

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2025

NEW ISSUE
TAXABLE BONDS

BOOK ENTRY ONLY
MOODY'S RATING "Aaa"

Interest on the Bonds is included in gross income for federal income tax purposes, taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and net income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Tax Considerations" herein.

CITY OF EAGAN, MINNESOTA
\$1,325,000*

Taxable General Obligation Housing Improvement Area Bonds, Series 2025B

Dated Date: Date of Delivery (Estimated to be December 16, 2025)

Interest Due: Each February 1 and August 1
Commencing August 1, 2026

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2027	\$35,000	_____%	_____%	_____	2/1/2037	\$65,000	_____%	_____%	_____
2/1/2028	40,000	_____	_____	_____	2/1/2038	65,000	_____	_____	_____
2/1/2029	45,000	_____	_____	_____	2/1/2039	70,000	_____	_____	_____
2/1/2030	45,000	_____	_____	_____	2/1/2040	75,000	_____	_____	_____
2/1/2031	50,000	_____	_____	_____	2/1/2041	80,000	_____	_____	_____
2/1/2032	50,000	_____	_____	_____	2/1/2042	85,000	_____	_____	_____
2/1/2033	55,000	_____	_____	_____	2/1/2043	90,000	_____	_____	_____
2/1/2034	55,000	_____	_____	_____	2/1/2044	95,000	_____	_____	_____
2/1/2035	60,000	_____	_____	_____	2/1/2045	100,000	_____	_____	_____
2/1/2036	60,000	_____	_____	_____	2/1/2046	105,000	_____	_____	_____

The Taxable General Obligation Housing Improvement Area Bonds, Series 2025B (the "Bonds" or the "Issue") are being issued by the City of Eagan, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapters 428A and 475, as amended. Proceeds of the Bonds will be used to finance housing improvements to the Widgeon Woods Housing Improvement Area, 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 fees from benefitted housing units in the Widgeon Woods Housing Improvement Area. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Bond Fund 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 August 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 U.S. Bank Trust Company, National Association, St. Paul, Minnesota.

Proposals: Tuesday, November 18, 2025 10:30 A.M., Central Time

Award: Tuesday, November 18, 2025 6:30 P.M., Central Time

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$1,300,487.50 (98.15%) and accrued interest on the total principal amount of the Bonds. *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 \$26,500, 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.



TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF OFFERING.....	2
PRINCIPAL CITY OFFICIALS	3
NOTICE OF SALE	4
AUTHORITY AND PURPOSE.....	9
SECURITY/SOURCES AND USES OF FUNDS	9
BONDHOLDERS' RISKS.....	9
DESCRIPTION OF THE BONDS.....	11
FULL CONTINUING DISCLOSURE	12
UNDERWRITER.....	14
MUNICIPAL ADVISOR	14
FUTURE FINANCING.....	14
BOND RATING.....	14
LITIGATION	14
CERTIFICATION	15
LEGALITY	15
TAX CONSIDERATIONS	15
GENERAL INFORMATION	18
MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS.....	25
ECONOMIC AND FINANCIAL INFORMATION.....	29
SUMMARY OF DEBT AND DEBT STATISTICS.....	31

APPENDIX A – FORM OF LEGAL OPINION

APPENDIX B – CONTINUING DISCLOSURE UNDERTAKING

APPENDIX C – CITY'S FINANCIAL STATEMENT

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 DECEMBER 16, 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 Eagan, Minnesota \$1,325,000 * Taxable General Obligation Housing Improvement Area Bonds, Series 2025B (Book-Entry Only)

AMOUNT -	\$1,325,000*																																								
ISSUER -	City of Eagan, Minnesota (the “City” or the “Issuer”)																																								
AWARD DATE -	November 18, 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 -	Taxable General Obligation Housing Improvement Area Bonds, Series 2025B (the “Bonds” or the “Issue”)																																								
AUTHORITY, PURPOSE & SECURITY -	The Taxable General Obligation Housing Improvement Area Bonds, Series 2025B (the “Bonds”) are being issued by the City of Eagan, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 428A and 475, as amended. Proceeds of the Bonds will be used to finance housing improvements to the Widgeon Woods Housing Improvement Area, 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 fees from benefitted housing units in the Widgeon Woods Housing Improvement Area. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Bond Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																																								
DATE OF ISSUE -	Date of Delivery (Estimated to be December 16, 2025)																																								
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing August 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* -	<table><tr><td>2/1/2027</td><td>\$35,000</td><td>2/1/2032</td><td>\$50,000</td><td>2/1/2037</td><td>\$65,000</td><td>2/1/2042</td><td>\$85,000</td></tr><tr><td>2/1/2028</td><td>40,000</td><td>2/1/2033</td><td>55,000</td><td>2/1/2038</td><td>65,000</td><td>2/1/2043</td><td>90,000</td></tr><tr><td>2/1/2029</td><td>45,000</td><td>2/1/2034</td><td>55,000</td><td>2/1/2039</td><td>70,000</td><td>2/1/2044</td><td>95,000</td></tr><tr><td>2/1/2030</td><td>45,000</td><td>2/1/2035</td><td>60,000</td><td>2/1/2040</td><td>75,000</td><td>2/1/2045</td><td>100,000</td></tr><tr><td>2/1/2031</td><td>50,000</td><td>2/1/2036</td><td>60,000</td><td>2/1/2041</td><td>80,000</td><td>2/1/2046</td><td>105,000</td></tr></table>	2/1/2027	\$35,000	2/1/2032	\$50,000	2/1/2037	\$65,000	2/1/2042	\$85,000	2/1/2028	40,000	2/1/2033	55,000	2/1/2038	65,000	2/1/2043	90,000	2/1/2029	45,000	2/1/2034	55,000	2/1/2039	70,000	2/1/2044	95,000	2/1/2030	45,000	2/1/2035	60,000	2/1/2040	75,000	2/1/2045	100,000	2/1/2031	50,000	2/1/2036	60,000	2/1/2041	80,000	2/1/2046	105,000
2/1/2027	\$35,000	2/1/2032	\$50,000	2/1/2037	\$65,000	2/1/2042	\$85,000																																		
2/1/2028	40,000	2/1/2033	55,000	2/1/2038	65,000	2/1/2043	90,000																																		
2/1/2029	45,000	2/1/2034	55,000	2/1/2039	70,000	2/1/2044	95,000																																		
2/1/2030	45,000	2/1/2035	60,000	2/1/2040	75,000	2/1/2045	100,000																																		
2/1/2031	50,000	2/1/2036	60,000	2/1/2041	80,000	2/1/2046	105,000																																		
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 <i>Description of the Bonds</i> herein for additional information.																																								
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.																																								
PAYING AGENT/REGISTRAR -	U.S. Bank Trust Company, National Association, St. Paul, Minnesota																																								
TAX DESIGNATIONS -	<u>Taxable</u> – Interest on the Bonds is included in gross income for federal income tax purposes, taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and net income for purposes of the Minnesota franchise tax on corporations and financial institutions.																																								
LEGAL OPINION -	Dorsey & Whitney LLP, Minneapolis, Minnesota (“Bond Counsel”)																																								
BOND RATING -	The City received an underlying rating of “Aaa” from Moody’s Investors Service (“Moody’s”). See <i>Bond Rating</i> herein for additional information.																																								
CLOSING -	Estimated to be December 16, 2025																																								
PRIMARY CONTACTS -	Josh Feldman, Director of Finance, City of Eagan, Minnesota 651-675-5019 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964 Jessica Green, Managing Director, Northland Securities, Inc., 612-851-5930																																								

* Preliminary, subject to change.

CITY OF EAGAN, MINNESOTA

PRINCIPAL CITY OFFICIALS

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Mike Maguire	Mayor	12/31/2026
Paul Bakken	Council Member	12/31/2026
Cyndee Fields	Council Member	12/31/2028
Gary Hansen	Council Member	12/31/2026
Mike Supina	Council Member	12/31/2028

Primary Contacts

Dianne Miller	City Administrator
Josh Feldman	Director of Finance
Dougherty, Molenda, Solfest, Hills & Bauer P.A	City Attorney

BOND COUNSEL

Dorsey & Whitney LLP
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

\$1,325,000*

TAXABLE GENERAL OBLIGATION HOUSING IMPROVEMENT AREA BONDS, SERIES 2025B

CITY OF EAGAN, 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 Director of Finance, or designee, on Tuesday, November 18, 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 Tuesday, November 18, 2025 at 6:30 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) emailed to PublicSale@northlandsecurities.com
- c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-5915, 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 Tuesday, November 18, 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 U.S. Bank Trust Company, National Association, St. Paul, 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 December 16, 2025)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 428A and 475, as amended. Proceeds will be used to finance housing improvements to the Widgeon Woods Housing Improvement Area, and to pay the costs associated with the issuance of the Bonds. The Bonds are payable from fees from benefitted housing units in the Widgeon Woods Housing Improvement Area 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 Bond Fund established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing August 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:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$35,000	2034	\$55,000	2041	\$80,000
2028	40,000	2035	60,000	2042	85,000
2029	45,000	2036	60,000	2043	90,000
2030	45,000	2037	65,000	2044	95,000
2031	50,000	2038	65,000	2045	100,000
2032	50,000	2039	70,000	2046	105,000
2033	55,000	2040	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.

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 and thereafter 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 Dorsey and Whitney 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 \$1,300,487.50 (98.15%) and accrued interest on the principal sum of \$1,325,000 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:

Josh Feldman, Director of Finance
3830 Pilot Knob Road
Eagan, Minnesota 55122

A good faith deposit (the "Deposit") in the amount of \$26,500 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

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

AWARD

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

INFORMATION FROM SUCCESSFUL BIDDER

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

OFFICIAL STATEMENT

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

FULL CONTINUING DISCLOSURE UNDERTAKING

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

TAXABLE; NOT BANK QUALIFIED

Interest on the Bonds is included in gross income for federal income tax purposes, taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and net income for purposes of the Minnesota franchise tax on corporations and financial institutions. The Bonds are not 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: October 21, 2025

BY ORDER OF THE EAGAN CITY COUNCIL

/s/ Josh Feldman
Director of Finance

Additional information may be obtained from:

Northland Securities, Inc.

150 South 5th Street, Suite 3300

Minneapolis, Minnesota 55402

Telephone No.: 612-851-5900

AUTHORITY AND PURPOSE

The Taxable General Obligation Housing Improvement Area Bonds, Series 2025B (the “Bonds” or the “Issue”) are being issued by the City of Eagan, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 428A and 475, as amended. Proceeds from issuance of the Bonds will be used to finance housing improvements to the Widgeon Woods Housing Improvement Area, 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 fees (“HIA Fees”) from benefitted housing units in the Widgeon Woods Housing Improvement Area (the “HIA”). The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Bond Fund 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	\$ 1,325,000*
Pre-Paid HIA Fees	<u>1,246,428</u>
Total Sources of Funds:	<u>\$ 2,571,428</u>

Uses of Funds

Deposit to Project Fund	\$ 2,435,000
Costs of Issuance/Underwriter’s Discount	132,738
Rounding Amount	<u>3,690</u>
Total Uses of Funds:	<u>\$ 2,571,428</u>

BONDHOLDERS’ RISKS

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

Secondary Market

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

Ratings Loss

Moody’s Investors Service has assigned a rating of “Aaa” 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

* Preliminary, subject to change.

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.

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. 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, or marketability 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 December 16, 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 August 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings’ 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 Eagan 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, 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 "Undertaking"). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in in substantially the same 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 "Aaa" 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.

Three of the City's police officers have been named in a wrongful death lawsuit. At this time, the City is not a named party in the lawsuit, and a date for the trial has not been set. The City is unable to predict or determine the outcome of the litigation at this time.

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 Dorsey & Whitney LLP, Minneapolis, Minnesota ("Bond Counsel") as to validity. 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 CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

The Bonds

Interest

Stated interest on the Bonds will be taxable as ordinary income at the time it is received or accrued, in accordance with the holder's regular method of accounting for U.S. federal income tax purposes.

Original Issue Discount

The Bonds are not expected to be issued with OID for U.S. federal income tax purposes. Bonds of a given maturity will be treated as issued with OID if their stated redemption price at maturity exceeds their issue price by at least a de minimis amount (0.25% of the principal amount multiplied by the number of complete years from the issue date of such Bonds until their maturity). If Bonds are treated as issued with OID pursuant to these rules, a holder of those Bonds would be required to include OID in income as it accrues based on a constant yield to maturity method before the receipt of corresponding cash payments. The remainder of this discussion assumes that the Bonds are issued with less than a de minimis amount of OID.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity may elect to treat the excess as amortizable bond premium, in which case the amount to be included in the holder's income each year with respect to interest on the Bond will be reduced by the amount of amortizable bond premium allocable (based on the Bond's yield to maturity) to that year and the holder's federal tax basis in the Bond will be reduced by a corresponding amount. Any election to amortize bond premium will apply to all bonds (other than bonds the interest on which is excluded from gross income for U.S. federal income tax purposes) held by the holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the holder, and is irrevocable without the consent of the IRS.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9)

or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

CITY OF EAGAN, MINNESOTA

GENERAL INFORMATION

Location/Access/Transportation

The City of Eagan (the “City”) is situated in Dakota County and is a southern suburb of the Minneapolis-St. Paul Metropolitan Area. Access to the City is provided via Interstate Highways 35E and 494, as well as Minnesota Highways 13, 55, and 77.

Area

The City encompasses a land area of 21,425 acres or 33.5 square miles.

Population

2000 Census	63,557	2020 Census	68,855
2010 Census	64,206	2025 City Estimate	69,273

Labor Force Data¹

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

	2025 (July)		2024	
	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>
Eagan	39,733	3.0%	39,395	2.5%
Dakota County	252,143	3.2	249,927	2.7
Mpls / St. Paul MSA	2,087,414	3.4	2,070,359	2.9
Minnesota	3,158,125	3.6	3,129,802	3.0

Income Data²

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

	City of Eagan	State of Minnesota	United States
Median Family Income	\$138,654	\$111,492	\$96,922
Per Capita Income	56,477	46,957	43,289

City Government

Eagan was established as a township in 1860, became incorporated as a village in 1972, and became a Minnesota Statutory City in 1974. The ‘Statutory Plan A’ form of government has a mayor elected at-large for a four-year term and four council members also elected at-large for four-year terms. The council meets regularly on the first and third Tuesday of each month.

The City Administrator is Ms. Dianne Miller. Ms. Miller is the third City Administrator for the City of Eagan and began her role in February 2022. She has worked for the City for 20 years in Administration and most recently as the Assistant City Administrator of Eagan. She holds a bachelor’s degree in public administration from St. Mary’s University and a master’s degree in public administration from the University of Kansas.

¹ Source: Minnesota Department of Employment and Economic Development

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

Mr. Josh Feldman has served as the City's Finance Director since April 2021. Prior to that, he served as the City's Assistant Finance Director for eight years and was a former Finance Director for the City of South St. Paul. Mr. Feldman holds B.A. degree from Saint Mary's University of Minnesota.

Mr. Brent Foiles has been the City's Assistant Finance Director since May of 2021. He previously served as the City's Lead Accountant for three years.

The City's Community Development Director, Ms. Jill Hutmacher, has served the City since May 2016. She was previously the Community Development Director for the City of Arden Hills, Minnesota, and Development Manager for the City of Bloomington, Minnesota. She has a B.A. from Knox College and an M.A. in Urban Planning from Minnesota State – Mankato.

The City operates the following municipal enterprise services: water, sewer, storm sewer and street lighting utilities.

Employee Pension Programs

The City employs 511 people, 312 full-time staff, 0 part-time firefighters, and 199 part-time other staff (does not include seasonal part-time employees). All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by PEPFF. The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

<u>Year</u>	<u>GERF</u>	<u>PEPFF</u>
2024	\$1,432,759	\$2,526,545
2023	1,335,302	2,374,157
2022	1,253,173	2,268,468
2021	1,166,907	2,128,079
2020	1,115,417	2,022,024

Four Council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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 the time of withdrawal. Plan benefits depend solely on the amounts contributed to the plan plus investment earnings, less administrative expenses. An eligible elected official who chooses to participate in the plan contributes 5% of their salary, which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. PERA receives 2% of employer contributions and 0.0025% of the assets in each member's account annually for administering the plan.

The City's contributions to PEDCP for the past five years are as follows:

<u>Year</u>	<u>PEDCP</u>
2024	\$2,001
2023	2,001
2022	2,001
2021	2,001
2020	2,001

For more information regarding the liability of the City with respect to its employees, please reference “Note 12, Pension Plans” of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2023.

Other Post-Employment Benefits (“OPEB”)

The City provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical coverage and is administered by Blue Cross Blue Shield. Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Blue Cross Blue Shield. As of December 31, 2024, the City had 45 retirees receiving benefits for the City’s health plan.

Changes in the City’s net OPEB liability for the fiscal year ended December 31, 2024 are as follows:

Net OPEB Liability (Asset)	
Service Cost	\$ 446,527
Differences Between Expected and Actual Experiences	(6,812,603)
Interest	998,146
Administrative Expense	<u>3,682</u>
Net Change in OPEB Liability (Asset)	<u>\$ (5,364,248)</u>
Balance at January 1, 2024	(\$12,992,723)
Balance at December 31, 2024	<u>(\$18,356,971)</u>

Additional information regarding the City’s OPEB obligations is provided in the City’s Comprehensive Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 13.

Estimated Cash and Investment Balances as of August 31, 2025 (unaudited)

Fund

General Fund	\$ 36,928,503
Special Revenue Funds	12,785,953
Debt Service Funds	4,013,887
Enterprise Funds	23,091,372
Capital Projects Fund	48,556,642
Internal Service Fund	<u>14,564,431</u>
Total Estimated Cash and Investment Balances	<u>\$ 139,940,788</u>

General Fund Budget Summary

	<u>2024 Budget</u>	<u>2025 Budget</u>
Revenues:		
Property Taxes	\$40,913,400	\$42,951,300
Licenses and Permits	2,132,400	2,372,300
Intergovernmental Revenue	1,470,800	1,608,000
Charges for Services	2,101,700	2,247,400
Fines and Forfeits	235,000	240,000
Program Revenues	1,463,200	1,619,400
Other Revenues	393,600	429,900
Transfers In	3,627,600	3,667,600
Fund Balance	0	0
Sale of City Property	0	0
Total Revenues	\$52,337,700	\$55,135,900
Expenditures:		
General Government	\$11,485,700	\$11,723,800
Public Safety	26,793,500	28,550,300
Recreation	7,083,200	6,147,500
Public Works	5,886,200	7,488,400
Government Building Maintenance	1,050,500	1,125,900
Contingency	38,600	100,000
Total Expenditures	\$52,337,700	\$55,135,900

Bargaining Units/Labor Contracts

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

<u>Employee Group</u>	<u>Contract Expiration Date</u>
Public Works and Parks Maintenance	December 31, 2025
Clerical Employees	December 31, 2026
Police Sergeants	December 31, 2026
Police Officers	December 31, 2026
Firefighters and Fire Captains	December 31, 2025

Recent Development

Suburban communities like Eagan generally follow an evolution starting as a rural community, enter a high growth stage and eventually reach an aging, fully developed community. Eagan has reached the status of a fully developed city, but instead of remaining stagnant, the community has embraced a reinvestment and revitalization focus using a multi-faceted approach. This approach includes an understanding that new infill development and redevelopment will have unique circumstances that may need a more collaborative approach, embracing flexibility in land use decisions to meet changes in market demand and technology, and proactively monitoring and identifying areas of potential disinvestment or change.

This approach has been particularly useful as the City addressed office vacancies as companies increasingly adopted hybrid workplaces and evaluated space needs over the last few years. Several of Eagan's large corporate campus

locations including Blue Cross Blue Shield of Minnesota, Thomson Reuters, Unisys Corporation, Prime Therapeutics, and Delta Airlines announced consolidation of their office needs and sale or lease of a portion of their properties. These properties represent 2.6 million square feet of office space. The City of Eagan has positioned the vacancies as opportunities for new growth and enhanced vibrancy in commercial districts.

When Thomson Reuters announced it would be seeking new office space and selling much of its campus, the City worked with Thomson Reuters to relocate within Eagan. Thomson Reuters now occupies two-thirds of the 400,000 square foot Prime Therapeutics building constructed in 2018. Prime Therapeutics remains in the other third fully occupying that facility.

In December 2024, the City Council approved a Planned Development Amendment for the redevelopment of 179 acres of the former Thomson Reuters campus. Redevelopment will include nearly four million square feet of light industrial development, 104 townhomes, and seven single-family homes. The development will also include an expansion of Wescott Station Park, conservation areas to preserve trees and a wetland, and 1.57 miles of new trails. The City Council and community voiced strong support for the balance of economic development and protection of natural areas.

Demolition on the former Thomson Reuters campus is complete, and construction for Project Nova, a 3.2 million square foot distribution user, is well underway. Ryan Companies, the purchaser of the 179-acre site, is in discussion with additional light industrial users and has sold 22.8 acres to Lennar for Trails End Commons, a 104-unit townhome development.

Blue Cross Blue Shield has consolidated their employees at the Eagan River Park facility. The former Blue Cross Blue Shield call center located at 1750 Yankee Doodle Road is being expanded and renovated for Solventum, a 3M healthcare spinoff. Construction for the high-tech medical research and development facility is expected to be complete and ready for occupancy by 600-800 employees in February 2026. The City approved a Planned Development Amendment to repurpose the vacant Delta Dental office building for the Great Oaks Academy charter school, and the school opened to students in September 2025. W.P. Carey, the property owner of the former Blue Cross Blue Shield headquarters building, is actively engaged in discussions with potential developers, and the City expects to receive a development proposal in late 2025 or 2026.

In 2024, the City of Eagan completed the Northwest Central Commons Small Area Plan for 80 acres of vacant or soon-to-be-vacant office properties surrounding Eagan Central Park and Community Center. The completed plan contemplates a mix of approximately 1,000 residential units and over 300,000 square feet of commercial development. The plan was evaluated by both market and financial consultants and found to be both market supportable and financially feasible.

