PRELIMINARY OFFICIAL STATEMENT DATED APRIL 30, 2025

NEW ISSUE	**BOOK ENTRY ONLY**
BANK QUALIFIED	**STANDARD & POOR'S GLOBAL RATINGS "AA+"**

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

CITY OF INDEPENDENCE, MINNESOTA

$2,000,000*

General Obligation Street Reconstruction Bonds, Series 2025A

Dated Date: Date of Delivery (Estimated to be June 5, 2025)	**Interest Due: Each February 1 and August 1 Commencing February 1, 2026**

*Maturity**	*Amount**	*Rate*	*Yield*	*Price*	*Maturity**	*Amount**	*Rate*	*Yield*	*Price*
2/1/2027	$170,000	_____%	_____%	_____	2/1/2032	$200,000	_____%	_____%	_____
2/1/2028	175,000	_____	_____	_____	2/1/2033	210,000	_____	_____	_____
2/1/2029	185,000	_____	_____	_____	2/1/2034	215,000	_____	_____	_____
2/1/2030	190,000	_____	_____	_____	2/1/2035	225,000	_____	_____	_____
2/1/2031	195,000	_____	_____	_____	2/1/2036	235,000	_____	_____	_____

The General Obligation Street Reconstruction Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by the City of Independence, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapters 475 and Section 475.58, Subdivision 3b, as amended. Proceeds of the Bonds will be used to finance the City's 2025 street reconstruction projects 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 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, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 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, 2027. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing February 1, 2026. 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: Tuesday, May 6, 2025 10:00 A.M., Central Time
Award: Tuesday, May 6, 2025 6:30 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 $1,975,000 (98.75%) 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 $40,000, 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 JUNE 5, 2025.

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 CITY OR 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 CITY SINCE THE DATE HEREOF. 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 MAKING 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 CITY 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).

WITHIN THE MEANING OF SECURITIES AND EXCHANGE 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).

SUMMARY OF OFFERING

City of Independence, Minnesota
$2,000,000 *
General Obligation Street Reconstruction Bonds, Series 2025A
(Book-Entry Only)

AMOUNT -	$2,000,000*
ISSUER -	City of Independence, Minnesota (the "City" or the "Issuer")
AWARD DATE -	May 6, 2025
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 Street Reconstruction Bonds, Series 2025A (the "Bonds" or the "Issue")
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Street Reconstruction Bonds, Series 2025A (the "Bonds") are being issued by the City of Independence, Minnesota (the "City") pursuant to Minnesota Statutes, Chapters 475 and Section 475.58, Subdivision 3b, as amended. Proceeds of the Bonds will be used to finance the City's 2025 street reconstruction projects 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 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 *Authority and Purpose* as well as *Security/Sources and Uses of Funds* herein for additional information.
DATE OF ISSUE -	Date of Delivery (Estimated to be June 5, 2025)
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing February 1, 2026, 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* -

2/1/27	$170,000	2/1/30	$190,000	2/1/33	$210,000	2/1/35	$225,000
2/1/28	175,000	2/1/31	195,000	2/1/34	215,000	2/1/36	235,000
2/1/29	185,000	2/1/32	200,000				

REDEMPTION -	The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest. See *Description of the Bonds* 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 -	NOT Private Activity Bonds - The Bonds are not "private activity bonds" as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). Bank Qualified Tax-Exempt Obligations - The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.
LEGAL OPINION -	Kennedy & Graven, Chartered, Minneapolis, Minnesota ("Bond Counsel")
BOND RATING -	The City received an underlying rating of "AA+" from S&P Global Ratings ("S&P"). See *Bond Rating* herein for additional information.
CLOSING -	Estimated to be June 5, 2025
PRIMARY CONTACTS -	Mark Kaltsas, City Administrator, City of Independence, Minnesota 612-567-8786 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964

* Preliminary, subject to change.

CITY OF INDEPENDENCE, MINNESOTA

PRINCIPAL CITY OFFICIALS

Elected Officials	**City Council**	
Name	*Position*	*Term Expires*
Brad Spencer	Mayor	12/31/2028
Lynn Betts	Council Member	12/31/2026
Brad Fisher	Council Member	12/31/2026
Ray McCoy	Council Member	12/31/2028
Steve Grotting	Council Member	12/31/2028

Primary Contacts

Mark Kaltsas	City Administrator
Carrie Solien	Assistant to the City Administrator
Robert Vose	City Attorney

BOND COUNSEL

Kennedy & Graven, Chartered
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

$2,000,000*
GENERAL OBLIGATION STREET RECONSTRUCTION BONDS, SERIES 2025A

CITY OF INDEPENDENCE, 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 Tuesday, May 6, 2025, at 10:00 A.M., CT, at the offices of Northland Securities, Inc. (the Issuer'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 Tuesday, May 6, 2025 at 6:30 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:
a) submitted to the office of Northland Securities, Inc.,
b) emailed to PublicSale@northlandsecurities.com
c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4945, or
d) 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 Tuesday, May 6, 2025. 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 Issuer 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 Issuer 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 Issuer 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

* The Issuer 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.

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 Issuer will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be June 5, 2025)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Minnesota Statutes, Section 475.58, Subdivision 3b, as amended. Proceeds will be used to finance the City's 2025 street reconstruction projects and to pay costs associated with the issuance of the Bonds. The Bonds will be secured by ad valorem taxes levied on all taxable property within the City. The full faith and credit of the Issuer will be pledged to the payment of the Bonds and the Issuer will levy additional 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 February 1, 2026, 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:

Year	Amount	Year	Amount
2027	$170,000	2032	$200,000
2028	175,000	2033	210,000
2029	185,000	2034	215,000
2030	190,000	2035	225,000
2031	195,000	2036	235,000

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 Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer 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 Issuer and Bond Counsel. All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's Municipal Advisor and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer shall promptly so advise the winning bidder. The Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer (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 of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
4. *"sale date" means the date that the Bonds are awarded by the Issuer to the winning bidder.*

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

The Issuer 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 Issuer and shall be at the sole discretion of the Issuer. The successful bidder may not withdraw or modify its Proposal once submitted to the Issuer 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, 2034 are subject to redemption and prepayment at the option of the Issuer on February 1, 2033 and any date thereafter, at a price of par plus accrued interest up to the date of optional redemption. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the Issuer 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-five days after award, subject to an approving legal opinion by Kennedy & Graven, Chartered, Bond Counsel. The legal opinion will be paid by the Issuer 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 $1,975,000 (98.75%) and accrued interest on the principal sum of $2,000,000 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:

Mark Kaltsas, City Administrator
Independence City Hall
1920 County Road 90
Independence, MN 55359

A good faith deposit (the "Deposit") in the amount of $40,000 in the form of a federal wire transfer (payable to the order of the Issuer) 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 Issuer 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 Issuer 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 Issuer. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the Issuer 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 Issuer'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 Issuer 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 Issuer 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 Issuer 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).

LIMITED CONTINUING DISCLOSURE UNDERTAKING

The Issuer 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 Issuer, and notices of certain material events, as required by SEC Rule 15c2-12.

BANK QUALIFICATION

The Issuer 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 Issuer has requested and received a rating on the Bonds from a rating agency, the Issuer 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 Issuer reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: April 15, 2025 BY ORDER OF THE CITY OF INDEPENDENCE CITY COUNCIL

/s/ Mark Kaltsas
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

EXHIBIT A

(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the [“Purchaser”] [“Representative,” on behalf of itself and other underwriters listed below (collectively, the “Underwriting Group”)], with respect to the sale and issuance of the General Obligation Street Reconstruction Bonds, Series 2025A (the “Bonds”), issued by the City of Independence, Minnesota (the “Issuer”), in the original aggregate principal amount of $____________, certifies as follows:

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 the [Purchaser] [Underwriting Group] are the prices listed in EXHIBIT A attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices of the Maturities of the Bonds used by the [Purchaser] [Underwriting Group] in formulating its bid to purchase the Bonds. Attached hereto as EXHIBIT B is a true and correct copy of the bid provided by the [Purchaser] [Underwriting Group] to purchase the Bonds.

(b) The [Purchaser] [Underwriting Group] was not given the opportunity to review other bids prior to submitting its bid.

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

(d) Capitalized terms that are used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Bonds for an aggregate purchase price of $_______________ (par amount of Bonds of $__________, plus original issue premium of $_______, less original issue discount of $________, less [a Purchaser’s] [an underwriter’s] discount of $________), plus accrued interest in the amount of $____________.

3. Receipt of Bonds. The undersigned hereby acknowledges receipt of $____________ in original aggregate principal amount of the Bonds from the Issuer, fully executed and authenticated. [The [Purchaser] [Representative] has paid to [NAME OF INSURER] the sum of $______________ as a premium for an insurance policy for the Bonds.]

4. Representations. The representations set forth in this Certificate of Purchaser (the “Certificate”) are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Bonds; and (ii) Kennedy & Graven, Chartered, 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 Information Return for Tax-Exempt Governmental Bonds, Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

5. 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 means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (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).

(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).

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

[PURCHASER] [REPRESENTATIVE]

By ____

Name ____

Its ____

[Account Members:]

(ISSUE PRICE CERTIFICATE – HOLD THE PRICE)

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the ["Purchaser"] ["Representative," on behalf of itself and other underwriters listed below (collectively, the "Underwriting Group"))],, with respect to the sale and issuance of the General Obligation Street Reconstruction Bonds, Series 2025A (the "Bonds"), by the City of Independence, Minnesota (the "Issuer"), in the original aggregate principal amount of $____________, certifies as follows:

1. Initial Offering Price for the Bonds.

(a) The [Purchaser] [Underwriting Group] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in EXHIBIT A attached hereto (the "Initial Offering Prices"). A copy of the pricing wire or equivalent communication for the Bonds is attached hereto as EXHIBIT A. Capitalized terms used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

(b) As set forth in the Notice of Sale and the bid award, the [Purchaser has] [members of the Underwriting Group have] agreed in writing that, (i) for each Maturity of the Bonds, [it] [they] 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 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. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Bonds for an aggregate purchase price of $_______________ (par amount of Bonds of $__________, plus original issue premium of $_______, less original issue discount of $________, less [a Purchaser's] [an underwriter's] discount of $________).

3. Receipt of Bonds. The undersigned hereby acknowledges receipt of $_________ in original aggregate principal amount of the Bonds from the Issuer, fully executed and authenticated.

4. Representations. The representations set forth in this Certificate of Purchaser (the "Certificate") are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Bonds; and (ii) Kennedy & Graven, Chartered, 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 Information Return for Tax-Exempt Governmental Bonds, Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

5. Defined Terms.

(a) "Holding Period" means, with respect to 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 the [Purchaser has] [Underwriters have] sold at least ten percent (10%) of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) "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.

(c) "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 means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (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).

(d) "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 __________.

(e) "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).

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

[PURCHASER] [REPRESENTATIVE]

By ____

Name ____

Its ____

AUTHORITY AND PURPOSE

The General Obligation Street Reconstruction Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by the City of Independence, Minnesota (the "City") pursuant to Minnesota Statutes, Chapters 475 and Section 475.58, Subdivision 3b, as amended. Proceeds from issuance of the Bonds will be used to finance the City's 2025 street reconstruction projects 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 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	$ 2,000,000*
Total Sources of Funds:	$ 2,000,000
Uses of Funds	
Deposit to Project Fund	$ 1,865,945
Costs of Issuance/Underwriter's Discount	88,025
Deposit to Capitalized Interest Fund	46,030
Total Uses of Funds:	$ 2,000,000

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 "AA+" 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,

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* Preliminary, subject to change.

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.

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 June 5, 2025), 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, 2027. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2026. 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, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 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 3.6 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.

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 Independence takes no responsibility for the accuracy thereof.

LIMITED 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, which information is customarily prepared by the City and is publicly available, 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 Undertaking* herein for additional information.

