PRELIMINARY OFFICIAL STATEMENT DATED JUNE 26, 2025

NEW ISSUE | **BOOK ENTRY ONLY**
BANK QUALIFIED | **MOODY'S RATING "Aa2"**

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

CITY OF ALBERTVILLE, MINNESOTA
$9,080,000*
General Obligation Bonds, Series 2025A

Dated Date: Date of Delivery (Estimated to be July 29, 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	$365,000	_____%	_____%	_____	2/1/2040	$585,000	_____%	_____%	_____
2/1/2028	375,000	_____	_____	_____	2/1/2041	605,000	_____	_____	_____
2/1/2029	385,000	_____	_____	_____	2/1/2042	305,000	_____	_____	_____
2/1/2030	405,000	_____	_____	_____	2/1/2043	320,000	_____	_____	_____
2/1/2031	420,000	_____	_____	_____	2/1/2044	330,000	_____	_____	_____
2/1/2032	435,000	_____	_____	_____	2/1/2045	345,000	_____	_____	_____
2/1/2033	445,000	_____	_____	_____	2/1/2046	360,000	_____	_____	_____
2/1/2034	465,000	_____	_____	_____	2/1/2047	65,000	_____	_____	_____
2/1/2035	475,000	_____	_____	_____	2/1/2048	65,000	_____	_____	_____
2/1/2036	495,000	_____	_____	_____	2/1/2049	70,000	_____	_____	_____
2/1/2037	515,000	_____	_____	_____	2/1/2050	75,000	_____	_____	_____
2/1/2038	540,000	_____	_____	_____	2/1/2051	75,000	_____	_____	_____
2/1/2039	560,000	_____	_____	_____					

The General Obligation Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by the City of Albertville, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapters 444 and 475, and Sections 469.1812 through 469.1815 and 475.58 subdivision 3b, as amended. Proceeds of the Bonds will be used to finance street reconstruction projects, burying power lines and improving street lighting, Central Park improvements, and water improvements, and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the City and are payable from ad valorem taxes, annual tax abatement levies, and net revenues of the City's water utility. 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: Monday, July 7, 2025 10:30 A.M., Central Time
Award: Monday, July 7, 2025 7:00 P.M., Central Time

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than $8,943,800 (98.50%) 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 $181,600, 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 JULY 29, 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 Albertville, Minnesota
$9,080,000 *
General Obligation Bonds, Series 2025A
(Book-Entry Only)

AMOUNT -	$9,080,000*
ISSUER -	City of Albertville, Minnesota (the "City" or the "Issuer")
AWARD DATE -	July 7, 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 Bonds, Series 2025A (the "Bonds" or the "Issue")
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Bonds, Series 2025A (the "Bonds") are being issued by the City of Albertville, Minnesota (the "City") pursuant to Minnesota Statutes, Chapters 444 and 475, and Sections 469.1812 through 469.1815 and 475.58 subdivision 3b, as amended. Proceeds of the Bonds will be used to finance street reconstruction projects, burying power lines and improving street lighting, Central Park improvements, and water improvements, and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from ad valorem taxes, annual tax abatement levies, and net revenues of the City's water utility. 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 July 29, 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* -

2/1/2027	$365,000	2/1/2034	$465,000	2/1/2040	$585,000	2/1/2046	$360,000
2/1/2028	375,000	2/1/2035	475,000	2/1/2041	605,000	2/1/2047	65,000
2/1/2029	385,000	2/1/2036	495,000	2/1/2042	305,000	2/1/2048	65,000
2/1/2030	405,000	2/1/2037	515,000	2/1/2043	320,000	2/1/2049	70,000
2/1/2031	420,000	2/1/2038	540,000	2/1/2044	330,000	2/1/2050	75,000
2/1/2032	435,000	2/1/2039	560,000	2/1/2045	345,000	2/1/2051	75,000
2/1/2033	445,000						

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 -	Taft Stettinius & Hollister LLP, Minneapolis, Minnesota ("Bond Counsel")
BOND RATING -	The City received an underlying rating of "Aa2" from Moody's Investors Service ("Moody's"). See *Bond Rating* herein for additional information.
CLOSING -	Estimated to be July 29, 2025
PRIMARY CONTACTS -	Adam Nafstad, City Administrator, City of Albertville, Minnesota 763-497-3384 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964

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* Preliminary, subject to change.

CITY OF ALBERTVILLE, MINNESOTA

PRINCIPAL CITY OFFICIALS

Elected Officials

Name	City Council *Position*	*Term Expires*
Jillian Hendrickson	Mayor	12/31/2026
Rob Olson	Council Member	12/31/2026
Aaron Cocking	Council Member	12/31/2028
Bob Zagorski	Council Member	12/31/2026
John Hayden	Council Member	12/31/2028

Primary Contacts

Adam Nafstad	Administrator
Tina Lannes	Finance Director
Couri & MacArthur Law Office – Michael C. Couri	Consulting Attorney

BOND COUNSEL

Taft Stettinius & Hollister LLP
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

$9,080,000*
GENERAL OBLIGATION BONDS, SERIES 2025A

CITY OF ALBERTVILLE, 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 Finance Director, or designee, on Monday, July 7, 2025, at 10:30 A.M., CT, at the offices of Northland Securities, Inc. (the City’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Monday, July 7, 2025 at 7:00 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 612-851-5915, 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 10:30 A.M., CT, on Monday, July 7, 2025. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:30 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

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

BOOK-ENTRY SYSTEM

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

* 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.

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

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be July 29, 2025)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475 and Sections 469.1812 through 469.1815 and 475.58 subdivision 3b, as amended. Proceeds will be used to finance street reconstruction projects, burying powerlines, street lighting, water utility improvements, park improvements, and to pay the costs associated with the issuance of the Bonds. The Bonds are payable from net revenues of the City's water system, ad valorem taxes, an annual tax abatement levy and additionally secured by ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing 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	Year	Amount	Year	Amount	Year	Amount
2027	$365,000	2032	$435,000	2037	$515,000	2042	$305,000	2047	$65,000
2028	375,000	2033	445,000	2038	540,000	2043	320,000	2048	65,000
2029	385,000	2034	465,000	2039	560,000	2044	330,000	2049	70,000
2030	405,000	2035	475,000	2040	585,000	2045	345,000	2050	75,000
2031	420,000	2036	495,000	2041	605,000	2046	360,000	2051	75,000

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

INTEREST RATES

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

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

The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's Municipal Advisor and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

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

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

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

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

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Bonds and ending on the **earlier** of the following:

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

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public, and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

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

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

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

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

OPTIONAL REDEMPTION

Bonds maturing on February 1, 2034 through 2051 are subject to redemption and prepayment at the option of the City on February 1, 2033 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

CUSIP NUMBERS

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

DELIVERY

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

TYPE OF PROPOSAL

Proposals of not less than $8,943,800 (98.50%) and accrued interest on the principal sum of $9,080,000 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:

Tina Lannes, Finance Director
5959 Main Avenue NE
PO Box 9
Albertville, Minnesota 55301

A good faith deposit (the "Deposit") in the amount of $181,600 in the form of a federal wire transfer (payable to the order of the City) <u>is only required from the apparent winning bidder</u>, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The City will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the City. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The City's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the City determines to have failed to comply with the terms herein.

INFORMATION FROM SUCCESSFUL BIDDER

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

OFFICIAL STATEMENT

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

FULL CONTINUING DISCLOSURE UNDERTAKING

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

BANK QUALIFIED

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

BOND INSURANCE AT UNDERWRITER'S OPTION

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

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

Dated: March 3, 2025

BY ORDER OF THE ALBERTVILLE CITY COUNCIL

/s/ Tina Lannes
Finance Director

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

[FORM OF ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED]

The undersigned, on behalf of ______________________________ (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the General Obligation Bonds, Series 2025A (the "Bonds") of the City of Albertville, Minnesota (the "Issuer").

1. Reasonably Expected Initial Offering Price.

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

The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

2. Defined Terms.

"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.

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

"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 ______________________________.

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

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

Dated: July 29, 2025.

[FORM OF ISSUE PRICE CERTIFICATE – HOLD-THE-OFFERING-PRICE RULE APPLIES]

The undersigned, on behalf of ________________________________(the "Underwriter"), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of General Obligation Bonds, Series 2025A (the "Bonds") of the City of Albertville, Minnesota (the "Issuer").

1. Initial Offering Price of the Bonds.

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

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

2. Defined Terms.

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

   2. "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.

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

   4. "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 ________________________.

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

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

Dated: July 29, 2025.

AUTHORITY AND PURPOSE

The General Obligation Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by the City of Albertville, Minnesota (the "City") pursuant to Minnesota Statutes, Chapters 444 and 475, and Sections 469.1812 through 469.1815 and 475.58 subdivision 3b, as amended. Proceeds from issuance of the Bonds will be used to finance street reconstruction projects, burying power lines and improving street lighting, Central Park improvements, and water improvements, and to pay costs associated with issuance of the Bonds.

SECURITY/SOURCES AND USES OF FUNDS

Security

The Bonds are valid and binding general obligations of the City and are payable from ad valorem taxes, annual tax abatement levies, and net revenues of the City's water utility. 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	$ 9,080,000*
Total Sources of Funds:	$ 9,080,000
Uses of Funds	
Deposit to Project Fund	$ 8,677,000
Capitalized Interest	153,611
Costs of Issuance/Underwriter's Discount	246,215
Rounding Amount	3,174
Total Uses of Funds:	$ 9,080,000

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.

* Preliminary, subject to change.

Ratings Loss

Moody's Investors Service has assigned a rating of "Aa2" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, 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 July 29, 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 Albertville takes no responsibility for the accuracy thereof.

FULL CONTINUING DISCLOSURE

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

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

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

UNDERWRITER

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

MUNICIPAL ADVISOR

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

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

FUTURE FINANCING

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

BOND RATING

The City received an underlying rating of "Aa2" from Moody's Investors Service ("Moody's"). 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 Moody's and any explanation of the significance of this rating may be obtained only from Moody's. 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 Moody's, 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 Taft Stettinius & Hollister LLP, Minneapolis, Minnesota ("Bond Counsel") as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

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

TAX EXEMPTION

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

OTHER FEDERAL AND STATE TAX CONSIDERATIONS

Other Tax Considerations

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

Original Issue Discount

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

Original Issue Premium

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

Proposed Changes in Federal and State Tax Law

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

Qualified Tax-Exempt Obligations

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

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

CITY OF ALBERTVILLE, MINNESOTA

GENERAL INFORMATION

Location/Access/Transportation

Albertville, located in northwestern Wright County, is located in the east central portion of Minnesota and is part of the seven-county metropolitan area of Minneapolis-St. Paul. The City lies approximately 35 miles northwest of the Twin Cities Metropolitan Area. Access to the City is provided via County Roads 19 and 37. In addition, Interstate Highway 94 borders the City on the north.

Area

1,000 Acres
(1.5625 Square Miles)

Population

2000 Census	3,621	2020 Census	7,896
2010 Census	7,044	2025 City Estimate	8,942

Labor Force Data[1]

Comparative average labor force and unemployment rate figures for 2025 (through March) and year-end 2024 listed below. Figures are not seasonally adjusted and numbers of people are estimated by place of residence.

	2025 (March)		2024	
	Civilian Labor Force	*Unemployment Rate*	*Civilian Labor Force*	*Unemployment Rate*
Wright County	85,745	4.0%	84,999	3.0%
Minneapolis/St. Paul MSA	2,079,092	3.4	2,070,359	2.9
Minnesota	3,145,602	3.8	3,129,802	3.0

Income Data[2]

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

	Albertville	*State of Minnesota*	*United States*
Median Family Income	$138,409	$111,492	$96,922
Per Capita Income	50,341	46,957	43,289

City Government

Albertville, organized in 1902, is a Minnesota Statutory City with a ‘Standard Plan form’ of government. It has a mayor elected at large for a two-year term and four council members also elected at large for four-year terms. The professional staff is appointed and consists of an administrator, finance director, clerk, consulting attorney, and consulting engineer.

[1] Source: Minnesota Department of Employment and Economic Development.
[2] Source: 2019-2023 American Community Survey, U.S. Census Bureau.

Municipal Enterprise Services

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

Employee Pension Programs

The City employs 19 people, 19 full-time and no part-time. The pension plan covers all eligible City 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 1-800-652-9026.

The City makes annual contributions to the pension plans equal to the amount required by state statutes. Coordinated Plan members are required to contribute 6.50% of their annual covered salary. The City is required to contribute 7.50% for Coordinated Plan members. PEPFF members are required to contribute 11.80% of their annual covered salary and the employer contribution is 17.70%.

Audited City contributions to GERF and PEPFF have been as follows:

Year	Amount	Year	Amount
2024	$170,907	2021	$121,146
2023	149,705	2020	116,602
2022	130,178		

Volunteer firefighters of the City are eligible for pension benefits through membership in the Albertville Firefighter's Relief Association organized under Minnesota Statutes, Chapter 69, and administered by a separate Board elected by the membership. State aids, investment earnings and City contributions fund the plan. State statute requires this plan to fund current service cost as it accrues and prior service cost amortized over a period of ten years. Benefits are payable after age 50, 20 years of service and 10 years of Association membership, or upon death.

Post Employment Health Care Plan (OPEB)

In August 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the City's fiscal year 2009. Statement No. 45 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. The City has no plans that would result in an OPEB liability and, therefore, the City anticipates it will not incur any future explicit or implicit OPEB costs for its employees and, therefore, no liability will be recorded.

General Fund Budget Summary

	2024 Budget	2024 Unaudited Actual	2025 Budget
Revenues:			
Property Taxes	$2,744,776	$2,759,396	$2,721,294
Licenses and Permits	$263,000	358,945	263,000
Intergovernmental Revenue	$923,682	927,209	1,053,361
Charges for Services	$122,500	161,264	106,750
Fines and Forfeits	0	0	0
Franchise Fees	$380,000	336,873	352,700
Miscellaneous	$51,428	46,564	56,700
Transfers In	0	0	0
	$4,485,386	$4,590,251	$4,553,805
Total Revenues			
Expenditures:			
General Government	1,459,617	1,358,532	1,479,191
Community Development	5,000	8,000	5,000
Public Safety	1,902,238	2,206,582	1,961,147
Recreation	624,241	479,176	617,591
Public Works	494,290	458,926	490,876
Transfers Out	0	0	0
Total Expenditures	$4,485,386	$4,511,216	$4,553,805
Revenues Over (Under) Expenditures	0	79,035	0

Estimated Cash and Investment Balances as of April 30, 2025 (unaudited)

Fund Name	
General Fund	$1,733,516
Debt Service Fund	951,856
Capital Projects Fund	6,165,979
Special Revenue Fund	1,604,117
Enterprise Fund	16,525,601
Investments of all other funds	1,477,682
Estimated Cash and Investment Balances	$28,458,751

Residential Development

There are approximately 2,555 single-family homes and 375 multifamily units located within the City. The City did not report any subdivisions planned or constructed within the past three years.