Within the Northwest Central Commons project area, the former Argosy University site was sold, rebranded as Eagan Central, and is being re-tenanted with users desirous of a high-amenity location near Central Park, trails, and retail/service opportunities at Central Park Commons. The former Delta Airlines site was purchased by the Dakota County Community Development Agency which intends to develop approximately 100 units of affordable senior and a work force housing development and sell the remaining site for development consistent with the approved small area plan. Demolition of the former Delta Airlines building has begun.

The 300,000 square foot Spectrum Office Building, which has suffered high vacancy in recent years after the departure of Wells Fargo Mortgage, was purchased in 2024 by Hunt Electric, previously based in Bloomington. Hunt Electric, which employs over 500 office workers and 1,400 electricians, is embarking on a \$11.5 million renovation and will occupy the remaining vacant space. The \$10 million, 137,500 square foot Boulder Lakes Business Center facility was fully occupied in 2024 with three new office/manufacturing tenants and over \$4 million of additional investment in interior buildouts.

Other projects initiated or approved in 2024 include the 89,000 square foot Columbia Business Center and a new 21st Century Bank building, both developed on challenging properties. Additionally, Acme Tools has opened at the site of the Amazon grocery that was constructed but never occupied. Two new daycare/preschools, the Goddard School and Tierra Encantada, were completed.

Although undeveloped residential land in Eagan is scarce, several affordable and market rate redevelopment and infill residential development projects are moving forward. Nicols Pointe, a 24-unit affordable housing projected targeted to veterans, was completed in 2024. Also completed was the successful conversion of a former extended stay Sonesta Suites hotel complex to 120 affordable rental townhomes. Veterans Village, a 23-unit townhome development for veterans who have experienced homelessness or are at risk of homelessness, is under construction.

For market rate residential development, Trails End Commons, a 104-unit townhome development at the former Thomson Reuters site, is under construction. The City Council has approved Metcalf Park, a redevelopment of the former Metcalf Middle School into 245 apartments, 139 townhomes and twinhomes, and 66 senior cooperatives. Private road and utility construction has been completed to support the third phase of residential development of 327 units at Viking Lakes which is expected to proceed in late 2025 or 2026. Construction is underway on 24 single family units in the Parkside Circle subdivision in the southeast corner of Eagan off Highway 3. The variety of proposed and approved housing will provide employees options to find housing close to Eagan jobs and opportunities for seniors and empty nesters to stay in Eagan while making single-family homes available to younger households.

Over the last two years, the City of Eagan has seen a significant shift away from vacant buildings towards new development and revitalization. As of August 2025 month-end, the previous 12 month building permit valuation was \$671.3 million due to major new private investments including Solventum and Project Nova. The City of Eagan is embracing changes in the development pattern and finding opportunities for growth and renewal. The City Council and staff are excited to see what the coming years bring.

Building Permits

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

<i>Year</i>	<i>New Commercial/ Industrial Number of Permits</i>	<i>New Residential Number of Permits</i>	<i>Total Number of Permits</i>	<i>Total Residential Permit Valuation</i>	<i>Total Commercial/ Industrial Permit Valuation</i>	<i>Total Permit Valuation</i>
2025 (as of 9/25)	169	1,644	1,813	\$ 41,787,472	\$555,453,736	\$597,241,208
2024	304	2,024	2,382	38,176,383	161,434,534	199,610,917
2023	210	2,630	2,840	18,684,830	71,086,370	89,771,199
2022	203	2,643	2,846	29,584,516	135,300,818	164,885,334
2021	242	3,445	3,687	32,931,129	117,347,860	150,278,989
2020	179	3,171	3,350	24,044,290	187,971,150	212,015,440
2019	253	2,287	2,540	27,157,659	217,967,120	245,124,779
2018	246	2,381	2,627	27,905,804	111,613,598	139,519,402
2017	314	2,831	3,145	40,476,546	387,601,619	428,078,165
2016	338	2,067	2,405	39,298,257	113,112,814	152,411,071
2015	289	2,177	2,466	29,329,298	71,293,563	101,187,211

Banking/Financial Institutions

Banking and financial service providers located within the City include the following: Alerus Financial, National Association; Associated Bank, National Association; Choice Financial Group; JPMorgan Chase Bank, National Association; Minnwest Bank; Old National Bank; Prime Security Bank; The Huntington Bank; Think Mutual Bank; U.S. Bank, National Association; and Wells Fargo Bank, National Association.

Education

Residents of the City of Eagan are served by ISD No. 191, Burnsville-Eagan-Savage; ISD No. 196, Rosemount-Apple Valley-Eagan; and ISD No. 197, West St. Paul. These private schools are also located in the City: Faithful Shepherd Catholic School (K-8), Trinity School at River Ridge (7-12), and Trinity Lone Oak Lutheran (K-8).

Major/Leading Employers¹

Following are some of the major employers within the City:

<u>Employer Name</u>	<u>Product/Service</u>	<u>Number of Employees²</u>
Thomson Reuters	Legal Information	4,500
Blue Cross Blue Shield of Minnesota	Health Insurance	3,000
Prime Therapeutics	Pharmacy Benefit Management	2,100
U.S. Postal Service	Government	2,100
United Parcel Service	Shipping	1,500
Ecolab	Manufacturing	1,400
ISD No. 196, Rosemount-Apple Valley-Eagan	Public Education	1,075*
Coca-Cola Bottling	Bottling/Beverage Distribution	750
Minnesota Vikings	Sports Entertainment	497
City of Eagan	Government	491
Dart Transit	Shipping/Logistics	400
Wal-Mart/Sam's Club	Retail	360
Amazon	Shipping/Logistics	325
CSM Bakery Solutions	Food Manufacturing	300

Largest Taxpayers³

Following are ten of the largest taxpayers within the City:

<u>Name</u>	<u>Classification</u>	<u>2024/2025 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$163,101,252)⁴</u>
SVF CPC Eagan LLC	Commercial	\$1,739,680	1.07%
Paragon Outlets Eagan LLC	Commercial	1,699,250	1.04
MV Eagan Ventures	Commercial	1,404,872	0.86
Eagan Property Owner LLC	Industrial	1,327,114	0.81
Grand Oak Minnesota Realty LP	Commercial	1,103,849	0.68
Eagan Promenade Inc.	Commercial	1,062,044	0.65
MVE Residential LLC	Commercial	1,001,479	0.61
Inreit Properties LLLP	Apartment	900,688	0.55
MVE Residential II LLC	Apartment	733,993	0.45
Promenade Oaks Apartments LLC	Apartment	731,735	0.45
		<u>\$11,704,704</u>	<u>7.18%</u>

¹ Source: The City and Data Axle Reference Solutions.

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

* At District facilities located in the City of Eagan.

³ As reported by Dakota County.

⁴ Before tax increment and fiscal disparities adjustments.

MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value

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

Taxable Market Value

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

Market Value Exclusion

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

Sales Ratio

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

Economic and Indicated Market Value

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

Net Tax Capacity

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

Tax Cycle

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

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

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

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

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

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

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

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

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

Levy Limits

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

(Remainder of page intentionally left blank)

The following is a partial summary of these factors:

Property Tax Classifications

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2022/ 2023</u>	<u>2023/ 2024</u>	<u>2024/ 2025</u>
1a	<u>Residential Homestead</u> : First \$500,000	1.00%	1.00%	1.00%
	Over \$500,000	1.25	1.25	1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000 [†]	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$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	<u>Non-Homestead Rural Vacant Land</u> ¹	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000 [†]	1.50	1.50	1.50
	Over \$150,000 [†]	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	<u>Residential Non-Homestead (Single Unit)</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial</u> [†]			
	(Resort): First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(12)	<u>Seasonal Residential Recreational</u> [†]			
	Non-Commercial (Cabin): First \$500,000*	1.00	1.00	1.00
	Over \$500,000*	1.25	1.25	1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$100,000	.75	.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 EAGAN, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION¹

Valuations

	<i>Estimated Market Value 2024/2025</i>	<i>Net Tax Capacity 2024/2025</i>
Real Property	\$ 13,132,846,700	\$ 162,236,553
Personal Property	44,244,400	864,699
Less Tax Increment Deduction	---	(5,730,069)
Fiscal Disparities ²		
(Contribution to Pool)	---	(22,014,471)
Distribution from Pool	<u>---</u>	<u>11,594,447</u>
Total Valuation	<u>\$ 13,177,091,100</u>	<u>\$ 146,951,159</u>

Valuation Trends (Real and Personal Property)

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments³</i>	<i>Tax Capacity After Tax Increments⁴</i>
2024/25	\$14,123,027,054	93.47%	\$13,177,091,100	\$12,885,723,836	\$163,101,252	\$146,951,159
2023/24	13,403,437,308	96.61	12,951,457,200	12,782,978,599	160,745,302	145,408,692
2022/23	13,603,899,826	89.54	12,168,542,800	11,994,519,068	149,277,835	135,293,610
2021/22	11,909,941,131	90.58	10,747,059,700	10,531,942,976	132,255,191	119,179,210
2020/21	10,815,850,028	94.60	10,223,414,400	9,989,675,214	126,528,170	114,361,800

Breakdown of Valuations

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

Residential Homestead	\$ 86,186,247	52.84%
Agricultural	4,085	<0.01
Commercial	30,623,699	18.78
Public Utility	422,438	0.26
Railroad	110,880	0.07
Apartments	17,663,380	10.83
Industrial	27,222,888	16.69
Rural Vacant	2,936	<0.01
Personal Property	<u>864,699</u>	<u>0.53</u>
Total	<u>\$ 163,101,252</u>	<u>100.00%</u>

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

² Fiscal Disparities Law

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

³ Before fiscal disparity adjustments.

⁴ After fiscal disparity adjustments.

Tax Capacity Rates

Tax capacity rates over the past five-assessable/collection years for a City resident within ISD No. 196, Rosemount - Apple Valley - Eagan have been as follows:

<i>Levy Year/ Collection Year</i>	<i>2020/21 Tax Capacity Rates</i>	<i>2021/22 Tax Capacity Rates</i>	<i>2022/23 Tax Capacity Rates</i>	<i>2023/24 Tax Capacity Rates</i>	<i>2024/25 Tax Capacity Rates</i>
Dakota County	22.716%	21.630%	18.816%	18.323%	19.948%
City of Eagan	36.333	17.360	33.566	33.585	36.177
ISD No. 196, Rosemount -Apple Valley-Eagan	20.046	19.971	17.904	17.021	22.968
Met Council	0.635	0.649	0.564	0.620	0.549
Mosquito Control Abatement	0.384	0.372	0.325	0.315	0.320
Metro Transit	1.038	0.969	0.849	0.750	0.000
Dakota County CDA	<u>1.375</u>	<u>1.391</u>	<u>1.176</u>	<u>1.309</u>	<u>1.360</u>
Totals:	<u>82.527%</u>	<u>62.342%</u>	<u>73.200%</u>	<u>71.923%</u>	<u>82.322%</u>
<i>Market Value Rates</i>	<i>2020/2021</i>	<i>2021/2022</i>	<i>2022/2023</i>	<i>2023/2024</i>	<i>2024/2025</i>
ISD No. 196, Rosemount -Apple Valley-Eagan	0.32712	0.31336	0.29771	0.30078	0.28258

Tax Levies and Collections¹

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 6/30/25</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2024/2025	\$48,968,290		In Process of Collection		
2023/2024	45,277,985	\$45,035,605	99.46%	\$45,129,786	99.67%
2022/2023	41,980,570	41,803,461	99.58	41,905,223	99.82
2021/2022	39,244,899	39,059,973	99.53	39,181,674	99.84
2020/2021	38,048,269	37,784,596	99.31	37,982,983	99.83

¹ 2024/2025 property taxes are currently in the process of collection/reporting and no updated figures are available from Dakota County.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit¹

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

Computation of Legal Debt Margin as of November 2, 2025:

2024/2025 Estimated Market Value	\$ 13,177,091,100
Multiplied by 3%	<u> x .03</u>
Statutory Debt Limit	<u>\$ 395,312,733</u>
Less outstanding debt applicable to debt limit:	
\$8,130,000 G.O. Capital Improvement Plan Bonds, Series 2016A	\$ 5,400,000
\$22,300,000 G.O. Bonds, Series 2018A	<u>19,320,000</u>
	<u>\$ 24,720,000</u>
Legal debt margin	<u>\$ 370,592,733</u>

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

CITY OF EAGAN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of November 2, 2025)

Purpose:	G.O. Capital Improvement Plan Bonds, Series 2016A	G.O. Bonds, Series 2018A
-----------------	--	---

Dated:	04/28/16	10/16/18			
Original Amount:	\$8,130,000	\$22,300,000			
Maturity:	1-Feb	1-Feb	TOTAL	TOTAL	
Interest Rates:	2.00-3.00%	3.00-4.00%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	\$0	2025
2026	400,000	1,130,000	1,530,000	2,295,660	2026
2027	410,000	1,170,000	1,580,000	2,291,560	2027
2028	420,000	1,215,000	1,635,000	2,290,560	2028
2029	425,000	1,140,000	1,565,000	2,170,710	2029
2030	435,000	1,170,000	1,605,000	2,167,460	2030
2031	445,000	1,205,000	1,650,000	2,167,282	2031
2032	450,000	1,245,000	1,695,000	2,164,273	2032
2033	460,000	1,285,000	1,745,000	2,162,797	2033
2034	470,000	1,330,000	1,800,000	2,162,373	2034
2035	485,000	1,370,000	1,855,000	2,158,898	2035
2036	495,000	1,420,000	1,915,000	2,158,065	2036
2037	505,000	1,475,000	1,980,000	2,158,854	2037
2038	0	2,045,000	2,045,000	2,153,616	2038
2039	0	2,120,000	2,120,000	2,155,775	2039
	\$5,400,000	\$19,320,000	<u>\$24,720,000</u>	<u>\$30,657,881</u>	

NOTE: 60% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

CITY OF EAGAN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM STATE AID
(As of November 2, 2025)

Purpose:	G.O. State Aid Street Refunding Bonds, Series 2017A			
Dated:	03/16/17			
Original Amount:	\$2,280,000			
Maturity:	1-Apr	TOTAL	TOTAL	
Interest Rates:	2.00-2.75	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	2025
2026	200,000	200,000	218,175	2026
2027	195,000	195,000	207,994	2027
2028	190,000	190,000	197,700	2028
2029	185,000	185,000	187,544	2029
	\$770,000	\$770,000	\$811,413	
	(1)			

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

(1) These bonds crossover refunded \$2,245,000 of the \$4,105,000 General Obligation State Aid Street Bonds, Series 2008A. Maturities 2019 through 2029, inclusive, were called for redemption on April 1, 2018, at a price of par plus accrued interest.

Purpose:	Taxable	This Issue
	G.O. Bonds, Series 2021A	Taxable G.O. Housing Improvement Area Bonds, Series 2025B

2025	\$0	\$0	\$0	\$0	2025
2026	105,000	0	105,000	166,201	2026
2027	110,000	35,000	145,000	231,650	2027
2028	110,000	40,000	150,000	233,606	2028
2029	40,000	45,000	85,000	165,539	2029
2030	40,000	45,000	85,000	162,861	2030
2031	40,000	50,000	90,000	164,895	2031
2032	40,000	50,000	90,000	161,670	2032
2033	40,000	55,000	95,000	163,255	2033
2034	45,000	55,000	100,000	164,600	2034
2035	45,000	60,000	105,000	165,629	2035
2036	45,000	60,000	105,000	161,391	2036
2037	45,000	65,000	110,000	161,956	2037
2038	45,000	65,000	110,000	157,186	2038
2039	50,000	70,000	120,000	161,989	2039
2040	50,000	75,000	125,000	161,501	2040
2041	50,000	80,000	130,000	160,833	2041
2042	0	85,000	85,000	110,464	2042
2043	0	90,000	90,000	110,388	2043
2044	0	95,000	95,000	109,976	2044
2045	0	100,000	100,000	109,223	2045
2046	0	105,000	105,000	108,124	2046

– 34 –

CITY OF EAGAN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAX INCREMENTS
(As of November 2, 2025)

Purpose:	Taxable G.O. Bonds, Series 2021A			
Dated:	03/30/21			
Original Amount:	\$6,865,000			
Maturity:	1-Feb	TOTAL	TOTAL	
Interest Rates:	0.40-1.65%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	2025
2026	970,000	970,000	1,030,865	2026
2027	975,000	975,000	1,025,651	2027
2028	985,000	985,000	1,023,396	2028
2029	1,000,000	1,000,000	1,024,248	2029
2030	1,015,000	1,015,000	1,023,374	2030
	\$4,945,000	\$4,945,000	\$5,127,534	
	(1) (2) (3)			

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

- (1) These bonds are payable primarily from tax increments resulting from increases in the taxable value of real property within Tax Increment Financing District No. 1 (Cedar Grove) and additionally secured by ad valorem taxes on all taxable property in the City and without limitation of amount.
- (2) These bonds crossover refunded \$6,650,000 of the \$12,390,000 Taxable General Obligation Tax Increment Bonds, Series 2013A. Maturities 2024 through 2030, inclusive, were called for redemption on February 1, 2023, at a price of par plus accrued interest.
- (3) This schedule represents a portion of the \$8,175,000 Taxable General Obligation Bonds, Series 2021A, dated March 30, 2021, consisting of \$6,865,000 backed by tax increments and \$1,310,000 backed by special assessments.

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

Purpose:	G.O. Tax Abatement Bonds, Series 2024A	G.O. Bonds, Series 2025A			
Dated:	03/13/24	03/11/25			
Original Amount:	\$18,900,000	\$12,670,000			
Maturity:	1-Feb	1-Feb	TOTAL	TOTAL	
Interest Rates:	4.00-5.00%	4.00-5.00%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	\$0	2025
2026	605,000	0	605,000	2,156,490	2026
2027	635,000	395,000	1,030,000	2,326,513	2027
2028	665,000	415,000	1,080,000	2,323,763	2028
2029	700,000	440,000	1,140,000	2,328,263	2029
2030	735,000	460,000	1,195,000	2,324,888	2030
2031	770,000	485,000	1,255,000	2,323,638	2031
2032	810,000	505,000	1,315,000	2,323,438	2032
2033	840,000	530,000	1,370,000	2,319,563	2033
2034	875,000	560,000	1,435,000	2,323,013	2034
2035	910,000	585,000	1,495,000	2,318,688	2035
2036	945,000	615,000	1,560,000	2,319,663	2036
2037	985,000	640,000	1,625,000	2,320,963	2037
2038	1,020,000	665,000	1,685,000	2,314,763	2038
2039	1,065,000	690,000	1,755,000	2,315,963	2039
2040	1,105,000	720,000	1,825,000	2,314,363	2040
2041	1,150,000	750,000	1,900,000	2,314,863	2041
2042	1,195,000	780,000	1,975,000	2,312,363	2042
2043	1,245,000	810,000	2,055,000	2,310,984	2043
2044	1,295,000	840,000	2,135,000	2,305,597	2044
2045	1,350,000	875,000	2,225,000	2,306,744	2045
2046	0	910,000	910,000	928,200	2046
		\$18,900,000	\$12,670,000	<u>\$31,570,000</u>	<u>\$47,132,715</u>
(1)					

NOTE: 33% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAX ABATEMENTS WILL BE RETIRED WITHIN TEN YEARS.

- (1) This schedule represents a portion of the \$18,250,000 General Obligation Bonds, Series 2025A, dated March 11, 2025, consisting of \$12,670,000 backed by tax abatements and \$5,580,000 backed by water, sanitary sewer, and storm water revenues.

CITY OF EAGAN, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of November 2, 2025)

Purpose:

G.O. Bonds, Series 2025A

Dated:	03/11/25			
Original Amount:	\$5,580,000			
Maturity:	1-Feb	TOTAL	TOTAL	
Interest Rates:	4.00-5.00%	PRINCIPAL:	PRIN & INT:	
2025	\$0	\$0	\$0	2025
2026	0	0	377,917	2026
2027	440,000	440,000	701,100	2027
2028	465,000	465,000	703,475	2028
2029	490,000	490,000	704,600	2029
2030	515,000	515,000	704,475	2030
2031	540,000	540,000	703,100	2031
2032	565,000	565,000	700,475	2032
2033	595,000	595,000	701,475	2033
2034	625,000	625,000	700,975	2034
2035	655,000	655,000	698,975	2035
2036	690,000	690,000	703,800	2036
	\$5,580,000	\$5,580,000	\$7,400,367	
	(1)			

NOTE: 76% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.

(1) This schedule represents a portion of the \$18,250,000 General Obligation Bonds, Series 2025A, dated March 11, 2025, consisting of \$12,670,000 backed by tax abatements and \$5,580,000 backed by water, sanitary sewer, and storm water revenues.

Indirect Debt*

<u>Issuer</u>	<u>2024/2025 Tax Capacity Value⁽¹⁾</u>	<u>2024/2025 Tax Capacity Value in City⁽¹⁾</u>	<u>Percentage Applicable in City</u>	<u>General Obligation Debt</u>	<u>Taxpayers' Share of Debt</u>
Dakota County	\$761,460,634	\$135,356,711	17.78%	\$35,640,000	\$ 6,336,792
ISD No. 191, Burnsville- Eagan-Savage	115,285,075	13,195,710	11.45	89,550,000	10,253,475
ISD No. 196, Rosemount- Apple Valley-Eagan	276,550,097	86,516,659	31.28	358,710,000	112,204,488
ISD No. 197, West St. Paul	102,703,111	35,644,343	34.71	136,810,000	47,486,751
Metropolitan Council	6,330,160,332	135,356,711	2.14	5,025,000 ⁽²⁾	107,535
Metro Transit	5,538,527,403	135,356,711	2.44	173,480,000 ⁽³⁾	<u>4,232,912</u>
<i>Total Indirect Debt:</i>					<u>\$ 180,621,953</u>

(Remainder of page intentionally left blank)

* Only those taxing jurisdictions with general obligation debt outstanding are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, revenue supported general obligation debt, lease debt or general obligation tax/aid anticipation certificates of indebtedness. Debt listed is as of November 2, 2025, unless otherwise noted.

(1) Tax capacity values are after tax increment and fiscal disparity contribution adjustments, but before fiscal disparity distribution.

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

(3) Metropolitan Transit has \$173,480,000 of property tax supported general obligation debt outstanding as of December 31, 2024. Transit debt is issued by the Metropolitan Council for public transit operations and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District. This amount excludes \$227,150,000 of general obligation debt payable from revenues.