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 received an underlying rating of "AA+" 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 Kennedy & Graven, Chartered, 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 EXEMPTION

General

In the opinion of Bond Counsel, under federal and Minnesota laws, regulations, rulings and decisions in effect on the date of issuance of the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes, and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), however, impose continuing requirements that must be met after the issuance of the Bonds in order for interest thereon to be and remain excludable from federal gross income and, to the same extent, from Minnesota taxable net income. Noncompliance with such requirements by the City may cause the interest on the Bonds to be includable in gross income for purposes of federal income taxation and, to the same extent, includable in taxable net income for purposes of Minnesota income taxation, retroactive to the date of issuance of the Bonds, irrespective in some cases of the date on which such noncompliance is ascertained. No provision has been made for redemption of Bonds or for an increase in the interest rate on the Bonds in the event that interest on the Bonds becomes includable in federal gross income or Minnesota taxable income.

Other Federal and State Tax Considerations

Interest on the Bonds is not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts. Interest on the Bonds may be includable in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code. Section 86 of the Code requires recipients of certain Social Security and railroad retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds.

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for a Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than a certain percentage of the gross receipts of such Subchapter S corporation is passive investment income. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of the holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b) of the Code).

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

Proposed Changes in Federal and State Tax Law

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

Qualified Tax-Exempt Obligations

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code related to the ability of financial institutions to deduct from income for federal tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. "Qualified tax-exempt obligations" are treated as acquired by a financial institution before August 8, 1986. Interest allocable to such obligations remains subject to the 20% disallowance under prior law.

CITY OF INDEPENDENCE, MINNESOTA

GENERAL INFORMATION

Location/Access/Transportation

The City of Independence (the "City"), situated in Hennepin County, is located approximately 25 miles west of Minneapolis and is part of the Seven County Metropolitan Area. Access is provided via U.S. Highway 12.

Population

2000 Census	3,236	2020 Census	3,755
2010 Census	3,504	2025 City Estimate	3,916

Labor Force Data[1]

Comparative average labor force and unemployment rate figures for year-end 2023 and year-end 2024 are listed below. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	2024		2023	
	Civilian Labor Force	*Unemployment Rate*	*Civilian Labor Force*	*Unemployment Rate*
Hennepin County	703,160	2.9%	708,159	2.6%
Minneapolis/St. Paul MSA	2,012,564	3.1	2,023,955	2.7
Minnesota	3,098,276	3.2	3,099,923	2.8

Income Data[2]

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

	City of Independence	*State of Minnesota*	*United States*
Median Family Income	$207,206	$111,492	$96,922
Per Capita Income	94,243	46,957	43,289

City Government

Independence, organized in 1974, is a Minnesota Statutory City. It has a mayor elected at large for a four-year term and five council members also elected at large for four-year terms. The professional staff is appointed and consists of a City Administrator, Assistant City Administrator, Administrative Assistant, Public Works Supervisor, City Planner, Building Inspector, and City Attorney.

Municipal Enterprise Services

Municipal enterprise services provided by the City include the sanitary sewer system. Water is supplied by private wells.

[1] Source: Minnesota Department of Employment and Economic Development

[2] Source: 2019-2023 American Community Survey, U.S. Census Bureau.

Bargaining Units/Labor Contracts

There are no labor unions representing certain City employee groups.

Employee Pension Programs

The City employs 7 full-time employees. The pension plan covers all eligible employees.

The City participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute and vest after three years of credited service. State Statute requires the City to fund current service pension cost as it accrues. Defined retirement 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly "PERF") and PEPFF. That report may be obtained at www.mnpera.org, or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling 651-296-7460 or 800-652-9026.

The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2023 and the City was required to contribute 7.50% for Coordinated Plan members.

Audited City contributions to GERF for the past five years have been as follows:

Year	*Amount*
2023	$40,161
2022	36,259
2021	31,286
2020	30,741
2019	31,705

Other Postemployment Benefits (OPEB)

The City offers a Post-Employment Health Care Savings Account benefit to those who have been employed at least 20 years. They can contribute any or all remaining sick and vacation pay to a pre-tax contribution account to use for eligible health care costs.

Cash and Investment Balances as of February 28, 2025 (unaudited)

Fund Name	
General Fund	$ 1,223,826
Special Revenue Fund	55,065
Capital Projects Fund	1,662,645
Debt Service Fund	96,145
Enterprise Fund	381,493
Total	$ 3,419,174

General Fund Budget Summary

	2024 Budget	2025 Budget
Revenues:		
Property Taxes	$3,523,646	$3,784,539
Licenses and Permits	265,000	265,000
Intergovernmental Revenue	28,100	103,550
Charges for Services	43,790	43,190
Fines and Forfeits	36,900	36,900
Miscellaneous	22,880	25,000
Interest Earnings	25,000	0
Transfers In	30,000	43,309
Total Revenues	$3,975,316	$4,301,488
Expenditures:		
General Government	$868,380	$864,218
Public Safety	2,102,695	2,249,295
Public Works	737,452	956,637
Sanitation	109,000	111,604
Culture and Recreation	29,734	29,734
Capital Outlay	15,000	15,000
Transfers Out	113,055	75,000
Total Expenditures	$3,975,316	$4,301,488
Revenues Over (Under) Expenditures	$0	$0

Building Permits

Building permits issued for the past five years has been as follows:

Year	Commercial/ Industrial Number of Permits	Residential Number of Permits	Total Number of Permits	Total Permit Valuation
2024	18	289	307	$27,790,745
2023	13	254	267	39,058,552
2022	6	266	272	28,168,729
2021	0	363	363	16,928,477
2020	0	336	336	18,186,109
2019	0	385	385	15,148,609

Financial Institutions

Banking and financial services are provided by the Bank of Maple Plain.

Education

The City is served by four school districts: Independent School Districts No. 277, Westonka Public School District; No. 278, Orono Public School District; No. 879 Delano Public School District; and No. 883, Rockford Public School District.

Major/Leading Employers

Many residents commute to the nearby cities of Minnetonka, Plymouth, Minneapolis, and Wayzata for employment. According to the City and Data Axle Reference Solutions, following are some of the major/leading employers within the City:

Name	Product/Service	Number of Employees[3]
Windsong Golf Club	Recreation	60
Pioneer Creek Golf Club	Recreation	40
Mcgarry's Pub	Restaurant	30
Ox Yoke Inn	Restaurant	22
Scott's Lawncare	Lawn & Grounds Maintenance	20
Stevens Drilling & Environmental Services	Water Well Drilling & Service	15
West Hennepin Public Safety	Police Department	11
City of Independence	Government	7
Mobile Marine Service	Boat Repairing	5

[1] Includes full-time, part-time, and seasonal employees.

Largest Taxpayers[1]

Following are ten of the largest taxpayers within the City:

Name	*Classification*	*2024/2025 Tax Capacity*	*Percent of Total Tax Capacity ($12,974,048)*[2]
CenterPoint Energy	Utility	$ 85,058	0.66%
Individual	Residential	60,109	0.46
Hard Knocks LLC	Industrial	53,780	0.41
Individual	Industrial	44,850	0.34
PTS Properties LLC	Industrial	40,970	0.32
Individual	Industrial	39,570	0.31
BN & Santa Fe RR Co.	Railroad	38,990	0.30
Individual	Industrial	37,790	0.29
Individual	Residential-Seasonal	35,949	0.28
Fox Lake LLC	Commercial	34,200	0.26
		$ 471,266	3.63%

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1 As reported by Hennepin County.

2 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 $76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of $30,400 at $76,000 of market value. For a homestead valued between $76,000 and $413,800, the exclusion is $30,400 minus nine percent of the valuation over $76,000. For a homestead valued at $413,800 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

Class	Type of Property	Class Rate Schedule 2022/2023	2023/2024	2024/2025
1a	Residential Homestead: First $500,000	1.00%	1.00%	1.00%
	Over $500,000	1.25	1.25	1.25
1c	Commercial seasonal-residential recreational-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	Agricultural Homestead – House, Garage, One Acre:			
	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First $1,890,000	0.50		
	Over $1,890,000	1.00		
	First $2,150,000		0.50	
	Over $2,150,000		1.00	
	First $3,500,000			.50
	Over $3,500,000			1.00
2b	Non-Homestead Rural Vacant Land[1]	1.00	1.00	1.00
3a	Commercial/Industrial and Public Utility			
	First $150,000†	1.50	1.50	1.50
	Over $150,000†	2.00	2.00	2.00
4a	Apartment (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	Residential Non-Homestead (Single Unit)			
	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(1)	Seasonal Residential Recreational/Commercial†			
	(Resort): First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(12)	Seasonal Residential Recreational†			
	Non-Commercial (Cabin): First $500,000*	1.00	1.00	1.00
	Over $500,000*	1.25	1.25	1.25
4d	Qualifying Low-Income Rental Housing			
	First $100,000	.75	.75	.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 INDEPENDENCE, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION[1]

Valuations

	Estimated Market Value 2024/2025	*Net Tax Capacity 2024/2025*
Real Property	$ 1,183,607,200	$ 12,754,566
Personal Property	11,049,100	219,482
Fiscal Disparities[2]	- - -	
(Contribution to Pool)	- - -	(286,690)
Distribution from Pool	- - -	371,644
Total Adjusted Valuation	$ 1,194,656,300	$ 13,059,002

Valuation Trends (Real and Personal Property)

Levy Year/ Collection Year	*Economic Market Value*	*Sales Ratio*	*Estimated Market Value*	*Taxable Market Value*	*Tax Capacity Before Fiscal Disparities*	*Tax Capacity After Fiscal Disparities*
2024/2025	NA	NA	$1,194,656,300	$1,186,074,780	$12,974,048	$13,059,002
2023/2024	$1,272,173,073	90.84%	1,117,879,000	1,112,711,035	12,066,197	12,128,471
2022/2023	1,168,033,745	90.26	1,014,440,700	1,009,076,390	10,829,179	10,933,532
2021/2022	975,611476	89.74	844,433,400	837,850,030	8,840,950	8,951,343
2020/2021	887,487,890	93.71	800,060,200	793,577,245	8,366,201	8,452,770

Breakdown of Valuations

2024/2025 Tax Capacity, Real and Personal Property (before fiscal disparities adjustments):

Residential Homestead	$ 10,372,342	79.95%
Agricultural	1,494,975	11.53
Public Utility	15,710	0.12
Railroad	69,994	0.54
Commercial & Industrial	601,956	4.64
Residential Non-Homestead	10,746	0.08
Seasonal/Recreational	170,405	1.31
Other	18,438	0.14
Personal Property	219,482	1.69
Totals:	$ 12,974,048	100.00%

[1] Property valuations, tax rates, and tax levies and collections are provided by Hennepin County. The Economic Market Value and Sales Ratio for 2024/2025 is not yet available from 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 within ISD No. 879, Delano, for the past five-assessable/collection years have been as follows:

Levy Year/ Collection Year	*2020/21 Tax Capacity Rates*	*2021/22 Tax Capacity Rates*	*2022/23 Tax Capacity Rates*	*2023/24 Tax Capacity Rates*	*2024/25 Tax Capacity Rates*
Hennepin County	38.210%	38.535%	34.542%	34.681%	37.081%
City of Independence	40.368	39.162	33.784	32.356	32.062
ISD No. 879, Delano	36.122	34.702	28.461	24.851	24.740
HCRRA	1.323	1.329	1.188	1.153	1.205
Hennepin HRA	0.722	0.771	0.663	0.624	0.797
Metropolitan Council	0.631	0.659	0.576	0.614	0.567
Metropolitan Mosquito	0.381	0.377	0.311	0.312	0.328
Park Museum	0.707	0.722	0.647	0.694	0.744
Three Rivers Park District	2.793	2.787	2.473	2.399	2.471
Totals:	121,257%	119.044%	102.645%	97.684%	99.995%

Market Value Rates:	*2020/2021*	*2021/2022*	*2022/2023*	*2023/2024*	*2024/2025*
ISD No. 897 (Delano)	0.17279%	0.17507%	0.17746%	0.15930%	0.16217%

Tax Levies and Collections[1]

		Collected During Collection Year		Collected and/or Abated as of 1/1/25	
Levy/Collect	Net Levy	Amount	Percent	Amount	Percent
2024/2025	$4,125,725		In Process of Collection		
2023/2024	3,890,087	3,851,290	99.00%	3,851,290	99.00%
2022/2023	3,667,710	3,644,490	99.37	3,662,198	99.85
2021/2022	3,468,506	3,447,028	99.38	3,467,295	99.97
2020/2021	3,355,036	3,329,920	99.25	3,352,842	99.93

[1] 2024/2025 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 Limit[1] [2]

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 May 2, 2025:

2024/2025 Estimated Market Value	$ 1,194,656,300
Multiplied by 3%	x .03
Statutory Debt Limit	$ 35,839,689
Less outstanding debt applicable to debt limit:	
$3,760,000 General Obligation Bonds, Series 2020	$ 3,615,000
$2,000,000 General Obligation Street Reconstruction Bonds, Series 2025A (this Issue)	2,000,000
Total Debt applicable to debt limit:	$ 5,615,000
Legal debt margin	$ 30,224,689

[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.

