At December 31, 2025, the City recorded \$3,298,039 in leases receivable and deferred inflows of resources for these arrangements. Total revenue recognized in relation to these leases is as follows:

	<u>For the year ended 12/31/2025</u>
Lease receipts and amortization of lease-related deferred inflows:	
Antenna leases	\$93,262
Other leases	25,842
Total revenue recognized resulting from deferred inflow amortization	119,104
Variable lease revenue	-
Interest revenue	113,613
Other lease revenues	-
Total revenue recognized in relation to leased assets	<u>\$232,717</u>

Note 5 UNAVAILABLE REVENUES/DEFERRED INFLOWS

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2025, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Related to leases</u>	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable:			
General fund	\$ -	\$119,125	\$ -
Nonmajor funds	-	4,289	-
Special assessments not yet due:			
General fund	-	7,017	-
General obligation bonds	-	2,271,900	-
Permanent improvement fund	-	1,990,884	-
Delinquent special assessments receivable:			
General fund	-	8,098	-
General obligation bonds	-	13,663	-
Permanent improvement fund	-	6,283	-
License/rent/other revenue/lease receivable:			
General fund	1,016,588	-	-
Park reserve	2,281,451	-	-
Permanent improvement fund	-	-	1,810,293
Total deferred inflows of resources/unearned revenue for governmental funds	<u>\$3,298,039</u>	<u>\$4,421,259</u>	<u>\$1,810,293</u>

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Amounts reported as due to/from other funds at December 31, 2025, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Water	Permanent Improvement	\$444,219	Facilities
Permanent Improvement	Tax Increment Project	1,647,584	Purchase of property
Total		<u>\$2,091,803</u>	

The amount not expected to be collected within one year is \$225,930 and \$1,432,854 for the Water Fund receivables and Permanent Improvement Fund receivable, respectively.

Amounts reported as interfund transfers at December 31, 2025 are as follows:

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Park Reserve</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>	<u>Purpose</u>
General Fund	\$ -	\$840,000	\$728,000	\$1,863,900	\$3,431,900	Budgeted Transfers, Council approved transfers
Nonmajor Governmental	205,700	-	-	-	205,700	Administration, Budgeted Transfers, ARPA eligible projects
Water	66,400	-	-	85,000	151,400	Budgeted Transfer
Sewer	66,400	-	-	85,000	151,400	Budgeted Transfer
Refuse	-	120,000	-	-	120,000	Budgeted Transfer
Total transfers in	<u>\$338,500</u>	<u>\$960,000</u>	<u>\$728,000</u>	<u>\$2,033,900</u>	<u>\$4,060,400</u>	

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 7 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$43,424,193	\$882,490	\$ -	\$44,306,683
Construction in progress	1,756,529	850,572	1,919,435	687,666
Total capital assets, not being depreciated	45,180,722	1,733,062	1,919,435	44,994,349
Capital assets, being depreciated:				
Buildings	26,532,122	79,810	-	26,611,932
Improvements other than buildings	102,131,736	8,343,382	-	110,475,118
Machinery and equipment	9,927,645	415,000	59,992	10,282,653
Total capital assets, being depreciated	138,591,503	8,838,192	59,992	147,369,703
Less accumulated depreciation for:				
Buildings	10,226,398	870,586	-	11,096,984
Improvement other than buildings	41,195,375	2,807,201	-	44,002,576
Machinery and equipment	5,244,734	471,658	59,992	5,656,400
Total accumulated depreciation	56,666,507	4,149,445	59,992	60,755,960
Total capital assets, being depreciated, net	81,924,996	4,688,747	0	86,613,743
Governmental activities capital assets, net	\$127,105,718	\$6,421,809	\$1,919,435	\$131,608,092
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$611,532	\$ -	\$ -	\$611,532
Construction in progress	75,682	31,407	75,682	31,407
Total capital assets, not being depreciated	687,214	31,407	75,682	642,939
Capital assets, being depreciated:				
Buildings	9,270,811	-	-	9,270,811
Improvements other than buildings	65,216,080	2,190,987	-	67,407,067
Machinery and equipment	3,877,144	319,551	-	4,196,695
Total capital assets, being depreciated	78,364,035	2,510,538	0	80,874,573
Less accumulated depreciation for:				
Buildings	6,721,567	261,219	-	6,982,786
Improvements other than buildings	26,588,957	1,389,995	-	27,978,952
Machinery and equipment	1,933,146	172,145	-	2,105,291
Total accumulated depreciation	35,243,670	1,823,359	0	37,067,029
Total capital assets, being depreciated, net	43,120,365	687,179	0	43,807,544
Business-type activities capital assets, net	\$43,807,579	\$718,586	\$75,682	\$44,450,483

