

PRELIMINARY OFFICIAL STATEMENT April 29, 2026

New Issue

S & P Global Ratings: Rating Requested

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

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

\$2,770,000

City of Pine Island, Minnesota  
(Goodhue and Olmsted Counties)

General Obligation Improvement Bonds, Series 2026A

PURPOSE/AUTHORITY: The \$2,770,000 General Obligation Improvement Bonds, Series 2026A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 429 and 475 to finance the City's 2026 Street Improvement Project (the "Project"). The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes, water revenues and sewer revenues.

BID & AWARD: Tuesday, May 19, 2026, 11:00 a.m. Central; Award 6:00 P.M. Central.

DATED DATE: June 1, 2026

MATURITY: The Bonds will mature February 1 as follows:

Year	Amount	Year	Amount	Year	Amount
2028	\$ 145,000	2033	\$ 170,000	2038	\$ 200,000
2029	150,000	2034	175,000	2039	210,000
2030	155,000	2035	180,000	2040	215,000
2031	160,000	2036	190,000	2041	225,000
2032	165,000	2037	195,000	2042	235,000

INTEREST: February 1, 2027, and each August 1 and February 1 thereafter.

MATURITY ADJUSTMENTS: The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each.

CALL DATE: February 1, 2034

MINIMUM BID: \$2,735,375.00 (98.75%)

TAX STATUS: Tax-exempt, bank-qualified

GOOD FAITH DEPOSIT: \$55,400, paid by winning bid prior to 3:00 p.m. on the day of sale

CLOSING/ DELIVERY: On or about June 1, 2026.

The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota. This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this POS constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



DDA  
David Drown Associates, Inc.  
Public Finance Advisors

Minneapolis Office:  
5029 Upton Avenue South  
Minneapolis, MN 55419-1126  
612-920-3320 (phone); 612-605-2375 (fax)  
www.daviddrown.com

## **COMPLIANCE WITH S.E.C. RULE 15c2-12**

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

## **PRELIMINARY OFFICIAL STATEMENT**

This Preliminary Official Statement was prepared for the Issuer for dissemination to potential customers. The primary purpose of the Preliminary Official Statement is to disclose information regarding the Obligations to prospective underwriters in the interest of receiving competitive bids in accordance with the sale notice contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement."

## **REVIEW PERIOD**

This Preliminary Official Statement has been distributed to members of the legislative body and other public officials of the Issuer as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to David Drown Associates, Inc. (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

## **FINAL OFFICIAL STATEMENT**

Upon award of sale of the Obligations, the legislative body will authorize the preparation of an addendum to the Preliminary Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Preliminary Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

## **REPRESENTATIONS**

No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto was prepared relying on information of the Issuer and other sources and, while believed to be reliable, is not guaranteed as to completeness or accuracy.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Municipal Advisor, payable entirely by the Issuer, is contingent upon the sale of the issue.

## Table of Contents

<b>INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT .....</b>	<b>5</b>
<b>TERMS OF OFFERING .....</b>	<b>7</b>
<b>OFFICIAL STATEMENT .....</b>	<b>12</b>
Full Continuing Disclosure.....	12
Authority and Purpose.....	12
Sources and Uses.....	12
Payment and Security.....	13
Optional Redemption.....	13
Rating.....	13
Taxability of Interest.....	13
Other Federal Tax Considerations.....	13
Risk Factors.....	14
Details of Certain Terms.....	15
Original Issue Discount.....	15
Original Issue Premium.....	16
Term Bond Option.....	16
Maturity Adjustments.....	16
Bank-qualified Tax-Exempt Obligations.....	16
Book Entry System.....	16
Litigation.....	18
Future Financing.....	18
Legality.....	18
Municipal Advisor.....	18
Certification.....	18
<b>VALUATIONS – COUNTY AUDITOR.....</b>	<b>19</b>
<b>TRENDS IN VALUATIONS .....</b>	<b>19</b>
<b>CASH AND INVESTMENTS.....</b>	<b>19</b>
<b>CITY INDEBTEDNESS.....</b>	<b>20</b>
Legal Debt Limit and Margin.....	20
General Obligation Debt Supported by Tax Levies.....	20
General Obligation Debt Supported by Special Assessments.....	20
General Obligation Debt Supported by Tax Increment.....	20
General Obligation Debt Supported by Revenues.....	20
Lease Agreements and Other.....	21
Summary of Direct Debt Including This Issue.....	21
Overlapping Debt.....	21
Debt Ratios.....	21
Annual Debt Service Payments.....	22
<b>GENERAL INFORMATION .....</b>	<b>23</b>
Organization.....	23
City Services.....	23
Employee Pensions.....	23
Census Data.....	24
Employment Data.....	24
Major Employers.....	24
Building Permits.....	25
Commercial/Industrial Development.....	25
Healthcare.....	25
Transportation.....	25
Education.....	25
Utilities.....	26
Financial Services.....	26
Communications.....	26
Appendix A: Goodhue and Olmsted County Auditor’s Certificates	
Appendix B: Proposed Form of Legal Opinion	
Appendix C: Proposed Form of (Full) Continuing Disclosure	
Appendix D: Summary of Tax Levies, Payment Provisions & Valuations	
Appendix E: 2025 Audited Financial Statement	
Appendix F: Continuing Disclosure Filings via EMMA	

## CITY OF PINE ISLAND, MINNESOTA

### City of Pine Island City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
David Friese	Mayor	2026
Vernon Pahl	Council Member	2028
Brandi Veith Staloch	Council Member	2026
Colton Wright	Council Member	2028
Delana Weis	Council Member	2026

### Administration

Elizabeth Howard	City Administrator	Appointed
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### Bond Counsel

Kennedy & Graven, Chartered  
Minneapolis, MN

### Municipal Advisor

David Drown Associates, Inc.  
Minneapolis, MN

## INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

*The following information is furnished solely to provide limited introductory information regarding the \$2,770,000 General Obligation Improvement Bonds, Series 2026A, of City of Pine Island, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.*

Issuer: City of Pine Island, Minnesota

Sale Date & Time: Tuesday, May 19, 2026, 11:00 A.M. Central

Award Date & Time: Tuesday, May 19, 2026; 6:00 P.M. Central

Dated Date: June 1, 2026

Interest Payments: February 1, 2027, and each August 1 and February 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the “Record Date”).

Principal Payments: February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$ 145,000	2033	\$ 170,000	2038	\$ 200,000
2029	150,000	2034	175,000	2039	210,000
2030	155,000	2035	180,000	2040	215,000
2031	160,000	2036	190,000	2041	225,000
2032	165,000	2037	195,000	2042	235,000

Rating: The City *has* requested an S & P Global Ratings rating on This Issue.

Maturity Adjustment: The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale in increments of \$5,000 each.