[2] Pursuant to Minnesota Statutes Section 475.521, capital improvement bonds are not subject to the statutory debt limit established in Section 475.53 if the issuer's population is less than 2,500.

CITY OF INDEPENDENCE, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of May 2, 2025 Plus This Issue)

		This Issue			
Purpose:	**G.O. Bonds, Series 2020A**	**G.O. Street Reconstruction Bonds, Series 2025A**			
Dated:	06/11/20	06/05/25			
Original Amount:	$3,760,000	$2,000,000			
Maturity:	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	2.00-3.00%		**PRINCIPAL:**	**PRIN & INT:**	
2025	$0	$0	$0	$78,293	2025
2026	40,000	0.00	40,000	163,122	2026
2027	40,000	170,000	210,000	356,108	2027
2028	220,000	175,000	395,000	531,853	2028
2029	225,000	185,000	410,000	534,578	2029
2030	230,000	190,000	420,000	532,890	2030
2031	235,000	195,000	430,000	531,970	2031
2032	240,000	200,000	440,000	530,590	2032
2033	245,000	210,000	455,000	533,740	2033
2034	250,000	215,000	465,000	531,230	2034
2035	255,000	225,000	480,000	533,225	2035
2036	260,000	235,000	495,000	534,525	2036
2037	265,000		265,000	289,993	2037
2038	270,000		270,000	289,643	2038
2039	275,000		275,000	289,193	2039
2040	280,000		280,000	288,643	2040
2041	285,000		285,000	287,921	2041
	$3,615,000	$2,000,000	$5,615,000	$6,837,514	

NOTE: 67% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

CITY OF INDEPENDENCE, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS
(As of May 2, 2025)

Purpose:	**G.O. Improvement Bonds, Series 2010A**			
Dated:	10/21/10			
Original Amount:	$855,000			
Maturity:	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	1.00-3.40%	**PRINCIPAL:**	**PRIN & INT:**	
2025	$0	$0	$0	2025
2026	70,000	70,000	71,190	2026
	$70,000	$70,000	$71,190	

NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.

CITY OF INDEPENDENCE, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS
(As of May 2, 2025)

Purpose:	**G.O. Tax Abatement Bonds, Series 2015A**			
Dated:	08/19/15			
Original Amount:	$1,495,000			
Maturity:	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	2.00-2.25%	**PRINCIPAL:**	**PRIN & INT:**	
2025	$0	$0	$0	2025
2026	165,000	165,000	166,856	2026
	$165,000	$165,000	$166,856	

NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS WILL BE RETIRED WITHIN TEN YEARS.

Indirect Debt*

Issuer	2024/2025 Tax Capacity Value(1)	2024/2025 Tax Capacity Value in City(1)	Percentage Applicable in City	Outstanding General Obligation Debt(2)	Taxpayers' Share of Debt
Hennepin County	$ 2,835,449,560	$13,059,002	0.46%	$1,211,355,000	$5,572,233
ISD No. 277, Westonka	78,866,563	860,906	1.09	63,220,000	689,098
ISD No. 278, Orono	69,541,859	6,437,435	9.26	45,615,000	4,223,949
ISD No. 879, Delano	28,263,357	5,648,818	19.99	50,945,000	10,183,906
ISD No. 883, Rockford	22,006,620	111,843	0.51	22,760,000	116,076
Metropolitan Council	6,330,160,332	13,059,002	0.21	5,025,000(3)	10,553
Three Rivers Park District	2,073,090,874	13,059,002	0.63	49,855,000	314,087
				Total Indirect Debt:	$21,109,902

(Remainder of page intentionally left blank)

* 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 May 2, 2025, unless noted otherwise.

(3) Metropolitan Council has $5,025,000 of general obligation debt outstanding as of December 31, 2024. This debt is payable from ad valorem taxes levied on all taxable property within the Metropolitan Taxing District. This amount excludes $1,166,500,000 of general obligation debt payable from wastewater and sewer revenues, and lease agreements.

General Obligation Debt

Bonds secured by taxes (includes this Issue)	$ 5,615,000
Bonds secured by special assessments	70,000
Bonds secured by tax abatements	165,000
Subtotal	$ 5,850,000
Less bonds secured by water/sewer revenues	(0)
Direct General Obligation Debt	5,850,000
Add taxpayers' share of indirect debt	21,109,902
Direct and Indirect Debt	$ 26,959,902

Facts for Ratio Computations

2023/2024 Economic Market Value (real and personal property)	$1,272,173,073
Population (2025estimate)	3,916

Debt Ratios Excluding Revenue-Supported Debt

	Direct Debt	*Indirect Debt*	*Direct and Indirect Debt*
To Economic Market Value	0.46%	1.66%	2.12%
Per Capita	$1,494	$5,391	$6,885

APPENDIX A

Proposed Form of Legal Opinion

Kennedy & Graven
CHARTERED

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

$________
CITY OF INDEPENDENCE, MINNESOTA
GENERAL OBLIGATION STREET RECONSTRUCTION BONDS
SERIES 2025A

We have acted as bond counsel to the City of Independence, Minnesota (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Street Reconstruction Bonds, Series 2025A (the "Bonds"), originally dated June ___, 2025, and issued in the original aggregate principal amount of $________. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

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

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

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

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

Dated _____________, 2025 at Minneapolis, Minnesota.

APPENDIX B

Continuing Disclosure Certificate

$________
CITY OF INDEPENDENCE, MINNESOTA
GENERAL OBLIGATION STREET RECONSTRUCTION BONDS
SERIES 2025A

CONTINUING DISCLOSURE CERTIFICATE

____________, 2025

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by City of Independence, Minnesota (the "Issuer"), in connection with the issuance of its General Obligation Street Reconstruction Bonds, Series 2025A (the "Bonds"), in the original aggregate principal amount of $____________. The Bonds are being issued pursuant to a resolution adopted by the City Council of the Issuer (the "Resolution"). The Bonds are being delivered to ____________________[, as syndicate manager] (the "Purchaser"), on the date hereof. Pursuant to the Resolution, 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 Resolution, 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 Resolution, 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 the Issuer's Audited Financial Statements.

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

"Bonds" means the General Obligation Street Reconstruction Bonds, Series 2025A, issued by the Issuer in the original aggregate principal amount of $_______________.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

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

"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 Final Official Statement, dated __________________, 2025, 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.

"Material Event" means any of the events listed in Section 4(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 ____________[, as syndicate manager].

"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 Report.

(a) The Issuer shall provide the Annual Report to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2024. The Annual Report 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.

The Annual Report may be submitted as a single document or as separate documents comprising a package.

Section 4. Reporting of Material Events.

(a) This Section 4 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 5. 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 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution 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 Resolution 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 Resolution 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 Resolution 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 compliance with the Rule.

Section 9. 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 10. 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 Resolution 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 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

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

CITY OF INDEPENDENCE, MINNESOTA

____
Mayor

____
City Administrator

APPENDIX C

City's Financial Report

The following financial reports are excerpts from the annual financial report for the year ended December 31, 2023. The complete financial report for the year 2023 and the prior two years are available for inspection at the Independence 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.

City of Independence
Hennepin County, Minnesota

Basic Financial Statements

December 31, 2023

City of Independence
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City of Independence
Elected Officials and Administration
December 31, 2023

Elected Officials	Position	Term Expires
Marvin Johnson	Mayor	December 31, 2024
Lynn Betts	Council Member	December 31, 2026
Brad Spencer	Council Member	December 31, 2026
Ray McCoy	Council Member	December 31, 2024
Steve Grotting	Council Member	December 31, 2024

Administration	
Mark Kaltsas	City Administrator

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Independence
Independence, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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 Independence, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Independence 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

The City of Independence's 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 Independence'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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Independence'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 Independence'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, which follows this report letter, and Required Supplementary 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 (GASB), 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 Independence's basic financial statements. The 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
May 23, 2024

As management of the City of Independence, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $10,063,553 (net position). Of this amount, $4,464,563 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- There was an increase in the City's total net position of $848,607. The increase is attributable to the governmental activities increasing by $850,716 and business-type activities decreasing by $2,109. The main contributor to the increase for governmental activities was an increase in property tax revenue, charges for services, capital grants and contributions, and grants and contributions not restricted to specific programs. The main contributor to the decrease in the business-type activities was higher repair costs for lift station repairs and City of Medina connection costs.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4,023,686, an increase of $839,678 in comparison with the prior year. Approximately 43.3% of this total amount, $1,740,739, is unassigned and available for spending at the City's discretion. An additional 22.2% of this total amount, $893,540, is restricted for specific purposes. An additional 28.5% of this amount, $1,145,411, is assigned by management to show the intent of the funds but is also available for spending at the City's discretion. The remaining 6.0% of this amount, $243,996, is nonspendable for prepaid items.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,751,503, which is 45.3% of total General Fund expenditures or 44.1% of next year's General Fund budget.

- The City's total debt decreased $255,000 during the current fiscal year. The decrease is due to regular bond payments made throughout the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

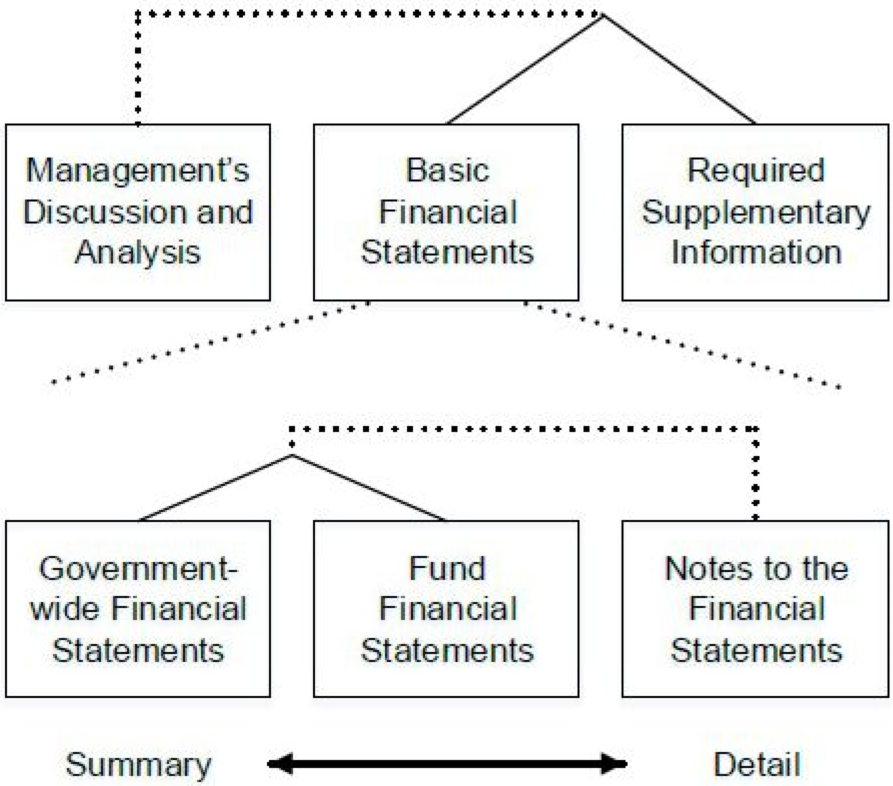


Figure 2 on the following page, summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

The government-wide financial statements start on page 20 of this report.