Industrial Park

The City currently has an industrial park with six enterprises which include Old Castle, Fraser Steel, Fehn, Scherer Brothers, Border State and Mold Tech.

Building Permits[1]

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

Year	*Commercial/ Industrial Number of Permits*	*Residential Number of Permits*	*Total Number of Permits*	*Total Permit Valuation*
2025 (as of 4/29)	30	144	174	$5,666,029
2024	91	515	606	31,601,635
2023	124	472	596	27,245,418
2022	103	722	825	71,888,411
2021	79	751	830	42,884,807
2020	75	601	676	21,404,911

Banking/Financial Institutions

Banking and financial service providers within the City include the following: Bravera Bank, and Premier Bank Minnesota.

Education

The City is served by Independent School Districts No. 885, St. Michael-Albertville and No. 728, Elk River.

Major/Leading Employers[2]

Following are some of the major/leading employers within the City:

Name	*Product/Service*	*Number of Employees*[3]
ISD No. 885, St. Michael-Albertville	Public Education	995*
Outlets at Albertville	Retail	775
North Metro Truck Leasing, LLC	Truck Renting & Leasing	300
Coburn's	Supermarket	140
Oldcastle Building Envelope	Insulating and Tempered Glass	100
D Michael B's Restaurant Bar and Grill	Restaurants	80
Fraser Steele Co.	Tubing and Wire Fabrication	80
Fehn Gravel & Excavating, Inc.	Crushed gravel and black dirt	76
Don's Bus Service	Transportation	67
Engel Haus	Assisted Living	65
Scherer Brothers, Truss Div.	Flooring and Roof Trusses	55
Mold-Tech, Inc.	Precision Plastic Injection Molds	52

[1] Note: Commercial/Industrial Permits and Total Permit Valuation include additions and alterations.

[2] Source: The City and Data Axle Reference Solutions.

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

* Includes employees across all District locations

Largest Taxpayers[1]

Following are ten of the largest taxpayers within the City:

Name	*Classification*	*2024/2025 Tax Capacity*	*Percent of Total Tax Capacity ($14,135,020)*[2]
CPG Partners, LP	Commercial	$ 1,117,990	7.91%
Kingston Crossings of Albertville LLP	Apartment	483,337	3.42
Advanced Volumetric Alliance	Industrial	296,182	2.10
Preserve at Albertville	Apartments	261,392	1.85
Albertville Station LLC	Commercial	254,244	1.80
Border States Industries, Inc.	Commercial	137,996	0.98
Fraser Building LP	Industrial	103,220	0.73
Scherer LP	Industrial	103,094	0.73
Centerpoint Energy	Utility	100,458	0.71
Evans Park Inc	Apartments	94,981	0.67
		$ 2,952,894	20.89%

[1] As reported by Wright 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 Rate Schedule		
Class	*Type of Property*	*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 ALBERTVILLE, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION[1]

Valuations

	Estimated Market Value 2023/2024	*Net Tax Capacity 2023/2024*
Real Property	$ 1,226,284,200	$ 14,007,478
Personal Property	6,464,600	127,542
Less Power Lines	- - -	(338)
Less Tax Increment Deduction	- - -	(554,873)
Total Adjusted Valuation	$ 1,232,748,800	$ 13,579,809

Valuation Trends (Real and Personal Property)

Levy Year/ Collection Year	*Economic Market Value*	*Sales Ratio*	*Estimated Market Value*	*Taxable Market Value*	*Tax Capacity Before Tax Increments*	*Tax Capacity After Tax Increments*
2024/2025	$1,292,878,172	95.41%	$1,232,748,800	$1,182,282,286	$14,135,020	$13,579,809
2023/2024	1,226,842,065	97.24	1,192,720,900	1,163,031,027	13,771,891	13,162,148
2022/2023	1,136,857,057	91.89	1,044,060,600	1,007,746,373	11,824,483	11,402,902
2021/2022	971,645,052	90.15	875,866,100	837,965,900	9,930,486	9,778,185
2020/2021	870,356,243	95.38	828,849,800	787,776,600	9,411,187	9,224,487

Breakdown of Valuations

2024/2025 Tax Capacity, Real and Personal Property (before tax increment and power lines adjustments):

Residential Homestead	$ 7,477,085	52.90%
Agricultural	85,381	0.60
Commercial & Industrial	4,408,832	31.19
Public Utility	19,284	0.14
Railroad	36,124	0.26
Residential Non-Homestead	1,980,772	14.01
Personal Property	127,542	0.90
Totals:	$ 14,135,020	100.00%

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

Tax Capacity Rates

Tax capacity rates over the past five-assessable/collection years for a City resident within ISD No. 885, St. Michael-Albertville 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*
Wright County	43.719%	43.751%	37.848%	33.737%	35.563%
City of Albertville	46.801	46.355	41.794	41.954	42.861
ISD No. 885, St. Michael Albertville	44.216	42.428	35.456	32.282	35.663
Totals:	134.736%	132.534%	115.098%	107.973%	114.087%

Tax Levies and Collections[1]

		Collected During Collection Year		Collected and/or Abated as of 12/31/24	
Levy/Collect	Net Levy	Amount	Percent	Amount	Percent
2024/2025	$5,820,424	In Process of Collection			
2023/2024	5,521,908	$5,464,330	98.96%	$5,464,330	98.96%
2022/2023	4,758,990	4,729,872	99.39	4,754,832	99.91
2021/2022	4,531,186	4,514,670	99.64	4,529,048	99.95
2020/2021	4,321,070	4,310,349	99.75	4,319,868	99.97

[1] 2024/2025 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Wright 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 June 2, 2025:

2024/2025 Estimated Market Value	$ 1,232,748,800
Multiplied by 3%	x .03
Statutory Debt Limit	$ 36,982,464

Less outstanding debt applicable to debt limit:

$3,215,000 G.O. Capital Improvement Plan Refunding Bonds, Series 2012B	$ 255,000
$9,400,000 G.O. Disposal System Bonds, Series 2023A	9,190,000
$4,200,000 G.O. Bonds, Series 2025A (Portion of This Issue)	4,200,000
Total Debt applicable to debt limit:	$ 13,645,000
Legal debt margin	$ 23,337,464

[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 ALBERTVILLE, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of July 2, 2025, Plus a Portion of This Issue)

				Portion of This Issue			
Purpose:	**G.O. Utility Revenue Bonds, Series 2011A**	**G.O. Sewer Revenue Crossover Refunding Bonds, Series 2013A**	**G.O. Sanitary Sewer Revenue Bonds, Series 2019A**	**G.O. Bonds, Series 2025A**			
Dated:	04/01/11	01/01/13	09/24/19	07/29/25			
Original Amount:	$520,000	$2,515,000	$5,720,000	$1,210,000			
Maturity:	1-Feb	1-Dec	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	1.10-3.70%	.70-2.10%	2.00-3.00%		**PRINCIPAL:**	**PRIN & INT:**	
2025	$0	$270,000	$0	$0	$270,000	$320,138	2025
2026	40,000		260,000	0	300,000	440,451	2026
2027			270,000	30,000	300,000	431,003	2027
2028			275,000	30,000	305,000	428,235	2028
2029			280,000	30,000	310,000	426,703	2029
2030			285,000	35,000	320,000	429,971	2030
2031			290,000	35,000	325,000	428,040	2031
2032			300,000	35,000	335,000	430,941	2032
2033			305,000	35,000	340,000	428,666	2033
2034			310,000	40,000	350,000	431,165	2034
2035			315,000	40,000	355,000	428,238	2035
2036			325,000	40,000	365,000	429,918	2036
2037			330,000	40,000	370,000	426,193	2037
2038			335,000	45,000	380,000	427,010	2038
2039			345,000	45,000	390,000	427,515	2039
2040				50,000	50,000	81,650	2040
2041				50,000	50,000	79,538	2041
2042				50,000	50,000	77,400	2042
2043				55,000	55,000	80,129	2043
2044				55,000	55,000	77,723	2044
2045				60,000	60,000	80,178	2045
2046				60,000	60,000	77,493	2046
2047				65,000	65,000	79,664	2047
2048				65,000	65,000	76,690	2048
2049				70,000	70,000	78,585	2049
2050				75,000	75,000	80,231	2050
2051				75,000	75,000	76,744	2051
	$40,000	$270,000	$4,225,000	$1,210,000	$5,745,000	$7,280,209	
	(1)	(1)	(1)	(2) (3)			

NOTE: 55% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds are payable primarily from net revenues of the municipal sewer utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.

(2) These bonds are payable primarily from net revenues of the municipal water utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.

(3) This schedule represents a portion of the $9,080,000 General Obligation Bonds, Series 2025A, dated July 29, 2025, consisting of $4,200,000 backed by taxes, $3,670,000 backed by tax abatements and $1,210,000 backed by water revenues.

CITY OF ALBERTVILLE, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of July 2, 2025, Plus a Portion of this Issue)

			Portion of This Issue			
Purpose:	**G.O. Capital Improvement Plan Refunding Bonds, Series 2012B**	**G.O. Disposal System Bonds Series 2023A**	**G.O. Bonds, Series 2025A**			
Dated:	05/01/12	06/13/23	07/29/25			
Original Amount:	$3,215,000	$9,400,000	$4,200,000			
Maturity:	1-Dec	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	.50-2.35%	3.625-5.000%		**PRINCIPAL:**	**PRIN & INT:**	
2025	$255,000	$0	$0	$255,000	$451,067	2025
2026		220,000	0	220,000	767,948	2026
2027		230,000	145,000	375,000	908,454	2027
2028		245,000	150,000	395,000	911,821	2028
2029		255,000	155,000	410,000	879,326	2029
2030		270,000	160,000	430,000	910,964	2030
2031		280,000	165,000	445,000	906,729	2031
2032		295,000	175,000	470,000	911,530	2032
2033		310,000	180,000	490,000	910,191	2033
2034		325,000	185,000	510,000	909,370	2034
2035		340,000	190,000	530,000	909,131	2035
2036		350,000	200,000	550,000	907,919	2036
2037		365,000	205,000	570,000	906,404	2037
2038		380,000	215,000	595,000	909,356	2038
2039		395,000	225,000	620,000	910,404	2039
2040		410,000	230,000	640,000	904,805	2040
2041		425,000	240,000	665,000	903,175	2041
2042		445,000	255,000	700,000	910,193	2042
2043		460,000	265,000	725,000	905,846	2043
2044		480,000	275,000	755,000	905,233	2044
2045		500,000	285,000	785,000	903,241	2045
2046		520,000	300,000	820,000	904,750	2046
2047		540,000	0	540,000	596,800	2047
2048		560,000	0	560,000	594,800	2048
2049		590,000	0	590,000	601,800	2049
	$255,000	$9,190,000	$4,200,000 (1)	$13,645,000	$21,141,257	

NOTE: 29% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

(1) This schedule represents a portion of the $9,080,000 General Obligation Bonds, Series 2025A, dated July 29, 2025, consisting of $4,200,000 backed by taxes, $3,670,000 backed by tax abatements and $1,210,000 backed by water revenues.

CITY OF ALBERTVILLE, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS
(As of July 2, 2025, Plus a Portion of This Issue)

	Portion of This Issue			
Purpose:	**G.O. Bonds, Series 2025A**			
Dated:	07/29/25			
Original Amount:	$3,670,000			
Maturity:	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:		**PRINCIPAL:**	**PRIN & INT:**	
2025	$0	$0	$0	2025
2026	0	0	138,226	2026
2027	190,000	190,000	324,423	2027
2028	195,000	195,000	323,214	2028
2029	200,000	200,000	321,745	2029
2030	210,000	210,000	324,928	2030
2031	220,000	220,000	327,670	2031
2032	225,000	225,000	325,049	2032
2033	230,000	230,000	322,074	2033
2034	240,000	240,000	323,623	2034
2035	245,000	245,000	319,649	2035
2036	255,000	255,000	320,146	2036
2037	270,000	270,000	324,905	2037
2038	280,000	280,000	323,903	2038
2039	290,000	290,000	322,215	2039
2040	305,000	305,000	324,793	2040
2041	315,000	315,000	321,694	2041
	$3,670,000 (1)	$3,670,000	$4,988,254	

NOTE: 47% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS WILL BE RETIRED WITHIN TEN YEARS.

(1) This schedule represents a portion of the $9,080,000 General Obligation Bonds, Series 2025A, dated July 29, 2025, consisting of $4,200,000 backed by taxes, $3,670,000 backed by tax abatements and $1,210,000 backed by water revenues.

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

Purpose:	**G.O. Transportation Revolving Loan Fund Note, Series 2012**			
Dated:	01/06/12			
Original Amount:	$4,113,700			
Maturity:	20-Aug	**TOTAL**	**TOTAL**	
Interest Rates:	1.277%	**PRINCIPAL:**	**PRIN & INT:**	
2025	$217,000	$217,000	$240,152	2025
2026	219,000	219,000	239,381	2026
2027	222,000	222,000	239,584	2027
2028	225,000	225,000	239,749	2028
2029	228,000	228,000	239,876	2029
2030	231,000	231,000	239,965	2030
2031	234,000	234,000	240,015	2031
2032	237,000	237,000	240,027	2032
	$1,813,000 (1)	$1,813,000	$1,918,748	

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

(1) This note was purchased through a private placement agreement with Minnesota Public Facilities Authority (MPFA).