Continuing Disclosure: Full continuing disclosure

Security: General Obligation pledge of the City’s ad valorem taxes, tax levies and special assessments to benefitted properties

Purpose: Proceeds will finance the City’s 2026 Street Improvement Project

Authority: Minnesota Statutes, Chapters 429 and 475

Optional Redemption: Bonds are callable on February 1, 2034

Tax Status: Tax-exempt, bank-qualified

Legal Opinion: Kennedy & Graven, Chartered, Minneapolis, Minnesota

Municipal Advisor: David Drown Associates, Inc., Minneapolis, Minnesota

Closing/Delivery: On or about June 1, 2026

*Questions regarding the Bonds or the Preliminary Official Statement can be directed to and additional copies of the Preliminary Official Statement and the City’s audited financial reports can be obtained from the City’s Municipal Advisor David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 (612-920-3320).*

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## TERMS OF OFFERING

### TERMS OF OFFERING

City of Pine Island, Minnesota

\$2,770,000

General Obligation Improvement Bonds, Series 2026A

(BOOK ENTRY ONLY)

### TERMS OF PROPOSAL

Proposals for the Bonds will be received on Tuesday, May 19, 2026 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, 55410 after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 6:00 P.M., Central Time, on that same date.

### SUBMISSION OF PROPOSALS

Proposals may be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, may be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY<sup>®</sup>, in the manner described below, until 11:00 a.m., local time on May 19, 2026. Bids may be submitted electronically via PARITY<sup>®</sup> pursuant to this Notice until 11:00 a.m., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY<sup>®</sup> conflict with this Notice, the terms of this Notice shall control. For further information about PARITY<sup>®</sup>, potential bidders may contact David Drown Associates, Inc. or PARITY<sup>®</sup> at (212) 806-8304.

Neither the City of Pine Island nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. 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 of the Proposal submitted.

### DETAILS OF THE BONDS

The Bonds will be dated June 1, 2026, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2027. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	\$ 145,000	2033	\$ 170,000	2038	\$ 200,000
2029	150,000	2034	175,000	2039	210,000
2030	155,000	2035	180,000	2041	215,000
2031	160,000	2036	190,000	2041	225,000
2032	165,000	2037	195,000	2042	235,000

## **TERM BOND OPTION**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and 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 to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

## **BOOK ENTRY SYSTEM**

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the 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 purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## **REGISTRAR**

The City will name Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, MN, as registrar for the Bonds. Northland Bond Services shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

## **OPTIONAL REDEMPTION**

The City may elect on February 1, 2034 and on any day thereafter, to prepay Bonds due on or after February 1, 2035. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest to the date of optional redemption.

## **SECURITY AND PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, and 475, as amended and will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City pledges tax levies and special assessments to benefitted properties to make the semi-annual Bond payments.

The proceeds will be used to finance the Project (i.e. various assessable public improvement in the City).

## **TYPE OF PROPOSALS**

Proposals shall be for not less than \$2,735,375.00 (98.75%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$55,400 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended 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. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## AWARD

The proposals will be evaluated on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

## MATURITY ADJUSTMENTS

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

## ISSUE PRICE DETERMINATION

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- ii. all bidders shall have an equal opportunity to submit a bid;
- iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly

described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

#### **BOND INSURANCE AT PURCHASER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, 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 purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

#### **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 will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

#### **SETTLEMENT**

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

#### **FULL CONTINUING DISCLOSURE**

On the date of the actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide annual financial and operating information including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5).

#### **OFFICIAL STATEMENT**

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor of the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. 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 without cost to the senior

managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated: April 21, 2026

BY ORDER OF THE CITY COUNCIL

/s/ Elizabeth Howard  
City Administrator

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# OFFICIAL STATEMENT

## CITY OF PINE ISLAND, MINNESOTA (Goodhue and Olmsted Counties)

### \$2,770,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2026A

#### INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of, \$2,770,000 General Obligation Improvement Bonds, Series 2026A (the "Bonds") by City of Pine Island, Minnesota (the "City"). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Bonds authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Ms. Elizabeth Howard, City Administrator, City of Pine Island; PO Box 280, City of Pine Island, MN 55963-1000 or by telephoning (507) 356-4591.

#### Full Continuing Disclosure

In order to comply with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") the City will enter into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds. Through the Undertaking, the City covenants and agrees to provide certain annual financial and operating information about the City and to provide notice of the occurrence of certain material events. This information shall be provided according to the time parameters described in the Undertaking and to the information repositories and the Municipal Securities Rulemaking Board as required by the Rule. The specific provisions of the Undertaking are set forth in the Continuing Disclosure Certificate (the "Certificate") in substantially the form attached hereto as Appendix C. The Certificate will be executed and delivered by the City at the time the Bonds are delivered. The City is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

The City has complied with all material aspects of Continuing Disclosure for the last five (5) years. The City also notes that prior continuing disclosure undertakings included language stating the audited financial statements would be filed as soon as available. Although not always filed as soon as available, the audited financial statements were filed timely within the required 12-month timeframe as provided for in each undertaking. Additional information on Continuing Disclosure filings can be found in Appendix F of this document.

#### Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended and will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City will pledge tax levies and special assessments from benefitted properties to the payment of the Bonds.

The proceeds will be used to finance the Project (i.e., various assessable public improvements in the City).

#### Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Par Amount of the Bonds	\$ 2,770,000	Project Costs	\$ 2,692,257
City Cash (for cap interest)	64,395	Underwriter's Discount (1.25%)	34,625
Const. Fund Earnings/Rounding	<u>532</u>	Issuance and Legal	43,650
		Capitalized Interest	<u>64,395</u>
Totals	\$ 2,834,927		\$ 2,834,927

## Payment and Security

The Bonds will be a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. In addition to tax levies, the City pledges special assessments to benefitted properties to make the semi-annual bond payments.

## Optional Redemption

The City may elect on February 1, 2034 and on any day thereafter, to prepay Bonds due on or after February 1, 2035. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

## Rating

The City *has* requested a rating on this issue from S & P Global Ratings. Such a rating, when received, will reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from S & P Global Ratings. There is no assurance that such rating, if and when received, will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## Taxability of Interest

At closing, Kennedy & Graven, Chartered, Bond Counsel, will render an opinion based upon present federal and State of Minnesota laws (which excludes any pending legislation that may have a retroactive effect), regulations, rulings and decisions, to the following effect:

1. **Gross Income:** the Bonds, as of their date of issuance, bear interest which is excludable from gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trust and estates for Minnesota income tax purposes, but such interest is included in determining the annual adjusted financial statement income (as defined in Section 56(A) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes measured by income and imposed on certain corporations (including financial institutions).
2. **Alternative Minimum Tax:** interest on the Bonds is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts and estates.
3. **Compliance:** the above opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements that must be satisfied subsequent to and after the issuance of the Bonds. FAILURE TO COMPLY WITH CERTAIN OF SUCH REQUIREMENTS MAY CAUSE THE INCLUSION OF INTEREST ON THE BONDS IN FEDERAL GROSS INCOME AND IN MINNESOTA TAXABLE NET INCOME RETROACTIVE TO THE DATE OF ISSUANCE OF THE BONDS

No opinion will be expressed by Bond Counsel regarding other federal or state tax consequences arising with respect to the Bonds. See the form of opinion in Appendix B.