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds **(Continued).** The City maintains numerous 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 and Capital Improvements funds, both of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 22 of this report.

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

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

The basic proprietary fund financial statements start on page 27 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 31 of this report.

Required Supplementary Information. Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 5 and the Schedules of City's Proportionate Share of Net Pension Liability, the Schedules of City Contributions and the notes to the Required Supplementary Information starting on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining fund financial statements and schedules start on page 66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $10,063,553 at the close of the most recent fiscal year.

The largest part of the City's net position (51.2%) is the investment in capital assets. The investment in capital assets (e.g., land, buildings, machinery, and equipment) is reduced by any related debt used to acquire those assets that is still outstanding to arrive at capital assets net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Independence's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	$ 5,191,121	$ 4,642,131	$ 548,990	$ 815,264	$ 845,693	$ (30,429)
Capital assets	8,012,178	8,223,297	(211,119)	1,521,678	1,511,067	10,611
Total assets	13,203,299	12,865,428	337,871	2,336,942	2,356,760	(19,818)
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	107,440	130,522	(23,082)	26,955	12,612	14,343
Liabilities						
Noncurrent liabilities outstanding	4,143,126	4,776,683	(633,557)	149,016	205,000	(55,984)
Other liabilities	964,413	941,066	23,347	156,114	128,368	27,746
Total liabilities	5,107,539	5,717,749	(610,210)	305,130	333,368	(28,238)
Deferred Inflows of Resources						
Deferred inflows of resources related to leases	68,311	85,390	(17,079)	-	-	-
Deferred inflows of resources related to pensions	104,009	12,647	91,362	26,094	1,222	24,872
Total deferred inflows of Resources	172,320	98,037	74,283	26,094	1,222	24,872
Net Position						
Net investment in capital assets	3,837,178	3,858,297	(21,119)	1,316,678	1,241,067	75,611
Restricted for public safety	166,070	9,271	156,799	-	-	-
Restricted for debt service	279,064	257,225	21,839	-	-	-
Restricted for park improvements	-	201,787	(201,787)	-	-	-
Unrestricted	3,748,568	2,853,584	894,984	715,995	793,715	(77,720)
Total net position	$ 8,030,880	$ 7,180,164	$ 850,716	$ 2,032,673	$ 2,034,782	$ (2,109)

An additional portion of the City's net position (4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($4,464,563) may be used to meet the City's ongoing obligations to citizens and creditors.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities increased the City's net position by $839,678. Key elements of the changes are as follows:

City of Independence's Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 791,773	$ 622,486	$ 169,287	$ 281,979	$ 268,915	$ 13,064
Operating grants and contributions	166,070	-	166,070	-	-	-
Capital grants and contributions	311,901	48,323	263,578	182,288	43,443	138,845
General Revenues						
Taxes						
Property taxes, levied for general purposes	3,358,007	3,170,383	187,624	-	-	-
Debt service	300,148	299,255	893	13,351	15,569	(2,218)
Grants and contributions not restricted to specific programs	292,484	128,608	163,876	-	-	-
Unrestricted investment earnings	82,540	24,843	-	15,647	4,074	11,573
Net income (loss) from joint ventures	16,434	(8,608)	-	-	-	-
Total revenues	5,319,357	4,285,290	951,328	493,265	332,001	161,264
Expenditures						
General government	1,183,635	1,008,558	175,077	-	-	-
Public safety	2,084,971	1,869,568	215,403	-	-	-
Public works	1,101,555	1,036,505	65,050	-	-	-
Culture and recreation	16,740	12,990	3,750	-	-	-
Interest on long-term debt	81,740	85,386	(3,646)	-	-	-
Sanitary sewer	-	-	-	495,374	349,596	145,778
Total expenses	4,468,641	4,013,007	455,634	495,374	349,596	145,778
Change in Net Position	850,716	272,283	578,433	(2,109)	(17,595)	15,486
Net Position, January 1	7,180,164	6,748,051	432,113	2,034,782	2,052,377	(17,595)
Prior Period Restatement	-	159,830	(159,830)	-	-	-
Net Position, December 31	$ 8,030,880	$ 7,180,164	$ 850,716	$ 2,032,673	$ 2,034,782	$ (2,109)

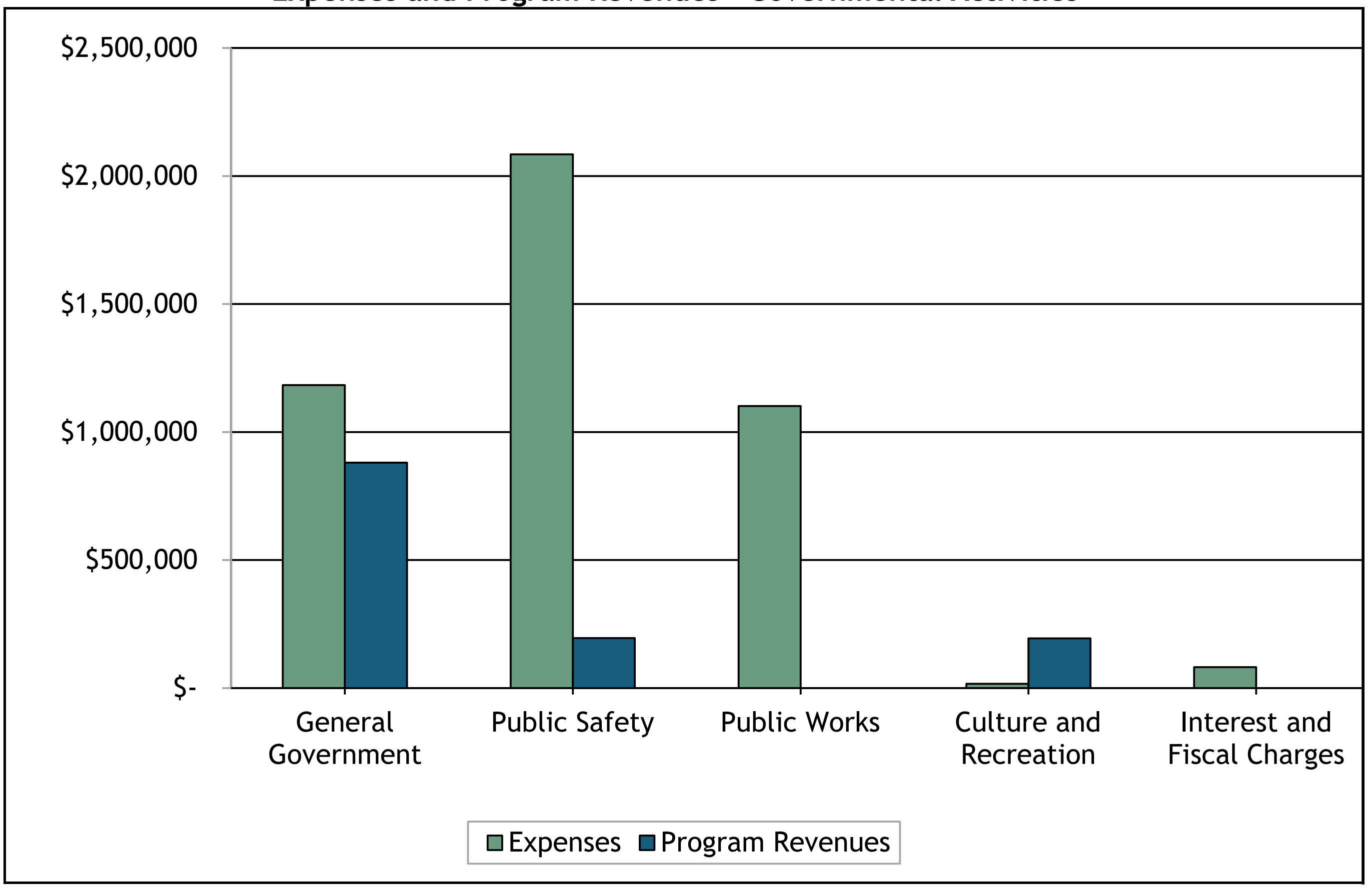
There were increases in charges for services, capital grants and contributions, property taxes levied for general purposes, and grants and contributions not restricted to specific programs, resulting in an increase in the net position. Expenses increased in the governmental activities, except for interest on long-term debt and increased in the business type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

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

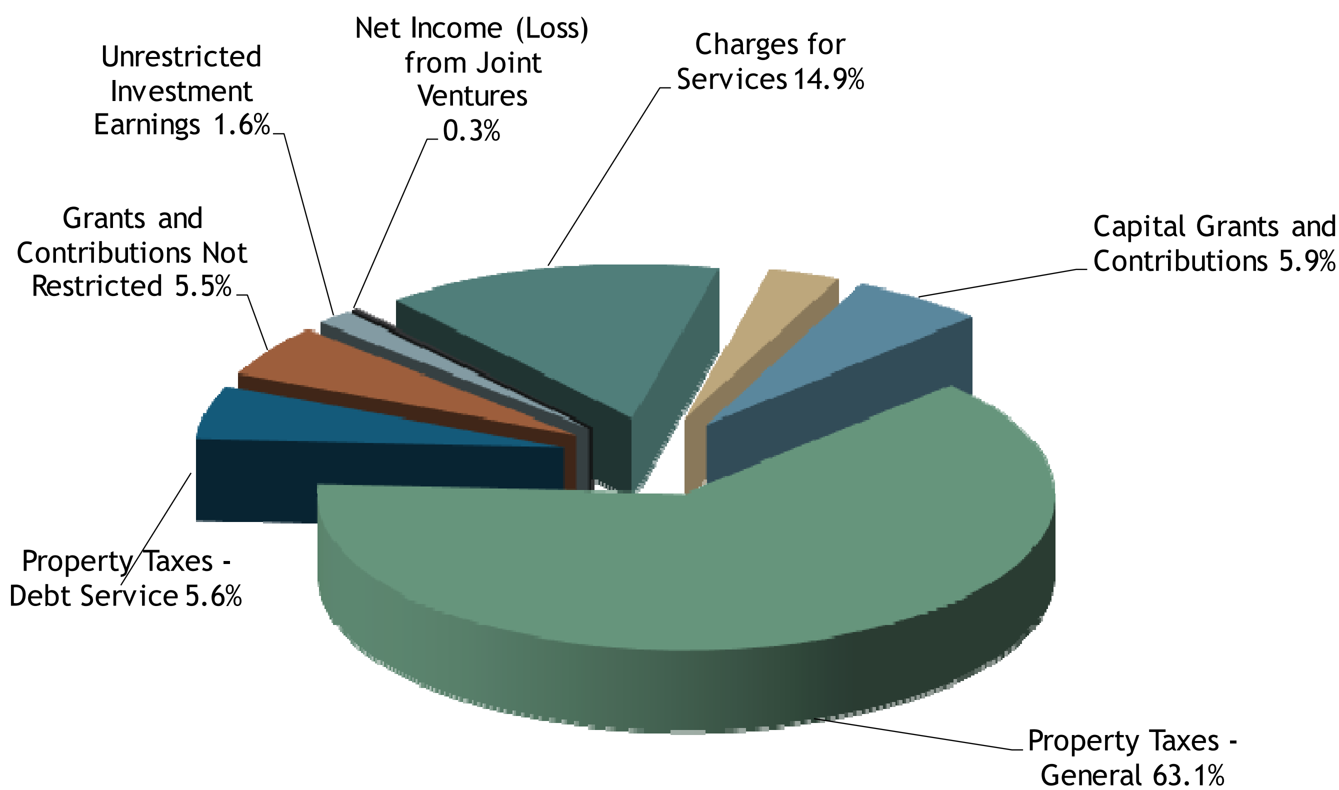
Expenses and Program Revenues - Governmental Activities