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*	*Taxpayer's Share of Debt*
Wright County	$ 281,882,019	$ 13,579,809	4.82%	$ 69,090,000	$ 3,330,138
ISD No. 728, Elk River	160,460,591	3,819,898	2.38	280,715,000	6,681,017
ISD No. 885, St, Michael-Albertville	42,737,103	9,759,911	22.84	101,070,000	23,084,388
				Total Indirect Debt:	$ 33,095,543

(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. Debt listed is as of July 2, 2025, unless otherwise noted.

(1) Tax Capacity Values are after tax increment and power line adjustments.

General Obligation Debt

Bonds secured by special assessments	$ 1,813,000
Bonds secured by taxes (includes a portion of this issue)	13,645,000
Bonds secured by tax abatements (includes a portion of this issue)	3,670,000
Bonds secured by water/sewer revenues (includes a portion of this issue)	5,745,000
Subtotal	$ 24,873,000
Less bonds secured by water/sewer revenues	(5,745,000)
Direct General Obligation Debt	19,128,000
Add taxpayers' share of indirect debt	33,095,543
Direct and Indirect Debt	$ 52,223,543

Facts for Ratio Computations

2024/2025 Economic Market Value (real and personal property)	$1,292,878,172
Population (2025 estimate)	8,942

Debt Ratios Excluding Revenue-Supported Debt

	Direct Debt	*Indirect Debt*	*Direct and Indirect Debt*
To Economic Market Value	1.48%	2.56%	4.04%
Per Capita	$2,139	$3,701	$5,840

APPENDIX A

Proposed Form of Legal Opinion

PROPOSED FORM OF LEGAL OPINION

$9,080,000
GENERAL OBLIGATION BONDS, SERIES 2025A
CITY OF ALBERTVILLE
WRIGHT COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Albertville, Wright County, Minnesota (the "Issuer"), of its $9,080,000 General Obligation Bonds, Series 2025A, bearing a date of original issue of July 29, 2025 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

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

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

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

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

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

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is

excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

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

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

TAFT STETTINIUS & HOLLISTER LLP

APPENDIX B

Continuing Disclosure Certificate

[Appendix ___ to Official Statement]

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Albertville, Minnesota (the "Issuer"), in connection with the issuance of its $9,080,000 General Obligation Bonds, Series 2025A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on July 7, 2025 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall be the Official Statement dated __________, 2025, prepared in connection with the Bonds.

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

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

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

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

SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2025, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2026, and by December 31 of each year thereafter.

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

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

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Economic and Financial Information – "Valuations," "Tax Capacity Rates" and "Tax Levies and Collections;" and Summary of Debt and Debt Statistics.

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

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) Modifications to rights of security holders, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

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

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

Dated: July 29, 2025.

CITY OF ALBERTVILLE, MINNESOTA

By ___________________________________
Its Mayor

By ___________________________________
Its City Administrator

APPENDIX C

City's Financial Report

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2024. The complete financial report for the year 2024 and the prior two years are available for inspection at the Albertville City Hall and the office of Northland Securities. 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.

April 24, 2025

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

Minnesota statutes require the City to issue an annual report on its financial position and activity, prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants, or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Albertville for the fiscal year ended December 31, 2024.

This report consists of management's representations concerning the finances of the City of Albertville. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control standards that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Albertville's financial statements have been audited by the public accounting firm of Abdo. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Albertville for the fiscal year ended December 31, 2024, are free of any material misstatements. Included within this report, Abdo. has issued an unqualified opinion on the City of Albertville's financial statements for the year ended December 31, 2024.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City of Albertville

The City of Albertville is located in the east central portion of Minnesota, approximately 35 miles northwest of the Twin Cities, and approximately halfway between the metropolitan areas of Minneapolis/St. Paul and St. Cloud. The City of Albertville is located in the northeastern portion of Wright County, along the Interstate 94 corridor.

The City covers approximately 4.5 square miles. The current population is approximately 8,542.

The City of Albertville operates under the council/administrator form of government. The governing body consists of the Mayor and four Council members, elected at large and on a non-partisan basis. The Mayor is elected to a two-year term and four Council Members are elected to a four-year term, with elections held in each even-numbered year. Not more than two Council member's terms expire in any one year.

The Mayor and Council appoint a full-time City Administrator, who is responsible for overall supervision of City operations. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, hiring the City Administrator, other staff and appointing consultants.

The City provides its residents and businesses with a full range of services, including fire protection, law enforcement, public works, building inspection, planning and code enforcement, parks/trail improvements and maintenance, curbside recycling and other general activities. The City contracts with the Wright County Sheriff's Department for law enforcement. In addition, the City offers the following services to residents: water, sewer, storm drainage, and recycling, which are operated as enterprises. The City also partners with neighboring communities to provide library and senior center services. In addition, the governing body is financially accountable for the Economic Development Authority and therefore, these activities are included in the reporting entity.

Relevant Financial Policies

The annual budget serves as the foundation for the City's financial planning and control. Developing the budget begins annually in June when the Finance Director prepares projected revenues and expenses for the next year's draft budget. Upon review and revisions by the Finance Director and City Administrator, the draft budget is reviewed by the Department Heads. Department budget requests are compiled by the Finance Director and reviewed by both the Finance Director and City Administrator. Integral to the budget process are staff meetings to review the draft budget, which is then presented to the City Council. City Council and staff work on the budget over the course of two to three budget workshops. Following Council direction and public input, the preliminary budget is updated and brought back for City Council approval. City Council adopts the preliminary budget in September and the Final Budget is adopted in December of each year. General Fund and Capital Funds are appropriated annually based on the adopted budget.

If a need arises for a significant budget amendment during the year, it is brought to City Council for approval.

Also, available within, are notes pertaining to basic financial statements for information on the Joint Powers Water Board (the City's water operations, operated in conjunction with the cities of St. Michael and Hanover).

Economic Condition and Outlook

Key factors affecting the City's economic condition and financial outlook include:

- Based on permit activity, the local economy is strong and continues to grow. A total of 652 building permits were issued in 2024 with a total valuation of $31,601,635.
- The State of Minnesota continues its expansion of Interstate 94 through the City of Albertville.
- The area school districts are highly desirable and driving new residential interest to the area.
- Housing demand remains high and property values continue to rise.

Commercial, Industrial and Retail

The City of Albertville's commercial activity remains steady and it is a priority of the City to stimulate new commercial and industrial development. Currently, there are a number of commercial and industrial projects underway, including:

- Medart Inc.
- Albertville Plaza 3rd (commercial subdivision)
- Costco (located in Otsego, but driving strong growth in Albertville)
- Redevelopment of east side of the Albertville Premium Outlet Mall
- New construction including: Si Senor Restaurant, Gravity Dance, Everbrook Daycare
- Industrial expansions including: Mold Tech Inc., Border States, and Fraser Steel

Major Initiatives

Maintenance and preservation of the City infrastructure and facilities is a priority for the City. In 2024, the City completed multiple infrastructure improvements related to streets, utilities, trails and parks. Other major initiatives include:

- The I-94 West Corridor Coalition
- Main Avenue NE reconstruction project
- Central Park improvements
- WTP Expansion
- WWTP Biosolids Dewatering Improvements

Long-term Financial Planning

The City of Albertville recognizes the importance of maintaining an appropriate level of fund balance. Sound fiscal management of Albertville's general fund operation budget is made more secure by establishing City goals regarding the size and use of the annual general fund balances. This policy provides two goals and measures for determining the appropriate fund balance. The security factor must be met before the dependence factor can be applied. The City of Albertville will strive to meet these goals.

1. **Security**. Ensure that, at NO time during budget preparation, the amounts remaining in current year-end fund balance (defined as the prior year's known fund balance amount less the amount designated for application to the current year budget) be allowed to be less than 35% of the next year's planned budget for the General Fund as a minimum. As economic conditions warrant, an amount larger than this shall be maintained. This will be applied to cash flow, revenue reserves and insurance, and liability needs, or be available in the time of emergencies.

   It is intended for the current fund balance to meet or exceed the 35% minimum and maintain a level of 50% of next year's expenditures. If the fund balance level falls below the 35% due to unexpected expenses, a replenishment plan will be developed.

2. **Dependence**. In building the next year's budget, the percentage of total annual budget financing that can come from fund balances will not exceed 5% of the planned budget.

Property Taxes

To sustain or expand City services, while keeping property taxes stable, the Council has diligently strived to maintain a level tax rate. The property tax levy for the year divided by the city-wide total net tax capacity equals the tax rate.

Independent Audit

The financial statements were audited by Abdo, Certified Public Accountants, and their opinion has been included in this report. The scope of the audit included the basic financial statements of the City for the year ended December 31, 2024. Their audit was made in accordance with auditing standards generally accepted in the United States of America. The scope of the audit was sufficient to satisfy state and federal requirements. The auditors' opinion on the City's financial statements indicates that the auditors' examination has disclosed no conditions which cause them to believe that the financial statements are not fairly stated, in all material respects.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2023. This is the fourteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR, whose contents conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement's requirements and we are again submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I would like to commend Finance Director Lannes and the entire city staff for their hard work and dedication. I would like to recognize the CPA firm Abdo for their professional assistance. Finally, thank you to the Mayor and members of the City Council for your continued interest and support in planning and conducting the financial operations of the City in a very responsible and professional manner.

Respectfully submitted,

Adam Nafstad
City Administrator/PWD/CE

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Albertville
Minnesota

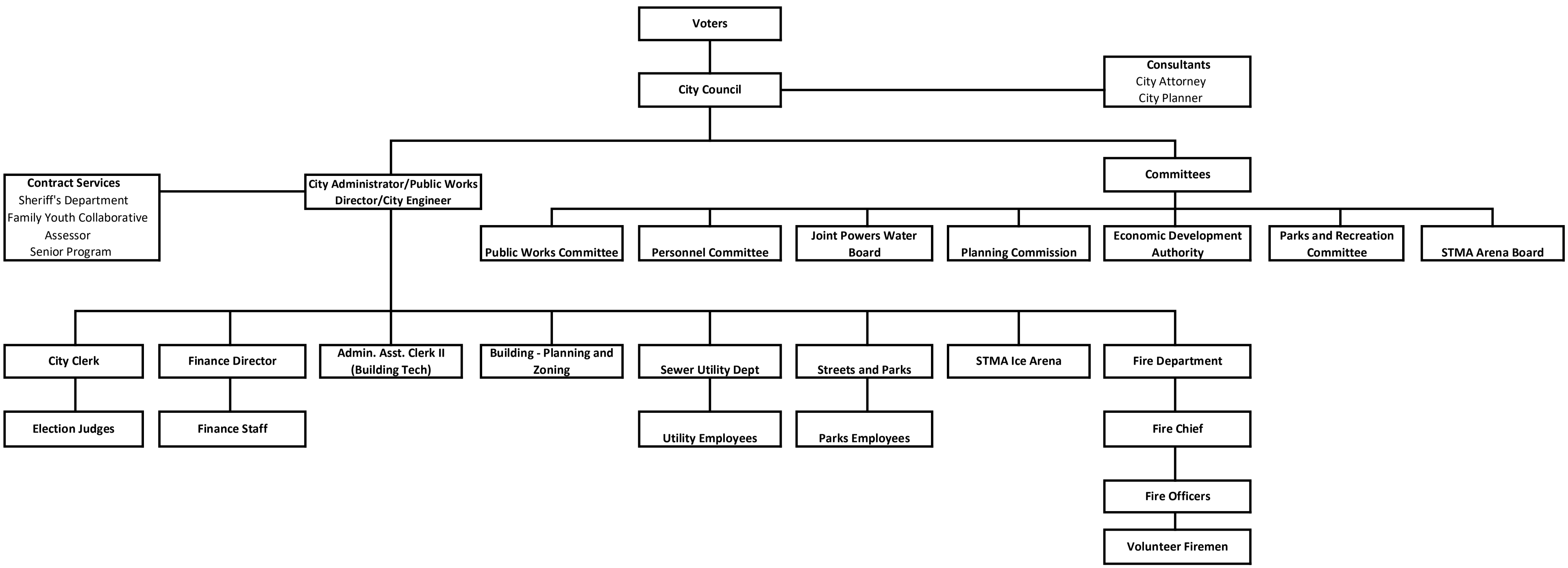
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

City of Albertville Organizational Chart



City of Albertville, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2024

ELECTED

Name	Title	Term Expires
Jillian Hendrickson	Mayor	12/31/26
Rob Olson	Council Member	12/31/26
Aaron Cocking	Council Member	12/31/28
Bob Zagorski	Council Member	12/31/26
John Hayden	Council Member	12/31/28

APPOINTED

Name	Title
Adam Nafstad	City Administrator
Tina Lannes	Finance Director

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FINANCIAL SECTION

CITY OF ALBERTVILLE
ALBERTVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Albertville, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Albertville, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the city 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Change in Accounting Principle

As described in Note 8 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 25 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 92 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo

Abdo
Minneapolis, Minnesota
April 24, 2025

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Management’s Discussion and Analysis

As management of the City of Albertville, 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, 2024.

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 as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City’s ongoing obligations to citizens and creditors.

- The City’s total net position increased as shown in the summary of changes in net position table on the following pages. This increase is attributable to program revenues exceeding expenses during the year; more specifically, property taxes levied for general purposes which grew as a result of a 19% increase in net tax capacity, and sales from services due to a 2% average increase plus restructuring the fee schedule in utility rates for business-type activities. With the business-type activities all the rates were evaluated and some were restructured. In addition, there were a few new homes built and several unplanned commercial/industrial buildings added.

- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A.

- Unassigned fund balance in the general fund as shown in the financial analysis of the City’s funds section increased from the prior year due to revenues in excess of budget due to additional permit revenue of commercial properties and new fees implemented.

- The City’s total bonded debt decreased during the current fiscal year. The decrease was a result of scheduled debt service payments as shown on the outstanding debt table.