General Obligation Debt

Bonds secured primarily by taxes	\$ 24,720,000
Bonds secured primarily by state aid	770,000
Bonds secured primarily by utility revenues	5,580,000
Bonds secured primarily by special assessments (includes this issue)	2,225,000
Bonds secured primarily by tax increments	4,945,000
Bonds secured primarily by tax abatements	<u>31,570,000</u>
Subtotal	\$ 69,810,000
Less bonds secured by state aid and utility revenues	(<u>6,350,000</u>)
<i>Direct General Obligation Debt</i>	63,460,000
Add taxpayers' share of indirect debt	<u>180,621,953</u>
<i>Direct and Indirect Debt</i>	<u>\$ 244,081,953</u>

Facts for Ratio Computations

2024/2025 Economic Market Value (real and personal property)	\$14,123,027,054
Population (2025 Estimate, Per City)	69,273

Debt Ratios (Excluding Revenue Supported Debt)

	<i>Direct <u>Debt</u></i>	<i>Indirect <u>Debt</u></i>	<i>Direct and <u>Indirect Debt</u></i>
To Economic Market Value	0.45%	1.28%	1.73%
Per Capita	\$916	\$2,607	\$3,523

APPENDIX A

Form of Legal Opinion

Form of Legal Opinion

City of Eagan
Eagan, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] Taxable General Obligation Housing Improvement Area Bonds, Series 2025B
 City of Eagan, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Eagan, Minnesota (the “City”), of the obligations described above, dated, as originally issued, as of December [], 2025 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale, and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits, and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits, and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from housing improvement fees from a housing improvement area, which fees are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to 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 occur after the date hereof and which may be retroactive.

Dated this []th day of December, 2025.

Very truly yours,

APPENDIX B

Continuing Disclosure

Form of Continuing Disclosure Covenants

Excerpt from Resolution

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2025, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the

effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “Economic and Financial Information—Valuations,” “—Tax Capacity Rates;” “—Tax Levies and Collections;” and “Summary of Debt and Debt Statistics;” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) 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;

- (G) modifications to rights of Bond holders, if material;
- (H) Bond calls, if material and tender offers;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) 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;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) 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
- (P) 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.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a 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) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of

any Bonds, by a resolution of this Board filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX C

City's Financial Statement

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 Eagan City Hall and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.



June 6, 2025

Honorable Mayor, Councilmembers, Citizens, and Interested Parties
City of Eagan, MN

Dear Mayor Maguire, Councilmembers, Citizens, and Interested Parties:

State law requires that cities of more than 2,500 in population submit an audited annual financial report to the State Auditor by June 30 of the following year. State law also requires that the annual financial report be submitted to the Mayor and each City Council member no later than 30 days after it is due to the State Auditor. This report is published to fulfill those requirements for the year ended December 31, 2024.

The organization, form and contents of this report are prepared in conformity with generally accepted accounting principles (GAAP) and standards prescribed by the Minnesota State Auditor's office and the Government Finance Officers Association.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The CPA firm Redpath and Company has issued an unmodified ("clean") opinion on the City of Eagan's financial statements for the year ended December 31, 2024. The independent auditor's report is located at the front of the financial section of this report.

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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile

The City of Eagan is a southern Twin Cities suburb, equally distant from Minneapolis and St. Paul, and ten minutes from the Minneapolis/St. Paul International Airport. Eagan is located in Dakota County. The City encompasses 33.5 square miles or 21,426 acres.

MAYOR | MIKE MAGUIRE COUNCIL MEMBERS | PAUL BAKKEN, CYNDEE FIELDS, GARY HANSEN, MIKE SUPINA CITYOFEAGAN.COM
CITY ADMINISTRATOR | DIANNE MILLER MUNICIPAL CENTER | 3830 PILOT KNOB ROAD, EAGAN, MN 55122-1810
MAIN: (651) 675-5000 MAINTENANCE: (651) 675-5300 UTILITIES: (651) 675-5200

IF YOU HAVE A HEARING OR SPEECH DISABILITY, CONTACT US AT (651) 675-5000 THROUGH YOUR PREFERRED TELECOMMUNICATIONS RELAY SERVICE.

Eagan was incorporated as a statutory Plan A (Council/Administrator) city in 1974 and was one of the fastest growing cities in the State in the 1980s. The population doubled in the 1970's and doubled again in the 1980's. Since 1990, Eagan has grown another 45%. Since all but a small amount of vacant residential land has now been developed and as the City nears full development, population growth has slowed, with just an 8% modest increase between 2000 and 2020.

<u>Census</u>	<u>Population</u>	<u>Population Increase</u>	<u>Percent Increase</u>
2020	68,855	4,649	7.2%
2010	64,206	649	1%
2000	63,557	16,148	34%
1990	47,409	26,709	129%
1980	20,700	10,302	99%
1970	10,398	7,016	207%
1960	3,382	-	-

Eagan is located at the juncture of two interstate freeways—Interstate 494 traverses east and west along the City's north border, while Interstate 35E runs north and south through the City. The extensive system of County and State highways and 244 miles of city streets has made the City an ideal location for development. State Highway 13 along the western edge of the City is a major regional artery, as is State Highway 77, which runs north and south. The transportation routes serving Eagan provide easy access for commuters coming into the City, as well as City residents going to employment in the rest of the metropolitan area, including the downtowns of Minneapolis and St. Paul.

The City provides a full range of municipal services. This includes public safety (police and fire), public works (engineering, streets and highways), parks and recreation, and general government. The City also operates a public water and sewer utility, limited street lighting utility, water quality/storm drainage utility, civic arena, recreational aquatic facility, community center and community public television.

The City participates with other municipalities in jointly governed organizations for public transit, dispatch services and data management and software application support. Separate financial statements are issued for these jointly governed organizations; information on activity between the City and these organizations can be found in the notes to the City's financial statements (Note 1.A.2).

Refuse collection and recycling are handled on a private basis through contractual arrangements with private haulers. Sewage treatment is operated on a regional basis by the Metropolitan Council.

The annual budget serves as the foundation for the City's financial planning and control. Budgets for the calendar year are adopted annually by the City Council in December, subsequent to several months of analysis and review and an opportunity for input from citizens by way of public hearings. The City Council adopts budgets for the General Fund, Special Revenue and Capital funds. Budgeting controls in the General Fund are maintained at the department level. Appropriations not expended at the end of the fiscal year lapse and budget adjustments require City Council approval.

Economic Condition and Outlook

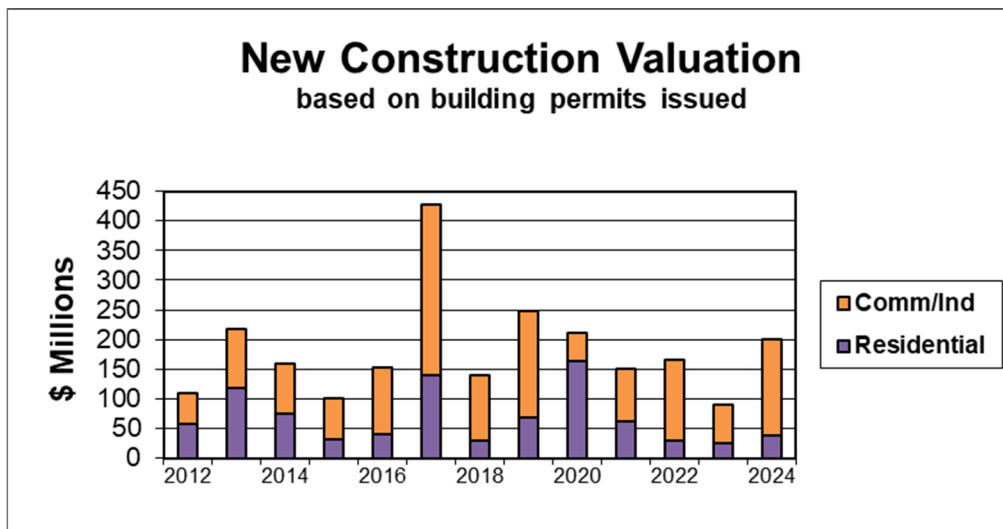
Labor market data for the region continue to compare favorably to the rest of the state and the country:

	2024		2023	
	Civilian Labor Force	Unemployment Rate	Civilian Labor Force	Unemployment Rate
Eagan	39,395	2.5%	39,296	2.3%
Dakota County	249,927	2.6%	249,175	2.5%
Mpls/St. Paul MSA	2,070,359	2.9%	2,062,353	2.6%
State of Minnesota	3,129,802	3.0%	3,108,093	2.8%
United States	168,106,166	4.0%	167,116,416	3.6%

Source: MN Dept of Employment & Economic Development. Figures are annual averages, not seasonally adjusted.

The City's ten largest employers have combined estimated employment of about 17,500 with a major operations base for Thomson Reuters and Blue Cross/Blue Shield, and the Minnesota Vikings making Eagan their headquarters location. The employers in Eagan are well diversified and provide a large variation in employment opportunities. The ten largest taxpayers in the City also represent varied types of business and account for approximately 7.7% of the 2024 tax capacity.

Eagan's economy is very strong and is one of the largest and most diverse employment nodes in the Twin Cities area. Eagan's unemployment rate is 2.5% and is continually the lowest in comparison to Dakota County, the Minneapolis and St. Paul region, and the State of Minnesota. We expect this trend to continue for years to come as the city is seen as a net employer and it offers diverse employment opportunities to residents in and outside of the city.



Building permit valuation is a measure of the value of new development or permitted property improvements. Changing economic times, with a rising interest rate environment, slowed growth nationally and locally resulting in a modest year for new construction valuation. The City issued eighteen commercial/industrial permits with valuations over \$1.0 million with five permits being issued for County and City Public Facilities totaling \$34.3 million. Eight of the building permits were for new construction permits.

With the underlying strength of the seven-county metropolitan area's economy, the City's diversification of tax and employment bases, and its prime location, Eagan's long-term future continues to look positive.

Major Initiatives and Long-term Financial Planning

The City of Eagan stands out as a strong and resilient community within the Twin Cities metropolitan area. Sound fiscal management, vibrant local economy, and high quality of life are priorities and its consistently demonstrated stability and forward-looking governance. With a strategic location, diverse tax base, and commitment to infrastructure and public services, the city continues to be a model of municipal excellence in the region.

Eagan enjoys a AAA bond credit rating, reflecting its exceptional creditworthiness and prudent financial management. The City has consistently produced positive operating results, maintained strong fund balances, and achieved budget surpluses for more than a decade. Long-range financial planning and conservative budgeting practices have helped Eagan navigate economic fluctuations with confidence and stability.

Eagan's economic foundation is both broad and dynamic. As a hub for several key industries, the city supports a diverse business community that includes major employers such as Blue Cross Blue Shield of Minnesota, Thomson Reuters, and the Minnesota Vikings headquarters and training facility. This corporate presence not only provides a stable employment base but also attracts ancillary businesses and ongoing investment. The city has seen sustained development activity, with more than \$250 million in new construction value recorded in 2023 alone. This includes a healthy mix of commercial, industrial, and residential projects that continue to diversify the tax base. Eagan's commercial corridors and business parks remain competitive and well-occupied, supported by strategic zoning and a responsive development process. Eagan also boasts a thriving retail and hospitality sector. The Twin Cities Premium Outlets serve as a regional shopping destination, drawing visitors from local and the metropolitan area. Proximity to Minneapolis–St. Paul International Airport and access to key transportation routes, including Interstates 35E and 494, make Eagan an attractive location for logistics, headquarters, and regional operations. This is demonstrated with the purchase and redevelopment of the 179-acre former Thomson Reuters site for a 3.6 million square foot light industrial distribution facility using a high volume of robotics. Site preparation is set to begin in 2025 with the demolition of the former headquarters building and the grading of the northwest quadrant for residential townhomes.

The City of Eagan takes a long-term, strategic approach to financial planning by engaging both leadership and the community in multi-year budgeting and capital improvement efforts. This ensures that financial decisions are thoughtfully aligned with the City's broader goals, fostering long-term stability for residents, property owners, and utility customers. A key component of this strategy is Eagan's Capital Improvement Program, which proactively addresses infrastructure needs across transportation, parks, utilities, equipment, vehicles, and municipal facilities. This forward-thinking investment ensures essential services remain reliable and well-maintained. In parallel with its strong financial stewardship, Eagan continues to prioritize public safety. The City maintains low crime rates and enjoys high satisfaction among residents and businesses alike. This proactive commitment to community well-being not only safeguards quality of life but also strengthens Eagan's appeal as a desirable place to live and work.

The City of Eagan exemplifies prudent financial stewardship, strategic growth, and community-oriented planning. Its AAA credit rating and continued investment in infrastructure and services reflect a city well-positioned to thrive today and in the future.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eagan for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2023. This was the thirty-ninth year the City has achieved this prestigious award. In order to receive the Certificate of Achievement award, a governmental unit had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis could not have been accomplished without the efficient services of the entire staff of the Finance Department. We would like to particularly thank accountants Alexandra O'Leary, Gretchen Gifford, and Jen Kowalenko for their work preparing for the external audit.

We also want to express our appreciation to the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

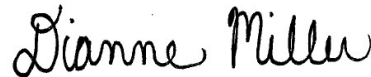
Respectfully submitted,



Brent Foiles
Assistant Finance Director



Josh Feldman
Finance Director



Dianne Miller
City Administrator

- This page intentionally left blank -



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Eagan
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

- This page intentionally left blank -

FINANCIAL SECTION

- This page intentionally left blank -



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eagan, Minnesota, 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 and the American Rescue Plan Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025 on our consideration of the City of Eagan, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Eagan, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Eagan, Minnesota's internal control over financial reporting and compliance.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Eagan (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. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages 11 through 15 of this report.

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 year by \$516.7 million. Of this amount, \$80.0 million may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund directives and fiscal policies.
- The City's total net position increased by \$21.0 million.
- As of the close of the year, the City's governmental funds reported combined ending fund balances of \$90.0 million; 68.3% of this total amount, or \$61.5 million, is available for use within the City's directives and policies.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$34.1 million, or 68.2% of total General Fund expenditures.
- The City's total bonded debt increased by \$17.6 million during the current fiscal year.

Overview of the Financial Statements

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City'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 between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Management's Discussion and Analysis

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 revenues (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 and parks and recreation. The business-type activities of the City include its Public Utilities (water, sewer, street lighting, storm drainage/water quality), Civic Arena, Aquatic Facility, and Community Center.

The government-wide financial statements can be found on pages 40-41 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 financial requirements.

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

As of December 31, 2024, the City maintained 42 individual governmental funds. Three governmental funds were opened in 2024 and zero were closed. 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 seven funds: the General Fund, Cedar Grove/Highway 13 Tax Increment Capital Projects Fund, Recreation Facilities Projects Capital Projects Fund, Revolving Improvement Construction Capital Projects Fund, Major Street Capital Projects Fund, Combined Utility Trunk Capital Projects Fund, and American Rescue Plan Special Revenue Fund. These seven funds are considered to be major funds. Data from the other 35 governmental funds are presented within the combining and individual nonmajor fund financial statements.

Management's Discussion and Analysis

The City adopts an annual appropriated budget for its General Fund. The City adopts budgets for their Housing, Cable TV Franchise Fees, Eagan TV, Minnesota Investment Fund Revolving Loan, DWI Forfeiture, Cedar Grove Parking Garage, Tree Mitigation, Sustainability, Opioid Crisis Prevention, and American Rescue Plan special revenue funds. The City also adopts budgets for their Park System Development and Renewal & Replacement, Equipment Revolving, General Facilities Renewal, and Fire Apparatus Revolving capital project funds. A budgetary comparison schedule has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 42-51 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Public Utilities (water, sewer, street lighting, storm drainage and water quality), Civic Arena, Aquatic Facility, and Community Center. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its risk management, benefit accrual, workers' compensation self-insurance and dental self-insurance benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Public Utilities, Civic Arena, Aquatic Facility, and Community Center, which are considered to be major funds of the City. The four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual division data on the public utilities and individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 52-65 of this report.

Notes to the Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 69-107 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual nonmajor fund financial statements and schedules can be found on pages 122-152 of this report.

Management's Discussion and Analysis

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 its liabilities and deferred inflows of resources by \$516.7 million at the close of 2024.

By far the largest portion of the City's net position, \$400.0 million, or 77.3%, reflects its net investment in capital assets (e.g. construction in progress, land, buildings, machinery, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. 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 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's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Assets:						
Current and other assets	\$133,863,223	\$105,138,609	\$47,241,320	\$54,591,088	\$181,104,543	\$159,729,697
Capital assets	246,310,645	236,907,448	199,420,287	186,627,992	445,730,932	423,535,440
Total assets	380,173,868	342,046,057	246,661,607	241,219,080	626,835,475	583,265,137
Deferred outflows:						
Deferred outflows - pension	22,679,110	29,365,640	483,336	864,430	23,162,446	30,230,070
Deferred outflows - OPEB	4,155,521	4,939,492	306,544	364,376	4,462,065	5,303,868
Total deferred outflows	26,834,631	34,305,132	789,880	1,228,806	27,624,511	35,533,938
Liabilities:						
Long-term liabilities	71,400,596	61,081,096	2,155,346	3,183,891	73,555,942	64,264,987
Other liabilities	25,414,757	22,440,419	2,072,842	2,763,617	27,487,599	25,204,036
Total liabilities	96,815,353	83,521,515	4,228,188	5,947,508	101,043,541	89,469,023
Deferred inflows:						
Deferred inflows - pension	27,877,927	28,114,200	1,448,166	1,026,914	29,326,093	29,141,114
Deferred inflows - OPEB	4,035,381	1,041,022	297,681	76,795	4,333,062	1,117,817
Deferred inflows - leases	363,680	269,570	2,663,092	3,118,400	3,026,772	3,387,970
Total deferred inflows	32,276,988	29,424,792	4,408,939	4,222,109	36,685,927	33,646,901
Net position:						
Net investment in capital assets	200,271,602	200,887,470	199,387,775	186,607,158	399,659,377	387,494,628
Restricted	35,760,836	28,797,176	1,261,124	892,600	37,021,960	29,689,776
Unrestricted	41,883,720	33,720,236	38,165,461	44,778,511	80,049,181	78,498,747
Total net position	\$277,916,158	\$263,404,882	\$238,814,360	\$232,278,269	\$516,730,518	\$495,683,151

A portion of the City's net position represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$80.0 million, 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 government as a whole, as well as for its separate governmental and business-type activities.

Management's Discussion and Analysis

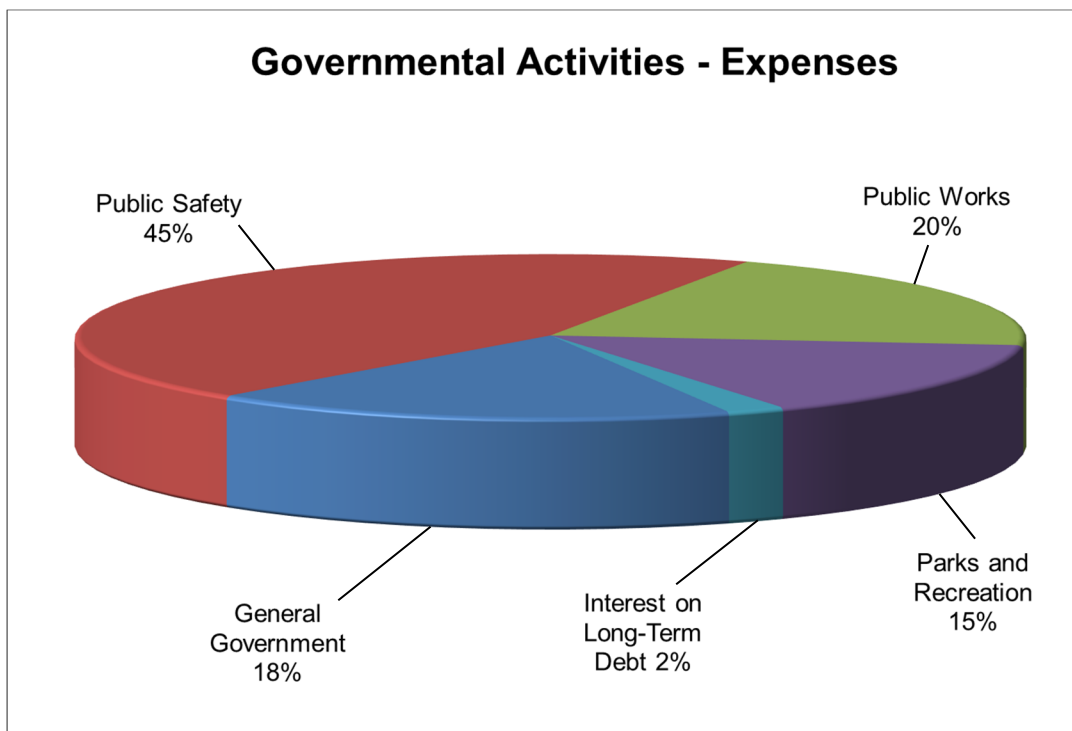
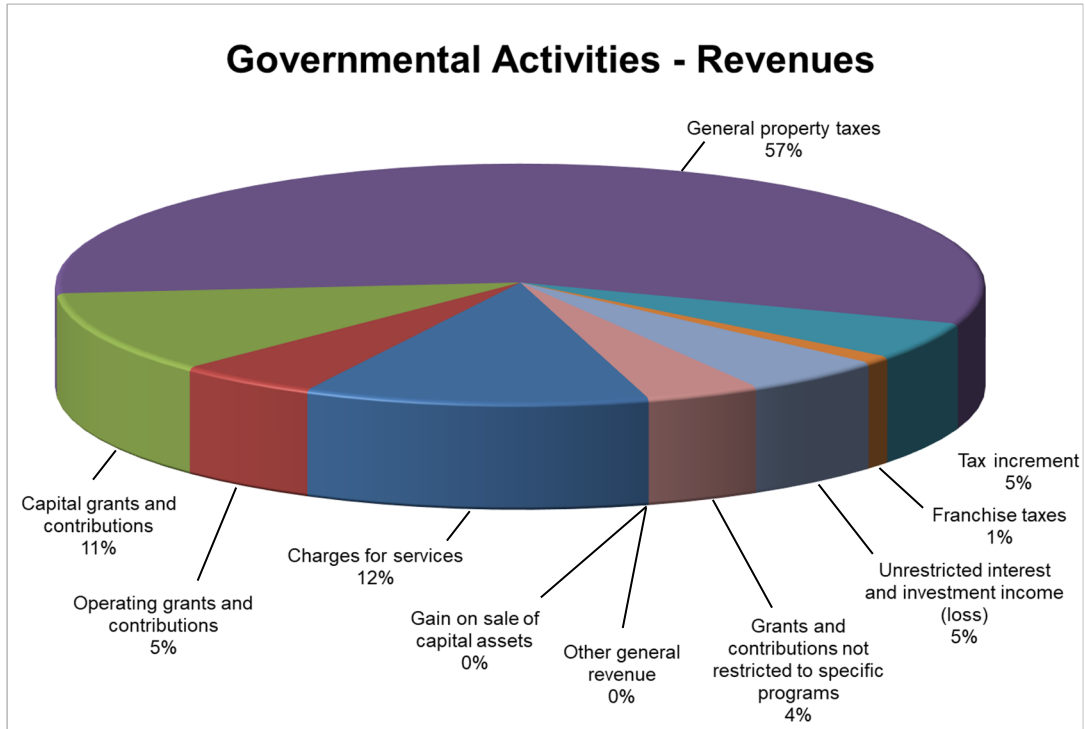
Governmental Activities. Net position increased from governmental activities by \$20.3 million, or 7.7%, before transfers. The City of Eagan adopted a 6.9% property tax levy increase for calendar year 2024, which coupled with a 7.8% increase in the City's net local tax capacity, resulted in an overall increase of \$3.4 million in property tax revenue from 2023. The City of Eagan received a significant one-time state aid grant in 2023 to support its public safety operations, which led to a decrease in operating grants and contributions being experienced in 2024. A strong national economy led to increased performance of the City's investment pool resulting in unrestricted interest and investment income growing \$1.1 million from income levels experienced in 2023. During 2024, the City continued its planned use of the federal funding received through the American Rescue Plan Act. As a result, the City experienced an increase of \$2.3 million in its grants and contributions not restricted to specific programs revenue in 2024. Additionally, throughout 2024, the City experienced turnover and vacancies in several positions resulting in cost savings and actual personnel expenses to be under budget by \$1.1 million. Lastly, transfer activity between governmental activities and business-type activities is heavily influenced by the timing of capital projects taking place throughout the City and can fluctuate from year to year depending on the size and nature of those capital projects.