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

Revenues by Source - Governmental Activities

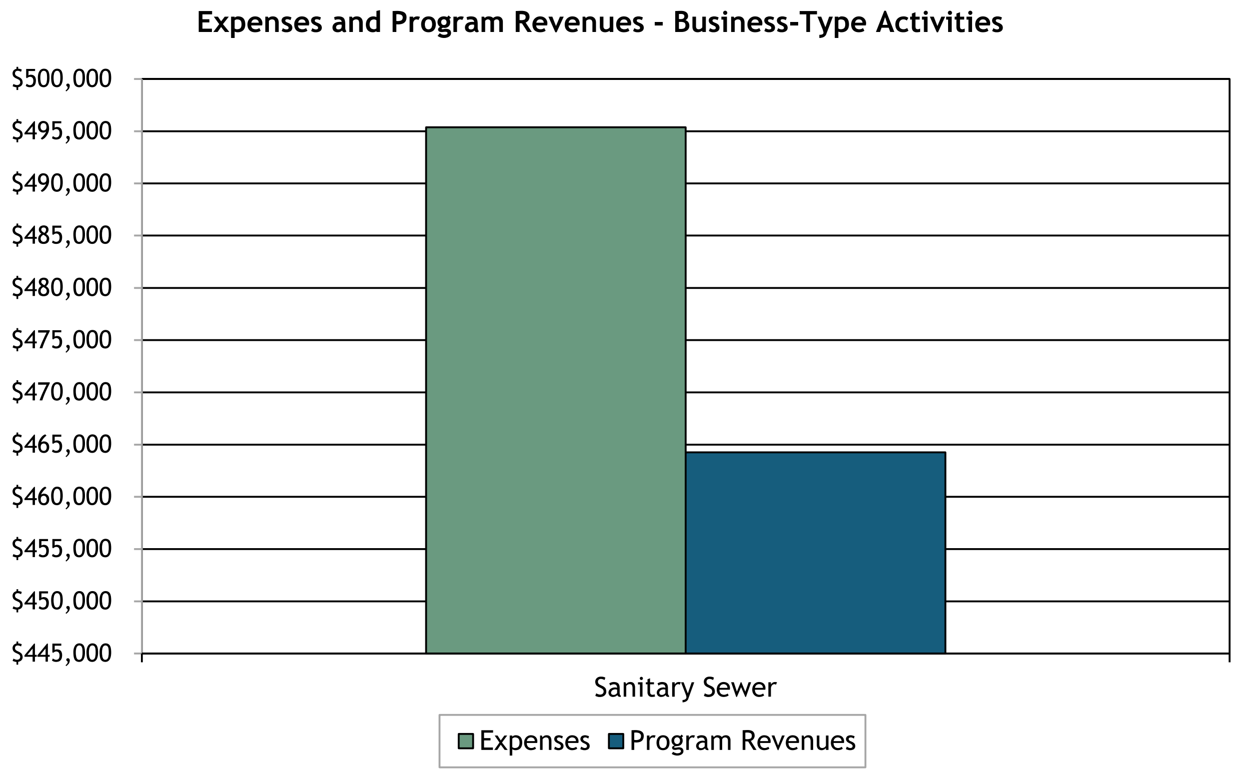


Business-type Activities. Business-type activities decreased the City's net position by $2,109.

- Operating loss in the Sanitary Sewer fund of $206,346, the main contributor for the decrease in the business-type activities was higher repair costs, purchase of start capacitors and greater SAC charges in the current year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

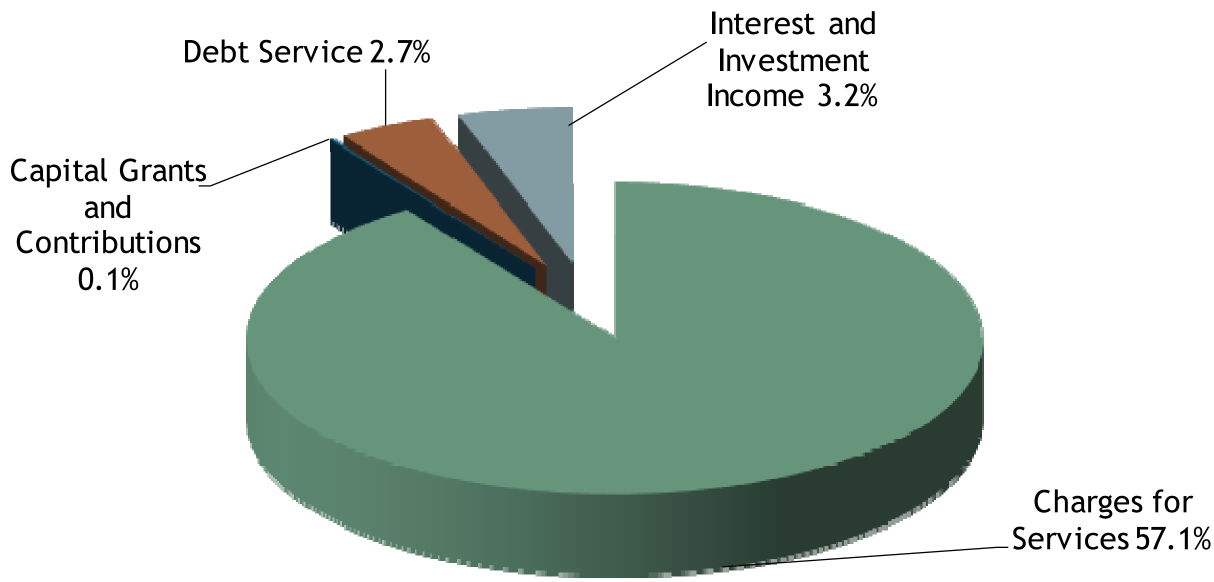
Governmental Activities (Continued)



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities (Continued)

Revenues by Source - Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The *General Fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was $2,161,569. The City's General Fund balance increased $165,056 during the current fiscal year. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total budgeted expenditures. Total unassigned fund balance represents 45.3% of total 2023 expenditures.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund budget was not amended during the year. The budget was balanced for 2023. Fund balance increased $165,056 from the prior year.

Overall revenues were over budget by $504,440. The most significant positive revenue variance was from licenses and permits which was $284,988 over budget. The most significant negative revenue variance was from property tax income which were less then budget by $49,994.

Overall expenditures were over budget by $203,985. The most significant positive expenditure variance was from public works, current which was $53,361 under budget. The most significant negative expenditure variance was from the public works, capital outlay program which was more than budget by $140,609. This was due to the expenses from Townline Road South Improvement Project with the City of Mendina.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to $9,533,856 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, land improvements, and infrastructure.

Additional information on the City's capital assets can be found in Note 6 starts on page 33 of this report.

City of Independence's Capital Assets
(Net of Depreciation)

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	$ 591,591	$ 591,591	$ -	$ -	$ -	$ -
Construction in Progress	-	-	-	132,164	-	132,164
Equipment	68,908	43,049	25,859	-	-	-
Vehicles	308,940	341,120	(32,180)	-	-	-
Buildings	3,961,730	5,189,870	(1,228,140)	-	-	-
Infrastructure	3,081,009	2,057,667	1,023,342	1,389,514	1,511,067	(121,553)
Total	$ 8,012,178	$ 8,223,297	$ (211,119)	$ 1,521,678	$ 1,511,067	$ 10,611

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt. At the end of the current fiscal year, the City had total debt outstanding of $4,380,000. While all of the City's bonds have revenue streams, they are also backed by the full faith and credit of the City.

City of Independence's Outstanding Debt

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Improvement Bonds	$ -	$ -	$ -	$ 205,000	$ 270,000	$ (65,000)
General Obligation Tax Abatement	485,000	640,000	(155,000)	-	-	-
Capital Lease	-	-	-	-	-	-
General Obligation Equipment Certificates	3,690,000	3,725,000	(35,000)	-	-	-
Total	$ 4,175,000	$ 4,365,000	$ (190,000)	$ 205,000	$ 270,000	$ (65,000)

The City's total debt decreased during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 7 starting on page 34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Independence has a comprehensive budgeting process which includes review by department heads and the City Council. The City considers factors such as state aid, county aid, and fees when reviewing revenues. Expenses are monitored based on any potential staffing or equipment needs and changes in resources such as fuel. The City Council also strives to increase and diversify the tax base.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Independence, 1920 County Rd. 90, Independence, Minnesota, 55359.

BASIC FINANCIAL STATEMENTS

City of Independence
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	$ 3,761,519	$ 383,901	$ 4,145,420
Cash with fiscal agent	240,427	68,436	308,863
Receivables			
Accounts	128,433	72,589	201,022
Due from other governments	6,244	-	6,244
Interest	182	-	182
Deliquent property taxes	89,649	-	89,649
Delinquent special assessments	-	254	254
Deferred special assessments	31,444	288,540	319,984
Unremitted property taxes	39,491	-	39,491
Lease receivable	72,745	-	72,745
Prepaid items	243,996	1,544	245,540
Equity interest in joint ventures	576,991	-	576,991
Capital assets (net of accumulated depreciation)			
Capital assets not being depreciated	591,591	132,164	723,755
Capital assets being depreciated	7,420,587	1,389,514	8,810,101
Total assets	13,203,299	2,336,942	15,540,241
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	107,440	26,955	134,395
Total assets and deferred outflows of resources	$ 13,310,739	$ 2,363,897	$ 15,674,636
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	$ 69,560	$ 3,130	$ 72,690
Due to other governments	112,406	-	112,406
Salaries and benefits payable	18,872	5,055	23,927
Deposits payable	92,602	-	92,602
Unearned revenue	107,600	-	107,600
Interest payable	37,856	2,864	40,720
Current portion of compensated absences	39,945	7,164	47,109
Noncurrent portion of compensated absences	23,495	9,016	32,511
Current portion of long-term debt	195,000	65,000	260,000
Noncurrent portion of long-term debt	4,119,631	140,000	4,259,631
Net pension liability	290,572	72,901	363,473
Total liabilities	5,107,539	305,130	5,412,669
Deferred Inflows of Resources			
Deferred inflows of resources related to lease receivable	68,311	-	68,311
Deferred inflows of resources related to pensions	104,009	26,094	130,103
Total deferred inflows of resources	172,320	26,094	198,414
Net Position			
Net investment in capital assets	3,837,178	1,316,678	5,153,856
Restricted for public safety	166,070	-	166,070
Restricted for debt service	279,064	-	279,064
Unrestricted	3,748,568	715,995	4,464,563
Total net position	8,030,880	2,032,673	10,063,553
Total liabilities, deferred inflows of resources, and net position	$ 13,310,739	$ 2,363,897	$ 15,674,636

City of Independence
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Business-Type Activities	Totals
Governmental activities							
General government	$ 1,183,635	$ 761,588	$ -	$ 118,613	$ (303,434)	$ -	$ (303,434)
Public safety	2,084,971	29,185	166,070	-	(1,889,716)	-	(1,889,716)
Public works	1,101,555	-	-	-	(1,101,555)	-	(1,101,555)
Culture and recreation	16,740	1,000	-	193,288	177,548	-	177,548
Interest and fiscal charges	81,740	-	-	-	(81,740)	-	(81,740)
Total governmental activities	4,468,641	791,773	166,070	311,901	(3,198,897)	-	(3,198,897)
Business-type activities							
Sewer	495,374	281,979	-	182,288	-	(31,107)	(31,107)
Total business-type activities	495,374	281,979	-	182,288	-	(31,107)	(31,107)
Total governmental and business-type activities	$ 4,964,015	$ 1,073,752	$ 166,070	$ 494,189	(3,198,897)	(31,107)	(3,230,004)
General revenues							
Property taxes					3,358,007	-	3,358,007
Property taxes levied for debt service					300,148	13,351	313,499
Intergovernmental revenues not restricted to specific programs					292,484	-	292,484
Interest and investment income					82,540	15,647	98,187
Net income (loss) from joint ventures					16,434	-	16,434
Total general revenues					4,049,613	28,998	4,078,611
Change in net position					850,716	(2,109)	848,607
Net position - beginning					7,180,164	2,034,782	9,214,946
Net position - ending					$ 8,030,880	$ 2,032,673	$ 10,063,553