Overview of the Financial Statements

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

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

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

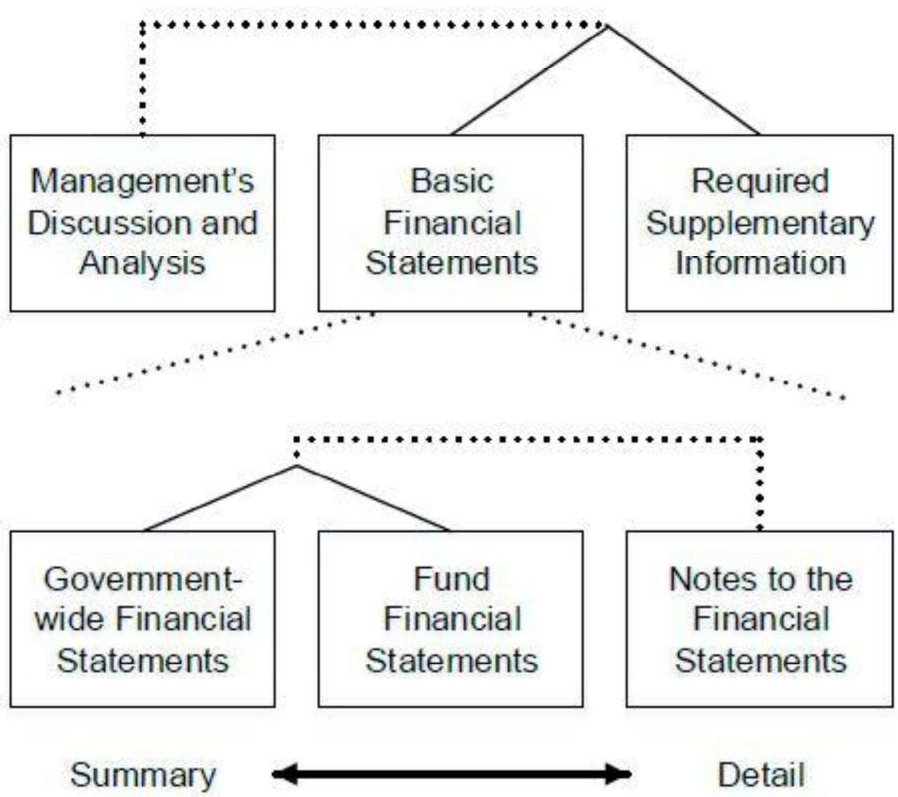


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

The government-wide financial statements start on page 39 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*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service, and Capital Outlay Reserve funds - all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 44 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 sewer, water, storm water and recycling 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 basic proprietary fund financial statements start on page 50 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements are on page 55 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 59 of this report.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found starting on page 92 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 104 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 the close of the most recent fiscal year.

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

City of Albertville's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Current and Other Assets	$ 16,761,360	$ 16,484,333	$ 277,027	$ 17,749,235	$ 19,879,502	$ (2,130,267)
Capital Assets	23,504,525	22,766,923	737,602	26,820,444	23,756,332	3,064,112
Total Assets	40,265,885	39,251,256	1,014,629	44,569,679	43,635,834	933,845
Deferred Outflows of Resources	625,853	787,411	(161,558)	70,355	103,186	(32,831)
Long-term Liabilities Outstanding	2,744,064	3,499,110	(755,046)	15,110,256	15,716,544	(606,288)
Other Liabilities	411,133	794,789	(383,656)	405,675	829,188	(423,513)
Total Liabilities	3,155,197	4,293,899	(1,138,702)	15,515,931	16,545,732	(1,029,801)
Deferred Inflows of Resources	632,047	551,802	80,245	169,628	118,766	50,862
Net Position						
Net investment in capital assets	21,559,851	20,273,389	1,286,462	13,952,765	11,419,846	2,532,919
Restricted	5,877,307	5,714,233	163,074	-	-	-
Unrestricted	9,667,336	9,205,344	461,992	15,001,710	15,654,676	(652,966)
Total Net Position	$ 37,104,494	$ 35,192,966	$ 1,911,528	$ 28,954,475	$ 27,074,522	$ 1,879,953
Net Position as a Percent of Total						
Net investment in capital assets	58.1 %	57.6 %			48.2 %	42.2 %
Restricted	15.8	16.2			-	-
Unrestricted	26.1	26.2			51.8	57.8
	100.0 %	100.0 %			100.0 %	100.0 %

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

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

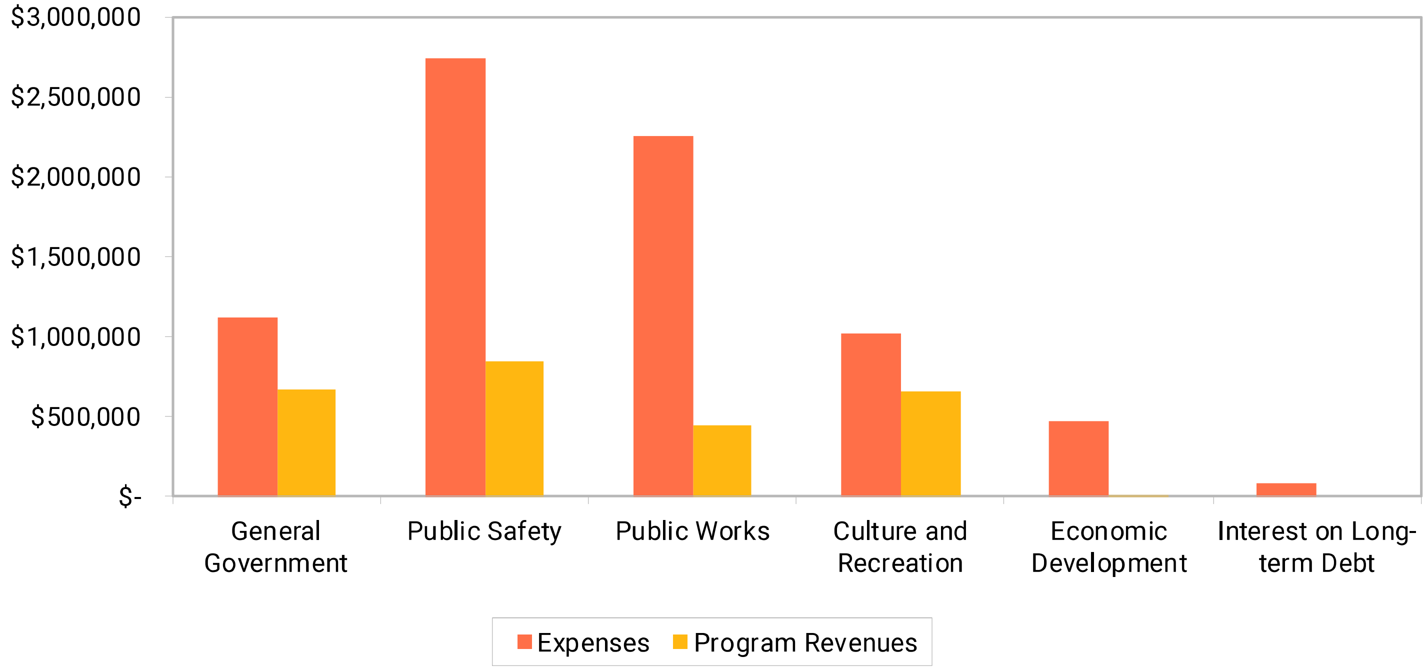
Governmental Activities. Governmental activities increased the City's net position. Significant changes from the prior year can be attributed to the increase in relation to taxes and charges for services. Business-type activities increased the City's net position mainly due to capital grants and contributions for the waste water treatment facility. The City of Albertville is finishing up a several million-dollar improvement for the wastewater facility. The project was to move toward dewatering and away from use of reedbeds required by the MPCA. This was a multi-year project expected to finish Spring 2025. For this project there were grants, contributions and bonding to fund the project.

City of Albertville's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 1,766,484	$ 1,258,084	$ 508,400	$ 2,149,427	$ 1,994,092	$ 155,335
Operating grants and contributions	793,051	1,071,298	(278,247)	102,826	18,581	84,245
Capital grants and contributions	78,896	11,930	66,966	1,096,687	2,426,134	(1,329,447)
General Revenues						
Taxes						
Property taxes	5,195,799	4,507,776	688,023	332,528	220,624	111,904
Tax increments	627,846	462,983	164,863	-	-	-
Franchise fees	336,872	325,250	11,622	-	-	-
Grants and contributions not restricted to specific programs	259,035	305,373	(46,338)	129,624	111,961	17,663
Gain on sale of capital assets	10,856	30,000	(19,144)	-	-	-
Unrestricted investment earnings	539,135	564,901	(25,766)	769,495	808,086	(38,591)
Total Revenues	9,607,974	8,537,595	1,070,379	4,580,587	5,579,478	(998,891)
Expenses						
General government	1,123,145	1,257,890	(134,745)	-	-	-
Public safety	2,743,870	2,242,841	501,029	-	-	-
Public works	2,261,304	2,245,612	15,692	-	-	-
Culture and recreation	1,019,553	1,147,360	(127,807)	-	-	-
Economic development	467,423	265,896	201,527	-	-	-
Interest on long-term debt	81,151	95,580	(14,429)	-	-	-
Sewer	-	-	-	1,700,097	1,692,252	7,845
Water	-	-	-	501,642	526,850	(25,208)
Storm water	-	-	-	334,065	297,395	36,670
Recycling	-	-	-	164,830	157,099	7,731
Total Expenses	7,696,446	7,255,179	441,267	2,700,634	2,673,596	27,038
Change in Net Position	1,911,528	1,282,416	629,112	1,879,953	2,905,882	(1,025,929)
Net Position, January 1	35,192,966	33,910,550	1,282,416	27,074,522	24,168,640	2,905,882
Net Position, December 31	$ 37,104,494	$ 35,192,966	$ 1,911,528	$ 28,954,475	$ 27,074,522	$ 1,879,953

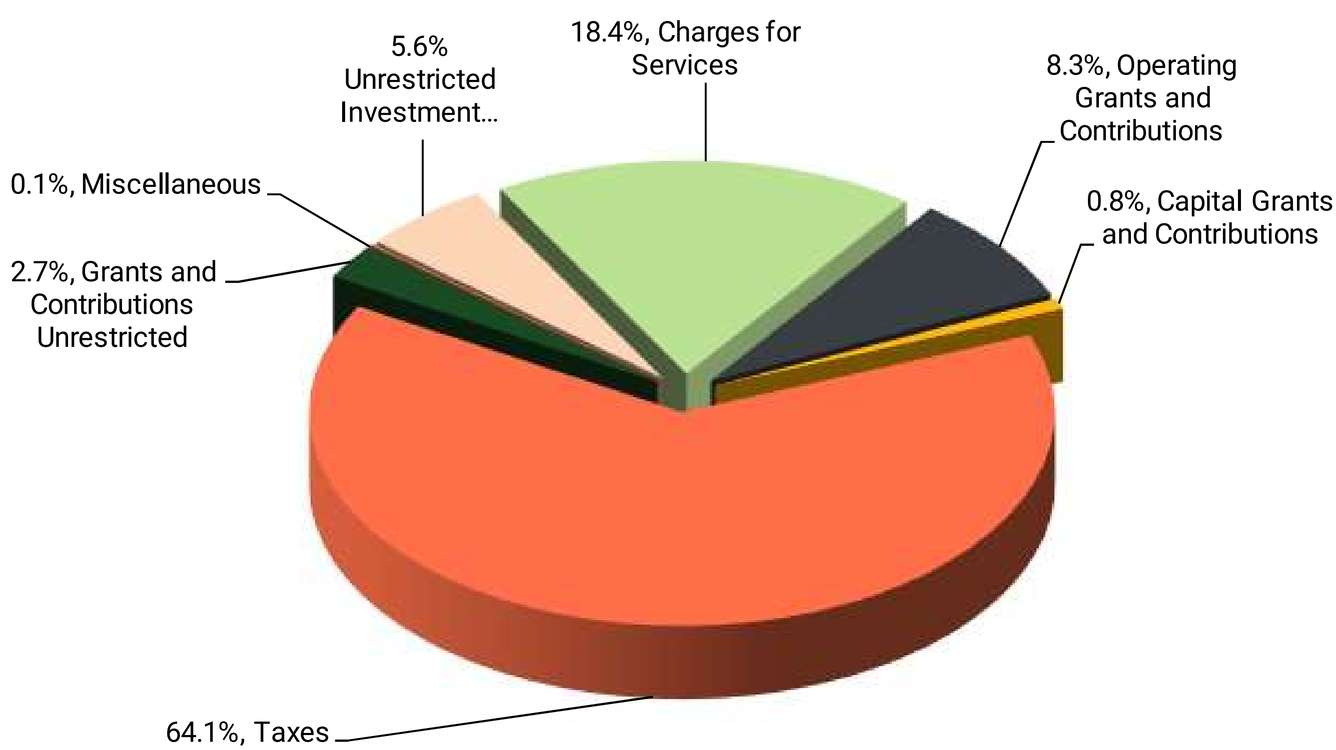
The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