City's Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	12/31/2024	12/31/2023	12/31/2024	12/31/2023	12/31/2024	12/31/2023
Revenues:						
Program revenues:						
Charges for services	\$10,050,478	\$8,470,118	\$28,523,882	\$28,890,123	\$38,574,360	\$37,360,241
Operating grants and contributions	4,573,511	6,108,312	-	-	4,573,511	6,108,312
Capital grants and contributions	9,505,427	9,670,318	918,404	1,106,981	10,423,831	10,777,299
General revenues:						
General property taxes	48,587,112	45,164,143	-	-	48,587,112	45,164,143
Tax increment	3,904,259	3,515,429	-	-	3,904,259	3,515,429
Franchise taxes	657,036	734,416	-	-	657,036	734,416
Unrestricted interest and investment income (loss)	4,090,208	2,967,330	2,154,603	2,261,119	6,244,811	5,228,449
Grants and contributions not restricted to specific programs	3,525,261	1,207,395	-	-	3,525,261	1,207,395
Other general revenue	66,928	210,582	-	-	66,928	210,582
Gain on sale of capital assets	32,362	145,174	2,417	-	34,779	145,174
Total revenues	84,992,582	78,193,217	31,599,306	32,258,223	116,591,888	110,451,440
Expenses:						
General government	11,691,049	11,367,110	-	-	11,691,049	11,367,110
Public safety	29,091,912	31,765,583	-	-	29,091,912	31,765,583
Public works	12,620,721	12,930,677	-	-	12,620,721	12,930,677
Parks and recreation	9,444,998	8,383,064	-	-	9,444,998	8,383,064
Interest on long-term debt	1,795,644	987,970	-	-	1,795,644	987,970
Public utilities	-	-	25,140,197	24,118,091	25,140,197	24,118,091
Civic arena	-	-	1,586,905	1,547,301	1,586,905	1,547,301
Aquatic facility	-	-	1,573,345	1,959,344	1,573,345	1,959,344
Community center	-	-	2,599,750	2,637,968	2,599,750	2,637,968
Total expenses	64,644,324	65,434,404	30,900,197	30,262,704	95,544,521	95,697,108
Increase in net position before transfers	20,348,258	12,758,813	699,109	1,995,519	21,047,367	14,754,332
Transfers	(5,836,982)	1,936,233	5,836,982	(1,936,233)	-	-
Change in net position	14,511,276	14,695,046	6,536,091	59,286	21,047,367	14,754,332
Net position - January 1	263,404,882	248,709,836	232,278,269	232,218,983	495,683,151	480,928,819
Net position - December 31	\$277,916,158	\$263,404,882	\$238,814,360	\$232,278,269	\$516,730,518	\$495,683,151

Management's Discussion and Analysis

Following are graphs providing comparisons of the governmental activities revenues and expense:

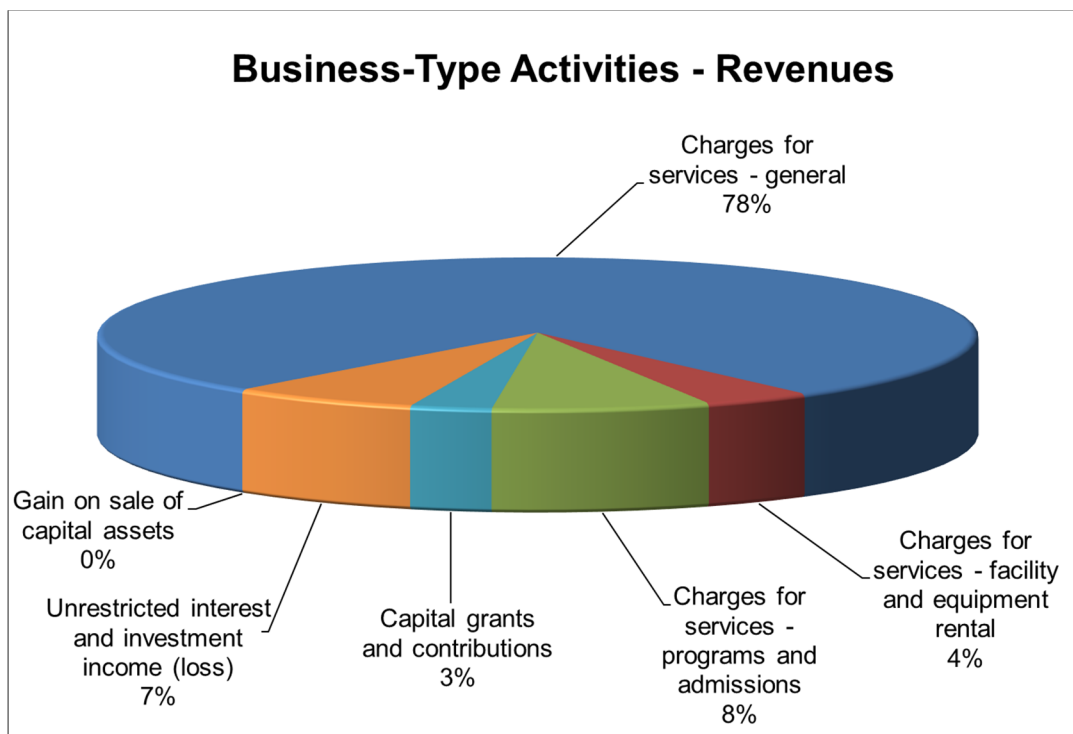


Management's Discussion and Analysis

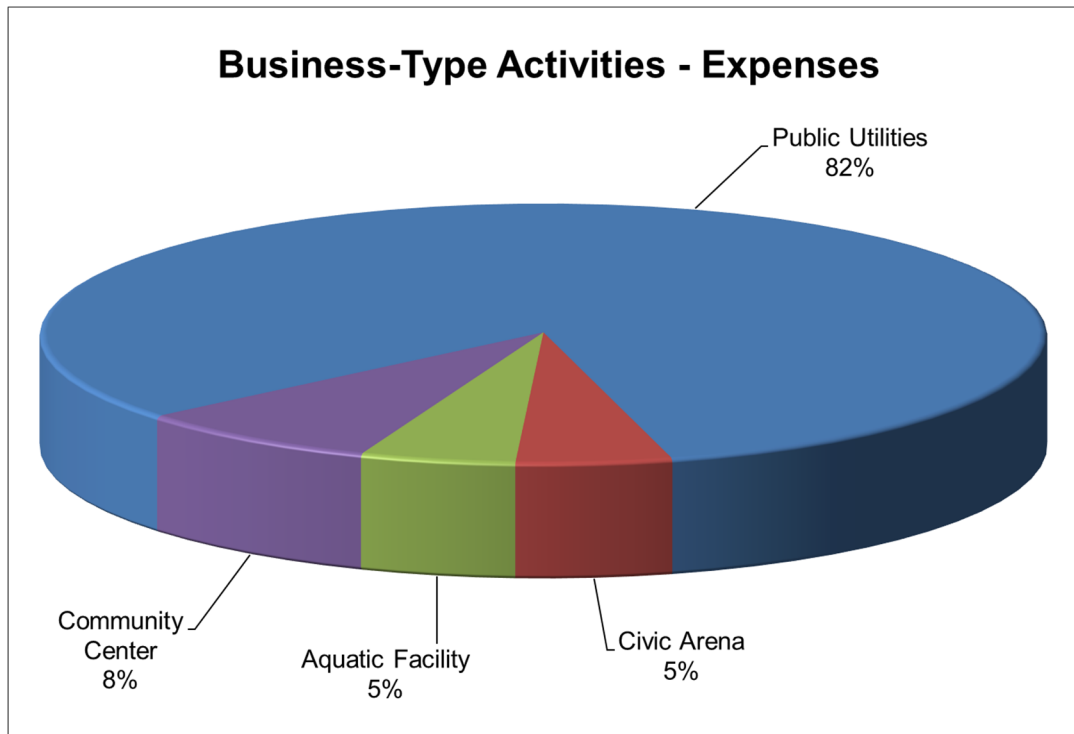
Business-Type Activities

Business-type activities net position increased by \$0.7 million before capital contributions and transfers. Total operating revenues increased by \$0.4 million in 2024, while total operating expenses increased \$0.6 million. Revenues for public utility service charges increased only slightly at \$0.1 million in 2024 despite rate increases approved by City Council for 2024. The rate increases planned for 2024 were not experienced in full due to an overall decrease in water consumption by Eagan residents and businesses. Operating revenues experienced at Civic Arena, Cascade Bay, and Community Center increased \$340,000 collectively in 2024 as a result of City Council approved increases to user fee rates. Interest and investment income earned on the City's pooled portfolio is allocated based on average monthly cash balances held by all funds. The average cash balances of the business-type funds did not proportionately increase with the governmental activities funds, resulting in the interest and investment income revenue decreasing slightly, despite the strong performance of the City's investment pool. Operating expenses for public utilities increased \$0.5 million dollars due to an increase in the sanitary sewer disposal charged paid to the Metropolitan Council totaling \$0.6 million. This increase was offset slightly by the personal services expense for public utilities decreasing \$0.1 million dollars due to vacancies experienced in key management positions for a portion of the year. Operating expenses incurred for the Civic Arena, Cascade Bay, and Community Center remained consistent in 2024 with moderate fluctuations experienced in personnel costs resulting from employee turnover as well as planned cost of living adjustments in 2024.

Following are graphs showing the business-type activities revenue and expense comparisons:



Management's Discussion and Analysis



Financial Analysis of the Government's Funds

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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$90.0 million. Approximately 68.3% of this total amount, or \$61.5 million, constitutes fund balance that is neither committed, restricted or nonspendable. \$0.1 million of the fund balance is nonspendable due to existing inventory and outstanding prepayment obligations. \$4.6 million of the fund balance is restricted for debt service, \$5.6 million is restricted for park development, \$6.3 million is restricted for recreation facilities improvements, \$2.4 million is restricted for public safety support, \$1.4 million is restricted for use in tax increment districts, and \$1.7 million is restricted for general public, educational, and government programming.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$34.1 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 61.8% of the General Fund's budgeted subsequent year expenditures.

Fund balance in the General Fund increased by \$4.1 million. Total General Fund revenue was \$51.0 million with Property Taxes of \$40.6 million continuing to be the predominant funding source for general city operations. Property tax revenue increased \$2.4 million as a result of a planned 6.0% General Fund tax levy increase to support budgetary expenditure increases of 8.3% in 2024. The average value home in Eagan increased from \$394,166 to \$409,636, an increase of approximately 3.9%, with the homeowner experiencing 1.9% increase in the City portion of property taxes. Licenses, Permits and Charges for Services totaled \$5.8 million, or 11.4%, of the revenue in the General Fund. General Fund expenditures were \$50.0 million resulting in revenues exceeding expenditures by \$1.0 million. Transfers in from the Public Utilities Fund (\$2.0 million), and the Cable TV Franchise Fund (\$0.3 million) were utilized to support cross-departmental staff and operational services. Public Safety expenditures of \$27.2 million continue to make up approximately half of the City's operational expenditures.

The Cedar Grove/Highway 13 Tax Increment Capital Projects Fund increased by \$2.0 million. Tax Increment revenue of \$2.6 million was the factor for the increase of fund balance, which was offset by a \$0.6 million loss on investments. The outstanding advance from the Combined Utility Trunk for capital activity was reduced from \$3.5 million in 2023, to \$0.9 million at year end 2024.

The Recreation Facilities Projects Fund increased by \$9.3 million in 2024 following the issuance of the 2024A General Obligation Tax Abatement Bonds. The bond proceeds of this issuance are being used to fund facility improvements at Goat Hill and the City's Art House. The capital outlay expenditures related to those projects totaled \$11.1 million in 2024.

Management's Discussion and Analysis

The Revolving Improvement Construction Capital Projects Fund increased by \$2.7 million. Expenditures totaled \$10.9 million, mainly from capital outlay for public works projects. Revenues totaled \$3.6 million, with special assessments (\$2.7 million) and intergovernmental revenues (\$1.0 million) being the primary source. Net transfers in to the fund totaled \$10.0 million for various street, road and other infrastructure improvements projects.

The Major Street Capital Projects Fund decreased by \$4.8 million. Net transfers out of the fund to the Revolving Improvement Construction Capital Projects Fund totaled \$7.7 million for various street, road, and other infrastructure improvement projects. Revenues exceeded expenditures by \$2.9 million. Timing differences in project revenues and expenditures can result in a substantial increase or decrease in this fund from year to year.

The Combined Utility Trunk Capital Projects Fund increased by \$0.8 million. Revenues from investment income on available cash and an internal loan to the Cedar Grove TIF District totaled \$0.7 million in 2024; while special assessment revenues were \$0.1 million. Expenditures in the fund for 2024 were minor, totaling \$0.0 million.

The American Rescue Plan Special Revenue Fund increased by \$0.2 million. American Rescue Plan revenues offset with corresponding transfers out were \$3.5 million.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position in the respective enterprise funds are: Public Utilities, \$13.7 million; Civic Arena, (\$0.2) million; Aquatic Facility, \$1.9 million; and Community Center, \$1.9 million.

Net position increased \$6.0 million in the Public Utilities Fund. Operating income before depreciation totaled \$3.9 million. Depreciation expense totaled \$6.6 million resulting in an operating loss of \$2.7 million. After non-operating revenues and expenses of \$2.3 million, capital contributions totaling \$10.8 million, and net transfers out of \$4.5 million, the Public Utilities Fund ended the year with a net position of \$202.5 million. The net transfers out of \$4.5 million included a \$2.0 million transfer to the General Fund for reimbursement of operational services provided to the Public Utilities fund. In addition, a recurring transfer of antenna lease revenues of \$0.1 million was made to the Community Center to support operations in 2024. Lastly, a transfer out of \$2.3 million was made to the Revolving Improvement Construction Fund to provide funding for capital improvement projects.

Net position prior to transfers decreased \$0.3 million in the Civic Arena, increased \$0.3 million in the Aquatic Facility, and decreased \$0.5 million in the Community Center. Operations at these city facilities were greatly impacted by the COVID-19 pandemic; however, operations in 2024 show continued progress towards pre-pandemic levels. Following transfers in to support continuing operations, the net position decreased \$0.3 million in the Civic Arena, increased \$0.3 million in the Aquatic Facility, and decreased \$0.2 million in the Community Center.

The four internal service funds have combined net position of \$10.7 million. Net position increased \$1.3 million, primarily in the Benefit Accrual Fund (\$1.2 million). Revenue from service charges increased \$1.3 million across all funds, while operating expenses increased \$1.0 million.

Management's Discussion and Analysis

General Fund Budgetary Highlights

General Fund

Subsequent to the adoption of the Original Budget for General Fund expenditures (\$52.3 million), the City made a budget amendment that increased General Fund expenditures by \$32,500. Total revenue collections were 103.4% of budget. Property tax collections remained strong in 2024 at 99.2% leading budgeted property tax revenues to exceed actual revenues by \$0.3 million. Licenses and permits revenue exceeded budget expectations by \$0.4 million due to a stronger level of building permits and higher property valuation for improvements than expected. Intergovernmental revenue exceeded budget expectations by \$0.7 million due primarily to the City's historical approach of adopting a conservative budget for annual public safety aid received from the State of Minnesota.

Expenditures in total were under budget by \$2.4 million. General government, Public Safety, and Public Works expenditures were less than budgeted by \$0.3 million, \$1.4 million, and \$0.4 million, respectively, due to the City experiencing staff vacancies and retirements of tenured staff.

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, amounts to \$445.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery, and equipment.

Major governmental activities capital asset activity during the current fiscal year included \$6.7 million in capital improvements to the City's streets infrastructure system, and \$12.3 million for recreation facility improvements at Goat Hill, the Eagan Art House, and the Eagan Community Center. The 2024 net depreciation expense recorded on governmental activities capital assets totaled \$8.2 million.

Business-type activities capital asset activity during the current fiscal year included \$13.3 million in capital improvements to the City's utility infrastructure system. The 2024 business-type activities net depreciation expense totaled \$6.4 million.

Additional information on the City's capital assets can be found in Note 6 on pages 84-85 of this report.

City's Capital Assets (Net of Depreciation)

	Governmental Activities		Business -Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$73,375,279	\$71,983,950	\$1,629,718	\$1,638,054	\$75,004,997	\$73,622,004
Permanent easements	1,959,010	1,959,010	326,878	336,501	2,285,888	2,295,511
Sculptures and monuments	223,339	237,705	-	-	223,339	237,705
Buildings	42,226,065	43,838,901	19,896,510	20,680,364	62,122,575	64,519,265
Improvements other than buildings	30,645,892	28,399,881	-	-	30,645,892	28,399,881
Machinery and equipment	10,201,403	10,268,812	12,056,362	11,204,911	22,257,765	21,473,723
Infrastructure and temporary easements	69,166,917	67,565,613	157,253,903	151,153,176	226,420,820	218,718,789
Construction in progress	18,512,740	12,653,576	8,256,916	1,614,986	26,769,656	14,268,562
Total	<u>\$246,310,645</u>	<u>\$236,907,448</u>	<u>\$199,420,287</u>	<u>\$186,627,992</u>	<u>\$445,730,932</u>	<u>\$423,535,440</u>

Management's Discussion and Analysis

Long-Term Debt. At the end of the current year, the City had total bonded debt outstanding of \$53.0 million. The total debt outstanding for the City of \$59.0 million includes \$4.4 million for compensated absences and \$1.6 million for unamortized premiums and discounts.

City's Outstanding Debt

	Governmental Activities		Business -Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General Obligation bonds	\$52,985,000	\$36,405,000	\$ -	\$ -	\$52,985,000	\$36,405,000
Net premiums/discounts	1,617,892	580,993	-	-	1,617,892	580,993
Compensated absences	4,439,970	4,043,302	-	-	4,439,970	4,043,302
Total	<u>\$59,042,862</u>	<u>\$41,029,295</u>	<u>\$0</u>	<u>\$0</u>	<u>\$59,042,862</u>	<u>\$41,029,295</u>

In March 2024, with the issuance of the Series 2024A bonds, Moody's reaffirmed their credit rating on the City's general obligation (G.O.) debt of Aaa, which is the highest rating possible.

Minnesota Statutes limit the amount of direct G.O. net debt a Minnesota city may issue to 3% of total estimated market value of property within the city. Net debt means actual debt less cash held in sinking funds for retirement of the debt. The current net debt limitation for the City is \$386.6 million. The City's net debt is \$50.6 million.

Additional information on the City's long-term debt can be found in Note 7 on pages 86-90 of this report.

Economic Factors and Next Year's Budgets and Rates

The nation's economy continued to be strong in 2024 with growth in consumer spending and jobs. Unemployment continued to be low while wage growth positively impacted workers around the country. Employment increased nationally and continued to grow at modest levels in 2024. Hiring demand continues to be high in most business sectors with the jobs-to-jobless ratio gap continuing to close throughout the year.

Inflationary concerns felt and, in many ways, experienced in 2024, have continued into the first quarter of 2025. There is uncertainty surrounding tariff increases announced in 2025 and the impact those increases will have on the cost of supplies needed for daily operations and the overall cost of capital improvements. City purchasing managers remain vigilant and are exploring creative ways to uphold service levels while balancing cost inflation with their planned budgets.

The COVID-19 impacts continued to subside in 2024 but still indirectly lingered after the pandemic in the form of change in service demand and overall inflation. Economic relief from the pandemic was provided in 2021 and 2022 from the federal government. The American Rescue Plan Act (ARPA) provided welcomed aid during the pandemic and is still proving to be useful to address these impacts after the pandemic. City staff continue to utilize the ARPA funding in accordance with the budgetary plan adopted by City Council to determine the best use of ARPA funds. As of year-end 2024, all funding has been obligated to specified projects and will be fully used by the end of 2026 as required.