## Other Federal Tax Considerations

**Federal Alternative Minimum Tax** Interest on the Bonds is not subject to the federal individual alternative minimum tax because interest on the Bonds is not a preference item. Federal alternative minimum taxable income is calculated by adding preference items and making other adjustments to income subject to the regular income tax. After all other adjustments and additions are made, a final adjustment will increase the alternative minimum taxable

income otherwise calculated.

Property and Casualty Insurance Companies Property and casualty insurance companies are required by federal tax law for taxable years beginning after January 31, 1986, to reduce the amount of their loss reserve deduction by the applicable percentage of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Bonds.

Foreign Insurance Companies Foreign companies carrying on an insurance business in the United States are subject to a federal tax on income which is effectively connected with their conduct of any trade or business in the United States. Such income includes tax-exempt interest.

Branch Profits Tax Foreign corporations are subject to a federal "branch profits tax" equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits", including tax-exempt municipal bond interest.

Passive Investment Income of S Corporations Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code of 1986, as amended, for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Financial Institutions For federal income tax purposes, financial institutions are unable to deduct any portion of the interest expense allocable to the ownership of certain tax-exempt obligations acquired after August 7, 1986, including the Bonds but for their designation as qualified tax-exempt obligations. See "Qualified Tax-Exempt Obligations" below.

Social Security and Railroad Retirement Benefits Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits within gross income by reason of receipt of interest on tax-exempt obligations, including the Bonds.

Exclusion Not Constitutionally Required The United States Supreme Court ruled in 1988 that the exclusion from gross income of interest on state and local bonds is not required by the United States constitution. The Constitution of the State of Minnesota likewise does not require the exclusion from gross income or taxable net income of interest on bonds of Minnesota issuers. Hence, future federal and/or state laws could cause the inclusion of interest on bonds, including the Bonds, in gross income or taxable net income, or could otherwise cause such interest to be taxed or to be included in the calculation of other income which is taxed.

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

## **Risk Factors**

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

Taxes The Bonds of this offering will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue be insufficient.

State Actions Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Past and future actions of the State may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy property taxes.

Ratings; Interest Rates In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Undertaking for continuing disclosure (see "Continuing Disclosure") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy A combination of economic, climatic, political or civil disruptions or terrorist actions could affect the local economy and result in reduced tax collections and/or increased demands upon local government.

### Details of Certain Terms

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Record 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 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 month prior to the interest payment date (the "Record Date").

### Original Issue Discount

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

## Original Issue Premium

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

## Term Bond Option

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and 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 to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

## Maturity Adjustments

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

## Bank-qualified Tax-Exempt Obligations

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

## Book Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York State Banking Law, a “banking organization” within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York State Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-sale 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, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporations, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporations (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchanges, Inc., the American Stock Exchanges LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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”). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond ("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, but Beneficial Owners are 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 Obligations 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 interest in the Obligations, except in the event that use of the book entry system for the Obligations is discontinued or as an option upon the transfer of an entire maturity.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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. Beneficial Owners of the Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices for the Obligations shall be sent to Cede & Co. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issue or Registrar 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations 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 Issuer or Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, Issuer, 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 securities depository with respect to the Obligations at any time by giving reasonable notice to the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered. The information in this section concerning DTC and DTC's book entry-system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

## Litigation

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

## Future Financing

The City's next major capital initiative is anticipated to be a comprehensive wastewater facility improvement project, currently estimated at **\$25 million**. The project is expected to receive **some level of grant funding**, although the amount has not yet been determined. Construction is projected to begin **no earlier than 2027**, contingent upon the development of a sufficient and fully secured funding package.

## Legality

The Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass 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 Preliminary Official Statement and will express no opinion with respect thereto. Legal opinions in substantially the form set out in Appendix B herein will be delivered at closing.

## Municipal Advisor

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information contained in the Preliminary Official Statement. 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 Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## Certification

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Preliminary Official Statement, it did not and does not as of the date of the certificate contain any untrue statement of 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.

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## VALUATIONS – COUNTY AUDITOR

For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full County Auditor’s Certificate from both Goodhue and Olmsted Counties in Minnesota for taxes payable in 2026 found under Appendix A.

Unless noted otherwise, all information contained in the following sections is a combined total for the entire City – both the Goodhue County and Olmsted County portions.

## TRENDS IN VALUATIONS

### Trends in Valuations \*

<u>Year</u>	<u>Economic Market Value*</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Adjusted Net Tax Capacity</u>
2025/26	n/a	\$ 500,745,400	\$ 471,862,617	\$ 5,111,048
2024/25	\$ 506,657,166	488,475,600	459,461,813	4,949,827
2023/24	479,320,961	463,895,600	443,212,244	4,734,332
2022/23	472,897,757	417,954,300	399,711,900	4,288,415
2021/22	400,212,670	351,472,100	331,680,800	3,560,181
2020/21	356,430,938	331,990,100	311,343,900	3,366,042
2019/20	327,335,623	309,306,200	288,080,200	3,130,293

*\*The Economic Market Values for taxes payable in 2026 have not yet been released by the MN Department of Revenue.*

## CASH AND INVESTMENTS

(as of December 31, 2025)

<u>Fund</u>	<u>Cash/Investments</u>
General Fund	\$ 1,756,524
Special Revenue	896,589
Debt Service	1,996,421
Capital Funds	3,366,745
Enterprise Funds	<u>4,319,442</u>
Total	\$ 12,335,721

## CITY INDEBTEDNESS

(as of 5/1/2026)

### Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$ 15,022,362
Less: Outstanding Debt Subject to Limit	<u>2,319,000</u>
Legal Debt Margin as of 05/01/2026	\$ 12,703,362

### General Obligation Debt Supported by Tax Levies

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
11/03/2021	\$ 858,000	Street Reconstruction Rfnd Ptn of 2021A	02/01/2044	\$ 724,000
05/01/2018	2,400,000	Swimming Pool	02/01/2038	<u>1,595,000</u>
Total				\$ 2,319,000

### General Obligation Debt Supported by Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
06/01/2026	\$ 2,770,000	Improvements, This Issue	02/01/2042	\$ 2,770,000
11/03/2021	1,792,000	Improvement Portion of 2021A	02/01/2044	1,291,000
09/01/2020	626,000	Improvement Portion of 2020B	02/01/2028	73,000
06/01/2020	1,965,000	Improvements	02/01/2036	1,375,000
07/05/2017	1,175,000	Improvements	02/01/2033	605,000
08/04/2014	1,525,000	Improvement Portion of 2014B	02/01/2027	<u>65,000</u>
Total				\$ 6,179,000