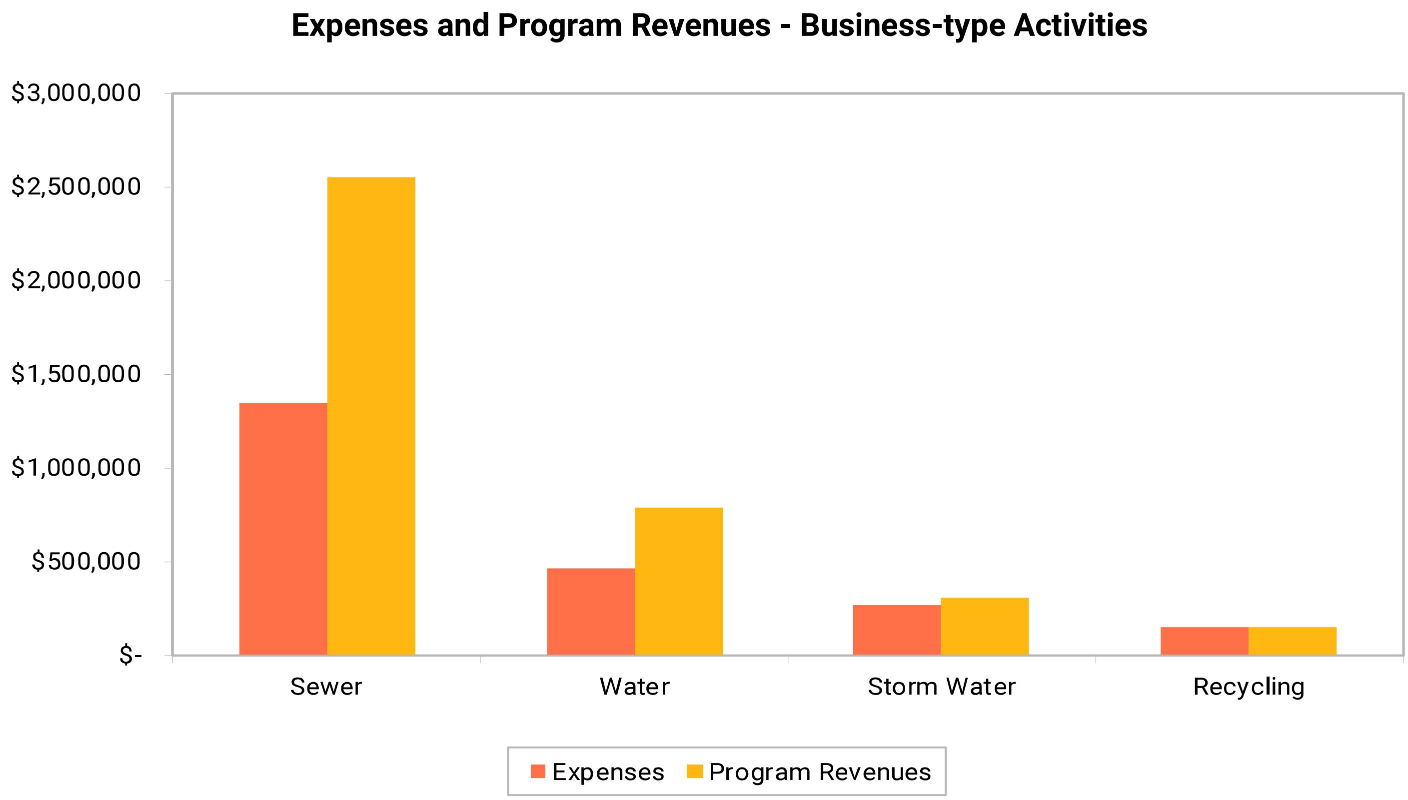


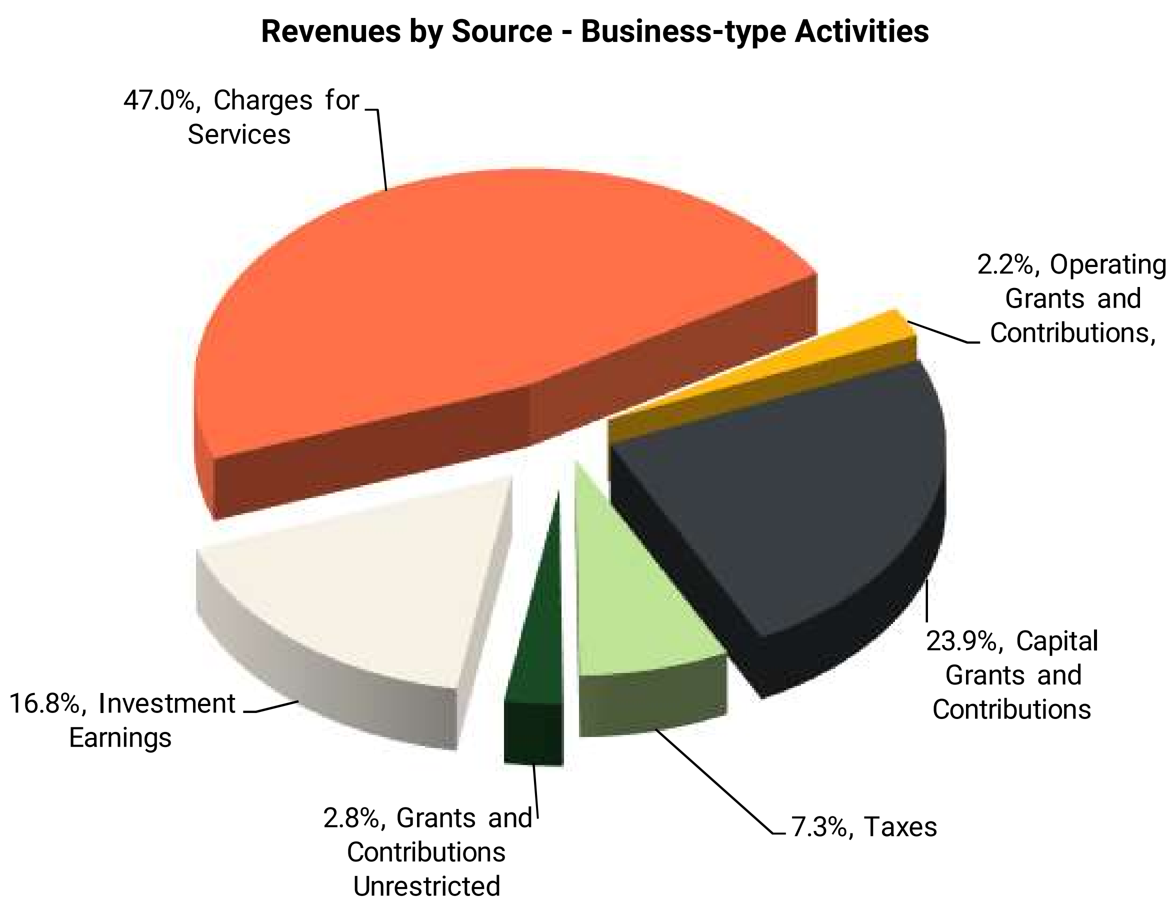
Revenues by Source - Governmental Activities

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.



Business-type Activities. Business-type activities increased the City's net position mainly due to capital grants and contributions related to the waste water treatment facility.





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.

	General	Debt Service	Capital Outlay Reserve	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	$ 191,320	$ -	$ -	$ -	$ 191,320	$ 187,926	$ 3,394
Restricted	-	2,766,556	349,995	1,616,190	4,732,741	4,396,743	335,998
Committed	-	-	-	167,272	167,272	159,322	7,950
Assigned	-	-	5,986,659	-	5,986,659	6,187,137	(200,478)
Unassigned	2,647,909	-	-	(878,875)	1,769,034	1,555,555	213,479
	$ 2,839,229	$ 2,766,556	$ 6,336,654	$ 904,587	$ 12,847,026	$ 12,486,683	$ 360,343

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	$ 191,320	$ 177,926	$ 13,394
Unassigned	2,647,909	2,554,745	93,164
Total Fund Balance	$ 2,839,229	$ 2,732,671	$ 106,558
General Fund expenditures	$ 5,140,733	$ 4,458,573	
Unassigned as a percent of expenditures	51.5%	57.3%	
Total Fund Balance as a percent of expenditures	55.2%	61.3%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase is mainly due to interest earnings increasing and building permit revenue in excess of the budget. The City of Albertville had unexpected commercial projects including a major distribution center, restaurant plus an industrial building project for the year. In addition added a gas franchise fee.

Other major governmental fund analysis is shown below:

	December 31, 2024	December 31, 2023	Increase (Decrease)
Debt Service Fund	$ 2,766,556	$ 2,783,933	$ (17,377)
The Debt Service fund decrease in fund balance during the year was due to scheduled principal and interest payments made on bonds during the year.			
Capital Outlay Reserve	$ 6,336,654	$ 6,547,132	$ (210,478)
The Capital Outlay Reserve decrease in fund balance was mainly due to anticipated project expenditures during the year			

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

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Sewer	$ 23,045,706	$ 21,463,137	$ 1,582,569
The increase is primarily attributed to the capital contributions during the year.			
Water	$ 3,569,790	$ 3,261,663	$ 308,127
The increase is primarily attributed to interest earnings, intergovermental revenue and capital contributions.			

General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 4,485,385	$ 5,247,291	$ 761,906
Expenditures	4,485,385	5,140,733	(655,348)
Net Change in Fund Balances	-	106,558	106,558
Fund Balances, January 1	2,732,671	2,732,671	-
Fund Balances, December 31	$ 2,732,671	$ 2,839,229	$ 106,558

Actual revenues were over the final budget and expenditures were also over the final budget amounts as shown above. Revenues came in above the final budget due to large favorable variances from intergovernmental revenue such as the Fire Contract providing service to a portion of a neighboring city and investment earnings. Also, with commercial and industrial permits allowed the revenue to go over what was budgeted by approximately $114,000. In addition, the City implemented a gas franchise fee which revenues of $136,000 was collected. Expenditures also came in over the final budget due to unfavorable variances related to general government and public safety expenditures. There was a large increase in our Sherrif's contract in addition to several large expenses for the upcoming Main Ave reconstruction project and Central Park Improvements. The projects are going to start in 2025 once bids are approved and contracts awarded of which will take 2 years for completion. The pre-construction costs such as planning and engineering are expenses exceeding the budgeted engineering by approximately $365,000.

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, 2024, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to:

- Central Park Improvements
- 50th Street Improvements
- 58th Street Improvements
- 2024 Street Improvements
- O'Donnel Property
- Loewen Property
- Freightliner Pumper Fire Truck

Additional information on the City's capital assets can be found in Note 3B starting on page 71 of this report.

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

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	$ 4,490,242	$ 3,983,292	$ 506,950	$ 351,834	$ 351,834	$ -	$ 4,842,076	$ 4,335,126	$ 506,950
Construction in Progress	1,254,646	1,213,773	40,873	10,591,635	7,138,400	3,453,235	11,846,281	8,352,173	3,494,108
Buildings	2,458,078	2,577,840	(119,762)	2,488,188	2,606,210	(118,022)	4,946,266	5,184,050	(237,784)
Infrastructure	11,312,186	11,057,420	254,766	13,066,058	13,528,585	(462,527)	24,378,244	24,586,005	(207,761)
Land Improvements	1,604,630	1,736,569	(131,939)	-	-	-	1,604,630	1,736,569	(131,939)
Machinery and Equipment	871,332	877,258	(5,926)	198,121	45,829	152,292	1,069,453	923,087	146,366
Vehicles	1,513,411	1,320,771	192,640	124,608	85,474	39,134	1,638,019	1,406,245	231,774
Total	$ 23,504,525	$ 22,766,923	$ 737,602	$ 26,820,444	$ 23,756,332	$ 3,064,112	$ 50,324,969	$ 46,523,255	$ 3,801,714
Percent increase (decrease)			3.2%			12.9%			8.2%

Long-term Debt: At the end of the current fiscal year, the City had total bonded debt outstanding indicated below. This amount consists of general obligation special assessment, general obligation revenue bonds and revenue bonds. While many of these bonds have their own revenue streams, they are backed by the full faith and credit of the City.

City of Albertville's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
General Obligation Special Assessment Bonds	$ 1,944,674	$ 2,532,092	$ (587,418)	$ -	$ -	$ -
G.O. Revenue Bonds	-	-	-	14,691,000	15,263,991	(572,991)
Total	$ 1,944,674	$ 2,532,092	$ (587,418)	$ 14,691,000	$ 15,263,991	$ (572,991)
Percent increase (decrease)			-23.2%			-3.8%

The City's total bonded debt decreased during the current fiscal year. The decrease was a result of scheduled debt service payments.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City's applicable debt does not exceed the limit set forth in statute.

Additional information on the City's long-term debt can be found in Note 3D starting on page 73 of this report.

Economic Factors and Next Year's Budgets and Rates

Residential property values continue to show stable growth and home improvement activity remains strong. New housing starts will be limited as there is limited land zoned for new housing.

Commercial property values have increased and commercial interest is strong. The interstate highway, proximity to metropolitan areas, and strong residential markets in neighboring cities will continue to promote Albertville's commercial growth. The city had 6 commercial businesses added in 2024 plus 1 industrial project.

Budgeted capital projects are generally targeted towards maintenance and preservation of the City's infrastructure. The City of Albertville budgets for future projects such as roads, equipment, other capital purchases rather than bond, certificate or loan of which them amounts individually doesn't seem fiscal responsible to bond for. The City follows a five year capital project plan which is reviewed and updated annually.

Budgeted contract services are reviewed and adjusted annually. Contract services for the city are used for items where it wouldn't be fiscally responsible to have full-time staff and infrastructure. The largest contracted service is with the Sherriff's department.

State and/or Federal funds received due to the COVID 19 pandemic are expected to be used for economic development and/or capital improvements. The City has used the funds for capital purchases such as water meters, equipment, lift station upgrades, generators and vehicles. The $823. 878 has all been obligated. The city has purchased and received $695,875 with the remaining obligatory amount of $128,003 for the generators expected delivery in 2025.