Management's Discussion and Analysis

During 2023, the City received \$3.0 million of Public Safety Aid from the State of Minnesota. Following the receipt of this public safety aid, the City Council approved the hiring of ten public safety positions over the course of 2024 and 2025. Starting in 2024, the public safety aid funds are being used to phase-in the added public safety positions in to the City's overall tax levy.

Locally, residential home values continued to increase for taxes payable 2025. The average valued home of \$412,644 for taxes payable 2025 increased 0.9% from taxes payable in 2024 where the home was valued at \$409,066. The city portion of property taxes on the average valued home in Eagan increased 6.0% for taxes payable 2025. The city's tax rate went essentially unchanged for the average valued homeowner due to an adjustment in the increased slightly from 0.33585 for taxes payable 2024 to a tax rate of 0.36068 for taxes payable 2025. This rate increase was a result of the City's net local levy increase outpacing the increase in net local tax capacity. Additionally, changes were made to the Market Value Exclusion Program by the 2024 State Legislature, which took effect for taxes payable 2025. The new legislation provides property tax relief to homesteaded properties and now shelters more of the taxable value when determining the tax capacity of the property.

The City adopts budgets for the General Fund, the City's primary operational fund, and multiple Enterprise, Special Revenue, and Capital Project Funds. The 2025 budget is the second year of a two-year budget process, which is a process the City first adopted back in 2017 for the preparation of the 2018-2019 budget cycle. The final 2025 General Fund budget adopted, totaled \$55.2 million and remained relatively unchanged from the draft 2025 budget presented a year prior, \$55.3 million. The 2025 General Fund budget of \$55.2 million, an increase of \$2.8 million, or 5.3%, compared to the 2024 budget of \$52.4 million. The budget is driven primarily by modest wage increases for existing union and non-union staff following a market rate study, and the hiring of public personnel with the Public Safety Aid provided by the State. The City's total 2025 property tax levy is set to increase 8.2% from 2024 once tax levy increases for capital and debt service funds are factored in.

As challenges continue with rising interest rates, inflationary pressures, and uncertainty with tariffs imposed on both operational and capital supplies, the City will continue to advance its proactive planning and strategies to best respond and address the challenges that might arise in the future in an effort to best serve its constituents, residents, and the Eagan community.

More information on the City's 2025 Budget can be found at the following link:

<https://www.cityofeagan.com/budget>

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Finance Director, 3830 Pilot Knob Road, Eagan, Minnesota 55122. Email requests can be sent to bfoiles@cityofeagan.com.

- This page intentionally left blank -

BASIC FINANCIAL STATEMENTS

CITY OF EAGAN, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

Statement 1

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$110,718,396	\$25,409,205	\$136,127,601
Receivables			
Accounts receivable	1,090,047	4,045,819	5,135,866
Interest receivable	554,220	127,238	681,458
Property tax receivable	2,084,841	428	2,085,269
Special assessments receivable	11,241,912	893,038	12,134,950
Internal balances	(12,674,261)	12,674,261	-
Notes receivable	27,953	-	27,953
Leases receivable	363,680	2,663,092	3,026,772
Due from other governments	2,701,262	163,365	2,864,627
Other assets	137,289	-	137,289
Prepaid items	522,037	3,750	525,787
Net other post employment benefits (OPEB) asset	17,095,847	1,261,124	18,356,971
Capital assets not being depreciated			
Land	73,375,279	1,629,718	75,004,997
Permanent easements	1,959,010	326,878	2,285,888
Sculptures and monuments	223,339	-	223,339
Construction in progress	18,512,740	8,256,916	26,769,656
Capital assets net of accumulated depreciation			
Buildings	42,226,065	19,896,510	62,122,575
Infrastructure and temporary easements	69,166,917	157,253,903	226,420,820
Improvements other than buildings	30,645,892	-	30,645,892
Machinery and equipment	10,201,403	12,056,362	22,257,765
Total assets	<u>380,173,868</u>	<u>246,661,607</u>	<u>626,835,475</u>
Deferred Outflows of Resources			
Pensions	22,679,110	483,336	23,162,446
OPEB	4,155,521	306,544	4,462,065
Total deferred outflows of resources	<u>26,834,631</u>	<u>789,880</u>	<u>27,624,511</u>
Liabilities:			
Salaries and benefits payable	1,109,696	203,029	1,312,725
Accounts payable	3,302,217	700,417	4,002,634
Contracts payable	521,716	32,512	554,228
Accrued interest payable	741,249	-	741,249
Due to other governments	7,571,177	195,196	7,766,373
Unearned revenue	704,497	235,308	939,805
Escrow deposits	3,457,586	703,116	4,160,702
Other liabilities	1,264,942	3,264	1,268,206
Bonds payable			
Payable within one year	2,750,000	-	2,750,000
Payable after one year	51,852,892	-	51,852,892
Compensated absences payable			
Payable within one year	3,991,677	-	3,991,677
Payable after one year	448,293	-	448,293
Net pension liability due in more than one year	19,099,411	2,155,346	21,254,757
Total liabilities	<u>96,815,353</u>	<u>4,228,188</u>	<u>101,043,541</u>
Deferred Inflows of Resources			
Pensions	27,877,927	1,448,166	29,326,093
OPEB	4,035,381	297,681	4,333,062
Leases	363,680	2,663,092	3,026,772
Total deferred inflows of resources	<u>32,276,988</u>	<u>4,408,939</u>	<u>36,685,927</u>
Net Position:			
Net investment in capital assets	200,271,602	199,387,775	399,659,377
Restricted for:			
OPEB	17,095,847	1,261,124	18,356,971
Debt service	5,599,657	-	5,599,657
Public safety	3,503,653	-	3,503,653
Eagan TV	1,744,156	-	1,744,156
Revolving loan	389,477	-	389,477
Grant purposes	350,582	-	350,582
Public parking	19,221	-	19,221
Park dedication	5,647,238	-	5,647,238
Tax increment	1,411,005	-	1,411,005
Unrestricted	41,883,720	38,165,461	80,049,181
Total net position	<u>\$277,916,158</u>	<u>\$238,814,360</u>	<u>\$516,730,518</u>

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities:							
General government	\$11,691,049	\$2,162,640	\$1,061,017	\$ -	(\$8,467,392)	\$ -	(\$8,467,392)
Public safety	29,091,912	3,554,019	2,922,500	63,725	(22,551,668)	-	(22,551,668)
Public works	12,620,721	952,039	338,775	7,972,602	(3,357,305)	-	(3,357,305)
Parks and recreation	9,444,998	3,381,780	251,219	1,469,100	(4,342,899)	-	(4,342,899)
Interest on long-term debt	1,795,644	-	-	-	(1,795,644)	-	(1,795,644)
Total governmental activities	64,644,324	10,050,478	4,573,511	9,505,427	(40,514,908)	0	(40,514,908)
Business-type activities:							
Public utilities	25,140,197	23,461,379	-	918,404	-	(760,414)	(760,414)
Civic arena	1,586,905	1,303,040	-	-	-	(283,865)	(283,865)
Aquatic facility	1,573,345	1,746,140	-	-	-	172,795	172,795
Community center	2,599,750	2,013,323	-	-	-	(586,427)	(586,427)
Total business-type activities	30,900,197	28,523,882	0	918,404	0	(1,457,911)	(1,457,911)
Total governmental and business-type activities	\$95,544,521	\$38,574,360	\$4,573,511	\$10,423,831	(40,514,908)	(1,457,911)	(41,972,819)
General revenues:							
Property taxes					48,587,112	-	48,587,112
Franchise taxes					657,036	-	657,036
Tax increments					3,904,259	-	3,904,259
Unrestricted interest and investment income (loss)					4,090,208	2,154,603	6,244,811
Grants and contributions not restricted to specific programs					3,525,261	-	3,525,261
Other general revenue					66,928	-	66,928
Transfers					(5,836,982)	5,836,982	-
Gain on sale of capital assets					32,362	2,417	34,779
Total general revenues and transfers					55,026,184	7,994,002	63,020,186
Change in net position					14,511,276	6,536,091	21,047,367
Net position - beginning					263,404,882	232,278,269	495,683,151
Net position - ending					\$277,916,158	\$238,814,360	\$516,730,518

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

CITY OF EAGAN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	9001 General Fund	9334 Cedar Grove Highway 13 Tax Increment	9358 Recreation Facilities Projects Fund	9372 Revolving Improvement Construction
Assets				
Cash and investments	\$37,654,382	\$ -	\$7,711,544	\$617,267
Accounts receivable	111,483	-	-	10,207
Accrued interest receivable	186,081	-	35,218	-
Taxes receivable	1,736,111	3,258	-	-
Special assessments receivable	26,197	-	-	7,652,098
Due from other funds	-	-	-	-
Due from other governments	224,948	-	-	2,016,466
Inventory	137,289	-	-	-
Prepaid items	10,000	-	-	-
Notes receivable	-	-	-	-
Leases receivable	238,528	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$40,325,019	\$3,258	\$7,746,762	\$10,296,038
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Salaries and benefits payable	\$1,087,838	\$ -	\$ -	\$ -
Accounts payable	584,534	-	1,011,519	198,757
Contracts payable	-	-	432,087	27,911
Accrued interest payable	-	-	-	-
Due to other funds	-	11,499,891	-	-
Due to other governments	323,937	-	-	6,917,975
Escrow deposits	3,071,712	-	-	-
Unearned revenue	103,196	-	-	-
Other liabilities	169,418	-	-	-
Advances from other funds	-	927,451	-	-
Total liabilities	5,340,635	12,427,342	1,443,606	7,144,643
Deferred Inflows of Resources:				
Unavailable revenue - taxes receivable	471,015	-	-	-
Unavailable revenue - special assessments	26,048	-	-	7,585,443
Unavailable revenue - notes receivable	-	-	-	-
Unavailable revenue - grants receivable	-	-	-	1,953,439
Leases	238,528	-	-	-
Total deferred inflows of resources	735,591	0	0	9,538,882
Fund Balance:				
Nonspendable	147,289	-	-	-
Restricted	-	-	6,303,156	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	34,101,504	(12,424,084)	-	(6,387,487)
Total fund balance	34,248,793	(12,424,084)	6,303,156	(6,387,487)
Total liabilities, deferred inflows of resources, and fund balance	\$40,325,019	\$3,258	\$7,746,762	\$10,296,038

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

Statement 3

9375 Major Street	9376 Combined Utility Trunk	9125 American Rescue Plan	Other Governmental Funds	Total Governmental Funds
\$16,920,418	\$19,532,991	\$922,249	\$30,970,655	\$114,329,506
-	-	-	968,357	1,090,047
87,315	62,129	16,493	149,511	536,747
95,807	-	-	249,665	2,084,841
728,920	390,374	-	2,834,697	11,632,286
-	-	-	41,180	41,180
-	2,048	-	368,322	2,611,784
-	-	-	-	137,289
-	-	-	-	10,000
-	-	-	27,953	27,953
-	-	-	125,152	363,680
-	927,451	-	-	927,451
<u>\$17,832,460</u>	<u>\$20,914,993</u>	<u>\$938,742</u>	<u>\$35,735,492</u>	<u>\$133,792,764</u>
\$ -	\$ -	\$ -	\$21,858	\$1,109,696
-	400	-	1,219,296	3,014,506
-	-	-	61,718	521,716
-	-	-	1,461	1,461
-	-	-	288,099	11,787,990
-	-	-	312,447	7,554,359
-	-	-	385,874	3,457,586
-	-	574,908	-	678,104
-	-	-	-	169,418
-	-	-	-	927,451
<u>0</u>	<u>400</u>	<u>574,908</u>	<u>2,290,753</u>	<u>29,222,287</u>
27,870	-	-	61,286	560,171
728,920	386,979	-	2,828,520	11,555,910
-	-	-	3,145	3,145
-	-	-	86,208	2,039,647
-	-	-	125,152	363,680
<u>756,790</u>	<u>386,979</u>	<u>0</u>	<u>3,104,311</u>	<u>14,522,553</u>
-	-	-	-	147,289
-	-	-	17,671,098	23,974,254
-	-	363,834	4,046,399	4,410,233
17,075,670	20,527,614	-	9,271,066	46,874,350
-	-	-	(648,135)	14,641,798
<u>17,075,670</u>	<u>20,527,614</u>	<u>363,834</u>	<u>30,340,428</u>	<u>90,047,924</u>
<u>\$17,832,460</u>	<u>\$20,914,993</u>	<u>\$938,742</u>	<u>\$35,735,492</u>	<u>\$133,792,764</u>

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

- This page intentionally left blank -

CITY OF EAGAN, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
DECEMBER 31, 2024

Statement 4

Total fund balance - governmental funds	\$90,047,924
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported as assets in the governmental funds.	
Costs of capital assets	406,354,995
Less accumulated depreciation	(160,044,350)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
Bond principal payable	(52,985,000)
Unamortized bond premium/discount	(1,617,892)
Net OPEB asset (liability)	17,095,847
Net pension liability	(19,099,411)
Deferred outflows of resources and deferred inflows of resources are not created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(27,877,927)
Deferred outflows of resources related to pensions	22,679,110
Deferred inflows of resources related to OPEB	(4,035,381)
Deferred outflows of resources related to OPEB	4,155,521
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	560,171
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments receivable	11,555,910
Notes receivable	3,145
Grants receivable	2,039,647
Governmental funds do not report a liability for accrued interest due and payable on long-term liabilities.	(730,855)
Certain funds are proprietary in nature and, therefore, need to be reported in the business-type activities in the Statement of Net Position.	
Combined Utility Trunk Fund	(20,524,219)
The Combined Utility Trunk Capital Projects Fund recorded delinquent and deferred special assessments receivables. In the governmental fund statements, delinquent and deferred special assessments are not available in the current period and, therefore, are deferred in the funds. This revenue is recognized when earned as a business-type activity.	(390,374)
Internal Service Funds are used by management to charge the costs of benefit accrual, risk management and workers' compensation to individual funds.	10,729,297
Total net position - governmental activities	<u>\$277,916,158</u>

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

CITY OF EAGAN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	9001 General Fund	9334 Cedar Grove Highway 13 Tax Increment	9358 Recreation Facilities Projects Fund	9372 Revolving Improvement Construction
Revenues:				
Property taxes	\$40,580,769	\$ -	\$ -	\$ -
Tax increments	-	2,546,563	-	-
Franchise taxes	-	-	-	-
Special assessments	14,223	-	-	2,676,836
Licenses and permits	2,550,647	-	-	-
Intergovernmental	2,177,975	-	-	962,246
Charges for services	3,222,795	20,000	-	-
Fines and forfeitures	227,647	-	-	-
Program revenues	575,181	-	-	-
Miscellaneous:				
Interest and investment income (loss)	1,199,103	(565,283)	494,125	-
Other revenues	417,597	-	-	1,665
Total revenues	<u>50,965,937</u>	<u>2,001,280</u>	<u>494,125</u>	<u>3,640,747</u>
Expenditures:				
Current:				
General government	9,391,473	14,374	-	-
Public safety	27,025,931	-	-	-
Public works	5,496,304	-	-	12,385
Parks and recreation	6,726,702	-	-	-
Government buildings	933,936	-	-	-
Capital outlay:				
General government	24,802	-	-	-
Public safety	196,481	-	-	-
Public works	42,830	-	-	10,892,898
Parks and recreation	154,287	-	11,050,015	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Bond issuance costs	-	-	270,737	-
Total expenditures	<u>49,992,746</u>	<u>14,374</u>	<u>11,320,752</u>	<u>10,905,283</u>
Revenues over (under) expenditures	<u>973,191</u>	<u>1,986,906</u>	<u>(10,826,627)</u>	<u>(7,264,536)</u>
Other financing sources (uses):				
Sale of City property	5,326	-	-	-
Issuance of debt	-	-	18,191,600	-
Premium on issuance of debt	-	-	1,126,136	-
Transfers in	3,166,423	-	810,000	9,998,281
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,171,749</u>	<u>0</u>	<u>20,127,736</u>	<u>9,998,281</u>
Net change in fund balance	4,144,940	1,986,906	9,301,109	2,733,745
Fund balance, beginning of the year, as previously presented	30,103,853	(14,410,990)	-	(9,121,232)
Change within financial reporting entity (nonmajor to major fund)	-	-	(2,997,953)	-
Fund balance, beginning of the year, as adjusted	<u>30,103,853</u>	<u>(14,410,990)</u>	<u>(2,997,953)</u>	<u>(9,121,232)</u>
Fund balance, end of the year	<u>\$34,248,793</u>	<u>(\$12,424,084)</u>	<u>\$6,303,156</u>	<u>(\$6,387,487)</u>

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

Statement 5

9375 Major Street	9376 Combined Utility Trunk	9125 American Rescue Plan	Other Governmental Funds	Total Governmental Funds
\$2,191,185	\$ -	\$ -	\$5,662,630	\$48,434,584
-	-	-	1,357,696	3,904,259
-	-	-	657,036	657,036
-	134,375	-	209,574	3,035,008
-	-	-	-	2,550,647
381,113	9,128	3,525,261	1,233,577	8,289,300
15,140	27,622	-	2,852,620	6,138,177
-	-	-	222,360	450,007
-	-	-	-	575,181
848,930	661,061	160,339	1,297,154	4,095,429
-	-	-	916,307	1,335,569
3,436,368	832,186	3,685,600	14,408,954	79,465,197
2,432	-	16,087	884,844	10,309,210
-	-	-	588,861	27,614,792
483,571	12,769	-	337,214	6,342,243
-	-	-	198,466	6,925,168
-	-	-	-	933,936
-	-	-	1,197,201	1,222,003
-	-	-	2,412,723	2,609,204
10,024	36,117	-	828,705	11,810,574
-	-	-	3,279,338	14,483,640
-	-	-	2,320,000	2,320,000
-	-	-	1,299,064	1,299,064
-	-	-	-	270,737
496,027	48,886	16,087	13,346,416	86,140,571
2,940,341	783,300	3,669,513	1,062,538	(6,675,374)
-	-	-	139,247	144,573
-	-	-	708,400	18,900,000
-	-	-	-	1,126,136
-	-	-	5,106,237	19,080,941
(7,746,281)	-	(3,509,175)	(3,621,847)	(14,877,303)
(7,746,281)	0	(3,509,175)	2,332,037	24,374,347
(4,805,940)	783,300	160,338	3,394,575	17,698,973
21,881,610	19,744,314	203,496	23,947,900	72,348,951
-	-	-	2,997,953	-
21,881,610	19,744,314	203,496	26,945,853	72,348,951
\$17,075,670	\$20,527,614	\$363,834	\$30,340,428	\$90,047,924

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

CITY OF EAGAN, MINNESOTA
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024**
Statement 6

Net change in fund balance - governmental funds	\$17,698,973
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expenses.	
Capitalized capital outlay	29,200,802
Depreciation expense	(11,346,140)
Net impact of sales and retirement of capital assets	(355,945)
Contributions of capital assets to business-type activities	(10,040,620)
Contributions of capital assets from third parties	1,945,100
The issuance of long-term debt provides current financial resources to governmental funds.	(20,026,136)
Principal payments on long-term debt are recognized as expenditures in the governmental funds. However, there is no effect on net position in the Statement of Activities.	2,320,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(315,080)
Discounts and premiums are recognized when debt is issued in the governmental funds but amortized over the life of the debt in the Statement of Activities.	89,237
OPEB obligations are recognized when paid in the governmental funds but recognized when incurred in the Statement of Activities.	1,217,394
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.	
Pension expense	23,154
State aid related to pension expense	581,419
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments deferred	950,024
Notes receivable deferred	(33,428)
Grants receivable deferred	2,039,647
Land held for resale	(153,300)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes delinquent	152,528
Certain funds are proprietary in nature and, therefore, are reported in the business-type activities.	
Combined Utility Trunk Fund	(746,573)
Internal Service Funds are used by management to charge the costs of benefit accrual, risk management, and workers' compensation to individual funds.	1,310,220
Change in net position - governmental activities	<u>\$14,511,276</u>

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

CITY OF EAGAN, MINNESOTASTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (ORIGINAL AND FINAL) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**Statement 7**

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$40,913,400	\$40,913,400	\$40,580,769	(\$332,631)
Special assessments	2,500	2,500	14,223	11,723
Licenses and permits	2,132,400	2,132,400	2,550,647	418,247
Intergovernmental	1,470,800	1,503,300	2,177,975	674,675
Charges for services	3,087,600	3,087,600	3,222,795	135,195
Fines and forfeitures	235,000	235,000	227,647	(7,353)
Program revenues	477,300	477,300	575,181	97,881
Miscellaneous				
Interest and investment income (loss)	150,000	150,000	1,199,103	1,049,103
Other revenues	239,500	239,500	417,597	178,097
Total revenues	48,708,500	48,741,000	50,965,937	2,224,937
Expenditures:				
Current				
General government	9,623,300	9,633,300	9,391,473	(241,827)
Public safety	28,382,100	28,382,100	27,025,931	(1,356,169)
Public works	5,833,400	5,833,400	5,496,304	(337,096)
Parks and recreation	6,906,600	6,939,100	6,726,702	(212,398)
Government buildings	1,050,200	1,050,200	933,936	(116,264)
Contingencies	48,600	38,600	-	(38,600)
Capital outlay				
General government	36,000	36,000	24,802	(11,198)
Public safety	227,800	227,800	196,481	(31,319)
Public works	52,800	52,800	42,830	(9,970)
Parks and recreation	176,600	176,600	154,287	(22,313)
Government buildings	300	300	-	(300)
Total expenditures	52,337,700	52,370,200	49,992,746	(2,377,454)
Revenues over (under) expenditures	(3,629,200)	(3,629,200)	973,191	4,602,391
Other financing sources (uses):				
Sale of City property	1,600	1,600	5,326	3,726
Transfers in	3,627,600	3,627,600	3,166,423	(461,177)
Total other financing sources (uses)	3,629,200	3,629,200	3,171,749	(457,451)
Net change in fund balance	\$0	\$0	4,144,940	\$4,144,940
Fund balance, beginning of the year			30,103,853	
Fund balance, end of the year			\$34,248,793	