### General Obligation Debt Supported by Tax Increment

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
08/01/2017	\$ 329,000	Taxable Tax Increment	02/01/2033	\$ <u>205,000</u>
Total				\$ 205,000

### General Obligation Debt Supported by Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
06/01/2023	\$ 3,650,000	Utility Revenue	02/01/2039	\$ <u>3,205,000</u>
Total				\$ 3,205,000

### Lease Agreements and Other

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
10/15/2024	\$ 282,291	Equipment Lease Purchase	10/15/2029	\$ <u>187,526</u>
Total				\$ 187,526

### Summary of Direct Debt Including This Issue

	<u>Gross Debt</u>	<u>Less: Debt Funds</u>	<u>Net Direct Debt</u>
GO Debt Supported by Property Taxes	\$ 2,319,000	\$ -	\$ 2,319,000
GO Debt Supported by Special Assessments	6,179,000	-	6,179,000
GO Debt Supported by Tax Increments	205,000	-	205,000
GO Debt Supported by Revenues	3,205,000	-	3,205,000
Lease Agreement	<u>187,526</u>	<u>-</u>	<u>187,526</u>
Total	\$ 12,095,526	\$ -	\$ 12,095,526

### Overlapping Debt

<u>Taxing Unit *</u>	<u>2025/26 Tax Capacity</u>	<u>% in City</u>	<u>Total G.O. Debt</u>	<u>City Share</u>
Goodhue County	\$ 116,550,553	3.19%	\$ 9,360,000	\$ 298,380
ISD # 255 (Goodhue)	6,095,073	60.96%	41,225,000	25,129,837
SEMMCHRA (Goodhue)	73,944,280	5.02%	2,185,000	109,788
Olmsted County	333,446,021	0.42%	152,975,000	639,620
ISD Rochester	269,478,813	0.0018%	310,450,000	5,722
Olmsted County HRA	325,539,976	0.4283%	1,710,000	<u>7,324</u>
Total				\$ 26,190,670

### Debt Ratios

	<u>Net G.O. Debt</u>	<u>Debt/Economic Market Value</u>	<u>Debt per Capita</u>
		<u>\$ 503,657,166</u>	<u>3,580</u>
Net Direct G.O. Debt*	\$ 8,703,000	1.73%	\$ 2,431
Net Direct and Overlapping GO Debt	34,893,670	6.93%	9,747

\* Excludes all non-General Obligation debt

**Annual Debt Service Payments**

Year	GO Debt Supported by Tax Levies			GO Debt Supported by Special Assessments		
	Principal	Payment	% Retired	Principal	Payment	% Retired
2026	\$ -	\$ 31,369	0%	\$ -	\$ 661,274	0%
2027	142,000	202,792	6%	444,000	624,861	7%
2028	152,000	208,779	13%	528,000	682,018	16%
2029	151,000	203,653	19%	508,000	649,789	24%
2030	155,000	203,472	26%	518,000	647,302	32%
2031	165,000	209,103	33%	530,000	646,306	41%
2032	164,000	203,593	40%	473,000	576,411	49%
2033	173,000	207,868	48%	445,000	536,071	56%
2034	183,000	212,822	55%	356,000	436,226	62%
2035	182,000	206,661	63%	364,000	434,567	67%
2036	191,000	210,362	71%	381,000	441,416	74%
2037	195,000	208,750	80%	235,000	286,343	77%
2038	199,000	206,900	88%	244,000	287,455	81%
2039	43,000	47,542	90%	253,000	288,063	85%
2040	47,000	50,709	92%	257,000	283,200	90%
2041	45,000	47,858	94%	270,000	286,813	94%
2042	44,000	46,035	96%	279,000	285,846	98%
2043	42,000	43,240	98%	48,000	49,295	99%
2044	<u>46,000</u>	<u>46,426</u>	100%	<u>46,000</u>	<u>46,426</u>	100%
Totals	\$ 2,319,000	\$ 2,797,931		\$ 6,179,000	\$ 8,179,681	

Year	GO Debt Supported by Tax Increment			GO Debt Supported by Revenues		
	Principal	Payment	% Retired	Principal	Payment	% Retired
2026	\$ -	\$ 5,638	0%	\$ -	\$ 64,100	0%
2027	25,000	35,588	12%	190,000	314,400	6%
2028	26,000	35,185	25%	200,000	316,600	12%
2029	28,000	35,700	39%	210,000	318,400	19%
2030	29,000	35,133	53%	215,000	314,900	25%
2031	31,000	35,483	68%	225,000	316,100	32%
2032	32,000	34,750	83%	235,000	316,900	40%
2033	34,000	34,935	100%	245,000	317,300	47%
2034	-	-		255,000	317,300	55%
2035	-	-		265,000	316,900	64%
2036	-	-		275,000	316,100	72%
2037	-	-		285,000	314,900	81%
2038	-	-		295,000	313,300	90%
2039	<u>-</u>	<u>-</u>		<u>310,000</u>	<u>316,200</u>	100%
Totals	\$ 205,000	\$ 252,410		\$ 3,205,000	\$ 4,173,400	

**Equipment Lease**

In addition to the annual debt service payments listed above, the City has \$187,526 outstanding in an equipment lease. The final monthly lease payment will be made on October 15, 2029.

## GENERAL INFORMATION

The City of Pine Island is located in both Goodhue and Olmsted Counties in southeastern Minnesota. The City lies approximately 60 miles southeast of the City of Minneapolis and 15 miles northwest of the City of Rochester.

### Organization

The City incorporated in 1883 and is a statutory city. The City’s governing body is the City Council, consisting of the Mayor and four elected council members. Council members are elected at large to serve overlapping four-year terms. The present Council is comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
David Friese	Mayor	2026
Vernon Pahl	Council Member	2028
Brandi Veith Staloch	Council Member	2026
Colton Wright	Council Member	2028
Delana Weis	Council Member	2026

Elizabeth Howard is the appointed City Administrator and is responsible for administering Council policy on a day-to-day basis.

### City Services

The City currently employs 17 full-time and 38 part-time personnel. Departments and services included in the municipal employee count include administration, public works, parks, municipal library, deputy registrar, economic development authority, swimming pool and cemetery. In addition, the City has 25 part-time (volunteer) fire fighters.

The Parks Department employs one (1) full-time and eighteen (18) part-time individuals. Douglas Trail Park includes a playground, a horseshoe area, a picnic shelter with restrooms and access to the Douglas Trail System. Collins Park provides a playground as well as a picnic shelter with restrooms. Custer Park and Kispert Park both provide playgrounds. The Municipal Swimming Pool provides a pool, pool house and offers swimming lessons.