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 Finance Director, City of Albertville, 5959 Main Avenue, Albertville, Minnesota 55301.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ALBERTVILLE
ALBERTVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Albertville, Minnesota
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	$ 12,275,852	$ 17,328,811	$ 29,604,663
Receivables			
Interest	109,318	-	109,318
Taxes	65,701	-	65,701
Accounts	68,738	230,228	298,966
Notes - due within one year	73,148	-	73,148
Notes - due in more than one year	512,038	-	512,038
Special assessments	508,245	99,139	607,384
Internal balances	(36,000)	36,000	-
Due from other governments	1,965,722	17,456	1,983,178
Prepaid items	140,320	37,601	177,921
Equity interest in joint venture	269,786	-	269,786
Net pension asset	156,539	-	156,539
Land held for resale	651,953	-	651,953
Capital assets			
Land and construction in progress	5,744,888	10,943,469	16,688,357
Depreciable assets, net of accumulated depreciation	17,759,637	15,876,975	33,636,612
Total Assets	40,265,885	44,569,679	84,835,564
Deferred Outflows of Resources			
Deferred pension resources	625,853	70,355	696,208
Liabilities			
Accounts and contracts payable	125,513	123,422	248,935
Escrows payable	101,801	-	101,801
Due to other governments	5,421	63,090	68,511
Accrued interest payable	9,708	208,900	218,608
Accrued salaries payable	12,953	7,675	20,628
Unearned revenue	155,737	2,588	158,325
Noncurrent liabilities			
Due within one year			
Long-term liabilities	711,437	884,564	1,596,001
Due in more than one year			
Long-term liabilities	1,391,153	13,959,188	15,350,341
Net pension liability	641,474	266,504	907,978
Total Liabilities	3,155,197	15,515,931	18,671,128
Deferred Inflows of Resources			
Deferred pension resources	632,047	169,628	801,675
Net Position			
Net investment in capital assets	21,559,851	13,952,765	35,512,616
Restricted for			
Net pension asset	156,539	-	156,539
Public safety - charitable gambline	259,490	-	259,490
Debt service	3,754,583	-	3,754,583
Park improvements	1,004,580	-	1,004,580
Tax increment	352,120	-	352,120
Public safety aid	349,995	-	349,995
Unrestricted	9,667,336	15,001,710	24,669,046
Total Net Position	$ 37,104,494	$ 28,954,475	$ 66,058,969

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

City of Albertville, Minnesota

Statement of Activities

For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 1,123,145	$ 506,556	$ 98,903	$ 69,646
Public safety	2,743,870	616,941	229,386	-
Public works	2,261,304	4,250	437,045	4,150
Culture and recreation	1,019,553	638,737	17,774	5,100
Economic development	467,423	-	9,943	-
Interest on long-term debt	81,151	-	-	-
Total Governmental Activities	7,696,446	1,766,484	793,051	78,896
Business-type Activities				
Sewer	1,700,097	1,181,900	6,884	1,027,465
Water	501,642	539,850	87,437	69,222
Storm water	334,065	280,350	-	-
Recycling	164,830	147,327	8,505	-
Total Business-type Activities	2,700,634	2,149,427	102,826	1,096,687
Total	$ 10,397,080	$ 3,915,911	$ 895,877	$ 1,175,583

General Revenues

Taxes

Property taxes levied for general purposes

Property taxes levied for debt service

Tax increments

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (448,040)	$ -	$ (448,040)
(1,897,543)	-	(1,897,543)
(1,815,859)	-	(1,815,859)
(357,942)	-	(357,942)
(457,480)	-	(457,480)
(81,151)	-	(81,151)
(5,058,015)	-	(5,058,015)
-	516,152	516,152
-	194,867	194,867
-	(53,715)	(53,715)
-	(8,998)	(8,998)
-	648,306	648,306
(5,058,015)	648,306	(4,409,709)
4,831,192	332,528	5,163,720
364,607	-	364,607
627,846	-	627,846
336,872	-	336,872
259,035	129,624	388,659
539,135	769,495	1,308,630
10,856	-	10,856
6,969,543	1,231,647	8,201,190
1,911,528	1,879,953	3,791,481
35,192,966	27,074,522	62,267,488
$ 37,104,494	$ 28,954,475	$ 66,058,969

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

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FUND FINANCIAL STATEMENTS

CITY OF ALBERTVILLE
ALBERTVILLE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Albertville, Minnesota
Balance Sheet
Governmental Funds
December 31, 2024

	General	Debt Service	Capital Outlay Reserve	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and temporary investments	$ 2,683,314	$ 1,326,311	$ 6,348,232	$ 1,917,995	$ 12,275,852
Receivables					
Taxes	65,701	-	-	-	65,701
Accounts	68,738	-	-	-	68,738
Special assessments	94,406	412,547	1,292	-	508,245
Interest	106,197	3,121	-	-	109,318
Notes	-	585,186	-	-	585,186
Advances to other funds	-	836,173	12,308	-	848,481
Due from other governments	-	-	1,965,722	-	1,965,722
Prepaid items	140,320	-	-	-	140,320
Land held for resale	51,000	600,953	-	-	651,953
Total Assets	$ 3,209,676	$ 3,764,291	$ 8,327,554	$ 1,917,995	$ 17,219,516
Liabilities					
Accounts and contracts payable	$ 100,335	$ -	$ 25,178	$ -	$ 125,513
Escrows payable	101,801	-	-	-	101,801
Advances from other funds	-	-	-	884,481	884,481
Due to other governments	5,421	-	-	-	5,421
Accrued salaries payable	12,953	-	-	-	12,953
Unearned revenue	26,810	-	-	128,927	155,737
Total Liabilities	247,320	-	25,178	1,013,408	1,285,906
Deferred Inflows of Resources					
Unavailable revenue - property taxes	28,721	-	-	-	28,721
Unavailable revenue - special assessments	94,406	412,547	-	-	506,953
Unavailable revenue - notes/intergovernmental	-	585,188	1,965,722	-	2,550,910
Total Deferred Inflows of Resources	123,127	997,735	1,965,722	-	3,086,584
Fund Balances					
Nonspendable	191,320	-	-	-	191,320
Restricted	-	2,766,556	349,995	1,616,190	4,732,741
Committed	-	-	-	167,272	167,272
Assigned	-	-	5,986,659	-	5,986,659
Unassigned	2,647,909	-	-	(878,875)	1,769,034
Total Fund Balances	2,839,229	2,766,556	6,336,654	904,587	12,847,026
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,209,676	$ 3,764,291	$ 8,327,554	$ 1,917,995	$ 17,219,516

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

City of Albertville, Minnesota
Reconciliation of the Balance Sheet to the Statement of Net Position
December 31, 2024

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

Total Fund Balances - Governmental	$ 12,847,026
Governmental funds do not report an asset for equity interest in the joint venture	269,786
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	55,897,428
Less: accumulated depreciation	(32,392,903)
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	
Compensated absences payable	(157,916)
Bond principal payable	(1,944,674)
Net pension liability	(641,474)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
Special assessments	506,953
Taxes	28,721
Notes/intergovernmental	2,550,910
Governmental funds do not report long-term amounts related to pension.	
Deferred outflows of pension resources	625,853
Deferred inflows of pension resources	(632,047)
Net pension asset	156,539
Governmental funds do not report a liability for accrued interest until due and payable.	(9,708)
Total Net Position - Governmental Activities	$ 37,104,494

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

City of Albertville, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Debt Service	Capital Outlay Reserve	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 3,095,204	$ 417,302	$ 2,028,138	$ 627,846	$ 6,168,490
Licenses and permits	358,946	-	-	-	358,946
Intergovernmental	499,956	-	3,496	2,224	505,676
Charges for services	1,059,050	-	-	-	1,059,050
Fines and forfeitures	25,417	-	-	-	25,417
Special assessments	13,805	43,627	20,107	-	77,539
Investment earnings	120,460	75,037	285,163	58,475	539,135
Miscellaneous	74,453	73,148	73,180	259,490	480,271
Total Revenues	5,247,291	609,114	2,410,084	948,035	9,214,524
Expenditures					
Current					
General government	1,445,974	-	-	1,200	1,447,174
Public safety	2,404,848	-	-	-	2,404,848
Public works	488,408	3,948	-	-	492,356
Culture and recreation	793,503	-	-	-	793,503
Economic development	8,000	-	-	448,586	456,586
Capital outlay					
General government	-	-	16,158	-	16,158
Public safety	-	-	529,350	-	529,350
Public works	-	-	1,855,760	-	1,855,760
Culture and recreation	-	-	206,941	7,353	214,294
Economic development	-	-	10,837	-	10,837
Debt service					
Principal	-	581,000	-	-	581,000
Interest and other	-	41,543	-	10,772	52,315
Total Expenditures	5,140,733	626,491	2,619,046	467,911	8,854,181
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,558	(17,377)	(208,962)	480,124	360,343
Other Financing Sources (Uses)					
Transfers in	-	-	-	1,516	1,516
Transfers out	-	-	(1,516)	-	(1,516)
Total Other Financing Sources (Uses)	-	-	(1,516)	1,516	-
Net Change in Fund Balances	106,558	(17,377)	(210,478)	481,640	360,343
Fund Balances, January 1	2,732,671	2,783,933	6,547,132	422,947	12,486,683
Fund Balances, December 31	$ 2,839,229	$ 2,766,556	$ 6,336,654	$ 904,587	$ 12,847,026

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

City of Albertville, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2024

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

Total Change Is Fund Balances	$ 360,343
Governmental funds do not report income or loss in a joint venture.	19,339
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	2,356,841
Depreciation expense	(1,619,239)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	581,000
Amortization of loss on refunding and premium	(31,821)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,985
Long-term pension activity is not reported in governmental funds.	
Pension expense	(73,102)
Pension revenue	27,018
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(58,929)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	6,200
Taxes	(7,973)
Intergovernmental	348,866
Change in Net Position - Governmental Activities	$ 1,911,528

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

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City of Albertville, Minnesota

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2024

	General			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,124,776	$ 3,124,776	$ 3,095,204	$ (29,572)
Licenses and permits	263,000	263,000	358,946	95,946
Intergovernmental	318,393	318,393	499,956	181,563
Charges for services	759,216	759,216	1,059,050	299,834
Fines and forfeitures	-	-	25,417	25,417
Special assessments	-	-	13,805	13,805
Investment earnings	-	-	120,460	120,460
Miscellaneous	20,000	20,000	74,453	54,453
Total Revenues	4,485,385	4,485,385	5,247,291	761,906
Expenditures				
Current				
General government	998,850	998,850	1,445,974	(447,124)
Public safety	2,243,683	2,243,683	2,404,848	(161,165)
Public works	605,610	605,610	488,408	117,202
Culture and recreation	624,242	624,242	793,503	(169,261)
Economic development	13,000	13,000	8,000	5,000
Total Expenditures	4,485,385	4,485,385	5,140,733	(655,348)
Net Change in Fund Balances	-	-	106,558	106,558
Fund Balances, January 1	2,732,671	2,732,671	2,732,671	-
Fund Balances, December 31	$ 2,732,671	$ 2,732,671	$ 2,839,229	$ 106,558

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

City of Albertville, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets				
Current Assets				
Cash and temporary investments	$ 13,256,754	$ 2,857,218	$ 1,214,839	$ 17,328,811
Receivables				
Accounts	100,470	105,314	24,444	230,228
Delinquent special assessments	-	-	36	36
Special assessments, current portion	15,340	15,340	16	30,696
Due from other governments	14,868	-	2,588	17,456
Prepaid items	24,910	10,386	2,305	37,601
Total Current Assets	13,412,342	2,988,258	1,244,228	17,644,828
Noncurrent Assets				
Special assessments, net of current portion	45,308	23,099	-	68,407
Advances to other funds	-	-	36,000	36,000
	45,308	23,099	36,000	104,407
Capital Assets				
Land	205,722	-	146,112	351,834
Buildings	4,706,359	13,330	-	4,719,689
Infrastructure	16,976,386	1,401,010	1,509,297	19,886,693
Machinery and equipment	309,738	261,518	-	571,256
Vehicles	289,528	216,921	69,177	575,626
Construction in progress	10,591,635	-	-	10,591,635
Less: Accumulated depreciation	(8,388,637)	(954,629)	(533,023)	(9,876,289)
Net Capital Assets	24,690,731	938,150	1,191,563	26,820,444
Total Noncurrent Assets	24,736,039	961,249	1,227,563	26,924,851
Total Assets	38,148,381	3,949,507	2,471,791	44,569,679
Deferred Outflows of Resources				
Deferred pension resources	39,199	14,241	16,915	70,355

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

City of Albertville, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Liabilities				
Current Liabilities				
Accounts and contracts payable	$ 62,239	$ 58,098	$ 3,085	$ 123,422
Due to other governments	47	63,043	-	63,090
Accrued interest payable	208,579	321	-	208,900
Accrued salaries payable	2,319	3,424	1,932	7,675
Unearned revenue	-	-	2,588	2,588
Compensated absences payable, current portion	36,381	49,176	29,007	114,564
Bonds payable, current portion	759,600	10,400	-	770,000
Total Current Liabilities	1,069,165	184,462	36,612	1,290,239
Noncurrent Liabilities				
Compensated absences payable	12,127	16,392	9,669	38,188
Bonds payable	13,910,600	10,400	-	13,921,000
Net pension liability	67,122	135,145	64,237	266,504
Total Noncurrent Liabilities	13,989,849	161,937	73,906	14,225,692
Total Liabilities	15,059,014	346,399	110,518	15,515,931
Deferred Inflows of Resources				
Deferred pension resources	82,860	47,559	39,209	169,628
Net Position				
Net investment in capital assets	11,843,852	917,350	1,191,563	13,952,765
Unrestricted	11,201,854	2,652,440	1,147,416	15,001,710
Total Net Position	$ 23,045,706	$ 3,569,790	$ 2,338,979	$ 28,954,475

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

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City of Albertville, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating Revenues				
Charges for services	$ 1,176,429	$ 529,483	$ 424,881	$ 2,130,793
Operating Expenses				
Personal services	414,347	314,603	240,008	968,958
Supplies	35,332	21,682	976	57,990
Professional services	44,366	28,002	61,428	133,796
Utilities	99,743	5,745	-	105,488
Insurance	17,816	8,908	1,782	28,506
Repairs and maintenance	8,287	27,945	2,741	38,973
Depreciation	527,710	54,776	37,139	619,625
Other charges	61,882	39,179	154,821	255,882
Total Operating Expenses	1,209,483	500,840	498,895	2,209,218
Operating Income (Loss)	(33,054)	28,643	(74,014)	(78,425)
Nonoperating Revenues (Expenses)				
Property taxes	332,528	-	-	332,528
Interest income	604,265	113,260	51,970	769,495
Intergovernmental	129,624	87,437	8,505	225,566
Interest expense and other	(490,614)	(802)	-	(491,416)
Other income	12,355	10,367	2,796	25,518
Total Nonoperating Revenues (Expenses)	588,158	210,262	63,271	861,691
Income (Loss) Before Contributions	555,104	238,905	(10,743)	783,266
Contributions				
Capital contributions	1,027,465	69,222	-	1,096,687
Change in Net Position	1,582,569	308,127	(10,743)	1,879,953
Net Position, January 1	21,463,137	3,261,663	2,349,722	27,074,522
Net Position, December 31	$ 23,045,706	$ 3,569,790	$ 2,338,979	$ 28,954,475