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

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

Governmental activities:	
General government	\$238,428
Public safety	200,336
Public works	2,711,072
Parks and recreation	999,609
Total depreciation expense - governmental activities	<u>\$4,149,445</u>
Business-type activities:	
Water	\$930,024
Sewer	416,918
Storm water	476,417
Total depreciation expense - business-type activities	<u>\$1,823,359</u>

Note 8 CONSTRUCTION COMMITMENTS

At December 31, 2025, the City's commitments with the contractors is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
109th North Corridor Improvements	\$6,226,030	\$1,524
Cartway Bridge Replacement	22,004	1,679,549
Jefferson Hwy, Elm Creek Pkwy & Signals	926,071	55,314
2025 Road Improvement Project	3,251,485	82,853
2025 Trail Improvement	152,855	42,949
Tower #2 Inspection/Repair	877,726	26,773
Elm Creek Restoration Phase V	462,622	30,527

Note 9 LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds and general obligation capital notes to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds and capital notes have been issued for governmental activities and business-type funds. The original amount of general obligation bonds and capital notes issued in prior years was \$20,755,000.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal due each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Refunding	2.00 - 2.50%	\$920,000
Improvement, equipment, and utility	1.00 - 2.00%	6,645,000
Street Improvements	3.62 - 4.00%	5,340,000
Equipment and utility	4.00%	1,860,000

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

Governmental Activities			Business-type Activities		
Year Ending			Year Ending		
December 31, 2025	Principal	Interest	December 31, 2025	Principal	Interest
2026	\$1,525,000	\$292,070	2026	\$275,000	\$83,070
2027	1,545,000	245,620	2027	280,000	75,070
2028	1,090,000	204,558	2028	290,000	66,820
2029	1,110,000	168,908	2029	295,000	58,320
2030	710,000	141,058	2030	305,000	49,570
2031-2035	3,825,000	445,460	2031-2035	1,645,000	119,650
2036-2040	1,690,000	92,446	2036-2040	180,000	1,260
Total	<u>\$11,495,000</u>	<u>\$1,590,120</u>	Total	<u>\$3,270,000</u>	<u>\$453,760</u>

Conduit Debt Obligations

From time to time the City of Champlin has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private sector entity revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City of Champlin, the State of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2025, there were four series of Revenue Bonds outstanding with an aggregate principal amount payable of \$45,581,938.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Pledged Revenue

Bond Issue	Use of Proceeds	Revenue Pledged				Remaining Principal	Current Year	
		Type	Percent of Total Debt Service	Debt Service as a % of Net Revenues	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
2013A	Refunding	Property Taxes	100%	100%	2013-2027	\$920,000	\$473,006	\$435,607
2020 Equipment Certificates	Equipment	Property Taxes	100%	100%	2020-2036	1,130,000	109,195	118,960
2020A Improvement	Infrastructure	Special Assessments	100%	100%	2020-2036	3,675,000	362,500	307,983
2020A Utility	Storm Water Improvements	Storm Water Net Revenue	100%	80%	2020-2036	1,840,000	181,320	525,675
2023A Street Improvement	Street Improvements	Property Taxes Special Assessments	100%	100%	2023-2039	5,340,000	839,762	774,165
2024A Equipment Certificates	Equipment	Property Taxes	100%	100%	2024-2035	430,000	23,459	54,810
2024A Utility	Water Improvements	Water Net Revenue	100%	100%	2024-2035	1,430,000	78,014	609,586

Changes in long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$12,960,000	\$ -	\$1,465,000	\$11,495,000	\$1,525,000
Issuance discounts/premiums	436,271	-	45,690	390,581	-
Total bonds payable	13,396,271	-	1,510,690	11,885,581	1,525,000
Compensated absences*	798,636	-	112,267	686,369	204,341
Net OPEB liability	1,281,668	397,359	-	1,679,027	71,028
Net pension liability	4,798,784	-	278,355	4,520,429	-
Governmental activity long-term liabilities	<u>\$20,275,359</u>	<u>\$397,359</u>	<u>\$1,901,312</u>	<u>\$18,771,406</u>	<u>\$1,800,369</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$3,420,000	\$ -	\$150,000	\$3,270,000	\$275,000
Issuance Discounts/premiums	211,909	-	21,651	190,257	-
Compensated absences*	61,144	8,514	-	69,658	-
Net OPEB liability	132,446	34,278	-	166,724	6,128
Business-type activities long-term liabilities	<u>\$3,825,499</u>	<u>\$42,792</u>	<u>\$171,651</u>	<u>\$3,696,639</u>	<u>\$281,128</u>

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

Compensated absences for the governmental funds are accounted for as a portion of the unrestricted net position of the Compensated Absences Internal Service Fund. Net pension liability for the governmental funds are accounted for as a portion of the unrestricted net position of the Employee Benefits Internal Service Fund. Net OPEB liabilities for the governmental funds are accounted for as a portion of the unassigned fund balance of the General Fund.