The municipal water system consists of two (2) wells and includes a 600,000-gallon elevated storage facility. The system has a total pumping capacity of 1,700 gallons per minute. The average demand is 309, gallons per day with a peak demand of 576,000 gallons per day. There are 1,519 connections to the water utility.

The municipal sewer system includes a mechanical plant system (activated sludge process). The system has a treatment capacity of 705,000 gallons per day. The average demand is 234,000 gallons per day with a peak demand of 1,362,000 maximum wet weather gallons per day. There are 1,499 connections to the municipal sewer system.

### Employee Pensions

Employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Fund, a cost sharing multiple-employer retirement plan. The City also contributes to the Fire Relief Association. The City’s contribution to the General Employees Plan for the year ended December 31, 2025 was \$96,200, and the contribution to the Fire Relief Association for that same time period was \$97,839. Please refer to the 2025 Audited Financial Statement (Appendix E) for additional information.

## Census Data

### Population Trends

	<u>Population</u>
2010 U.S. Census	3,263
2020 U.S. Census	3,769
2024 U.S. Census Estimate	3,580

Source: U.S. Census Bureau

### Income and Housing Statistics

	<u>City of Pine Island</u>	<u>Goodhue County</u>	<u>Olmsted County</u>	<u>State of Minnesota</u>
2024 per Capita Income	\$ 43,880	\$ 43,250	\$ 56,665	\$ 47,926
2024 Median Household Income	104,432	84,171	92,942	87,117
Percent Living in Poverty	4.0%	9.3%	5.9%	9.3%

Median Value of Owner-Occupied Housing	\$ 350,500	\$ 285,100	\$ 339,800	\$ 344,600
--	------------	------------	------------	------------

Source: U.S. Census Bureau

The City of Pine Island has 1,115 single-family homes and 457 multi-family units located within the City limits. Thirty-one (31) single-family homes have been constructed in the last 12 months.

## Employment Data

	<i>Labor Force</i>		<i>Unemployment Rate</i>		Statewide
	Goodhue Cnty	Olmsted Cnty	Goodhue Cnty	Olmsted Cnty	
February, 2026	26,268	91,369	5.4%	4.1%	5.3%
February, 2025	26,328	91,860	4.4%	3.4%	4.1%

Source: MN Department of Employment and Economic Development

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
Pine Island Public Schools	Public education	288
Pine Haven Care Center	Nursing care facilities	125
Land O'Lakes, Inc.	Specialty foods	111
Lincoln Industries	Chrome plating	60
DMC	Plumbing/heating mechanical work	65
Trailhead Grill	Restaurant/bowling alley	39
PTM	Machine shop	30
Ag Partners	Farm products	33
Island Tool and Die	Metal fabrication	17
Frandsen Bank & Trust	Bank	20
SxSE Brewery	Brewery	15

Source: City Records

## Building Permits

<u>Year</u>	<i>Number of Permits</i>			<u>Value</u>
	<u>Industrial/Comm.</u>	<u>Residential</u>	<u>Other</u>	
2026*	0	9	60	\$ 3,619,243
2025	1	31	221	12,265,990
2024	1	18	155	12,491,683
2023	4	5	330	3,763,039
2022	11	16	439	9,314,613

Source: City Records as of April 17, 2026

## Commercial/Industrial Development

In the past three (3) years, the City has seen the following commercial/industrial development in excess of \$50,000. (estimated)

<u>Name of Business</u>	<u>Product/Service</u>	<u>Type of Building</u>	<u>Cost of Project</u>
City of Pine Island DMV	DMV	Commercial Renovation	\$ 82,000
Good News Church	Religious Institution	Commercial Renovation	75,000
DMC Plumbing	Plumbing Contractor	New Cold Storage	250,000
Unknown	Storage Building	New Storage Building	250,000
Ag Partners	Ag CO-OP	New Grain Bin	305,000
Tiarks Financial	Financial Services	Commercial Renovation	50,000

\* City Records as of April 20, 2026

## Healthcare

The City has one (1) clinic and one (1) nursing home available within the City. The nearest hospital is located in the City of Rochester, 15 miles to the southeast.

Source: city-data.com

## Transportation

US Highway 52 runs through the City and provides easy access to both the Twin Cities and Rochester.

The Rochester International Airport is located within 20 miles of the City and provides charter, commercial, freight and jet services.

Source: mapquest.com

## Education

The City is part of two (2) school districts and has one elementary, one middle school and one senior high.

The nearest technical college is Rochester Community and Technical College located within 15 miles of the City. The nearest private colleges are St. Olaf and Carleton, both located in the City of Northfield which is within 40 miles of the City.

Source: city-data.com

## Utilities

Electricity is provided through Xcel Energy, Goodhue County Coop Electric, and People's Energy Cooperative. Natural gas is provided by Minnesota Energy Resources.

*Source: City records*

## Financial Services

The Frandsen Bank & Trust (main office in Lonsdale, MN) reported deposits of \$98,443,000 as of June 30, 2025.

*Source: FDIC Summary of Deposits*

## Communications

Bevcomm provides telephone services and cable service. Both cable and local internet are available within the City. The City has an on-line presence at: [www.pineislandmn.gov](http://www.pineislandmn.gov) The News-Record, based in Zumbrota, MN, is the City's official newspaper.

*Source: City Records*

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## **APPENDIX A**

### **COUNTY AUDITOR'S CERTIFICATE**

The following pages contain a copy of both the Goodhue County and Olmsted County Auditor's Certificates for taxes payable in 2026.

**GOODHUE COUNTY**

**CERTIFICATE AS TO TAXES AND TAXABLE  
PROPERTY IN PINE ISLAND CITY  
(Herein called the "TAXING DISTRICT")**

I hereby certify that the TAXING DISTRICT is situated partly in this County and that:

- 1. CURRENT VALUATION** - The taxable market values and net tax capacities of all taxable property in the TAXING DISTRICT in this county as assessed in 2025 for the purpose of computing the rates of taxes collectible in 2026 are as follows:

Property Type	Estimated Market Value	Taxable Market Value	Net Tax Capacity
Real Estate:			
Residential Homestead (Class 1a, 1b) .....		246,154,894	2,464,640
Agricultural (Class 1b, 1d, 2a, 2b).....		8,950,923	73,809
Commercial & Industrial (Class 3a, 3b, 5(1)):			
Public Utility.....		635,800	12,716
Railroad Operating Property.....			
All Other Commercial & Industrial.....		41,409,300	771,160
Residential Non-Homestead (Class 4a, 4b(1-4), 4bb, 4c(2-4, 6-9), 4d)		36,516,000	366,338
Seasonal Recreational-Residential (Class 1e, 4c(1), 4c(S), 4c(10))....		544,500	6,806
Other (Class 5(2)).....			
Total Real Estate.....	355,747,600	334,211,417	3,695,469
Total Personal Property.....	4,225,500	4,225,500	83,010
<b>Total Real &amp; Personal Property</b> .....	<b>359,973,100</b>	<b>338,436,917</b>	<b>3,778,479</b>
Subtract: Tax Increment Captured Tax Capacity.....			63,059
10% of Tax Capacity of 2000KV Powerlines built after 7/1/74..			
Fiscal Disparity Contribution Value.....			
<b>Local Tax Rate Determination Value</b> .....			<b>3,715,420</b>
Add: Fiscal Disparity Distribution Value.....			
<b>Total Adjusted Taxable Value</b> .....			<b>3,715,420</b>
<b>Total Manufactured Home</b> .....			