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

City of Albertville, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	$ 1,165,748	$ 510,173	$ 429,778	$ 2,105,699
Other receipts and payments, net	465,225	10,367	2,796	478,388
Payments to suppliers	(287,488)	(106,936)	(217,136)	(611,560)
Payments to employees	(414,319)	(300,454)	(220,540)	(935,313)
Net Cash Provided by (Used) Operating Activities	929,166	113,150	(5,102)	1,037,214
Cash Flows from Noncapital Financing Activities				
Advance to other funds	22,500	14,500	-	37,000
Intergovernmental receipts	129,624	87,437	8,505	225,566
Tax receipts	332,528	-	-	332,528
Net Cash Provided by Noncapital Financing Activities	484,652	101,937	8,505	595,094
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(3,959,321)	(87,437)	-	(4,046,758)
Capital contributions	1,021,873	48,643	-	1,070,516
Interest paid on bonds	(570,010)	(962)	-	(570,972)
Principal paid on bonds	(539,600)	(10,400)	-	(550,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,047,058)	(50,156)	-	(4,097,214)
Cash Flows from Investing Activities				
Interest received on investments	604,265	113,260	51,970	769,495
Net Increase (Decrease) in Cash and Cash Equivalents	(2,028,975)	278,191	55,373	(1,695,411)
Cash and Cash Equivalents, January 1	15,285,729	2,579,027	1,159,466	19,024,222
Cash and Cash Equivalents, December 31	$ 13,256,754	$ 2,857,218	$ 1,214,839	$ 17,328,811

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

City of Albertville, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	$ (33,054)	$ 28,643	$ (74,014)	$ (78,425)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Other income related to operations	12,355	10,367	2,796	25,518
Depreciation	527,710	54,776	37,139	619,625
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	(12,316)	(21,583)	(279)	(34,178)
Prepaids	(280)	(2,848)	(33)	(3,161)
Due from other governments	452,870	-	(588)	452,282
Special assessments receivable	1,635	2,273	5,176	9,084
Deferred pension resources	10,879	14,141	7,811	32,831
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts payable	(19,829)	13,360	2,645	(3,824)
Due to other governments	47	14,013	-	14,060
Accrued salaries payable	(4,986)	(7,557)	(4,208)	(16,751)
Unearned revenue	-	-	2,588	2,588
Compensated absences payable	15,316	32,376	31,300	78,992
Net pension liability	(37,261)	(48,260)	(26,768)	(112,289)
Deferred pension resources	16,080	23,449	11,333	50,862
Net Cash Provided (Used) by Operating Activities	$ 929,166	$ 113,150	$ (5,102)	$ 1,037,214
Schedule of Noncash Capital and Financing Activities				
Capital contributions	$ -	$ -	$ -	$ -
Capital assets purchased on account	$ 39,742	$ -	$ -	$ 39,742
Amortization of bond premiums	$ 22,991	$ -	$ -	$ 22,991

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

City of Albertville, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Custodial Funds
Assets	
Cash and temporary investments	$ 974,641
Accounts receivable	109,434
Inventory	2,911
Prepaid items	11,837
Total Assets	1,098,823
Liabilities	
Accounts payable	27,475
Due to other governments	1,401
Total Liabilities	28,876
Net Position	
Restricted for organizations and other governments	$ 1,069,947

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

City of Albertville, Minnesota

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024

	Custodial Funds
Additions	
Contributions	
Charges for services	$ 764,949
Donations	5,000
Concessions	79,274
Total Contributions	849,223
Investment earnings	31,935
Miscellaneous	96,369
Total Additions	977,527
Deductions	
Professional services	396,595
Supplies	36,523
Utilities	221,188
Insurance	22,261
Repairs and maintenance	91,423
Capital outlay	87,790
Miscellaneous	31,777
Total Deductions	887,557
Net Increase (Decrease) in Fiduciary Net Position	89,970
Net Position, January 1	979,977
Net Position, December 31	$ 1,069,947

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Albertville, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

Blended Component Unit

The Albertville Economic Development Authority (EDA) is a legal separate entity created to carry out economic development activities. The EDA is governed by five members, which consists of the City Council and the operational responsibility for the EDA rests with the management of the City. The criterion that results in the EDA being reported as a blended component unit include 1) the five board members are members of the City Council and 2) the operational responsibility of the EDA rests with the management of the City. The EDA does not issue separate financial statements and are included in the financial section of this report.

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. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 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.*

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the accumulation of resources and payment of bond principal and interest on long-term general obligation debt of governmental funds.

The *Capital Outlay Reserve fund* accounts for the accumulation of resources necessary to fund future capital improvements and equipment purchases.

The City reports the following major proprietary funds:

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

Fiduciary Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial fund accounts for activities of St. Michael-Albertville Ice Arena, Albertville Lions and Friendly City Days. The City manages the assets on behalf of these entities and administers the assets according to each entities guidance.

The *STMA Arena fund* accounts for the activities of the ice arena which is jointly owned by the City of St. Michael, the City of Albertville and the Independent School District No. 885.

The *Albertville Lions fund* accounts for the activities of the Albertville Lions Club.

The *Friendly City Days fund* accounts for the activities of the City's Friendly City Days celebration.

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

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

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

Deposits and Investments

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

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

The City has the following recurring fair value measurements as of December 31, 2024:

- Brokered Certificates of Deposit are valued using quoted market prices (Level 2 inputs)

- Municipal Bonds are values using a matrix pricing model (Level 2 inputs)

- Governmental Securities are values using a matrix pricing model (Level 1 inputs)

- Mortgage Backed Securities are values using a matrix pricing model (Level 1 inputs)

See investments disclosure in note 3 for additional information.

Note 1: Summary of Significant Accounting Policies (Continued)

The Minnesota Municipal Money Market 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 Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is 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 seven 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. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

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

- *Custodial Credit Risk*. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investments held by the broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2024. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits the portion of the supplemental policy applicable to the City's portfolio is unknown. The City's investment policy does not address custodial credit risk. The City accepts the risk due to the controls in place at the broker-dealer.

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The maturities selected shall provide for stability of income and reasonable liquidity.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than an average expected life of ten years from the date of the purchase.

Property Taxes

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. To the extent considered necessary, the City annually certifies delinquent water, sewer and storm water accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

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

Interfund Receivables and Payables

All outstanding balances between funds are reported as “due to/from other funds” or “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Land Held for Resale

The City acquires properties for redevelopment purposes. These properties are reported at their net realizable value in the financial statements. Any costs incurred that are above a property’s net realizable value are reported as expenditures of the current period. The balance of land held for resale is offset with nonspendable or restricted fund balance to indicate that it is not available for appropriation.

Notes Receivable

Notes receivable include amounts paid by or loaned by the City that will be paid back by other entities. A portion of the notes are forgivable base on if certain criteria is met. The forgivable portion of the notes are offset by an allowance for uncollectible account.

Inventories and Prepaid Items

Inventories held for resale are stated at the lower of cost or market on the first-in, first-out (FIFO) method and inventories of supplies are reported at cost. Inventories in governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are recorded as prepaid items. The City uses the consumption method to account for all prepaid items.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life of more than one year and an initial individual cost of more than the following:

Category	Cost
Land/Land Improvements	$ 10,000
Other Improvements	25,000
Infrastructure	100,000
Buildings	25,000
Building Improvements	25,000
Vehicles	5,000
Other Equipment	5,000
Intangible Assets	10,000

The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

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

Assets	Useful Lives in Years
Land Improvements	5 to 30
Infrastructure	15 to 50
Buildings	15 to 40
Vehicles	3 to 15
Other Equipment	3 to 20

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

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

Pensions

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

The total pension expense for the GERP, PEPFF, PEDCP and the Albertville Fire Relief Association is as follows:

	GERP	PEPFF	PEDCP	FRA	Total
City's proportionate share	$ 115,945	$ 36,003	$ 120	$ 237,153	$ 389,221
Proportionate share of State's contribution	523	653	-	-	1,176
Total pension expense	$ 116,468	$ 36,656	$ 120	$ 237,153	$ 390,397

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate the governmental compensated absences liability.

Long-term Obligations

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deferred Inflows of Resources

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

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

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as land held for resale.

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

The appropriated budget is prepared by fund, function and department. The City’s department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted by the City Council. There were no budget amendments made in 2024.

B. Deficit Fund Equity

The following funds had deficit fund balances as of December 31, 2024:

Fund	Amount
Nonmajor	
TIF #12 Schultz & Schupp	$ 420
TIF #17 Old Castle	231,299
TIF #20 Scherer Brothers	635,268
TIF #21 Medart	11,888

The deficit fund balances will be eliminated with interfund loans from other funds and future tax increments.

Note 2: Stewardship, Compliance and Accountability

C. Excess of Expenditures over Appropriations

For the year ended December 31, 2024 expenditures exceed appropriations in the following fund:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 4,485,385	$ 5,140,733	$ 655,348

The excess of expenditures over appropriations was funded by revenues in excess of budget.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

Note 3: Detailed Notes on All Funds (Continued)

At year end, the City's carrying amount of deposits, bank balance, FDIC coverage and pledged collateral are shown in the chart below.

Carrying amount of deposits	$ 963,418
Bank balance	$ 1,000,000
Coverred by FDIC	(250,000)
Collaterized with securitiies pledged in City's name	$ 750,000

Investments

As of December 31, 2024, the City had the following investments:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amounts	Fair Value Measurement Using Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
4M Fund	N/A	Less than 1 year	$ 4,324,857	$ -	$ -	$ -
Broker Money Market Funds	N/A	Less than 1 year	6,563,121	-	-	-
Bank	N/A	Less than 1 year	404,630	-	-	-
Non-pooled Investments at Fair Value						
Brokered Certificates of Deposit	NA	Less than 1 year	1,211,118	-	1,211,118	-
Brokered Certificates of Deposit	NA	1 to 5 years	2,510,325	-	2,510,325	-
Municipal Bonds	AAA	Less than 1 year	298,434	-	298,434	-
Municipal Bonds	AAA	1 to 5 years	1,138,727	-	1,138,727	-
Municipal Bonds	AA+	1 to 5 years	778,013	-	778,013	-
Municipal Bonds	AA	Less than 1 year	1,362,188	-	1,362,188	-
Municipal Bonds	AA	1 to 5 years	1,832,823	-	1,832,823	-
Municipal Bonds	AA	More than 5 years	424,535	-	424,535	-
Municipal Bonds	AA-	1 to 5 years	331,368	-	331,368	-
Governmental Securities	NA	Less than 1 year	581,565	581,565	-	-
Governmental Securities	NA	1 to 5 years	4,705,918	4,705,918	-	-
Governmental Securities	NA	More than 5 years	1,928,784	1,928,784	-	-
Mortgage Backed Securities	NA	1 to 5 years	738,773	738,773	-	-
Mortgage Backed Securities	NA	More than 5 years	479,860	479,860	-	-
Total Investments			$ 29,615,037	$ 8,434,900	$ 9,887,529	$ -

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

Note 3: Detailed Notes on All Funds (Continued)

Cash and Investments Summary

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

Carrying Amount of Deposits	$ 963,418
Investments	29,615,037
Cash on Hand	849
Total	$ 30,579,304
Cash and Investments	
Statement of net position	
Cash and temporary investments	$ 29,604,663
Statement of Fiduciary net position	974,641
Total	$ 30,579,304

B. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 3,983,292	$ 506,950	$ -	$ 4,490,242
Construction in progress	1,213,773	1,256,647	(1,215,774)	1,254,646
Total Capital Assets not Being Depreciated	5,197,065	1,763,597	(1,215,774)	5,744,888
Capital Assets Being Depreciated				
Buildings	6,543,862	40,583	-	6,584,445
Infrastructure	33,609,761	1,261,198	-	34,870,959
Land improvements	3,523,937	-	-	3,523,937
Machinery and equipment	1,649,569	118,536	-	1,768,105
Vehicles	3,042,301	388,701	(25,908)	3,405,094
Total Capital Assets Being Depreciated	48,369,430	1,809,018	(25,908)	50,152,540
Less Accumulated Depreciation for				
Buildings	(3,966,022)	(160,345)	-	(4,126,367)
Infrastructure	(22,552,341)	(1,006,432)	-	(23,558,773)
Land improvements	(1,787,368)	(131,939)	-	(1,919,307)
Machinery and equipment	(772,311)	(124,462)	-	(896,773)
Vehicles	(1,721,530)	(196,061)	25,908	(1,891,683)
Total Accumulated Depreciation	(30,799,572)	(1,619,239)	25,908	(32,392,903)
Total Capital Assets Being Depreciated, Net	17,569,858	189,779	-	17,759,637
Governmental Activities Capital Assets, Net	$ 22,766,923	$ 1,953,376	$ (1,215,774)	$ 23,504,525

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	$ 351,834	$ -	$ -	$ 351,834
Construction in progress	7,138,400	3,453,235	-	10,591,635
Total Capital Assets not Being Depreciated	7,490,234	3,453,235	-	10,943,469
Capital Assets Being Depreciated				
Buildings	4,719,693	-	-	4,719,693
Infrastructure	19,886,690	-	-	19,886,690
Machinery and equipment	392,595	178,660	-	571,255
Vehicles	523,784	51,842	-	575,626
Total Capital Assets Being Depreciated	25,522,762	230,502	-	25,753,264
Less Accumulated Depreciation for				
Buildings	(2,113,483)	(118,022)	-	(2,231,505)
Infrastructure	(6,358,105)	(462,527)	-	(6,820,632)
Machinery and equipment	(346,766)	(26,368)	-	(373,134)
Vehicles	(438,310)	(12,708)	-	(451,018)
Total Accumulated Depreciation	(9,256,664)	(619,625)	-	(9,876,289)
Total Capital Assets Being Depreciated, Net	16,266,098	(389,123)	-	15,876,975
Business-type Activities Capital Assets, Net	$ 23,756,332	$ 3,064,112	$ -	$ 26,820,444

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

Governmental Activities	
General government	$ 155,730
Public safety	154,815
Public works	1,197,328
Culture and recreation	111,366
Total Depreciation Expense - Governmental Activities	$ 1,619,239
Business-type Activities	
Sewer	$ 527,710
Water	54,776
Storm water	37,139
Total Depreciation Expense - Business-type Activities	$ 619,625

Note 3: Detailed Notes on All Funds (Continued)

C. Advances to/from other Funds and Transfers

The composition of interfund balances as of December 31, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Outlay Reserve	Other Governmental Funds	$ 12,308
Debt Service	Other Governmental Funds	836,173
Nonmajor Business-type Fund	Other Governmental Funds	36,000
Total Interfund Balances		$ 884,481

The above interfund balances are to eliminate deficit cash balances and finance projects.

The city made one transfer in the current year to close out the TIF 16 Mold Tech fund. The General fund transferred $1,516 into the fund.

D. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental activities and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City.