City of Independence
Balance Sheet - Governmental Funds
December 31, 2023

	General Fund (100)	Capital Projects Escrow (430)	Capital Projects Permanent Capital (401-404, 801-805)	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 2,020,859	$ -	$ 1,087,879	$ 652,781	$ 3,761,519
Cash with a fiscal agent	-	-	-	240,427	240,427
Receivables					
Accounts	4,435	123,998	-	-	128,433
Due from other governments	6,244	-	-	-	6,244
Interest	182	-	-	-	182
Due from other funds	25,364	-	-	-	25,364
Unremitted property taxes	39,105	-	-	386	39,491
Delinquent property taxes	77,796	-	-	11,853	89,649
Deferred special assessments	31,444	-	-	-	31,444
Lease receivable	72,745	-	-	-	72,745
Prepaid items	243,996	-	-	-	243,996
Total assets	$ 2,522,170	$ 123,998	$ 1,087,879	$ 905,447	$ 4,639,494
Liabilities					
Accounts payable	$ 51,772	$ 16,796	$ 556	$ 436	$ 69,560
Due to other governments	112,406	-	-	-	112,406
Salaries and benefits payable	18,872	-	-	-	18,872
Deposits payable	-	92,602	-	-	92,602
Due to other funds	-	14,600	-	10,764	25,364
Unearned revenue	-	-	107,600	-	107,600
Total liabilities	183,050	123,998	108,156	11,200	426,404
Deferred Inflows of Resources					
Deferred inflows of resources related to lease receivables	68,311	-	-	-	68,311
Unavailable revenue - property taxes	77,796	-	-	11,853	89,649
Unavailable revenue - special assessments	31,444	-	-	-	31,444
Total deferred inflows of resources	177,551	-	-	11,853	189,404
Fund Balances					
Nonspendable	243,996	-	-	-	243,996
Restricted	166,070	-	-	727,470	893,540
Assigned	-	-	979,723	165,688	1,145,411
Unassigned	1,751,503	-	-	(10,764)	1,740,739
Total fund balances	2,161,569	-	979,723	882,394	4,023,686
Total liabilities, deferred inflows of resources, and fund balances	$ 2,522,170	$ 123,998	$ 1,087,879	$ 905,447	$ 4,639,494

City of Independence
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2023

Total fund balances - governmental funds	$ 4,023,686
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Capital assets	13,098,291
Less accumulated depreciation	(5,086,113)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Principal payable on bonds and note from direct borrowing	(4,175,000)
Unamortized bond premiums and discounts	(139,631)
Compensated absences payable	(63,440)
Net pension liability	(290,572)
Deferred outflows of resources and deferred Inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(104,009)
Deferred outflows of resources related to pensions	107,440
Governmental funds do not report an asset for equity interest in joint ventures.	576,991
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	89,649
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	31,444
Governmental funds do not report a liability for accrued interest until due and payable.	(37,856)
Total net position - governmental activities	$ 8,030,880

See notes to basic financial statements.

City of Independence
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2023

	General Fund (100)	Capital Projects Escrow (430)	Capital Projects Permanent Capital (401-404, 801-805)	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 3,263,829	$ -	$ -	$ 367,039	$ 3,630,868
Special assessments	127,281	-	-	-	127,281
Licenses and permits	490,911	-	-	-	490,911
Intergovernmental	192,090	-	-	263,373	455,463
Charges for services	48,730	185,048	-	-	233,778
Fines and forfeitures	29,185	-	-	-	29,185
Miscellaneous					
Investment income	38,695	-	25,593	18,252	82,540
Contributions and donations	-	-	-	3,056	3,056
Park dedication fee	-	-	-	193,288	193,288
Other	37,899	-	-	-	37,899
Total revenues	4,228,620	185,048	25,593	845,008	5,284,269
Expenditures					
Current					
General government	881,794	158,850	-	65,668	1,106,312
Public safety	2,045,961	-	-	-	2,045,961
Public works	710,205	-	-	-	710,205
Cultural and recreation	20,897	-	-	-	20,897
Debt service					
Principal	-	-	-	190,000	190,000
Interest	-	-	-	93,901	93,901
Capital outlay					
General government	10,914	-	556	69,806	81,276
Public works	195,609	-	-	-	195,609
Cultural and recreation	430	-	-	-	430
Total expenditures	3,865,810	158,850	556	419,375	4,444,591
Excess of revenues over expenditures	362,810	26,198	25,037	425,633	839,678
Other Financing Sources (Uses)					
Transfers in	423,373	-	363,228	257,899	1,044,500
Transfers out	(621,127)	-	-	(423,373)	(1,044,500)
Total other financing sources (uses)	(197,754)	-	363,228	(165,474)	-
Net change in fund balances	165,056	26,198	388,265	260,159	839,678
Fund Balances					
Beginning of year	1,996,513	(26,198)	591,458	622,235	3,184,008
End of year	$ 2,161,569	$ -	$ 979,723	$ 882,394	$ 4,023,686

City of Independence
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2023

Net change in fund balances - total governmental funds:	$ 839,678
Amounts reported for governmental activities in the Statement of Activities are different because:	
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	111,094
Depreciation expense	(322,213)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(28,926)
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statemen of Activities factors in items related to pensions on a full accrual perspective.	
Pension expense	13,869
Governmental funds do not report income or loss in a joint venture.	16,434
Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.	190,000
Interest on long-term debt in the Statement of Activities differs from the amount report in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	1,730
The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Amortization of bond premiums and discounts	10,431
Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	(8,668)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds.	
Delinquent property taxes	27,287
Change in net position of governmental activities	$ 850,716

City of Independence
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	$ 3,313,823	$ 3,263,829	$ (49,994)
Special assessments	-	127,281	127,281
Licenses and permits	205,923	490,911	284,988
Intergovernmental	117,700	192,090	74,390
Charges for services	43,208	48,730	5,522
Fines and forfeitures	35,127	29,185	(5,942)
Miscellaneous			
Investment income	3,149	38,695	35,546
Refunds and reimbursements	4,200	36,899	32,699
Other	1,050	1,000	(50)
Total miscellaneous	8,399	76,594	68,195
Total revenues	3,724,180	4,228,620	504,440
Expenditures			
Current			
General government	762,701	881,794	119,093
Public safety	2,042,533	2,045,961	3,428
Public works	763,566	710,205	(53,361)
Cultural and recreation	22,416	20,897	(1,519)
Capital outlay			
General government	15,000	10,914	(4,086)
Public works	55,000	195,609	140,609
Culture and recreation	609	430	(179)
Total expenditures	3,661,825	3,865,810	203,985
Excess of revenues over expenditures	62,355	362,810	300,455
Other financing sources (uses)			
Transfers in	37,500	423,373	385,873
Transfers out	(99,855)	(621,127)	(521,272)
Total other financing sources (uses)	(62,355)	(197,754)	(135,399)
Net change in fund balance	$ -	165,056	$ 165,056
Fund Balance			
Beginning of year		1,996,513	
End of year		$ 2,161,569	

See notes to basic financial statements.

City of Independence
Statement of Net Position - Proprietary Funds
December 31, 2023

	Sanitary Sewer Fund (602)
Assets	
Current assets	
Cash and cash equivalents	$ 383,901
Cash with fiscal agent	68,436
Accounts receivable	72,589
Special assessment receivable	
Delinquent	254
Deferred	288,540
Prepaid items	1,544
Total current assets	815,264
Noncurrent assets	
Capital assets	
Infrastructure	4,876,874
Machinery and equipment	17,340
Vehicles	37,648
Construction in progress	132,164
Total capital assets	5,064,026
Less accumulated depreciation	(3,542,348)
Total noncurrent assets and net capital assets	1,521,678
Total Assets	2,336,942
Deferred Outflows of Resources	
Deferred outflows of resources related to pension activity	26,955
Total assets and deferred outflows of resources	$ 2,363,897
Liabilities	
Current liabilities	
Accounts payable	$ 3,130
Salaries and benefits payable	5,055
Interest payable	2,864
Current portion of compensated absences	7,164
Current portion of bonds payable	65,000
Total current liabilities	83,213
Noncurrent liabilities	
Noncurrent portion of compensated absences	9,016
Noncurrent portion of bonds payable	140,000
Net pension liability	72,901
Total noncurrent liabilities	221,917
Total liabilities	305,130
Deferred Inflows of Resources	
Deferred inflows of resources related to pension activity	26,094
Net Position	
Net investment in capital assets	1,316,678
Unrestricted	715,995
Total net position	2,032,673
Total liabilities, deferred inflows of resources, and net position	$ 2,363,897

See notes to basic financial statements.

City of Independence
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2023

	Sanitary Sewer Fund (602)
Operating Revenues	
Charges for services	$ 281,979
Operating Expenses	
Personal Services	194,576
Materials and supplies	27,730
Insurance	1,197
Utilities	28,799
Depreciation	121,553
Miscellaneous	114,470
Total operating expenses	488,325
Operating income (loss)	(206,346)
Nonoperating Revenues (Expenses)	
Property taxes	13,351
Special assessments	21,588
Connection charges	2,293
Investment income	15,647
Interest expense	(7,049)
Total nonoperating revenues (expenses)	45,830
Income (loss) before capital contributions	(160,516)
Capital contributions	158,407
Change in net position	(2,109)
Net Position	
Beginning of year	2,034,782
End of year	$ 2,032,673

City of Independence
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Sanitary Sewer Fund (602)
Cash Flows - Operating Activities	
Receipts from customers and users	$ 272,693
Payments to suppliers	(174,804)
Payments to employees	(143,945)
Net cash flows - operating activities	(46,056)
Cash Flows - Capital and Related Financing Activities	
Principal paid on debt	(65,000)
Interest paid on debt	(7,929)
Property taxes	13,351
Special assessments	80,961
Connection charges	2,293
Capital contributions	158,407
Acquisition of capital assets	(132,164)
Net cash flows - capital and related financing activities	49,919
Cash Flows - Investing Activities	
Interest and dividends received	15,647
Net change in cash and cash equivalents	19,510
Cash and Cash Equivalents	
January 1	432,827
December 31	$ 452,337
Reconciliation of Operating Gain (Loss) to Net Cash Flows - Operating Activities	
Operating income (loss)	$ (206,346)
Adjustments to reconcile operating gain (loss) to net cash flows	
Operating activities:	
Depreciation expense	121,553
Pension related activity	42,953
Accounts receivable	(9,286)
Prepaid items	(148)
Accounts payable	25
Due to other governmental units	(2,485)
Salaries payable	(178)
Compensated absences payable	7,856
Total adjustments	160,290
Net cash flows - operating activities	$ (46,056)

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Independence (the "City") is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

1. **Blended Component Unit**
   The Independence Housing and Redevelopment Authority (HRA) is a legal entity separate from the City. Although legally separate, the HRA is reported as if it were part of the primary government because its governing body is substantively the same as the governing body of the primary government. Separate financial statements are not prepared for the HRA.

2. **Joint Ventures and Jointly Governed Organizations**

   a. **The West Hennepin Public Safety Commission**
   In 1995, the Cities of Independence and Maple Plain, Minnesota, as equal participants, formed the West Hennepin Public Safety Commission (the Commission). The purpose of the Commission is to provide a joint municipal police department. The Commission consists of two commissioners elected from each Member City.