**Homestead Exclusions**

- 2. VALUATION HISTORY** (Real & Personal Property)

Real Estate	Personal Property	Manufactured Home
16,045,983		0

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power- lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Hmstd Excl./ Adjusted TC
2025	357,768,100							15,902,367
	336,987,513	3,765,254	94,204			3,671,050		3,671,050
2024	336,313,500							9,468,956
	322,803,144	3,570,726	90,596			3,480,130		3,480,130
2023	308,368,900							11,262,700
	295,267,900	3,285,502	86,586			3,198,916		3,198,916
2022	255,455,000							14,510,000
	239,854,600	2,679,358	70,657			2,608,701		2,608,701
2021	238,064,200							15,511,600
	221,640,300	2,517,477	81,940			2,435,537		2,435,537
2020	222,725,800							16,223,300
	206,027,300	2,354,200	76,003			2,278,197		2,278,197

- 3. TEN LARGEST TAXPAYING PARCELS**

requested.

- A list of the largest taxpaying parcels in the TAXING DISTRICT in the County is enclosed if

**4. TAXING AUTHORITY AND RATE HISTORY** - The TAXING DISTRICT has the power to tax property situated in the following County or Counties: GOODHUE COUNTY, MN

The following governmental units within this county also have the power to levy taxes in the TAXING DISTRICT:

**Tax Rate History (Levy Year/Collection Year)**

Government Unit	2021/22		2022/23		2023/24		2024/25		2025/26	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
<b>****COUNTY****</b>										
GOODHUE COUNTY	45.777000	0.000000	41.597000	0.000000	40.845852	0.000000	39.700741	0.000000	40.887756	0.000000
80 - SELCO	1.404000	0.000000	1.266000	0.000000	1.176870	0.000000	1.131633	0.000000	1.122795	0.000000
<b>Total Rate</b>	<b>47.181000</b>	<b>0.000000</b>	<b>42.863000</b>	<b>0.000000</b>	<b>42.022722</b>	<b>0.000000</b>	<b>40.832374</b>	<b>0.000000</b>	<b>42.010551</b>	<b>0.000000</b>
<b>**MUNICIPALITY**</b>										
PINE ISLAND CITY	86.731000	0.000000	81.321000	0.000000	80.972754	0.000000	81.761605	0.000000	82.567533	0.000000
<b>****SCHOOL****</b>										
SCHOOL DISTRICT 255	36.218000	0.186230	29.786000	0.151410	25.266477	0.135026	24.561145	0.149903	24.444976	0.131341
<b>****SPECIAL****</b>										
SEMMCHRA	0.806000	0.000000	0.696000	0.000000	0.991252	0.000000	0.527439	0.000000	0.523286	0.000000

**5. BONDED INDEBTEDNESS** - The TAXING DISTRICT and all governmental units listed in section 4 having bonded debt, have such debt as shown below. Values shown are adjusted net tax capacities which have been adjusted for Fiscal Disparity Contribution and Distribution, Tax Increment Captured Tax Capacity, and Powerlines.

<b>Government Unit</b>	<b>Taxable Net Tax Capacity of Entire Govt. Unit in County</b>	<b>Taxable Net Tax Capacity of Portion in TAXING DIST. in County</b>	<b>Bonded Debt as of 12/31/2025</b>	<b>2025/26 Debt Fund Tax Rate</b>
<b>****COUNTY****</b>				
GOODHUE COUNTY	116,550,553	3,715,420	9,360,000	1.69679
<b>**MUNICIPALITY**</b>				
PINE ISLAND CITY	3,715,420	3,715,420	10,279,527	12.82935
<b>****SCHOOL****</b>				
SCHOOL DISTRICT 255	6,095,073	3,715,420	41,225,000	17.80561
<b>****SPECIAL****</b>				
SEMMCHRA	73,944,280	3,715,420	2,185,000	0.16769

**6. TAX LEVIES AND COLLECTIONS FOR YEAR: 2026**

<b>Levy/Coll Year</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Gross Tax Levy	2,262,552.47	2,601,390.47	2,817,963.30	3,001,515.52	3,067,737.02
Property Credits/Aids	(805.87)	(883.44)	(750.28)	(762.16)	(892.06)
Net Tax Levy	2,261,746.60	2,600,507.03	2,817,213.02	3,000,753.36	3,066,844.96
Adjustments During Coll Year	(741.56)		(11,750.76)	(14,463.64)	
Adjusted Tax Levy	2,261,005.04	2,600,507.03	2,805,462.26	2,986,289.72	3,066,844.96
Current Year Collections	(2,249,446.86)	(2,580,006.90)	(2,779,981.00)	(2,941,669.60)	
Year End Delinquency	11,558.18	20,500.13	25,481.26	44,620.12	3,066,844.96
Delinquent Adjustments as of 04/08/26	-	(15,486.75)			
Delinquent Collections as of 04/08/26	(8,738.12)	1,126.47	(8,837.35)		
Amount Delinquent as of 04/08/26	2,820.06	6,139.85	16,643.91	44,620.12	3,066,844.96

Please list below the name, title, and telephone number of a person(s) to contact regarding the completed certificate in case there are any questions.

If there are any questions regarding the completed certificate, please contact

Contact Person(s): Micki Otto

Telephone: 651-385-3038

WITNESS My hand and official seal this 17 day of April, 2026.