General Obligation Special Assessment Bonds and Improvement Notes

The following bonds were issued to finance various improvement projects in the City and will be repaid with the collection of special assessment levies.

Description	Authorized	Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Refunding Bonds, Series 2011C	$ 1,825,000	$ 1,825,000	2.00 - 3.35 %	08/25/11	02/01/25	$ 155,000
G.O. Improvement Refunding Bonds, Series 2012B	3,215,000	3,215,000	0.50 - 2.35	05/10/12	12/01/25	255,000
General Obligation Improvement Note, Series 2012	4,113,700	3,278,551	1.28	03/23/12	08/20/32	1,529,000
Total G.O. Special Assessment Bonds and Improvement Notes						$ 1,939,000

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Governmental Activities Principal	Interest	Total
2025	$ 593,000	$ 28,114	$ 621,114
2026	185,000	17,188	202,188
2027	187,000	14,826	201,826
2028	190,000	12,438	202,438
2029	192,000	10,012	202,012
2030 - 2032	592,000	15,184	607,184
Total	$ 1,939,000	$ 97,762	$ 2,036,762

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net operating revenues and transfers in from the enterprise funds and are backed by the taxing power of the City. Annual net operating revenues and transfers in, principal and interest payments, and the percentage of revenue required to cover principal and interest payment are as follows:

	Sewer	Water
Net Operating Revenues	$ 1,176,429	$ 529,483
Principal and Interest	1,109,610	11,362
Percentage of Revenues	94 %	2 %

The components of the general obligation revenues bonds are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Bonds, Series 2011A	$ 520,000	1.10 - 3.70 %	04/21/11	02/01/26	$ 80,000
G.O. Sewer Revenue Refunding Bonds, Series 2013A	2,515,000	.70 - 2.10	01/24/13	12/01/25	270,000
G.O. Sewer Revenue Series 2019A	5,720,000	2.00 - 3.00	09/24/19	02/01/39	4,475,000
General Obligation Disposal System Bonds, Series 2023A	9,400,000	4.00 - 5.00	06/13/23	02/01/49	9,400,000
Total G.O. Revenue Bonds					$ 14,225,000

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Business-type Activities Principal	Interest	Total
2025	$ 770,000	$ 496,155	$ 1,266,155
2026	520,000	470,605	990,605
2027	500,000	450,665	950,665
2028	520,000	431,990	951,990
2029	535,000	413,940	948,940
2030 - 2034	2,970,000	1,774,252	4,744,252
2035 - 2039	3,480,000	1,260,784	4,740,784
2040 - 2044	2,220,000	771,000	2,991,000
2045 - 2049	2,710,000	279,800	2,989,800
Total	$ 14,225,000	$ 6,349,191	$ 20,574,191

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. Special					
Assessment bonds	$ 2,520,000	$ -	$ (581,000)	$ 1,939,000	$ 593,000
Unamortized premium	12,092	-	(6,418)	5,674	-
Total Bonds Payable	2,532,092	-	(587,418)	1,944,674	593,000
Compensated					
Absences Payable*	98,988	58,928	-	157,916	118,437
Governmental Activity Long-term Liabilities	$ 2,631,080	$ 58,928	$ (587,418)	$ 2,102,590	$ 711,437
Business-type Activities					
Bonds Payable					
G.O. Revenue bonds	$ 14,775,000	$ -	$ (550,000)	$ 14,225,000	$ 770,000
Unamortized premium	488,991	-	(22,991)	466,000	-
Total Bonds Payable	15,263,991	-	(572,991)	14,691,000	770,000
Compensated					
Absences Payable*	73,760	78,992	-	152,752	114,564
Business-type Activity Long-term Liabilities	$ 15,337,751	$ 78,992	$ (572,991)	$ 14,843,752	$ 884,564

*Change in compensated absences is shown as net.

Note 3: Detailed Notes on All Funds (Continued)

In the event an employee of the City would retire or resign, in good standing, a portion of the governmental compensated absences would mature. The portion applicable to that employee would be recorded as a liability and would be liquidated through the General fund.

E. Components of Fund Balance

At December 31, 2024, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

Fund	Purpose	Amount
Nonspendable		
General	Land held for resale	$ 51,000
General	Prepaid items	140,320
Total Nonspendable		191,320
Restricted		
Debt Service	Debt Service	2,766,556
Capital Outlay Reserve	Public safety	349,995
Other governmental funds	Public safety - Charitable gambling	259,490
Other governmental funds	Park improvements	1,004,580
Other governmental funds	Tax increment financing	352,120
Total Restricted		4,732,741
Commited		
Other governmental funds	Revolving loan	165,673
Other governmental funds	Election Resources	1,599
Total Committed		167,272
Assigned		
Capital Outlay Reserve	Future capital projects	5,986,659
Unassigned		
General		2,647,909
Other governmental funds		(878,875)
Total Unassigned		1,769,034
Total		$ 12,847,026

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

Public Employees Police and Fire Plan (Police and Fire Plan)

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. The 2024 annual increase was 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Police and Fire Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were $140,213, $122,281 and $106,351, respectively. The City’s contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City’s contributions to the Police and Fire Fund for the years ending December 31, 2024, 2023 and, 2022 were $30,694, $27,424 and $23,827, respectively. The City’s contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of $754,926 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 $19,521.

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

City's Proportionate Share of the Net Pension Liability	$	754,926
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		19,521
Total	$	774,447

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0204 percent at the end of the measurement period and 0.0189 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of $115,945 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $523 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $34,734 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 69,057	$ -
Changes in Actuarial Assumptions	3,267	270,192
Net Difference Between Projected and Actual Investment Earnings	-	223,524
Changes in Proportion	58,348	-
Contributions Paid to PERA Subsequent to the Measurement Date	74,051	-
Total	$ 204,723	$ 493,716

The $74,051 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$	(187,009)
2026		(27,524)
2027		(90,651)
2028		(57,860)

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

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of $153,052 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0116 percent at the end of the measurement period and 0.011 percent for the beginning of the period.

The State of Minnesota contributed $37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of $19.4 million, and $9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, $9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $5,834.

City's Proportionate Share of the Net Pension Liability	$	153,052
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		5,834
Total	$	158,886

For the year ended December 31, 2024, the City recognized pension expense of $36,003 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional $653 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of $9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $3,304 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences Between Expected and Actual Economic Experience	$	56,584	$	-
Changes in Actuarial Assumptions		151,481		213,054
Net Difference Between Projected and Actual Investment Earnings		-		48,997
Changes in Proportion		20,229		-
Contributions Paid to PERA Subsequent to the Measurement Date		16,040		-
Total	$	244,334	$	262,051

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

The $16,040 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$	(507)
2026		37,185
2027		(19,035)
2028		(54,927)
2029		3,527

E. Long-term Expected Return on Investment

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

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

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and Police and Fire Plan.

Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.0% 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. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3.0% after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

Police and Fire Fund

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions

- The State contribution of $9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.0 percent funded status for one year.
- The additional $9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 1,648,879	$ 754,926	$ 19,567
Police and Fire Fund	361,692	153,052	(18,285)

I. Pension Plan Fiduciary Net Position

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

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

Elected Officials are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2024 was $120

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Albertville Fire Department (the Department) are covered by a defined benefit plan administered by the Albertville Fireman's Relief Association (the Association). As of December 31, 2024, the plan covered 25 active firefighters and 4 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed in fire state aid to the plan on behalf of the Albertville Fire Department for the year ended December 31, 2023, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2024, the City reported a net pension liability (asset) of ($156,539) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2024. The total pension asset used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2024	$ 763,438	$ 989,372	$ (225,934)
Changes for the Year			
Service cost	49,874	-	49,874
Interest cost	40,601	-	40,601
Assumption changes	-	-	-
Plan changes	209,864	-	209,864
Nonemployer Contributions		134,452	(134,452)
Projected investment earnings	-	53,939	(53,939)
Gain or Loss	-	44,081	(44,081)
Benefit payouts	(150,232)	(150,232)	-
Administrative costs	-	(1,528)	1,528
Total Net Changes	150,107	80,712	69,395
Ending Balance December 31, 2024	$ 913,545	$ 1,070,084	$ (156,539)

For the year ended December 31, 2024, the City recognized a pension expense of $237,153.

At December 31, 2024, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 27,518
Changes in Actuarial Assumptions	5,755	18,390
Investment Losses	78,726	-
Contributions to Plan Subsequent to the Measurement Date	162,670	-
Total	$ 247,151	$ 45,908

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

Deferred outflows of resources totaling $162,670 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2025	$ 13,697
2026	20,252
2027	28,519
2028	(11,371)
2029	(2,559)
Thereafter	(9,965)

E. Actuarial Assumptions

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

Discount Rate	GASB Accounting: 5.50% (net of investment expenses)
Expected Long-Term Investment Return	5.50%
20-Year Municipal Bond Yield)	N/A (no unfunded liabilities)
Salary Increases	2.50%
Interest on Deferred Amount	0.00% future annual increase to eligible deferred pension amounts
Future benefit level increases	N/A

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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
Cash	19.00 %	2.00 %
Fixed Income	26.00	2.90
Equities	54.00	8.00
Other	1.00	6.00
Total	100.00 %	

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1 Percent Decrease (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
Defined Benefit Plan	$ (117,052)	$ (156,539)	$ (194,406)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Albertville Firemen’s Relief Association, 5959 Main Avenue NE Albertville, Minnesota, 55301.

Note 7: Joint Ventures

Joint Powers Water Board of Albertville, Hanover and St. Michael

The Joint Powers Water Board of Albertville, Hanover and St. Michael (the "JPWB") was established under a joint powers agreement among the Cities of Albertville, Hanover and St. Michael to provide water service to the local area. The JPWB operates as an enterprise and provides water service to the general public, with the majority of its costs being paid by various fees and charges to users of the water system. The governing body consists of a six-member Board of Commissioners (the "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. The JPWB does not have any component units.

The JPWB' s agreement states that charges billed and collected for water supply remain with the JPWB, while the charges for distribution are billed by the JPWB but the collections are owned by each member City and will be remitted to them upon collection. The financial statements from 2023, the most recent available, is summarized below.

Separate financial statements can be obtained by writing to the Joint Powers Water Board, 11100 50th Street NE, Albertville, Minnesota 55301.

Joint Powers Water Board
Statement of Net Position
December 31, 2023

Assets and Deferred Outflow of Resources	$ 36,102,186
Liabilities	$ 2,962,337
Net Position	33,139,849
Total Liabilities and Net Position	$ 36,102,186

Joint Powers Water Board
Summary Statement of Activities
For the Year Ended December 31, 2023

Operating Revenues	$ 3,459,006
Operating Expenses	2,999,687
Operating Income	459,319
Net Nonoperating Revenues	1,627,794
Change in Net Position	2,087,113
Net Position, January 1	31,052,736
Net Position, December 31	$ 33,139,849

St. Michael - Albertville Ice Arena

In 1996-97, the City entered into a Joint Powers Agreement with the City of St. Michael and the Independent School District No. 885. The agreement was for the construction and maintenance of a qualified ice arena. During 2006, the City was notified as being selected as Mighty Ducks Grant recipient to help fund the cost of the ice arena. The arena was constructed with the grant reward and contributions and donations from the City of Albertville, the City of St. Michael and the Independent School District No. 885. In 2019, a new ice sheet was opened by Independent School District No. 885 leading to an amended Joint Powers Agreement with the City of St. Michael and the Independent School District No. 885.

Note 7: Joint Ventures (Continued)

The City has an ongoing one-sixth equity financial interest of $284,291 as of December 31, 2024.

Separate financial statements can be obtained by contacting Tina Lannes, Finance Director at Albertville City Hall.

St. Michael - Albertville Ice Arena
Statement of Net Position
December 31, 2024

Assets	$ 1,897,593
Liabilities	$ 28,876
Net Position	1,868,717
Total Liabilities and Net Position	$ 1,897,593

St. Michael - Albertville Ice Arena
Summary Statement of Activities
December 31, 2024

Program Revenues	$ 940,592
Expenses	(851,444)
Interest Revenue	26,886
Change in Net Position	116,034
Net Position, January 1	1,752,683
Net Position, December 31	$ 1,868,717

Note 8: Other Information

A. Risk Management

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

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

Note 8: Other Information (Continued)

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City's applicable debt does not exceed the limit.

C. Conduit Debt Obligations

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide financial assistance to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Description	Authorized and Issued	Balance at Year End
Multifamily Housing Revenue Refunding Bonds, Series 2007	$ 3,540,000	$ 2,570,000
Multifamily Housing Revenue Bonds, Series 2010 A	4,750,000	3,670,000
Multifamily Housing Revenue Bonds, Series 2010 B	3,300,000	3,193,928
Total Conduit Debt	$ 11,590,000	$ 9,433,928

D. Tax Increment Financing Districts

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

E. Commitment Cost Sharing Agreement

The City has entered into a cost sharing agreement for the construction and maintenance of a library with the City of St. Michael, Minnesota. The library net cost is split based on the pro rata average of population and market value.

F. Change in Accounting Principle

During fiscal year 2024, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of this statement results in significant change to the classifications of the components of the financial statements. There were no adjustments or restatements of beginning balances needed for the adoption of these statements.

PROPOSAL FORM

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

Sale Date: July 7, 2025

For all or none of the $9,080,000* General Obligation Bonds, Series 2025A, in accordance with the Notice of Sale, we will pay you $__________________________, (not less than $8,943,800) plus accrued interest, if any, to date of delivery (estimated to be July 29, 2025) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

Year	Interest Rate	Yield	Year	Interest Rate	Yield	Year	Interest Rate	Yield
2027	____%	____%	2036	____%	____%	2045	____%	____%
2028	____%	____%	2037	____%	____%	2046	____%	____%
2029	____%	____%	2038	____%	____%	2047	____%	____%
2030	____%	____%	2039	____%	____%	2048	____%	____%
2031	____%	____%	2040	____%	____%	2049	____%	____%
2032	____%	____%	2041	____%	____%	2050	____%	____%
2033	____%	____%	2042	____%	____%	2051	____%	____%
2034	____%	____%	2043	____%	____%			
2035	____%	____%	2044	____%	____%			

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 Albertville, Minnesota at 7:00 PM on July 7, 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.