Note 10 DEFINED BENEFIT PENSION PLANS

A. PLAN DESCRIPTION

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes Chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

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

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

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

B. BENEFITS PROVIDED

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Plan Benefits

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

receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

2. Police and Fire Plan Benefits

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

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

C. CONTRIBUTIONS

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

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were \$426,133. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$616,358. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of \$1,978,677 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 \$47,732.

City's proportionate share of the net pension liability	\$1,978,677
State of Minnesota's proportionate share of the net pension liability associated with the City	47,732
Total	<u>\$2,026,409</u>

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 0.0597% at the end of the measurement period and 0.0578% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of (\$39,371) for its proportionate share of the General Plan's pension expense. In addition, the City recognized an additional (\$7,321) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$188,974	\$ -
Changes in actuarial assumptions	47,676	460,179
Net difference between projected and actual earnings on pension plan investments	-	776,893
Changes in proportion	71,270	33,641
Employer contributions subsequent to the measurement date	215,583	-
Total	<u>\$523,503</u>	<u>\$1,270,713</u>

The \$215,583 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2026	(\$224,067)
2027	(350,617)
2028	(247,458)
2029	(140,651)
2030	-
Thereafter	-

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$2,541,752 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2169% at the end of the measurement period and 0.2024% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$88,110.

City's proportionate share of the net pension liability	\$2,541,752
State of Minnesota's proportionate share of the net pension liability associated with the City	88,110
Total	<u>\$2,629,862</u>

For the year ended December 31, 2025, the City recognized pension expense of \$545,621 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$42,632 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid, because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$19,524 for the year ended December 31, 2025, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$1,187,979	\$ -
Changes in actuarial assumptions	2,010,036	3,236,747
Net difference between projected and actual earnings on pension plan investments	-	1,102,386
Changes in proportion	361,263	400,877
Employer contributions subsequent to the measurement date	317,693	-
Total	<u>\$3,876,971</u>	<u>\$4,740,010</u>

The \$317,693 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2026	\$636,149
2027	(602,822)
2028	(1,321,623)
2029	1,969
2030	105,595
Thereafter	-

The net pension liability will be liquidated by the general, water, sewer, storm water, refuse and recycling funds.

E. ACTUARIAL METHODS AND ASSUMPTIONS

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

Inflation	2.25% per year
Investment Rate of Return	7.00%

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

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.

- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25%	0.75%
Private markets	25%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Plan and Police and Fire Plan were projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Proportionate share of the General Plan net pension liability	\$4,805,897	\$1,978,677	(\$314,834)
Proportionate share of the Police and Fire Plan net pension liability	\$6,659,928	\$2,541,752	(\$839,921)

H. PENSION PLAN FIDUCIARY NET POSITION

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

I. PENSION EXPENSE

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

General Plan	(\$46,692)
Police and Fire Plan	588,253
Total	<u>\$541,561</u>

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

A. PLAN DESCRIPTION

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The OPEB plan issues a separate report that includes required supplementary information and trend information. This report can be obtained from the Finance Director at 11955 Champlin Drive, Champlin, MN 55316. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75.

B. BENEFITS PROVIDED

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's contracted health insurance plan. The benefit levels are the same as those provided to active employees. Benefits include general

inpatient and outpatient medical services, vision care, dental care and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer, and the retiree is no longer covered under the City's plan.

Funding policy - The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. For law enforcement employees and sergeants, the retirees contribute 50% of the bargaining unit's employer contribution towards the lowest single medical premium option until age 65 and the City contributes the remainder. The City provides single coverage to public safety personnel meeting the definition of injured in the line of duty per Minnesota statute 299A.465 until reaching age 65. For all others, the retirees contribute 100% of the medical premiums. For the fiscal year ended December 31, 2025, retirees contributed approximately \$52,840 and the City contributed \$88,288. Active employees do not contribute to the plan until retirement.