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

- This page intentionally left blank -

CITY OF EAGAN, MINNESOTASTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (ORIGINAL AND FINAL) AND ACTUAL
SPECIAL REVENUE FUND - AMERICAN RESCUE PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024**Statement 8**

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$1,925,153	\$3,080,365	\$3,525,261	\$444,896
Miscellaneous				
Interest and investment income (loss)	-	-	160,339	160,339
Total revenues	<u>1,925,153</u>	<u>3,080,365</u>	<u>3,685,600</u>	<u>605,235</u>
Expenditures:				
Current				
General government	-	-	16,087	16,087
Total expenditures	<u>0</u>	<u>0</u>	<u>16,087</u>	<u>16,087</u>
Revenues over (under) expenditures	<u>1,925,153</u>	<u>3,080,365</u>	<u>3,669,513</u>	<u>589,148</u>
Other financing sources (uses):				
Transfers out	<u>(1,925,153)</u>	<u>(3,080,365)</u>	<u>(3,509,175)</u>	<u>(428,810)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	<u>160,338</u>	<u>\$160,338</u>
Fund balance, beginning of the year			<u>203,496</u>	
Fund balance, end of the year			<u>\$363,834</u>	

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

CITY OF EAGAN, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	9220 Public Utilities	9221 Civic Arena	9222 Aquatic Facility
Assets:			
Current assets:			
Cash and cash equivalents	\$1,013,933	\$121,398	\$2,055,072
Accounts receivable	3,810,911	74,871	-
Accrued interest receivable	42,127	632	10,262
Taxes receivable - delinquent	-	-	-
Special assessments receivable	73,007	-	-
Due from other funds	11,746,810	-	-
Due from other governments	161,067	250	-
Prepaid items	-	1,275	2,160
Leases receivable	735,439	-	-
Total current assets	<u>17,583,294</u>	<u>198,426</u>	<u>2,067,494</u>
Noncurrent assets:			
Special assessments receivable	429,657	-	-
Leases receivable	1,927,653	-	-
Net OPEB asset	919,684	104,635	53,235
Capital assets:			
Land	962,981	-	-
Permanent easements	326,878	-	-
Buildings and improvements	14,518,445	9,360,780	9,201,026
Water supply facilities	50,028,357	-	-
Water storage facilities	6,334,540	-	-
Water mains and lines	56,302,115	-	-
Sewer mains and lines	64,579,702	-	-
Storm drainage system	92,961,353	-	-
Street lights	2,740,832	-	-
Communications tower	1,796,015	-	-
Machinery and equipment	20,636,831	843,090	262,868
Construction in progress	7,850,229	-	63,102
Total cost	<u>319,038,278</u>	<u>10,203,870</u>	<u>9,526,996</u>
Less accumulated depreciation	<u>(131,057,675)</u>	<u>(8,323,541)</u>	<u>(8,283,465)</u>
Net capital assets	<u>187,980,603</u>	<u>1,880,329</u>	<u>1,243,531</u>
Total noncurrent assets	<u>191,257,597</u>	<u>1,984,964</u>	<u>1,296,766</u>
Total assets	<u>208,840,891</u>	<u>2,183,390</u>	<u>3,364,260</u>
Deferred outflows of resources:			
Pensions	302,972	50,334	22,555
OPEB	223,549	25,434	12,940
Total deferred outflows of resources	<u>526,521</u>	<u>75,768</u>	<u>35,495</u>
Total assets and deferred outflows of resources	<u>\$209,367,412</u>	<u>\$2,259,158</u>	<u>\$3,399,755</u>

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

Statement 9
1 of 2

Business-Type Activities Enterprise Funds		
9223 Community Center	Totals	Total Internal Service Funds
\$2,982,909	\$5,876,214	\$15,921,881
160,037	4,045,819	-
12,088	65,109	79,602
428	428	-
-	73,007	-
-	11,746,810	91,526
-	161,317	-
315	3,750	512,037
-	735,439	-
3,155,777	22,707,893	16,605,046
-	429,657	-
-	1,927,653	-
183,570	1,261,124	-
666,737	1,629,718	-
-	326,878	-
15,761,445	48,841,696	-
-	50,028,357	-
-	6,334,540	-
-	56,302,115	-
-	64,579,702	-
-	92,961,353	-
-	2,740,832	-
-	1,796,015	-
1,823,915	23,566,704	-
343,585	8,256,916	-
18,595,682	357,364,826	0
(10,279,858)	(157,944,539)	-
8,315,824	199,420,287	0
8,499,394	203,038,721	0
11,655,171	225,746,614	16,605,046
107,475	483,336	-
44,621	306,544	-
152,096	789,880	0
\$11,807,267	\$226,536,494	\$16,605,046

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

CITY OF EAGAN, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	9220 Public Utilities	9221 Civic Arena	9222 Aquatic Facility
Liabilities:			
Current liabilities:			
Salaries and benefits payable	\$123,568	\$28,479	\$1,449
Accounts payable	632,969	28,721	3,061
Contracts payable	32,512	-	-
Accrued interest payable	-	-	-
Due to other governments	174,365	11,112	581
Unearned revenue	12,802	40,980	7,139
Other liabilities	3,264	-	-
Compensated absences	-	-	-
Total current liabilities	979,480	109,292	12,230
Noncurrent liabilities:			
Customer deposits	702,976	-	140
Other liabilities	-	-	-
Compensated absences	-	-	-
Net pension liability	1,354,439	223,789	92,904
Total noncurrent liabilities	2,057,415	223,789	93,044
Total liabilities	3,036,895	333,081	105,274
Deferred inflows of resources:			
Pensions	915,669	149,261	49,693
OPEB	217,086	24,698	12,566
Leases	2,663,092	-	-
Total deferred inflows of resources	3,795,847	173,959	62,259
Net position:			
Net investment in capital assets	187,948,091	1,880,329	1,243,531
Restricted for OPEB	919,684	104,635	53,235
Unrestricted	13,666,895	(232,846)	1,935,456
Total net position	202,534,670	1,752,118	3,232,222
Total liabilities, deferred inflows of resources, and net position	\$209,367,412	\$2,259,158	\$3,399,755

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

Statement 9
2 of 2

Business-Type Activities Enterprise Funds		
9223 Community Center	Totals	Total Internal Service Funds
\$49,533	\$203,029	\$ -
35,266	700,017	288,111
-	32,512	-
-	-	8,933
9,138	195,196	16,818
174,387	235,308	26,393
-	3,264	763,180
-	-	3,991,677
268,324	1,369,326	5,095,112
-	703,116	-
-	-	332,344
-	-	448,293
484,214	2,155,346	-
484,214	2,858,462	780,637
752,538	4,227,788	5,875,749
333,543	1,448,166	-
43,331	297,681	-
-	2,663,092	-
376,874	4,408,939	0
8,315,824	199,387,775	-
183,570	1,261,124	-
2,178,461	17,250,868	10,729,297
10,677,855	217,899,767	10,729,297
\$11,807,267	\$226,536,494	\$16,605,046

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

- This page intentionally left blank -

CITY OF EAGAN, MINNESOTA**RECONCILIATION OF THE STATEMENT OF NET POSITION -
PROPRIETARY FUNDS - TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION - BUSINESS-TYPE ACTIVITIES
DECEMBER 31, 2024****Statement 10**

Total fund net position - proprietary funds	\$217,899,767
---	---------------

Amounts reported for business-type activities in the Statement of Net Position are different because:

The Combined Utility Trunk Capital Projects Fund provides renewal and replacements resources for utility operations. Therefore, it is included within business-type activities at the government-wide level.	20,527,614
--	------------

The Combined Utility Trunk Capital Projects Fund recorded delinquent and deferred special assessments receivables. In the governmental fund statements, delinquent and deferred special assessments are not available in the current period and, therefore, are deferred in the funds. This revenue is recognized when earned as a business-type activity.	<u>386,979</u>
--	----------------

Total net position - business-type activities	<u><u>\$238,814,360</u></u>
---	-----------------------------

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

CITY OF EAGAN, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	9220 Public Utilities	9221 Civic Arena	9222 Aquatic Facility
Operating revenues:			
Service charges	\$22,177,168	\$ -	\$ -
Connection permits	22,810	-	-
Penalties	109,875	-	-
Sale of materials and meter charges	70,430	-	-
Facility and equipment rental	4,478	917,143	26,616
Program and admission revenue	-	295,496	1,326,254
Merchandise sales	-	65,154	392,981
Advertising revenue	-	23,083	-
Other revenue	-	-	13
Total operating revenues	22,384,761	1,300,876	1,745,864
Operating expenses:			
Personal services	4,857,014	760,078	907,315
Supplies, repairs, and maintenance	1,753,076	123,539	153,950
Costs of merchandise sales	-	33,246	181,454
Other services and charges	4,440,864	308,972	166,315
MCES disposal charge	7,443,960	-	-
Total operating expenses	18,494,914	1,225,835	1,409,034
Operating income (loss) before depreciation	3,889,847	75,041	336,830
Depreciation expense	6,590,378	336,670	164,311
Operating income (loss)	(2,700,531)	(261,629)	172,519
Nonoperating revenues (expenses):			
Interest and investment income (loss)	998,743	(532)	93,757
Other interest earnings	267,768	-	-
Refunds and reimbursements	9,381	-	-
Connection charges	216,074	-	-
Intergovernmental revenues	18,628	-	-
Gain (loss) on disposal of asset	2,417	(24,400)	-
Other revenues	823,541	2,164	276
Other expenses	(6,019)	-	-
Total nonoperating revenues (expenses)	2,330,533	(22,768)	94,033
Income (loss) before capital contributions and transfers	(369,998)	(284,397)	266,552
Capital contributions	10,833,620	-	-
Transfers in	104,557	-	-
Transfers out	(4,550,229)	-	-
Total capital contributions and transfers	6,387,948	0	0
Change in net position	6,017,950	(284,397)	266,552
Net position, beginning of the year	196,516,720	2,036,515	2,965,670
Net position, end of the year	\$202,534,670	\$1,752,118	\$3,232,222

Amounts reported above

Amounts reported for business-type activities in the statement of activities are different because:

The Combined Utility Trunk Capital Projects Fund is reported with business type activities on the statement of activities

Intergovernmental revenues used for capital purposes

Transfers of capital assets between business-type activities and governmental activities

Amounts reported on the statement of activities

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

Statement 11

Business-Type Activities Enterprise Funds		
9223 Community Center	Totals	Total Internal Service Funds
\$ -	\$22,177,168	\$18,281,802
-	22,810	-
-	109,875	-
-	70,430	-
542,295	1,490,532	-
1,237,495	2,859,245	-
28,927	487,062	-
-	23,083	-
133,377	133,390	-
1,942,094	27,373,595	18,281,802
1,566,837	8,091,244	15,783,523
105,119	2,135,684	-
16,061	230,761	-
363,905	5,280,056	2,020,186
-	7,443,960	-
2,051,922	23,181,705	17,803,709
(109,828)	4,191,890	478,093
538,308	7,629,667	-
(648,136)	(3,437,777)	478,093
133,806	1,225,774	655,840
-	267,768	-
7,844	17,225	-
-	216,074	-
-	18,628	-
(9,519)	(31,502)	-
63,385	889,366	176,287
(1)	(6,020)	-
195,515	2,597,313	832,127
(452,621)	(840,464)	1,310,220
-	10,833,620	-
242,034	346,591	-
-	(4,550,229)	-
242,034	6,629,982	0
(210,587)	5,789,518	1,310,220
10,591,344	212,110,249	9,419,077
\$10,380,757	\$217,899,767	\$10,729,297
	Capital Contributions	Transfers - Net
	\$10,833,620	(\$4,203,638)
	106,776	-
	18,628	-
	(10,040,620)	10,040,620
	\$918,404	\$5,836,982

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

- This page intentionally left blank -

CITY OF EAGAN, MINNESOTA**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION TO THE STATEMENT OF ACTIVITIES
BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024****Statement 12**

Change in net position - proprietary funds	\$5,789,518
Amounts reported for governmental activities in the Statement of Activities are different because:	
Recognized current year activity from the Combined Utility Trunk Capital Projects Fund with the business-type activities.	783,300
Delinquent and deferred special assessments from the Combined Utility Trunk Capital Projects Funds are recognized when received in the governmental funds, but recognized when assessed with the business-type activities.	<u>(36,727)</u>
Change in net position - business-type activities	<u><u>\$6,536,091</u></u>

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

CITY OF EAGAN, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	9220	9221	9222
	Public Utilities	Civic Arena	Aquatic Facility
Cash flows from operating activities:			
Receipts from customers and users	\$22,246,630	\$1,543,056	\$1,720,334
Receipts from internal services provided	-	-	-
Other nonoperating revenues	851,550	(22,236)	277
Other nonoperating expenses	(6,019)	-	-
Payment to suppliers	(14,122,865)	(450,893)	(506,228)
Payment to employees	(4,842,097)	(755,204)	(908,862)
Payments to benefits on behalf of employees	(209,328)	(30,607)	(9,717)
Net cash flows from operating activities	<u>3,917,871</u>	<u>284,116</u>	<u>295,804</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	104,557	-	-
Transfer to other funds	(4,550,229)	-	-
Proceeds from (payments on) advances to other funds	(698,188)	-	-
Proceeds from connection charges	216,074	-	-
Net cash flows from noncapital financing activities	<u>(4,927,786)</u>	<u>0</u>	<u>0</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(9,119,876)	(196,149)	(42,316)
Proceeds from disposal of capital assets	104,540	24,400	-
Property taxes received for debt service	-	-	-
Net cash flows from capital and related financing activities	<u>(9,015,336)</u>	<u>(171,749)</u>	<u>(42,316)</u>
Cash flows from investing activities:			
Interest and dividends received	<u>1,296,607</u>	<u>(1,837)</u>	<u>90,768</u>
Net increase (decrease) in cash and cash equivalents	(8,728,644)	110,530	344,256
Cash and cash equivalents - January 1	<u>9,742,577</u>	<u>10,868</u>	<u>1,710,816</u>
Cash and cash equivalents - December 31	<u><u>\$1,013,933</u></u>	<u><u>\$121,398</u></u>	<u><u>\$2,055,072</u></u>

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

Statement 13
Page 1 of 2

<u>Business-Type Activities Enterprise Funds</u>		
<u>9223</u>		<u>Total Internal Service</u>
<u>Community Center</u>	<u>Totals</u>	<u>Funds</u>
\$1,851,378	\$27,361,398	\$ -
-	-	18,351,944
61,710	891,301	176,287
(1)	(6,020)	-
(485,715)	(15,565,701)	(2,512,778)
(1,558,622)	(8,064,785)	396,668
(66,353)	(316,005)	(15,783,523)
<u>(197,603)</u>	<u>4,300,188</u>	<u>628,598</u>
242,034	346,591	-
-	(4,550,229)	-
-	(698,188)	421,538
-	216,074	-
<u>242,034</u>	<u>(4,685,752)</u>	<u>421,538</u>
(354,366)	(9,712,707)	-
9,519	138,459	-
477	477	-
<u>(344,370)</u>	<u>(9,573,771)</u>	<u>0</u>
131,557	1,517,095	639,301
(168,382)	(8,442,240)	1,689,437
<u>2,854,193</u>	<u>14,318,454</u>	<u>14,232,444</u>
<u>\$2,685,811</u>	<u>\$5,876,214</u>	<u>\$15,921,881</u>

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

CITY OF EAGAN, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities Enterprise Funds		
	9220	9221	9222
	Public Utilities	Civic Arena	Aquatic Facility
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(\$2,700,531)	(\$261,629)	\$172,519
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	6,590,378	336,670	164,311
Pension items	(143,837)	(23,155)	(5,926)
Other nonoperating revenue	851,550	(22,236)	277
Other nonoperating expenses	(6,019)	-	-
Accounts receivable	(210,253)	173,830	-
Intergovernmental receivables	264,961	56,372	-
Special assessments receivable	(54,508)	-	-
Prepaid items	67,418	(108)	-
Customer deposits	(120,281)	-	-
Accounts payable	(533,787)	7,807	(2,435)
Wages, salaries, and compensation payable	14,917	4,874	(1,547)
Net OPEB asset/payable	(65,491)	(7,452)	(3,791)
Unearned revenue	(18,050)	11,978	(25,530)
Intergovernmental payables	(16,587)	7,165	(2,074)
Other liabilities	(2,009)	-	-
Total adjustments	6,618,402	545,745	123,285
Net cash provided (used) by operating activities	\$3,917,871	\$284,116	\$295,804
Noncash investing, capital and financing activities:			
Contributions of capital assets from governmental funds	\$10,040,620	\$ -	\$ -
Contributions of capital assets from private projects	\$793,000	\$ -	\$ -

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

Statement 13
Page 2 of 2

<u>Business-Type Activities Enterprise Funds</u>		<u>Total Internal Service Funds</u>
<u>9223</u>	<u>Totals</u>	
<u>Community Center</u>		
<u>(\$648,136)</u>	<u>(\$3,437,777)</u>	<u>\$478,093</u>
538,308	7,629,667	-
(53,281)	(226,199)	-
61,710	891,301	176,287
(1)	(6,020)	-
(58,116)	(94,539)	1,148
115	321,448	69,386
-	(54,508)	-
-	67,310	(512,037)
-	(120,281)	-
794	(527,621)	96,695
8,215	26,459	396,668
(13,072)	(89,806)	-
(32,715)	(64,317)	(392)
(1,424)	(12,920)	(13,104)
-	(2,009)	(64,146)
<u>450,533</u>	<u>7,737,965</u>	<u>150,505</u>
<u>(\$197,603)</u>	<u>\$4,300,188</u>	<u>\$628,598</u>
\$ -	\$10,040,620	\$ -
\$ -	\$793,000	\$ -

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

CITY OF EAGAN, MINNESOTA**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**
DECEMBER 31, 2024**Statement 14**

	OPEB Trust Fund	Dakota County Drug Task Force Custodial Fund
Assets:		
Cash and investments	\$ -	\$432,972
Minnesota State Board of Investment internal equity pool	32,072,373	-
Restricted cash	-	383,566
Other receivables	-	2,000
Accrued interest receivable	-	3,997
Due from other governments	-	206,869
Other assets	-	7,143
Total assets	<u>32,072,373</u>	<u>1,036,547</u>
Liabilities:		
Accounts payable	91,526	16,844
Due to other governmental units	-	87,026
Other liabilities	-	410,091
Total liabilities	<u>91,526</u>	<u>513,961</u>
Net position:		
Restricted for OPEB	31,980,847	-
Restricted for Dakota County Drug Task Force	-	522,586
Total net position	<u>\$31,980,847</u>	<u>\$522,586</u>

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

CITY OF EAGAN, MINNESOTA**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2024

Statement 15

	OPEB Trust Fund	Dakota County Drug Task Force Custodial Fund
Additions:		
Contributions		
Receipts from other governments	\$ -	\$639,968
Investment earnings (loss)		
Net change in fair value of investments	6,812,603	-
Interest, dividends, and other	-	43,236
Less investment activity expense	(3,682)	-
Net investment earnings (loss)	6,808,921	43,236
Total additions	6,808,921	683,204
Deductions:		
Withdrawals by participants	1,341,526	-
Reimbursements paid to other governments	-	268,706
Payments of operating expenses	-	373,023
Total deductions	1,341,526	641,729
Net increase (decrease) in fiduciary net position	5,467,395	41,475
Net position - beginning	26,513,452	481,111
Net position - ending	\$31,980,847	\$522,586

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

- This page intentionally left blank -

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

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

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

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

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

1. BLENDED COMPONENT UNIT

ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF EAGAN

The Eagan Economic Development Authority (EDA) was created in 2000 by the City to assume the duties of the former Housing and Redevelopment Authority (HRA) and to provide economic development services to the City. The Eagan EDA is governed by a board currently comprised of the four City Council Members and the Mayor. The Eagan EDA is a legally separate entity from the City and is a public body corporate and political subdivision of the state. The Eagan EDA's financial statements are reported as a part of the primary City government's because the EDA board is substantively the same as the City Council and the City has operational responsibility over the EDA.

The activity of the Eagan EDA is shown in the Tax Increment Financing (TIF) Capital Projects Funds in the City's financial statements. Separate financial statements are not issued for the Eagan EDA.

2. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

The City has several agreements with governmental and other entities, which provide reduced costs, better service, and additional benefits to the participants. These programs, which the City participates in, are listed below and amounts recorded within the current year financial statements are disclosed.

MINNESOTA VALLEY TRANSIT AUTHORITY (A JOINTLY GOVERNED ORGANIZATION)

The Cities of Eagan, Apple Valley, Burnsville, Rosemount, Savage, Prior Lake, Shakopee, Dakota County and Scott County, as equal participants, formed the Minnesota Valley Transit Authority (the "Authority"). The purpose of the Authority is to coordinate public transit service for the five communities. The Authority is governed by an eight member board comprised of representatives of member cities. The Authority is not fiscally dependent on the City.

There were minimal transactions between the City and the Authority in 2024. Complete financial statements for the Authority can be obtained at the City's Municipal Center.

LOGIS (A JOINTLY GOVERNED ORGANIZATION)

This consortium of approximately 57 government entities provides computerized data processing and support services to its members. LOGIS is legally separate from the City, as the City does not appoint a voting majority of the board and the consortium is fiscally independent of the City. During 2024, the City expended \$1,627,360 to LOGIS for goods and services provided. This amount is recorded as expenditures of the General (\$1,316,680), Equipment Revolving (\$176,913), Recreation Facilities Projects (\$82,582), Park System Development and Renewal & Replacement (\$400), Internal Service Fund (\$1,278) and Proprietary (\$49,507) Funds.

DAKOTA COMMUNICATIONS CENTER

On August 25, 2005, the City entered into a joint powers agreement with the Cities of Apple Valley, Burnsville, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul, West St. Paul, Minnesota, and Dakota County, Minnesota, to establish the Dakota Communications Center (DCC), a Minnesota nonprofit corporation. The purpose of the DCC is to engage in the operation and maintenance of a county-wide public safety answering point and communications center for law enforcement, fire, emergency medical services and other public safety services for the mutual benefit of residents residing in the above mentioned cities and county (members). Pursuant to the joint powers agreement, members are required to provide DCC their pro rata share of cost of operations and maintenance and capital projects.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The OPEB Trust Fund and the Dakota County Drug Task Force Custodial Fund are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these Funds are not incorporated into the government-wide statements.