  
\_\_\_\_\_  
COUNTY AUDITOR

(SEAL)

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**GOODHUE COUNTY, MN**  
**Top 10 Taxpayers List - Rank by Net/Gross TCAP Value**  
**DETAIL/SUMMARY REPORT**  
**For PINE ISLAND CITY**

PAGE: 1  
 TX126MN

Rank	TaxPayer/ Parcel Number	City TIF Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Local Tax Capacity	Net Tax Payable	Property Classification
1	PINE ISLAND FARMERS ELEVATOR								
	R 681000070	9500	0255	179,100	179,100	3,582	3,582	6,556.00	3A COMMERCIAL LAND AND BUILI
	R 681002820	9500	0255	203,000	203,000	4,060	4,060	7,432.00	3A COMMERCIAL LAND AND BUILI
	R 682200340	9500	0255	17,700	17,700	354	354	648.00	3A COMMERCIAL LAND AND BUILI
	R 682400040	9500	0255	2,800	2,800	56	56	102.00	3A COMMERCIAL LAND AND BUILI
	R 682400060	9500	0255	1,800	1,800	36	36	66.00	3A COMMERCIAL LAND AND BUILI
	R 682400070	9500	0255	793,300	793,300	15,866	15,866	29,040.00	3A COMMERCIAL LAND AND BUILI
	R 682400080	9500	0255	3,800	3,800	76	76	140.00	3A COMMERCIAL LAND AND BUILI
	R 682400090	9500	0255	395,400	395,400	7,908	7,908	14,474.00	3A COMMERCIAL LAND AND BUILI
	R 682400100	9500	0255	217,700	217,700	4,354	4,354	7,970.00	3A COMMERCIAL LAND AND BUILI
	R 682400130	9500	0255	186,600	186,600	3,732	3,732	6,830.00	3A COMMERCIAL LAND AND BUILI
	R 683600020	9500	0255	14,900	14,900	298	298	546.00	3A COMMERCIAL LAND AND BUILI
	R 683600040	9500	0255	16,600	16,600	332	332	608.00	3A COMMERCIAL LAND AND BUILI
	R 683600060	9500	0255	21,400	21,400	428	428	784.00	3A COMMERCIAL LAND AND BUILI
	R 684000040	9500	0255	13,300	13,300	266	266	486.00	3A COMMERCIAL LAND AND BUILI
	R 684000050	9500	0255	640,100	640,100	12,052	12,052	21,472.00	3A COMMERCIAL LAND AND BUILI
	R 684000060	9500	0255	1,382,300	1,382,300	27,646	27,646	50,602.00	3A COMMERCIAL LAND AND BUILI
	R 684000080	9500	0255	45,500	45,500	910	910	1,666.00	3A COMMERCIAL LAND AND BUILI
	R 687600091	9500	0255	2,200	2,200	44	44	80.00	3A COMMERCIAL LAND AND BUILI
	R 687600094	9500	0255	2,800	2,800	56	56	102.00	3A COMMERCIAL LAND AND BUILI
	<b>Total for PINE ISLAND FARMERS ELEVATOR</b>			<b>4,140,300</b>	<b>4,140,300</b>	<b>82,056</b>	<b>82,056</b>	<b>149,604.00</b>	
2	LAND O LAKES INC								
	R 681000010	9500	0255	2,447,600	2,447,600	48,202	48,202	87,640.00	3A INDUSTRIAL LAND AND BUILI
	R 681000011	9500	0255	1,134,700	1,134,700	22,694	22,694	41,538.00	3A INDUSTRIAL LAND AND BUILI
	<b>Total for LAND O LAKES INC</b>			<b>3,582,300</b>	<b>3,582,300</b>	<b>70,896</b>	<b>70,896</b>	<b>129,178.00</b>	
3	MC BURNS PROPERTIES LLC								
	R 681200020	9500	0255	1,809,100	1,809,100	35,432	35,432	64,266.00	3A COMMERCIAL LAND AND BUILI
	R 681200021	9500	0255	921,100	921,100	17,672	17,672	31,758.00	3A COMMERCIAL LAND AND BUILI
	R 681200030	9500	0255	128,000	128,000	2,560	2,560	4,686.00	3A COMMERCIAL LAND AND BUILI
	R 687000080	9500	0255	138,500	138,500	2,770	2,770	5,070.00	3A COMMERCIAL LAND AND BUILI
	<b>Total for MC BURNS PROPERTIES LLC</b>			<b>2,996,700</b>	<b>2,996,700</b>	<b>58,434</b>	<b>58,434</b>	<b>105,780.00</b>	
4	PINE ISLAND APTS LLC								
	R 681001650	Y 9500	0255	4,367,400	4,367,400	54,593	54,593	86,620.00	4A APARTMENT 4 OR MORE UNITS
	<b>Total for PINE ISLAND APTS LLC</b>			<b>4,367,400</b>	<b>4,367,400</b>	<b>54,593</b>	<b>54,593</b>	<b>86,620.00</b>	
5	MN ENERGY RESOURCES CORP								
	P 689990430	9500	0255	380,000	380,000	7,600	7,600	13,910.90	3A U/P OTHER MACH, IMPLEMENT

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 ASMT Year 2025

**GOODHUE COUNTY, MN**  
**Top 10 Taxpayers List - Rank by Net/Gross TCAP Value**  
**DETAIL/SUMMARY REPORT**  
**For PINE ISLAND CITY**

TaxPayer/ Rank Parcel Number	City TIF Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Local Tax Capacity	Net Tax Payable	Property Classification
P 689990430	9500	0255	2,188,000	2,188,000	43,760	43,760	80,097.10	3A U/P GAS UTILITIES NP
<b>Total for MN ENERGY RESOURCES CORP</b>			2,568,000	2,568,000	51,360	51,360	94,008.00	
6 COCKER PROPERTIES LLC								
R 684300010	9500	0255	1,232,500	1,232,500	23,900	23,900	43,158.00	3A INDUSTRIAL LAND AND BUIL
R 684300030	9500	0255	829,100	829,100	15,832	15,832	28,390.00	3A COMMERCIAL LAND AND BUIL
<b>Total for COCKER PROPERTIES LLC</b>			2,061,600	2,061,600	39,732	39,732	71,548.00	
7 RIDGEWAY TOWNHOUSES LLC								
R 682200080	9500	0255	3,001,600	3,001,600	37,520	37,520	59,532.00	4A APARTMENT 4 OR MORE UNITS
<b>Total for RIDGEWAY TOWNHOUSES LLC</b>			3,001,600	3,001,600	37,520	37,520	59,532.00	
8 NORTHERN STATES POWER COMPANY								
P 689990390	9500	0255	1,041,600	1,041,600	20,832	20,832	38,130.00	3A ELECTRIC TRANS POW LINE >
R 687400040	9500	0255	93,900	93,900	1,878	1,878	3,437.50	3A U/P LAND AND BUILDING
R 687400040	9500	0255	541,900	541,900	10,838	10,838	19,838.50	3A U/P OTHER MACH, IMPLEMENT
R 687400112	9500	0255	144,800	144,800	724	724	984.00	2A/1B/4BB AGRICULTURAL
<b>Total for NORTHERN STATES POWER COMPANY</b>			1,822,200	1,822,200	34,272	34,272	62,390.00	
9 RIVER RIDGE PROPERTY LLC								
R 682400010	9500	0255	60,100	60,100	1,202	1,202	2,200.00	3A INDUSTRIAL LAND AND BUIL
R 682400020	9500	0255	1,566,100	1,566,100	30,572	30,572	55,370.00	3A INDUSTRIAL LAND AND BUIL
R 682400030	9500	0255	32,300	32,300	646	646	1,182.00	3A INDUSTRIAL LAND AND BUIL
R 687600070	9500	0255	31,700	31,700	317	317	430.00	2A/1B/4BB AGRICULTURAL
<b>Total for RIVER RIDGE PROPERTY LLC</b>			1,690,200	1,690,200	32,737	32,737	59,182.00	
10 D S MANUFACTURING INC								
R 682400140	9500	0255	5,300	5,300	106	106	194.00	3A INDUSTRIAL LAND AND BUIL
R 684000030	9500	0255	1,528,000	1,528,000	29,810	29,810	53,976.00	3A INDUSTRIAL LAND AND BUIL
R 684000041	9500	0255	3,000	3,000	60	60	110.00	3A INDUSTRIAL LAND AND BUIL
R 684000042	9500	0255	4,200	4,200	84	84	154.00	3A INDUSTRIAL LAND AND BUIL
R 687600080	9500	0255	35,400	35,400	708	708	1,296.00	3A INDUSTRIAL LAND AND BUIL
<b>Total for D S MANUFACTURING INC</b>			1,575,900	1,575,900	30,768	30,768	55,730.00	
<b>Total:</b>			27,806,200	27,806,200	492,368	492,368	873,572.00	