   The City's equity interest and its share of the net income (loss) of the Commission are added to the value of the "Investment in Joint Venture" in the government-wide financial statement under governmental activities. As of December 31, 2023, the amount reported as investment in joint venture was $180,469 for the City's share of capital assets. According to a formula in the agreement, the City's share of the Commission's budget is 69%. Payments to the Commission in 2023 totaled $1,479,622. The Commission's financial statements for the period ended December 31, 2023, can be obtained at the City's Municipal Center.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures and Jointly Governed Organizations (Continued)

b. Maple Plain-Independence Fire Services Partnership

On December 31, 2002, the Maple Plain-Independence Fire Services Partnership (the Fire Partnership) was established under a joint powers agreement among the Cities of Maple Plain and Independence to provide fire protection in the fire serve area of the two cities. Maple Plain is considered the managing partner. The governing body consists of a five-member board. Two individuals, the Mayor, and another City Council Member from each City, are appointed by their respective City Council to serve on the Board and the fire chief is also a member of the Board. The Fire Partnership does not have any component units.

As provided for in the joint powers agreement, in the event of termination, all real and personal property and cash held by the Fire Partnership would be divided among the members. The managing partner shall, as its sole discretion either sell the capital assets and distribute the net proceeds from the sale to each partner based on the partner's partnership interest or purchase the partnership interest Independence has in any capital assets of the partnership.

The governmental fund financial activity of the Fire Partnership are currently reported in a special revenue fund of the City of Maple Plain, Minnesota and the capital assets and related long-term liabilities are recorded within the governmental activities in the statement of net position.

The City's equity interest and its share of the net income (loss) of the Fire Partnership are added to the value of the "Investment in Joint Venture" in the government-wide financial statement under governmental activities. As of December 31, 2023, the amount reported as investment in joint venture was $396,522.

c. Pioneer – Sarah Creek Watershed Management Commission

The Cities of Independence, Loretto, Maple Plain, Medina, Minnetrista, and Greenfield, Minnesota, as equal participants, are the members of the Pioneer –Sarah Creek Watershed Management Commission (the "Commission"). The purpose of the Commission is to preserve and use natural water management programs required by *Minnesota Statutes* § 103B.201 to 103B.251. The Commission is governed by a board comprised of one representative and one alternate of each Member City. The City remitted $47,967 to the commission in 2023. The contribution is reported in the City's Water Resource Department fund. Complete financial statements for the Commission can be obtained at the City's Municipal Center.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Aggregate information for the remaining nonmajor governmental funds is reported in a single column 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 revenues to be available if they are collected within 60 days of the end of the current 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 and other taxes, charges for services, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

Description of Funds:

Major Governmental Funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

Major Governmental Funds: (Continued)

Permanent Capital Fund – This fund accounts for resources set aside for future capital improvements.

Escrow Capital Fund – This fund accounts for escrow deposits and related activity.

Proprietary Funds:

Sanitary Sewer Fund – This fund accounts for the operations of the City's sanitary sewer utility.

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

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to 7 days interest on the amount withdrawn. Seven days notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. The County is the collecting agency for the levy and remit the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

3. Special Assessments

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with *Minnesota Statutes*. These assessments are collectible by the City over a term usually consistent with the terms 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.

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 *Minnesota 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

3. Special Assessments (Continued)

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council.

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. All remaining delinquent and deferred assessments receivable in governmental funds are offset by deferred inflows of resources. In the proprietary funds all special assessment receivables are shown as revenue in the year they are recorded.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

5. Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, works of art and historical treasures acquired by the City for use in providing services to its citizens, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost as noted on the table below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Assets	Threshold
Building	$ 25,000
Equipment	5,000
Vehicles	5,000
Land	10,000
Infrastructure	100,000

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

5. Capital Assets (Continued)

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

Assets	Years
Buildings	40
Equipment	3 - 15
Vehicles	3 - 12
Infrastructure	20 - 60

6. 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 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 that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to lease receivable is reported in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

8. Compensated Absences

Employees are granted vacation based on their years of service. With approval, vacation pay may be carried into the following year from the time it is earned in an amount equal to the employee's annual amount earned. Vacation pay is charge to expenditures in the year earned.

The City Council has adopted a policy that will compensate retired or terminated employees 100% (based on years of service) of their unused vacation and compensatory time and 50% of their unused sick time. The liability is recorded as a liability on the government-wide statement of net position and the proprietary fund statement of net position. This is recorded as salaries expense on the fund level statements as the costs are incurred each year. The General Fund is typically used to liquidate governmental compensated absences payable.

9. Long-Term Obligations

In the government-wide and proprietary 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.

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

10. Fund Balance

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

- Restricted Fund Balances – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.

- Committed Fund Balances – These are amounts comprised of unrestricted funds used for a specific purpose pursuant to constraints imposed by formal action of the City Council and that remain binding unless removed by the City Council by subsequent formal action.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

10. Fund Balance (Continued)

a. Classification (Continued)

- Assigned Fund Balances – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed and include all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed. The City Council has delegated authority to assign and remove fund balance assignments to the City Administrator.

- Unassigned Fund Balances – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance

The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 40-50% of budgeted operating expenditures for cash-flow timing needs.

11. Net Position

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

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

13. Budgetary Information

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

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General Fund. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.
8. The City does not use encumbrance accounting.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following Funds had deficit fund balances at December 31, 2023:

Nonmajor Funds	
City Hall Remodel	$ 10,764

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2023, the City's bank balances of $3,034,702 was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. The book balance as of December 31, 2023, was $2,466,525. The City also had deposits with fiscal agent of $308,863 at December 31, 2023.

B. Investments

The City's investments as of December 31, 2023, consisted of $1,678,895 invested in the 4M fund. The 4M Fund is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows guidance under GASB Statement NO. 79. The City's investment in the 4M Fund is measured at an amortized cost and not subject to fair value leveling. The City's investment policy does not place any further limitations beyond the state statute requirements for the risk categories described below. Investments are subject to various risks, the following of which are considered the most significant:

Concentration of Credit Risk: This is the risk associated with investing a significant portion of the City's investments (considered 5% or more) in securities of a single user, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. As of December 31, 2023, the City's investment portfolio includes a 100% investment in the 4M fund which is an external investment pool.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fully fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating service.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market value interest rates. This risk is minimal with the City being fully invested in the 4M fund.

Custodial Credit Risk – Investments: This is the risk 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. The City does not have any custodial credit risk for its investments since all of the City's investments are in the City's name and insured.

C. Deposits and Investments

Summary of cash deposits and investments as of December 31, 2023, were as follows:

Carrying amount of deposits (Note 3. A.)	$ 2,466,525
Cash with fiscal agent (Note 3. A.)	308,863
Investments (Note 3. B.)	1,678,895
Total cash and investments	$ 4,454,283

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented in the December 31, 2023, basic financial statements as follows:

Statement of Net Position		
Cash and investments	$	4,145,420
Cash with fiscal agent		308,863
Total	$	4,454,283

NOTE 4 – LEASE RECEIVABLE

The City has entered into a building lease agreement with North Memorial Health Care for space leased on premises located at 1920 County Road 90, Independence, MN. This lease was entered into December 2022 and will continue through the end of 2027. The monthly payment due in 2023 was $1,500 with a 3% increase each year after. The deferred inflow and receivable balance related to this lease is $68,311 and $72,745 respectively as of December 31, 2023.

NOTE 5 – INTERFUND ACTIVITY AND BALANCES

A. Interfund Transfers

Transfers during the year ended December 31, 2023, were as follows:

	Transfer In			
Fund	General	Permanent Capital	Other Nonmajor Funds	Total
Transfers out				
General	$ -	$ 363,228	$ 257,899	$ 621,127
Nonmajor governmental	423,373	-	-	423,373
Total transfers out	$ 423,373	$ 363,228	$ 257,899	$ 1,044,500

The transfers out were for capital items, road maintenance costs, and to transfer resources for specific purposes.

B. Interfund Balances

There was an amount of $101,528 to the General Fund from Other Nonmajor Funds of $10,764 and Escrow Capital Projects fund of $90,764 related to negative cash balances.

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Reclassifications	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 591,591	$ -	$ -	$ 591,591
Total capital assets not being depreciated	591,591	-	-	591,591
Capital assets being depreciated				
Equipment	864,996	-	-	864,996
Vehicles	643,681	-	-	643,681
Buildings	6,705,774	-	(1,085,276)	5,620,498
Infrastructure	4,181,155	111,094	1,085,276	5,377,525
Total capital assets being depreciated	12,395,606	111,094	-	12,506,700
Less accumulated depreciation for				
Equipment	821,947	28,405	(54,264)	796,088
Vehicles	302,561	32,180	-	334,741
Buildings	1,515,904	142,864	-	1,658,768
Infrastructure	2,123,488	118,764	54,264	2,296,516
Total accumulated depreciation	4,763,900	322,213	-	5,086,113
Total capital assets being depreciated, net	7,631,706	(211,119)	-	7,420,587
Governmental activities capital assets, net	$ 8,223,297	$ (211,119)	$ -	$ 8,012,178

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction in progress	$ -	$ 132,164	$ -	$ 132,164
Total capital assets Not being depreciated	-	132,164	-	132,164
Capital assets being depreciated				
Equipment	17,340	-	-	17,340
Vehicles	37,649	-	-	37,649
Infrastructure	4,876,873	-	-	4,876,873
Total capital assets being depreciated	4,931,862	-	-	4,931,862
Less accumulated depreciation for				
Equipment	17,340	-	-	17,340
Vehicles	37,649	-	-	37,649
Infrastructure	3,365,806	121,553	-	3,487,359
Total accumulated depreciation	3,420,795	121,553	-	3,542,348
Total capital assets being depreciated, net	1,511,067	(121,553)	-	1,389,514
Business-type activities capital assets, net	$ 1,511,067	$ 10,611	$ -	$ 1,521,678

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

Governmental activities	
General government	$ 101,459
Public safety	32,875
Public works	187,879
Total depreciation expense - governmental activities	$ 322,213
Business-type activities	
Sewer	121,553
Total depreciation expense - governmental activities	$ 121,553

NOTE 7 – LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation (G.O.) bonds to provide for financing tax increment projects and street improvements. Debt service is covered respectively by tax increments and special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15-year serial bonds with equal debt service payments each year.

B. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	12/31/23 Balance	Due Within One Year
Governmental activities						
General obligation improvement bonds						
2010A bonds	6/11/2020	2.00-3.00%	$ 3,760,000	2/1/2041	$ 3,690,000	$ 35,000
General obligation tax abatement bonds						
2015A Bonds	8/19/2015	2.00-2.25%	1,495,000	2/1/2026	485,000	160,000
Bond premium					139,631	-
Compensated absences					63,440	39,945
Total governmental activities					4,378,071	234,945
Business-Type Activities						
General obligation improvement bonds						
2010A bonds	10/21/2010	1.00-3.40%	855,000	2/1/2026	205,000	65,000
Compensated absences					16,180	7,164
Total business-type activities					221,180	72,164
Total long-term liabilities					$ 4,599,251	$ 307,109

NOTE 7 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds Payable					
General obligation tax abatement bonds	$ 640,000	$ -	$ (155,000)	$ 485,000	$ 160,000
General obligation capital improvement bond	3,725,000	-	(35,000)	3,690,000	35,000
Bond premium	150,062	-	(10,431)	139,631	-
Total bonds payable	4,515,062	-	(200,431)	4,314,631	195,000
Compensated absences payable	34,514	82,077	(53,151)	63,440	39,945
Governmental activity long-term liabilities	$ 4,549,576	$ 82,077	$ (253,582)	$ 4,378,071	$ 234,945
Business-type activities					
Bonds Payable					
General obligation improvement bonds	$ 270,000	$ -	$ (65,000)	$ 205,000	$ 65,000
Total bonds payable	270,000	-	(65,000)	205,000	65,000
Compensated absences payable	8,324	17,837	(9,981)	16,180	7,164
Business-type activity long-term liabilities	$ 278,324	$ 17,837	$ (74,981)	$ 221,180	$ 72,164

The General Fund and Proprietary Funds typically liquidate the liability related to compensated absences.