C. MEASUREMENTS 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period except for reimbursement grants and cost-share project reimbursements which are considered available if they are collected within 120 days of year-end.

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 period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. Street construction aid from the Minnesota Department of Transportation is recognized as revenue in the year the funds are appropriated to the City and an eligible project is approved. All other revenue items are considered to be measurable and available only when cash is received by the City.

DESCRIPTION OF FUNDS

Major Governmental Funds:

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

Cedar Grove Highway 13 Tax Increment – Capital Projects Fund – This fund accounts for costs associated with constructing or acquiring assets related to the TIF District.

Recreation Facilities Projects – Capital Projects Fund – This fund accounts for costs associated with the Goat Hill and Art House improvement projects.

Revolving Improvement Construction – Capital Projects Fund – This fund accounts for costs associated with improvement projects throughout the City.

Major Street – Capital Projects Fund – This fund accounts for costs associated with maintenance, renewal, and replacement of City streets.

Combined Utility Trunk – Capital Projects Fund – This fund accounts for costs associated with maintenance, renewal, and replacement of the City's water, sewer, and storm sewer infrastructure.

American Rescue Plan – Special Revenue Fund – This fund accounts for costs associated with American Rescue Plan Act funding.

Proprietary Funds:

Public Utilities Fund – This fund accounts for the operations of the City's water, sanitary sewer, street lighting, and storm drainage/water quality utilities.

Civic Arena Fund – This fund accounts for the activities of the City's arena operations.

Aquatic Facility Fund – This fund accounts for the activities of the City's Cascade Bay Water Park.

Community Center Fund – This fund accounts for the operation of the City's Community Center.

Internal Service Funds:

Risk Management Fund – This fund accounts for the City's commercial insurance activity.

Benefit Accrual Fund – This fund accounts for the City's vacation and sick pay liabilities.
Workers' Compensation Self-Insurance Fund – This fund accounts for the City's workers' compensation self-insurance activity.

Dental Self-Insurance Fund – This fund accounts for the City's dental self-insurance activity.

Fiduciary Funds:

OPEB Trust Fund – This fund is used to account for the financial resources held by the City in a trustee capacity to be used by the City to pay OPEB benefits to employees.

Dakota County Drug Task Force Custodial Fund – This fund accounts for the amounts related to the task force held by the City in a strictly custodial capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Public Utilities Fund 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 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.

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. DEPOSITS AND INVESTMENTS

CITY FUNDS

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

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

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

Certain investments for the City are reported at fair value as disclosed in Note 3. 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.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to 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.

The remaining money market funds are invested in The First American Government Obligation Fund, an external investment pool. The fund seeks to maintain a constant net asset value (NAV) of \$1 per share. The securities held by the fund are valued on the basis of amortized cost. Shares may be redeemed without penalty on any business day.

OPEB TRUST FUND

These funds represent investments administered by the City's OPEB Trust Fund investment managers. As of December 31, 2024, they were comprised of Minnesota State Board of Investment.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investment. Investments are stated at fair value.

2. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

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

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

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

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

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

3. LEASE RECEIVABLES

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

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

4. INVENTORY AND PREPAID ITEMS

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

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

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, sidewalks, and similar items), and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

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

Property, plant, and equipment of the City are depreciated using the straight-line method over the estimated useful lives as listed.

<u>Assets</u>	<u>Years</u>
Utility distribution systems	80
Streets	20
Infrastructure	20
Buildings	40
Sidewalks	20
Land improvements	10-40
Building improvements	10-25
Machinery and equipment	5-15
Fire hydrants	25
Mobile equipment	5-20
Temporary easements	2-4
Street lights	35
Purchased software	2-5
Tower	60

6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES/UNEARNED REVENUES

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 represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

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 represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The City presents deferred inflows of resources on the Statement of Net Position and the Governmental Fund Balance Sheet. The governmental funds report deferred inflows of resources from five sources: property taxes, special assessments, notes receivable, grants receivable, and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions and OPEB, for various estimate differences that will be amortized and recognized over future years, and related to leases for the present value of future lease payments to be received.

Unearned revenue is reported for grants and other funding sources which have been received by the City but will be spent and earned in a subsequent year.

7. COMPENSATED ABSENCES

Under the terms of union contracts and personnel policies, the City's employees are granted vacations in varying amounts depending upon length of service and union contract or employee classification. All full-time employees accumulate one day of sick leave per month. Some part-time employees receive pro rata benefits. Upon termination, employees are paid for all unused vacation and, if they have five or more years of service, severance pay is equal to 50% of their unused sick leave.

Employees who have been with the City for at least five years and who have accrued and maintain a balance of over 160 hours of sick leave are also allowed to convert accumulated sick leave to deposits in the City's deferred compensation plans. Deposits in combination with all other payments to the deferred compensation plans are subject to maximum deferral regulations. Accumulated sick leave converted to deferred compensation will be paid at half the employee's rate of pay.

Employees who have been with the City for at least five years and who have accrued and maintain a balance of over 160 hours of sick leave time are allowed to trade accumulated sick leave for cash reimbursement for approved wellness activities. Accumulated sick leave used for this purpose will be reimbursed in cash at half the employee's current rate of pay.

The liability for vacation and vested sick leave is recorded in the Benefit Accrual Internal Service Fund for leave that is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid. The fund's revenues are derived from direct labor charges to other City funds. All benefits are then paid by the Benefit Accrual Internal Service Fund.

8. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

9. DEFINED BENEFIT PENSION PLANS

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

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

11. FUND EQUITY

A. CLASSIFICATION

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

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision-making authority) through resolution, amounts are only released from commitments through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has delegated authority to the Finance Director to assign fund balance under the City's fund balance policy.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

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. When unrestricted resources are available for use, it is the City's policy to use resources in the following order: committed, assigned, and unassigned.

B. MINIMUM FUND BALANCE

The City's target General Fund balance is to maintain an unassigned fund balance of 40% to 45% of the subsequent year's expenditure budget.

12. NET POSITION

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

13. USE OF ESTIMATES

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

14. BUDGETARY INFORMATION

Budgetary information budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and Special Revenue Funds with the exception of the Police Forfeiture Fund, Drug Task Force Grant Fund, Data Bank Abatement Fund, DCDTF Equitable Sharing Justice Fund, DCDTF Equitable Sharing Treasury Fund, Public Safety Aid Fund, and Affordable Housing Aid Fund. Budgets are also adopted for the Park System Development and Renewal & Replacement, Equipment Revolving, General Facilities Renewal, and Fire Apparatus Revolving Capital Projects Funds. A separate budget report is issued at the beginning of each year.

Budgeted amounts presented include the originally adopted budget and final amended budget approved by the City Council. The City does not use encumbrances. Budgeted expenditure appropriations lapse at year-end.

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

- a. The City Administrator submits to the City Council, a proposed operating budget for the year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budget is legally enacted through City Council action.
- d. Expenditures may legally exceed budgeted appropriations at the fund level through City Council action. Also, the City Council may authorize transfers of budgeted amounts between departments within any fund.
- e. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds with the exception of the Police Forfeiture, Drug Task Force Grant, Data Bank Abatement, DCDTF Equitable Sharing Justice, DCDTF Equitable Sharing Treasury, Public Safety Aid, and Affordable Housing Aid Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation (G.O.) bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls, with the exception of the Park System Development and Renewal & Replacement, Equipment Revolving, General Facilities Renewal and Fire Apparatus Revolving Funds, which are budgeted.

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

- f. The legal level of budgetary control is at the department level for the General Fund and at the fund level for all other budgeted funds. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Administrator or between departments by the City Council. The following is a listing of the General Fund department, Special Revenue Funds, and Capital Project Funds whose expenditures exceeded budgeted appropriations:

	Final Budget	Actual	Over Budget
Major Funds:			
General Fund:			
City clerk	\$ 617,900	\$ 658,038	\$ 40,138
Finance	1,169,800	1,245,792	75,992
American Resuce Plan	-	16,087	16,087
Nonmajor Funds:			
Special Revenue Funds:			
Eagan TV Fund	923,000	1,228,519	305,519
DWI Forfeiture Fund	7,500	81,801	74,301
Capital Project Fund:			
Equipment Revolving Fund	2,030,000	2,919,104	889,104
General Facilities Renewal Fund	506,600	706,244	199,644
Fire Apparatus Revolving Fund	-	1,000,000	1,000,000

The over expenditures were funded by available fund balance.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT FUND EQUITY

Capital Project Funds:	
Cedar Grove Highway 13 Tax Increment	(\$12,424,084)
Revolving Improvement Construction	(6,387,487)
Recreation Facilities Phase II	(648,135)

The deficit fund balance in the Cedar Grove Highway 13 Tax Increment Fund will be eliminated through future tax increment collections. Future revenues will be used to eliminate the deficit fund balance in the Revolving Improvement Construction Fund. The deficit fund balance in the Recreation Facilities Phase II Fund will be eliminated through a future debt issuance.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

A. DEPOSITS

The City addresses custodial credit risk by having the authority from the City Council to maintain deposits with various financial institutions that are members of the Federal Reserve System. As required by *Minnesota Statutes*, any of the City's deposits are to be protected by \$250,000 of federal depository insurance and pledged collateral. The fair value of pledged collateral must equal 110% of the deposits not covered by insurance or bonds. As of December 31, 2024, the City was not exposed to custodial credit risk because deposits were fully collateralized. The City had deposits of \$4,563,770 as of December 31, 2024. The City's book balance for cash as of December 31, 2024, was \$4,135,641.

B. INVESTMENTS

As of December 31, 2024, the City's governmental funds and proprietary funds had the following investments and maturities:

Investment type	Fair value	Investment maturities		
		Less than one year	1-5 years	6-10 years
U.S. Agencies	\$49,639,320	\$30,049,090	\$19,590,230	\$ -
U.S. Treasuries	53,669,670	34,941,140	18,728,530	-
Certificates of Deposit	8,056,920	4,150,024	3,906,896	-
Money Market	12,849,553	12,849,553	-	-
Municipal Bonds	8,578,185	6,732,899	1,845,286	-
Total	<u>\$132,793,648</u>			

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy states the City will not invest in securities maturing more than 10 years from the date of purchase, unless directly matched to a specific cash flow.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04-05 limits investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits its investments to those specified in these Statutes. The City's investments consist of U.S. Securities rated AA- by Standard & Poor's or higher. Other investments are not rated.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of a city's investment in a single issuer. The City's investment policy addresses concentration of credit risk by diversifying its investments by security type not to exceed maximum holdings percentage. The maximum holdings percentages range from 5% for commercial paper to 100% for U.S. Treasury obligations and governmental agency and instrumentality securities. The City's investments follow its investment policy in terms of concentration of credit risk. The following investments are over 5% of total investments:

Investment class	Percentage of Total Investments
Federal Home Loan Bank	20.7%
United States Treasuries	41.9%
First American Government Obligation Fund	8.2%
Federal Farm Credit Banks	9.9%

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

- \$132,793,648 of investments are valued using a matrix pricing model (Level 2 inputs)

C. OPEB TRUST FUND

As of December 31, 2024, the City's OPEB Trust Fund had the following investments and maturities.

Investment type	Fair value	Investment maturities		
		Less than one year	1-5 years	6-10 years
MN State Board of Investment	\$32,072,373	\$32,072,373	N/A	N/A

The Trust Policy states that with respect to assets of an OPEB trust, investments are limited to investments authorized under *Minnesota Statutes* Chapter 188A or Sec. 356A.06, Subd. 7, including shares of MN Trust, or as further prescribed by the GASB Statement No. 45 Investment Policy.

Credit Risk: The OPEB Trust's investments are not rated.

Concentration of Credit Risk: The MN SBI investments are not subject to concentration of credit risk.

The following is a summary of total deposits and investments:

City Governmental and Proprietary Funds	
Deposits (Note 3.A.)	\$4,135,641
Petty cash	14,850
Investments (Note 3.B.)	132,793,648
OPEB Trust Fund	
Investments (Note 3.C.)	32,072,373
Total deposits and investments	\$169,016,512

Deposits and investments are presented in the December 31, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$136,127,601
Statement of Fiduciary Net Position	
OPEB Trust Fund	
Investments	32,072,373
Dakota County Drug Task Force Custodial Fund	
Investments	432,972
Restricted cash	383,566
Total deposits and investments	\$169,016,512

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 – RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2024, are as follows:

	Major Fund					Nonmajor Governmental Funds	Total
	General	Major Street	Revolving Improvement Construction	Combined Utility Trunk	Public Utilities		
Property tax receivable	\$235,500	\$13,900	\$ -	\$ -	\$ -	\$30,600	\$280,000
Notes receivable	-	-	-	-	-	8,200	8,200
Special assessments receivable	919	728,920	6,633,890	361,907	100,601	2,686,512	10,512,749
Leases receivable	192,318	-	-	-	1,927,653	57,206	2,177,177
Total	<u>\$428,737</u>	<u>\$742,820</u>	<u>\$6,633,890</u>	<u>\$361,907</u>	<u>\$2,028,254</u>	<u>\$2,782,518</u>	<u>\$12,978,126</u>

NOTE 5 – LEASES

The City leases a portion of its water towers for cellular tower antenna sites. The leases are non-cancellable for a period of 10 years with three renewal periods of 5 years at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreements call for annual lease payments of \$12,000 - \$105,000, with increases indexed to the CPI. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 6.00%, which is stated in the lease agreement.

The City leases out two switching stations for use by CenturyLink. The leases are non-cancellable for a period of 20 years with two renewable periods of 5 years at the lessee's option. The agreements call for monthly payments ranging from \$1,400 - \$1,600, with increases indexed to the CPI. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 6.00% which is stated in the lease agreement.

The City leases conduit systems throughout the City, in which it licenses out the excess conduit system capacity to third parties. The term of the license agreement is a non-cancellable period of 30 years. The agreements call for annual payments ranging from \$2,300 - \$7,000, with increases indexed to the CPI. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3.00%, which is based on the rate available to finance equipment over the same time periods.

The City leases fiber optic wire for use by 3rd party companies. The agreement's terms are non-cancellable for a period covering 5 to 20 years. The agreements call for annual payments ranging from \$600 - \$4,500, with increases indexed to the CPI. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3.00%, which is based on the rate available to finance equipment over the same time periods.

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

The City leases space of the former Fire Station 3 property to HealthEast Medical Transportation. This lease is non-cancellable for a period of 3 years. The agreement calls for monthly lease payments of \$6,525 with increases indexed to the CPI. The lease receivable is measured at the present value of the future minimum lease payment expected to be received during the lease term at a discount rate of 1.12%, which is based on the rate available to finance the space over the same time periods.

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

	For the year ended 12/31/2024
Amortization of lease-related deferred inflows	
Governmental type leases	\$124,554
Business type leases	812,301
Total revenue recognized resulting from deferred inflow amortization	<u>936,855</u>
Governmental interest revenue	10,922
Business type interest revenue	198,253
Total revenue recognized in relation to leased assets	<u><u>\$1,146,030</u></u>

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$31,299,492	\$1,469,100	(\$63,142)	\$32,705,450
Infrastructure land	40,684,458	-	(14,629)	40,669,829
Permanent easements	1,959,010	-	-	1,959,010
Sculptures and monuments	237,705	-	(14,366)	223,339
Construction in progress	12,653,576	16,248,889	(10,389,725)	18,512,740
Total capital assets not being depreciated	<u>86,834,241</u>	<u>17,717,989</u>	<u>(10,481,862)</u>	<u>94,070,368</u>
Capital assets being depreciated				
Buildings	65,762,420	-	(220,526)	65,541,894
Infrastructure and temporary easements	152,134,430	6,940,306	(26,155)	159,048,581
Improvements other than buildings	48,870,399	4,521,754	(827,500)	52,564,653
Machinery and equipment	35,155,268	2,314,958	(2,340,727)	35,129,499
Total capital assets being depreciated	<u>301,922,517</u>	<u>13,777,018</u>	<u>(3,414,908)</u>	<u>312,284,627</u>
Less accumulated depreciation for				
Buildings	21,923,519	1,602,256	(209,946)	23,315,829
Infrastructure and temporary easements	84,568,817	5,328,561	(15,714)	89,881,664
Improvements other than buildings	20,470,518	2,174,411	(726,168)	21,918,761
Machinery and equipment	24,886,456	2,240,912	(2,199,272)	24,928,096
Total accumulated depreciation	<u>151,849,310</u>	<u>11,346,140</u>	<u>(3,151,100)</u>	<u>160,044,350</u>
Total capital assets being depreciated, net	<u>150,073,207</u>	<u>2,430,878</u>	<u>(263,808)</u>	<u>152,240,277</u>
Governmental activities capital assets, net	<u>\$236,907,448</u>	<u>\$20,148,867</u>	<u>(\$10,745,670)</u>	<u>\$246,310,645</u>

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$1,638,054	\$ -	(\$8,336)	\$1,629,718
Permanent easements	336,501	-	(9,623)	326,878
Construction in progress	1,614,986	16,501,856	(9,859,926)	8,256,916
Total capital assets not being depreciated	<u>3,589,541</u>	<u>16,501,856</u>	<u>(9,877,885)</u>	<u>10,213,512</u>
Capital assets being depreciated				
Buildings and improvements	48,087,494	945,264	(191,062)	48,841,696
Infrastructure and temporary easements	264,180,641	10,657,607	(95,334)	274,742,914
Machinery and equipment	22,307,156	2,314,766	(1,055,218)	23,566,704
Total capital assets being depreciated	<u>334,575,291</u>	<u>13,917,637</u>	<u>(1,341,614)</u>	<u>347,151,314</u>
Less accumulated depreciation for				
Buildings and improvements	27,407,130	1,679,709	(141,653)	28,945,186
Infrastructure and temporary easements	113,027,465	4,520,518	(58,972)	117,489,011
Machinery and equipment	11,102,245	1,429,440	(1,021,343)	11,510,342
Total accumulated depreciation	<u>151,536,840</u>	<u>7,629,667</u>	<u>(1,221,968)</u>	<u>157,944,539</u>
Total capital assets being depreciated, net	<u>183,038,451</u>	<u>6,287,970</u>	<u>(119,646)</u>	<u>189,206,775</u>
Business-type activities capital assets, net	<u>\$186,627,992</u>	<u>\$22,789,826</u>	<u>(\$9,997,531)</u>	<u>\$199,420,287</u>

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

Governmental activities	
General government	\$1,112,142
Public safety	1,576,112
Public works	7,071,430
Parks and recreation	<u>1,586,456</u>
Total depreciation expense - governmental activities	<u>\$11,346,140</u>
Business-type activities	
Public utilities	\$6,590,378
Civic arena	336,670
Aquatic facility	164,311
Community center	<u>538,308</u>
Total depreciation expense - business-type activities	<u>\$7,629,667</u>

NOTE 7 – LONG-TERM DEBT

A. GOVERNMENTAL ACTIVITIES

1. G.O. SPECIAL ASSESSMENT BONDS

The City issues special assessment bonds to provide funds for the construction of streets and utilities improvements. These bonds will be repaid from special assessments levied against the properties benefiting from this construction. The City is obligated for payment of special assessments debt not covered through the collection of special assessments from property owners. Any obligation by the City would be paid from property taxes. The amount of delinquent special assessment receivables in the debt service funds at December 31, 2024, was \$1,117. There were no special assessment bonds with governmental commitments currently outstanding at December 31, 2024.