C. PARTICIPANTS

As of the January 1, 2025 actuarial valuation date, participants of the plan consisted of:

Retirees and beneficiaries currently receiving benefits	7
Active employees	82
Spouses receiving payments	2
Total	<u>91</u>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,845,751 was measured as of January 1, 2025, and was determined by an actuarial valuation dated January 1, 2025. Changes in the total OPEB liability during 2025 were:

Balances at January 1, 2025	<u>\$1,414,114</u>
Service cost	59,183
Interest cost	52,413
Assumption changes	(74,431)
Differences between expected and actual experience	508,979
Benefit payments	(114,507)
Total net changes	<u>431,637</u>
Balances at December 31, 2025	<u>\$1,845,751</u>

There were no plan changes since the measurement date of January 1, 2025.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age, level percentage of pay
Amortization method	Average of expected remaining service on a closed basis
Inflation rate	2.50%
Projected salary increases	Increase rates vary by service and contract group
Discount rate	4.20%
20-year municipal bond yield	4.20%
Healthcare cost trend rate	6.50% grading to 5.00% over 6 years and then to 4.00%

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on published rate information for 20-year, tax exempt, municipal bonds as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 generational improvements scale (Blue Collar tables for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2025 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.20%) or 1% higher (5.20%) than the current discount rate:

	1% Decrease (3.20%)	Discount Rate (4.20%)	1% Increase (5.20%)
Total OPEB liability	\$2,051,969	\$1,845,751	\$1,665,992

G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00%) or 1% higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$1,650,701	\$1,845,751	\$2,071,884

For the year ended December 31, 2025, the City recognized \$219,663 of OPEB expense. At December 31, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$785,654	\$147,955
Changes in actuarial assumptions	40,119	127,649
Contributions subsequent to the measurement date	88,288	-
Total	\$914,061	\$275,604

The \$88,288 reported as deferred outflows of resources related to OPEB resulting from City contributions after the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2026. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	OPEB Expense Amount
2026	\$108,070
2027	100,542
2028	126,261
2029	59,502
2030	93,720
Thereafter	62,074

Note 12 CONTINGENCIES

A. LITIGATION

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

B. FEDERAL AND STATE FUNDS

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

C. TAX INCREMENT DISTRICTS

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

Note 13 PAY AS YOU GO TAX INCREMENTS – TAX ABATEMENT

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

The EDA has one tax increment pay-as-you-go agreement. The agreement is not a general obligation of the City or the EDA and is payable solely from available tax increment. Accordingly, this agreement is not reflected in the financial statements of the City or EDA. Details of the pay-as-you-go note is as follows:

TIF District #2405 – Mississippi Crossings:

Issued in 2022 in the principal sum of \$10,500,000 with an interest rate of 4.50%. Principal and interest shall be paid on August 1st, 2022, and each February 1st and August 1st thereafter up to and including February 1, 2050. Payments are payable solely from available tax increment derived from developed/redeveloped property and paid to the EDA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increments received in the prior six months. The payment reimburses the developer for certain public development costs. The current year abatement (TIF note payments) amounted to \$574,041. At December 31, 2025, the principal amount outstanding on the note was \$10,500,000.

Note 14 JOINT VENTURES

Anoka-Champlin Fire Department

The City participates in a joint venture with the City of Anoka, Minnesota to provide fire protection services to the residents of the respective cities. The Anoka-Champlin Joint Fire Department was created pursuant to an agreement dated March 20, 1985. The terms of the agreement provide for a 48% and 52% undivided equity interest for the City of Champlin and the City of Anoka, respectively.

The City of Anoka is responsible for the administration and daily operations of the fire department. Each City is responsible for their proportionate share of the cost of the fire department's operations. Separate financial statements of the joint venture are available at the City of Anoka, 2015 1st Avenue, Anoka, MN 55398 or 763-576-2771.

Pets Under Police Security

The City is a member of Pets Under Police Security (PUPS), which was established by a joint and cooperative agreement between several area cities. PUPS is governed by its board of directors, which consists of one board member appointed from each participating city.

The board adopts an annual budget prior to July 1 of each year. Charges for capital, administrative and other costs of PUPS are billed to its member cities on a pro-rata basis. In the event of dissolution, and following the payment of all outstanding obligations, the assets of PUPS will be distributed among the then existing member cities in direct proportion to their cumulative annual membership contributions. Separate financial statements of the joint venture are available at the City of Maple Grove, P.O. Box 1180, Maple Grove, MN 55311-6180.

Note 15 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; employee health and dental; and natural disasters for which the City carries commercial insurance policies. The City retains risk for the deductible portions of the insurance policies and for any exclusions from the insurance policies.

Past experience indicates that incurred but not reported claims, in aggregate, of the Insurance Management Internal Service Fund do not represent a material amount and, therefore, have not been accrued at year-end. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the prior three years.

The City's worker's compensation and general liability policies are retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and is not recorded until received or paid.

Note 16 RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

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

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

Note 17 SUBSEQUENT EVENTS

Subsequent events have been evaluated for recognition or disclosure through May 19, 2026, the date the financial statements were available to be issued.