NOTE 7 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities:

	Governmental Activities			
Year Ending	G.O. Improvement Bonds		G.O. Tax Abatement Bonds	
December 31,	Principal	Interest	Principal	Interest
2024	$ 35,000	$ 79,417	$ 160,000	$ 9,112
2025	40,000	78,292	160,000	5,513
2026	40,000	77,092	165,000	1,856
2027	40,000	75,893	-	-
2028	220,000	71,993	-	-
2029-2033	1,175,000	275,588	-	-
2034-2038	1,300,000	150,713	-	-
2039-2043	840,000	25,756	-	-
Total	$ 3,690,000	$ 834,744	$ 485,000	$ 16,481

	Business-Type Activities	
Year Ending	G.O. Improvement Bonds	
December 31,	Principal	Interest
2024	$ 65,000	$ 5,816
2025	70,000	3,570
2026	70,000	1,190
Total	$ 205,000	$ 10,576

NOTE 8 – FUND BALANCES/NET POSITION

A. Fund Balances

Fund balances are classified as listed below to reflect the limitations and restrictions of the respective funds.

	General Fund	Permanent Capital	Nonmajor Governmental Funds	Total
Nonspendable				
Prepaid items	$ 243,996	$ -	$ -	$ 243,996
Restricted				
General Government	-	-	12,327	12,327
Debt Service	-	-	316,920	316,920
Public Safety	166,070	-	-	166,070
Park Improvements	-	-	398,223	398,223
Assigned				
Buildings Capital	-	127,143	-	127,143
Roads Capital	-	144,649	78,330	222,979
Equipment Capital	-	487,897	-	487,897
Administration Capital	-	220,034	-	220,034
Water Resource Department	-	-	87,358	87,358
Unassigned	1,751,503	-	(10,764)	1,740,739
Total fund balance	$ 2,161,569	$ 979,723	$ 882,394	$ 4,023,686

B. Net Position

Restricted net position is comprised of the total restricted fund balances in the governmental funds plus the effect of the conversion to the government-wide net position.

NOTE 9 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

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

The City's workers' compensation insurance policy is 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 not recorded until received or paid.

At December 31, 2023, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 – CONDUIT DEBT

The City's workers' During 2012, the City issued a Healthcare Facilities Revenue Note to provide financial assistance to Vinland National Center, a nonprofit corporation, for the expansion of the existing care facility, deemed to be in the public interest. The Note is secured by the property financed and is payable solely from payments received on the underlying mortgage loan. Upon repayment of the Note, ownership of the acquired facility transfers to the nonprofit corporation serve by the Note issuance. Neither the City, state nor any political subdivision, thereof, is obligated in any manner for repayment of the Note. Accordingly, the Note is not reported as bond transactions in the City's financial statements. As of December 31, 2023, the Healthcare Facilities Revenue Note of 2012 was outstanding with a principal balance amount payable of $2,187,220.

During 2016, the City issued a Charter School Lease Revenue Note and a Taxable Charter School Lease Revenue Bond, Series 2016A and 2016B to provide financial assistance to Friends of Beacon, a nonprofit corporation, for the following: the acquisition of land and buildings, renovations to existing buildings, and an addition to the existing buildings for the use as a public charter school for grades K through 8. The Bond is secured by the mortgage lien on and security interest in the facilities and revenues and profits of the facility. Upon repayment of the Bond, ownership of the acquired facility transfers to the nonprofit corporation served by the Bond issuance. Neither the City, state nor any political subdivision, thereof, is obligated in any manner for repayment of the Bond. Accordingly, the Bonds are not reported as bond transactions in the City's financial statements. As of December 31, 2023, the Charter School Lease Revenue Bond, Series 2016A and the Taxable Charter School Lease Revenue Bond, Series 2016A had an outstanding amount payable of $14,805,000.

During 2017, the City issued a Health Care Facilities Revenue Refunding Bond, Series 2017A, to provide financial assistance to Augustana Chapel View Homes, Inc., a nonprofit corporation, for the expansion of the existing care facility, deemed to be in the public interest. The Bonds are secured by the mortgage lien on and security interest in the facilities and revenues and profits of the facility. Upon repayment on the Bonds, ownership of the acquired facility transfers to the nonprofit corporation served by the Bonds issuance. Neither the City, state, nor any political subdivision, thereof, is obligated in any manner for repayment on the Bonds. Accordingly, the Bonds are not reported as bond transactions in the City's financial statement. As of December 31, 2023, the Health Care Facilities Revenue Note, Series 2017A was outstanding with a principal balance amount payable of $3,755,000.

During 2019, the City issued a Senior Housing Revenue Bond, Series 2019C, to provide financial assistance to PHS Founders Ridge, Inc., a nonprofit corporation, for the expansion of the existing care facility, deemed to be in the public interest. The Bond is secured by the mortgage lien on and security interest in the facilities and revenues and profits of the facility. Upon repayment of the Bond, ownership of the acquired facility transfers to the nonprofit corporation served by the Bond issuance. Neither the City, state nor any political subdivision, thereof, is obligated in any manner for repayment of the Bond. Accordingly, the Bonds are not reported as bond transactions in the City's financial statements. As of December 31, 2023, the Senior Housing Revenue Note, Series 2019C had an outstanding amount payable of $8,429,325.

NOTE 10 – CONDUIT DEBT (CONTINUED)

During 2021, the City issued a Charter School Lease Revenue and Refunding Bonds, Series 2021A and 2021B to provide financial assistance for Global Academy ABC, a Minnesota nonprofit corporation and Global Academy Inc, a nonprofit corporation for the following: for construction, equipping, renovation and improvement of an existing approximately 64,737 square foot existing kindergarten through grade 8 charter school facility, including but not limited to, the addition of an approximately 7,000 square foot gymnasium and refunding outstanding debt of the Borrower originally used to acquire the facility. The Bonds are secured by a mortgage lien on and a security interest in the bond financed facility financed by the Bonds and a security interest in the revenues of the bond financed facility and the School. As of December 31, 2023, the Charter School Lease Revenue and Refunding Bonds, Series 2021A and 2021B had an outstanding amount payable of $13,215,000.

During 2023, the City issued a Revenue Note, Series 2023, to provide financial assistance to 180 Degrees, Inc., a nonprofit corporation, for the renovation and expansion of its two facilities, deemed to be in the public interest. The Note is secured by the mortgage lien on and security interest in the facilities and revenues and profits of the facility. Upon repayment of the Note, ownership of the acquired facility transfers to the nonprofit corporation served by the Note issuance. Neither the City, state nor any political subdivision, thereof, is obligated in any manner for repayment of the Note. Accordingly, the Note is not reported as a note transaction in the City's financial statements. As of December 31, 2023, the Revenue Note, Series 2023, had an outstanding amount payable of $6,000,000.

NOTE 11 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2022, was $69,289. The components of pension expense are noted in the following plan summaries.

The General Fund and Proprietary Funds typically liquidates the liability related to the pensions.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

NOTE 11 – PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% 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%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were $40,161. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of $363,473 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 $9,901.

NOTE 11 – PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0065% at the end of the measurement period and 0.0058% for the beginning of the period.

City's proportionate share of net pension liability	$ 363,473
State of Minnesota's proportionate share of the net pension liability associated with the City	9,901
Total	$ 373,374

For the year ended December 31, 2023, the City recognized pension expense of $69,289 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized $44 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 11,627	$ 2,350
Net collective difference between projected and actual investment earnings	-	21,723
Changes in proportion	47,575	6,406
Changes in actuarial assumptions	55,112	99,624
Contributions paid to PERA subsequent to the measurement date	20,081	-
Total	$ 134,395	$ 130,103

NOTE 11 – PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The $20,081 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2024	$ 19,842
2025	(45,078)
2026	17,332
2027	(7,885)
Total	$ (15,789)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

NOTE 11 – PENSION PLANS (CONTINUED)

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

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

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

General Employees Fund

Changes in Actuarial Assumptions
- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

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

G. Discount Rate
The discount rate used to measure the total pension liability in 2023 was 7.0%. 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 positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 – PENSION PLANS (CONTINUED)

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the General Employees Fund net pension liability	$ 643,012	$ 363,473	$ 133,541

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

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REQUIRED SUPPLEMENTARY INFORMATION

City of Independence
Schedule of City's Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years*

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0070%	$ 352,411	$ -	$ 352,411	$ 367,560	95.88%	78.20%
2016	0.0055%	446,573	5,862	452,435	358,760	124.48%	68.90%
2017	0.0053%	338,349	4,268	342,617	354,600	95.42%	75.90%
2018	0.0061%	338,403	11,100	349,503	407,973	82.95%	79.53%
2019	0.0061%	331,727	10,333	342,060	422,733	78.47%	80.23%
2020	0.0057%	341,741	10,582	352,323	427,733	79.90%	79.06%
2021	0.0061%	260,497	7,972	268,469	417,147	62.45%	87.00%
2022	0.0058%	459,362	13,535	472,897	436,840	105.16%	76.67%
2023	0.0065%	363,473	9,901	373,374	513,760	70.75%	83.10%

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

City of Independence
Schedule of City Contributions -
General Employees Retirement Fund
Last Ten Years*

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 27,567	$ 27,567	$ -	$ 367,560	7.50%
2016	26,907	26,907	-	358,760	7.50%
2017	26,595	26,595	-	354,600	7.50%
2018	30,598	30,598	-	407,973	7.50%
2019	31,705	31,705	-	422,733	7.50%
2020	32,080	32,080	-	427,733	7.50%
2021	31,286	31,286	-	417,147	7.50%
2022	36,259	36,259	-	483,453	7.50%
2023	40,161	40,161	-	535,480	7.50%

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

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City of Independence
Notes to Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

General Employees Fund (Continued)

2020 Changes (Continued)
Changes in Actuarial Assumptions (Continued)
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retires electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

2019 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

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

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

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

General Employees Fund (Continued)

2017 Changes
Changes in Actuarial Assumptions
- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

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

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

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions
- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

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Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Independence
Independence, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Minnesota, as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2024.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

BerganKDV, Ltd.

Minneapolis, Minnesota
May 23, 2024

Minnesota Legal Compliance

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Independence
Independence, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Independence, Minnesota, as of and for the year ended December 31, 2023, and the related notes to financial statements, and have issued our report thereon dated May 23, 2024.

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

This report is intended solely for the information and use of those charged with governance and management of the City and the Office of the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

BerganKDV, Ltd.

Minneapolis, Minnesota
May 23, 2024

PROPOSAL FORM

TO: City of Independence, Minnesota
C/O Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Phone: 612-851-5900, Fax: 612-851-5918
Email: PublicSale@northlandsecurities.com

Sale Date: May 6, 2025

For all or none of the $2,000,000* General Obligation Street Reconstruction Bonds, Series 2025A, in accordance with the Notice of Sale, we will pay you $__________________________, (not less than $1,975,000) plus accrued interest, if any, to date of delivery (estimated to be June 5, 2025) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

Year	Interest Rate	Yield	Year	Interest Rate	Yield
2027	____%	____%	2032	____%	____%
2028	____%	____%	2033	____%	____%
2029	____%	____%	2034	____%	____%
2030	____%	____%	2035	____%	____%
2031	____%	____%	2036	____%	____%

True interest percentage:______________________%

Net interest cost: $___________________________

Term Bond Option: Bonds maturing in the years:	To be accumulated into a Term Bond maturing in year:
________ through ________	________.
________ through ________	________.
________ through ________	________.
________ through ________	________.
________ through ________	________.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The City may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

A Good Faith Deposit in the amount as stated in the Notice of Sale 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 the bids. Award of the Bonds will be on the basis of True Interest Cost (TIC).

Account Members:

Account Manager: ______________________________ By: ___________________________________

The foregoing proposal is hereby duly accepted by and on behalf of the City of Independence, Minnesota at 6:30 PM on May 6, 2025.

_____________________________________ _____________________________________

Administrator Mayor

* 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.