2. G.O. STATE AID BONDS

The City issued G.O. State Aid Street Bonds to provide funding for the Northwood Parkway Bridge across Interstate 35E within the City. The debt service on the bonds is expected to be repaid from the City's municipal state aid allotments received annually from the Minnesota Department of Transportation. The City also pledges its full faith, credit, and power to levy direct general ad valorem taxes as security on the bonds, but the City does not anticipate using tax levies for the repayment of the bonds. G.O. State Aid Street Bonds currently outstanding are noted below:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Final Maturity</u>	<u>Balance at year-end</u>	<u>Due within one year</u>
G.O. State-Aid Street Bonds - Series 2017A	3/16/2017	2.00-2.75%	\$2,280,000	4/1/2029	<u>\$975,000</u>	<u>\$205,000</u>

Annual debt service requirements to maturity for G.O. State Aid Street Bonds are as follows:

<u>Years ending December 31</u>	<u>Governmental activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$205,000	\$23,238	\$228,238
2026	200,000	18,175	218,175
2027	195,000	12,994	207,994
2028	190,000	7,700	197,700
2029	<u>185,000</u>	<u>2,544</u>	<u>187,544</u>
Total	<u>\$975,000</u>	<u>\$64,651</u>	<u>\$1,039,651</u>

3. G.O. HOUSING IMPROVEMENT BONDS

The City issued G.O. Housing Improvement Bonds to provide funding for townhome improvements. These bonds will be repaid from special assessments levied against the property owners benefiting from the improvements. G.O. Housing Improvement Bonds currently outstanding are listed below:

	Issue Date	Interest Rate	Authorized and Issued	Final Maturity	Balance at yea.-end	Due within one year
Taxable G.O. Refunding - 2021A of 2012A	3/30/2021	0.20 - 2.50%	\$465,000	2/1/2028	\$270,000	\$65,000
Taxable G.O. - 2021A	3/30/2021	0.20 - 2.50%	\$845,000	2/1/2041	735,000	40,000
					<u>\$1,005,000</u>	<u>\$105,000</u>

Annual debt service requirements to maturity for G.O. Housing Improvement Bonds are as follows:

Years ending December 31	Governmental activities		
	Principal	Interest	Total
2025	\$105,000	\$16,655	\$121,655
2026	105,000	15,789	120,789
2027	110,000	14,658	124,658
2028	110,000	13,283	123,283
2029	40,000	12,240	52,240
2030-2034	205,000	50,280	255,280
2035-2039	230,000	26,585	256,585
2040-2041	100,000	2,500	102,500
Total	<u>\$1,005,000</u>	<u>\$151,990</u>	<u>\$1,156,990</u>

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. G.O. TAX INCREMENT BONDS

The City issued G.O. Tax Increment Bonds to provide funding for a parking structure. G.O. Tax Increment Bonds currently outstanding are listed below:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Final Maturity</u>	<u>Balance at year-end</u>	<u>Due within one year</u>
Taxable G.O. Refunding - 2021A of 2013A	3/30/2021	0.20 - 2.50%	\$6,865,000	2/1/2030	<u>\$5,910,000</u>	<u>\$965,000</u>

Annual debt service requirements to maturity for G.O. Tax Increment Bonds are as follows:

<u>Years ending December 31</u>	<u>Governmental activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$965,000	\$68,850	\$1,033,850
2026	970,000	60,865	1,030,865
2027	975,000	50,651	1,025,651
2028	985,000	38,396	1,023,396
2029	1,000,000	24,248	1,024,248
2030	<u>1,015,000</u>	<u>8,374</u>	<u>1,023,374</u>
Total	<u>\$5,910,000</u>	<u>\$251,384</u>	<u>\$6,161,384</u>

5. G.O. CAPITAL IMPROVEMENT PLAN BONDS

The City issued G.O. Capital Improvement Plan Bonds to provide funding for the new fire station and CSM Phase 1. G.O. Capital Improvement Plan Bonds currently outstanding are listed below:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Final Maturity</u>	<u>Balance at year-end</u>	<u>Due within one year</u>
G.O. Capital Improvement Plan Bonds - Series 2016A	4/28/2016	2.00 - 3.00%	\$8,130,000	2/1/2037	\$5,790,000	\$390,000
G.O. Capital Improvement Plan Bonds - Series 2018A	10/16/2018	3.375 - 4.000%	22,300,000	2/1/2039	<u>20,405,000</u>	<u>1,085,000</u>
					<u>\$26,195,000</u>	<u>\$1,475,000</u>

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Annual debt service requirements to maturity for G.O. Capital Improvement Plan Bonds are as follows:

Years ending December 31	Governmental activities		
	Principal	Interest	Total
2025	\$1,475,000	\$819,810	\$2,294,810
2026	1,530,000	765,660	2,295,660
2027	1,580,000	711,559	2,291,559
2028	1,635,000	655,560	2,290,560
2029	1,565,000	605,709	2,170,709
2030-2034	8,495,000	2,329,183	10,824,183
2035-2039	9,915,000	870,208	10,785,208
Total	<u>\$26,195,000</u>	<u>\$6,757,689</u>	<u>\$32,952,689</u>

6. G.O. TAX ABATEMENT BONDS

The City issued G.O. Tax Abatement Bonds to finance park improvement projects in the City including the Eagan Art House and Goat Hill Pavillion. G.O. Tax Abatement Bonds currently outstanding are listed below:

	Issue Date	Interest Rate	Authorized and Issued	Final Maturity	Balance at year-end	Due within one year
G.O. Tax Abatement Bonds - Series 2024A	3/13/2024	4.00 - 5.00%	\$18,900,000	2/1/2045	<u>\$18,900,000</u>	<u>\$0</u>

Annual debt service requirements to maturity for G.O. Tax Abatement Bonds are as follows:

Years ending December 31	Governmental activities		
	Principal	Interest	Total
2025	\$ -	\$801,963	\$801,963
2026	605,000	786,838	1,391,838
2027	635,000	755,838	1,390,838
2028	665,000	723,338	1,388,338
2029	700,000	689,213	1,389,213
2030-2034	4,030,000	2,909,538	6,939,538
2035-2039	4,925,000	2,000,213	6,925,213
2040-2044	5,990,000	909,169	6,899,169
2045	1,350,000	27,844	1,377,844
Total	<u>\$18,900,000</u>	<u>\$9,603,954</u>	<u>\$28,503,954</u>

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

B. CHANGES IN LONG TERM DEBT

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental Activities					
Bonds Payable					
G.O. State-Aid Street Bonds	\$1,185,000	\$ -	\$210,000	\$975,000	\$205,000
G.O. Capital Improvement Plan Bonds	27,250,000	-	1,055,000	26,195,000	1,475,000
G.O. Taxable Refunding Bonds	6,865,000	-	955,000	5,910,000	965,000
G.O. Taxable Housing Impr. Bonds	1,105,000	-	100,000	1,005,000	105,000
G.O. Tax Abatement Bonds	-	18,900,000	-	18,900,000	-
Bond premiums/discounts	580,993	1,126,136	89,237	1,617,892	-
Compensated absences*	<u>4,043,302</u>	<u>396,668</u>	<u>-</u>	<u>4,439,970</u>	<u>3,991,677</u>
Total governmental activities					
Long-term liabilities	<u>\$41,029,295</u>	<u>\$20,422,804</u>	<u>\$2,409,237</u>	<u>\$59,042,862</u>	<u>\$6,741,677</u>

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

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8 – FUND BALANCE DETAIL

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General	Cedar Grove Highway 13 Tax Increment	Recreation Facilities Projects Fund	Revolving Improvement Construction	Major Street	Combined Utility Trunk	American Rescue Plan	Other Governmental Funds	Total
Nonspendable									
Prepaid items	\$10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,000
Inventory	137,289	-	-	-	-	-	-	-	137,289
Total nonspendable	147,289	0	0	0	0	0	0	0	147,289
Restricted									
Debt service	-	-	-	-	-	-	-	4,614,504	4,614,504
Tax increment financing	-	-	-	-	-	-	-	1,411,005	1,411,005
Police forfeitures	-	-	-	-	-	-	-	6,525	6,525
Eagan TV	-	-	-	-	-	-	-	1,744,156	1,744,156
Revolving loan	-	-	-	-	-	-	-	389,477	389,477
DWI forfeiture	-	-	-	-	-	-	-	20,784	20,784
DCDTF equitable sharing Justice	-	-	-	-	-	-	-	403,987	403,987
Opioid crisis prevention	-	-	-	-	-	-	-	626,268	626,268
Cedar grove parking garage	-	-	-	-	-	-	-	18,542	18,542
Park dedication	-	-	-	-	-	-	-	5,639,179	5,639,179
DCDTF equitable sharing Treasury	-	-	-	-	-	-	-	4,068	4,068
Public safety aid	-	-	-	-	-	-	-	2,442,021	2,442,021
Affordable housing aid	-	-	-	-	-	-	-	350,582	350,582
Capital projects	-	-	6,303,156	-	-	-	-	-	6,303,156
Total restricted	0	0	6,303,156	0	0	0	0	17,671,098	23,974,254
Committed									
American Rescue Plan	-	-	-	-	-	-	363,834	-	363,834
Housing	-	-	-	-	-	-	-	472,742	472,742
Cable TV	-	-	-	-	-	-	-	716,312	716,312
Tree mitigation	-	-	-	-	-	-	-	963,565	963,565
Data bank abatement	-	-	-	-	-	-	-	75,969	75,969
Sustainability	-	-	-	-	-	-	-	1,441,371	1,441,371
Cedar Bluffs housing	-	-	-	-	-	-	-	196,286	196,286
Meadowlark Ridge housing	-	-	-	-	-	-	-	180,154	180,154
Total committed	0	0	0	0	0	0	363,834	4,046,399	4,410,233
Assigned									
Capital projects and equipment	-	-	-	-	17,075,670	20,527,614	-	9,271,066	46,874,350
Unassigned	34,101,504	(12,424,084)	-	(6,387,487)	-	-	-	(648,135)	14,641,798
Total	<u>\$ 34,248,793</u>	<u>\$ (12,424,084)</u>	<u>\$ 6,303,156</u>	<u>\$ (6,387,487)</u>	<u>\$ 17,075,670</u>	<u>\$ 20,527,614</u>	<u>\$ 363,834</u>	<u>\$ 30,340,428</u>	<u>\$ 90,047,924</u>

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

The City internally segregated portions of its cash and investments in its enterprise funds for specific purposes. The City has designated certain revenue and expenditure accounts to be added to or subtracted from these cash accounts or specifically set aside amounts based on the capital improvement plan.

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Public Utilities	Water renewal and replacement	\$198,458
Public Utilities	Water supply and storage	348,383
Public Utilities	Sanitary Sewer renewal and replacement	53,731
Public Utilities	Storm drain expansion and modifications	41,471
Public Utilities	Storm drain renewal and replacement	(51,976)
Public Utilities	Water quality	126,767
Civic Arena	Capital replacement	178,552
Aquatic Facility	Capital replacement	1,152,799
Community Center	Capital replacement	1,834,831
Total		<u><u>\$3,883,017</u></u>

NOTE 9 – INTERFUND ASSETS/LIABILITIES

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

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Equipment Revolving	DWI Forfeiture	\$41,180
Public Utilities	Cedar Grove Parking Garage	246,919
Public Utilities	Cedar Grove Highway 13 Tax Increment	11,499,891
Benefit Accrual	OPEB Trust	59,144
Dental Self-Insurance	OPEB Trust	32,382
Total		<u><u>\$11,879,516</u></u>

Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Combined Utility Trunk	Cedar Grove Hwy 13 Tax Increment	<u><u>\$927,451</u></u>

The due from/due to other funds balances represent borrowing to resolve deficit cash balances. Advances to/from other funds represent funding for capital activity.

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10 – TRANSFERS

Interfund transfers for the year ended December 31, 2024, were as follows:

Transfer out	Transfer in	Purpose	Amount
American Rescue Plan	Equipment Revolving Fund	ARPA Projects	\$554,118
American Rescue Plan	Recreation Facilities Project Fund	ARPA Projects	60,000
American Rescue Plan	Park System Development and Renewal & Replacement	ARPA Projects	38,803
American Rescue Plan	Public Utilities	ARPA Projects	104,557
American Rescue Plan	General Facilities Renewal	ARPA Projects	247,701
American Rescue Plan	Eagan TV Fund	ARPA Projects	300,000
American Rescue Plan	Recreation Facilities Phase II	ARPA Projects	1,203,996
American Rescue Plan	Fire Apparatus Revolving	ARPA Projects	1,000,000
Sustainability	General Fund	Operations Funding	91,214
Sustainability	Equipment Revolving Fund	Operations Funding	80,627
Sustainability	Recreation Facilities Project Fund	Operations Funding	750,000
Public Safety Aid	General Fund	Operations Funding	739,247
Cable TV Franchise Fees Fund	General Fund	Operations Funding	293,962
Cable TV Franchise Fees Fund	Eagan TV Fund	Operations Funding	554,028
Public Utilities	General Fund	Operations Funding	2,042,000
Public Utilities	Community Center	Operations Funding	242,034
Public Utilities	Equipment Revolving Fund	Operations Funding	14,195
Public Utilities	Revolving Improvement Construction	Funding Capital Projects	2,252,000
Major Street	Revolving Improvement Construction	Funding Capital Projects	7,746,281
2012/2021A Coachman Oaks HIA	2018A GO Bonds	Debt Service Reclassification	66,639
2021A GO Bonds	2013A/2021A GO Tax Increment Bonds	Debt Service Reclassification	1,046,130
Total			<u>\$19,427,532</u>

NOTE 11 – 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. On July 1, 1993, the City began to self-insure for workers' compensation risk up to certain limits. A stop-loss policy was purchased that limits the City's loss to \$500,000 per incident. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in insurance from the previous year.

All funds of the City participate in the program and make payments to the Workers' Compensation Self-Insurance Internal Service Fund. Based on the requirements of GASB Statement No. 10, a liability is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Interfund premiums are charged to user funds as quasi-external transactions. The Workers' Compensation Self-Insurance Internal Service Fund includes a reserve of \$4,177,909 for catastrophic losses. The total claims liability reported in the Fund at December 31, 2024, is \$949,553 of which \$332,344 is considered long-term and includes amounts for known claims and for estimated incurred but not reported claims. These estimates are determined based on the probability that a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Changes in the Fund's claims liability amounts, including long-term amounts, for the past three years were as follows:

<u>Year</u>	<u>Balance beginning of year</u>	<u>Claims expense and estimates</u>	<u>Claims payments</u>	<u>Balance end of year</u>
2022	\$673,426	\$984,725	(\$910,950)	\$747,201
2023	747,201	1,088,998	(922,328)	913,871
2024	913,871	1,083,414	(1,047,732)	949,553

The City also has an Internal Service Fund titled "Risk Management" which services other funds' insurance premiums, but does not involve the retention of risk. The City anticipates that over a period of time, sufficient amounts will be built up to allow the City to expand into a self-insurance program.

NOTE 12 – PENSION PLANS

A. PLAN DESCRIPTION

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

1. General Employees Retirement Plan (General Plan)

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

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

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

B. BENEFITS PROVIDED

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

1. General Employees Plan Benefits

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

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

2. Police and Fire Plan Benefits

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

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

C. CONTRIBUTIONS

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

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024 were \$1,432,759. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024 were \$2,526,545. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$8,092,095 for its proportionate share of the General Employee's Fund 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 \$209,245.

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 0.2189% at the end of the measurement period and 0.2159% for the beginning of the period.

City's proportionate share of the net pension liability	\$8,092,095
State of Minnesota's proportionate share of the net pension liability associated with the City	209,245
Total	<u>\$8,301,340</u>

For the year ended December 31, 2024, the City recognized pension expense of \$929,646 for its proportionate share of the General Plan's pension expense. In addition, the City recognized an additional \$5,610 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 \$372,349 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.

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$761,208	\$ -
Changes in actuarial assumptions	39,779	3,062,767
Net difference between projected and actual earnings on pension plan investments	-	2,360,078
Changes in proportion	285,036	101,452
Employer contributions subsequent to the measurement date	716,827	-
Total	<u>\$1,802,850</u>	<u>\$5,524,297</u>

The \$716,827 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:

Year Ending December 31,	Pension Expense
2025	(\$2,454,508)
2026	(427,914)
2027	(935,633)
2028	(620,219)
2029	-
Thereafter	-

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$13,162,662 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 1.0005% at the end of the measurement period and 0.9998% for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund during 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% funded, or until the State Patrol Plan (administered by the Minnesota State

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$501,756.

City's proportionate share of the net pension liability	\$13,162,662
State of Minnesota's proportionate share of the net pension liability associated with the City	501,756
Total	<u>\$13,664,418</u>

For the year ended December 31, 2024, the City recognized pension expense of \$2,855,377 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$48,724 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$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 \$284,142 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 Police and Fire Fund deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$5,127,991	\$ -
Changes in actuarial assumptions	14,455,680	19,382,098
Net difference between projected and actual earnings on pension plan investments	-	4,260,836
Changes in proportion	441,788	158,862
Employer contributions subsequent to the measurement date	1,334,137	-
Total	<u>\$21,359,596</u>	<u>\$23,801,796</u>

The \$1,334,137 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:

Year Ending December 31,	Pension Expense
2025	(\$419,588)
2026	3,491,581
2027	(2,007,389)
2028	(5,149,003)
2029	308,062
Thereafter	-

The net pension liability will be liquidated by the General, Public Utilities, Civic Arena, Aquatic Facility and Community Center funds.

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2024 actuarial valuation was determined using the entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

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

Benefit increases after retirement are assumed to be 1.25% for the General Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Plan range in annual increments from 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 General Plan were based on the Pub-2010 General Employee Mortality Table. Mortality rates for Police and Fire Plan were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

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.

Police and Fire Fund

Changes in Plan Provisions:

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

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

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

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Plan and Police and Fire Plan were projected to be available to make all projected future benefit payments of current plan members. 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 proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Proportionate share of the General Plan net pension liability	\$17,674,440	\$8,092,095	\$209,744
Proportionate share of the Police and Fire Plan net pension liability	\$31,105,940	\$13,162,662	(\$1,572,525)

H. PENSION PLAN FIDUCIARY NET POSITION

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

I. PENSION EXPENSE

Pension expense recognized by the City for the year ended December 31, 2024 is as follows:

General Plan	\$935,256
Police and Fire Plan	<u>2,904,101</u>
Total	<u><u>\$3,839,357</u></u>

J. DEFINED CONTRIBUTION PLAN

Four of the City's council members 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 Chapters 353D and 356, 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. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. 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 two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City during fiscal year 2024 were:

Contribution Amount		Contribution Amount		Required Rate
Employee	Employer	Employee	Employer	
\$2,001	\$2,001	5%	5%	5%

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

A. PLAN DESCRIPTION

The City provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by Blue Cross Blue Shield. It is the City's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. The City Council has the authority to establish and amend the plan provisions.

B. FUNDING POLICY

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements.

C. MEMBERS

As of December 31, 2024, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Active employees	306
Total	351

D. CONTRIBUTIONS

Retirees contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2024, the City contributed \$0 to the plan.

E. ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key methods and assumptions used in valuation of total OPEB liability	
Investment rate of return	7.50%, net of investment expense
Salary increases	Varying based on service and contract group
Inflation	2.50%
Healthcare cost trend increases	6.25% in 2024 grading to 5.00% over 5 years and then to 4.00% over the next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale

The actuarial assumptions used in the December 31, 2024, valuation are drawn from the most recent four-year actuarial experience studies for the Public Employee Retirement Association of Minnesota Police and Fire Plan completed in 2020 and for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019 and a review of the inflation assumption.

The long-term expected rate of return on OPEB plan investments was determined using historical averages.

Asset Class	Target	Long-term expected real rate of return
MN State Board of Investment - OPEB Internal Equity Pool	100%	7.50%

The details of the investments and the investment policy are described in Note 3 of the City's financial statements. For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 26.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. CHANGES IN NET OPEB LIABILITY

	Increases (decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Postion (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at January 1, 2024	\$13,520,729	\$26,513,452	(\$12,992,723)
Changes for the year			
Service cost	446,527	-	446,527
Interest	998,146	-	998,146
Differences between expected and actual economic experience	-	6,812,603	(6,812,603)
Changes of assumptions	-	-	-
Employer contributions	-	-	-
Net investment income	-	-	-
Benefit payments	(1,341,526)	(1,341,526)	-
Administrative expense	-	(3,682)	3,682
Other charges	-	-	-
Net changes	103,147	5,467,395	(5,364,248)
Balances at December 31, 2024	\$13,623,876	\$31,980,847	(\$18,356,971)

H. OPEB LIABILITY SENSITIVITY

The following presents the City's net OPEB liability calculated using the discount rate of 7.5% as well as the net OPEB liability measured using 1% lower and 1% higher than the current discount rate.

	1% decrease (6.5%)	Current (7.5%)	1% increase (8.5%)
Net OPEB Liability (Asset)	(\$17,368,066)	(\$18,356,971)	(\$19,236,711)

CITY OF EAGAN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	1% decrease (5.25% decreasing to 4.00% then 3.00%)	Current (6.25% decreasing to 5.00% then 4.00%)	1% increase (7.25% decreasing to 6.00% then 5.00%)
Net OPEB Liability (Asset)	(\$19,583,077)	(\$18,356,971)	(\$16,934,152)

I. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2024, the City recognized OPEB expense of (\$1,307,200). At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between projected and actual earnings on OPEB plan investments	\$ -	\$3,972,393
Differences between expected and actual experience	4,216,393	-
Changes in actuarial assumptions	245,672	360,669
Total	\$4,462,065	\$4,333,062

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	Total
2025	(\$339,946)
2026	634,338
2027	(1,096,539)
2028	(254,408)
2029	592,785
Thereafter	592,773
Total	\$129,003

NOTE 14 – TAX ABATEMENTS/TAX INCREMENT FINANCING

The City has entered into Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from *Minnesota Statute 469*. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2024, the City generated \$3,904,259 in tax increment revenue and made \$110,358 in payments to developers.

NOTE 15 – CONTRACT COMMITMENTS

At December 31, 2024, the following contract commitments existed:

Contract number	Contractor	Revised contract amount	Payments to date	Amount remaining
22-02	OMG Midwest Inc	\$3,015,399	\$2,763,201	\$252,198
23-21	SOLitude Lake Management	55,434	-	55,434
24-12	Bituminous Roadways	433,375	403,805	29,570
24-08	Peterson Companies Inc.	495,139	443,160	51,979
24-16	JT Services	345,356	344,956	400
24-14	Taylor Electric	209,155	156,748	52,407
24-17	Vinco, Inc	498,332	-	498,332
24-20	Empire Pipe Services	61,625	-	61,625
multiple	Goat Hill Shelter	4,531,639	3,754,481	777,158
multiple	Art House	7,023,881	4,964,612	2,059,269
multiple	ECC	9,290,077	1,172,646	8,117,431
Total		<u>\$25,959,412</u>	<u>\$14,003,609</u>	<u>\$11,955,803</u>

NOTE 16 – CONTINGENCIES

There are various lawsuits pending in which the City is involved. The City estimates the potential claims against the City, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the City.

NOTE 17 – SUBSEQUENT EVENTS

In March 2025, the City issued \$18,250,000 General Obligation Bonds, Series 2025A to fund site improvements at the Eagan Community Center and improvements to the City's water, sanitary sewer, and storm water utility systems.

NOTE 18 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

Statement No. 102 *Certain Risk Disclosures* – The provisions of this Statement are effective for reporting periods beginning after June 15, 2024.

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

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

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

PROPOSAL FORM

TO: City of Eagan, 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: November 18, 2025

For all or none of the \$1,325,000 * Taxable General Obligation Housing Improvement Area Bonds, Series 2025B, in accordance with the Notice of Sale, we will pay you \$ _____, (not less than \$1,300,487.50) plus accrued interest, if any, to date of delivery (estimated to be December 16, 2025) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

<u>Interest</u>			<u>Interest</u>			<u>Interest</u>		
<u>Year</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Rate</u>	<u>Yield</u>
2027	_____%	_____%	2034	_____%	_____%	2041	_____%	_____%
2028	_____%	_____%	2035	_____%	_____%	2042	_____%	_____%
2029	_____%	_____%	2036	_____%	_____%	2043	_____%	_____%
2030	_____%	_____%	2037	_____%	_____%	2044	_____%	_____%
2031	_____%	_____%	2038	_____%	_____%	2045	_____%	_____%
2032	_____%	_____%	2039	_____%	_____%	2046	_____%	_____%
2033	_____%	_____%	2040	_____%	_____%			

True interest percentage: _____ %

Net interest cost: \$ _____

Term Bond Option: Bonds maturing in the years:

_____ through _____
_____ through _____
_____ through _____
_____ through _____
_____ through _____

To be accumulated into a Term Bond maturing in year:

_____.
_____.
_____.
_____.
_____.

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.

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 Eagan, Minnesota at 6:30 PM on November 18, 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.