**CERTIFICATE AS TO TAXES AND TAXABLE  
PROPERTY IN PINE ISLAND CITY  
(Herein called the "TAXING DISTRICT")**

I hereby certify that the TAXING DISTRICT is situated partly in this County and that:

**1. CURRENT VALUATION** - The taxable market values and net tax capacities of all taxable property in the TAXING DISTRICT in this county as assessed in 2025 for the purpose of computing the rates of taxes collectible in 2026 are as follows:

Property Type	Estimated Market value	Taxable Market value	Net Tax Capacity
<b>Real Estate:</b>			
Homestead Exclusion . . . . .			
Residential Homestead (Class 1a, 1b) . . . . .	98,141,600	91,730,900	918,119
AGRICULTURAL (CLASS 1B, 1D, 2A, 2B, 2C, 2D, 2E) . . . . .	13,449,500	13,434,300	132,311
Homestead Exclusion . . . . .			
Commerical & Industrial (Class 3a, 3b, 4c(3)i, 4c(3)ii, 5(1)): . . . . .			
Public Utility . . . . .			
Railroad Operating Property . . . . .			
All Other Commerical-Industrial . . . . .	5,925,200	5,925,200	107,033
All Other Commerical-Industrial . . . . .			
Residential Non-Homestead (Class 4a,4b(1-4),4bb,4c(2-5,6-9),4d) . . . . .	22,137,200	21,216,500	215,951
SEASONAL RECREATIONAL-RESIDENTIAL (CLASS 1C, 4C1, 4C(10) 4C Other (Class 5(2)) . . . . .			
<b>Total Real Estate . . . . .</b>	<b>139,653,500</b>	<b>132,306,900</b>	<b>1,373,414</b>
<b>Total Personal Property . . . . .</b>	<b>1,118,800</b>	<b>1,118,800</b>	<b>22,214</b>
<b>Total Real and Personal Property . . . . .</b>	<b>140,772,300</b>	<b>133,425,700</b>	<b>1,395,628</b>
Subtract: Tax Increment Captured Tax Capacity . . . . .			0
10% Tax Capacity of 200KV Powerlines built after 7/1/74 . . . . .	710,300	710,300	1,421
Fiscal Disparity Contribution Value . . . . .			
Local Tax Rate Determination Value . . . . .			1,394,207
Add: Fiscal Disparity Distribution Value . . . . .			0
Local Adjusted Taxable Value . . . . .			1,394,207

**Total Manufactured Home . . . . .**

Homestead Exclusions		
Real Estate	Personal Property	Manufactured Home
4,326,904	0	0

**2. VALUATION HISTORY** (Real & Personal Property)

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power Lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Homestead Exclusions/ Adjusted TCAP
2025	130,707,500							4,179,337
	122,474,300	1,280,237	0	1,460	N/A	1,278,777	N/A	1,278,777
2024	124,582,100							2,064,271
	120,409,100	1,255,684	0	1,482	N/A	1,254,202	N/A	1,254,202
2023	109,585,400							2,460,465
	104,444,000	1,091,052	0	1,553	N/A	1,089,499	N/A	1,089,499
2022	96,017,100							2,990,416
	91,826,200	953,045	0	1,565	N/A	951,480	N/A	951,480
2021	93,925,900							3,035,327
	89,702,800	932,044	0	1,539	N/A	930,505	N/A	930,505
2020	86,580,400							3,372,736
	82,052,900	853,626	0	1,530	N/A	852,096	N/A	852,096

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power Lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Homestead Exclusions/ Adjusted TCAP
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3. TEN LARGEST TAXPAYING PARCELS - A list of the largest taxpaying parcels in the TAXING DISTRICT in this county is enclosed if requested.



**5. BONDED INDEBTEDNESS** - The TAXING DISTRICT and all governmental units listed in section 4 having bonded debt, have such debt as shown below. Values shown are adjusted net tax capacities which have been adjusted for Fiscal Disparity Contribution and Distribution, Tax Increment Captured Tax Capacity, and Powerlines.

<b>Government Unit</b>	<b>Taxable Net Tax Capacity of Entire Govt. Unit in County</b>	<b>Taxable Net Tax Capacity of Portion in TAXING DIST. in County</b>	<b>Bonded Debt as of 12/31/2025</b>	<b>2025/26 Debt Fund Tax Rate</b>
<b>****COUNTY****</b>				
OLMSTED COUNTY	333,446,021	1,394,207	152,975,000	1.41007
<b>**MUNICIPALITY**</b>				
PINE ISLAND CITY	1,394,207	1,394,207		
<b>****SCHOOL****</b>				
PINE ISLAND SCH DIST	6,974,655	1,389,240		
ROCHESTER SCHOOL DST	269,478,813	4,967	310,450,000	11.92553
<b>****SPECIAL****</b>				
OLMSTED COUNTY HRA	325,539,976	1,394,207	1,710,000	
ST PAUL PORT AUTHORITY	333,446,021	1,394,207		

**6. TAX LEVIES AND COLLECTION FOR YEAR: 2026**

<b>Levy/Coll Year</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Gross Levy	826,587.82	887,256.34	1,016,755.32	1,046,749.82
Cross County Levy	0.00	0.00	0.00	0.00
Net Gross Levy	826,587.82	887,256.34	1,016,755.32	1,046,749.82
Market Levy	0.00	0.00	0.00	0.00
Property Credits/Aids	0.00	0.00	0.00	0.00
Net Tax Levy	826,399.20	887,056.26	1,016,531.80	1,046,503.30
Adjustments During Coll Year	0.00	-62.62	-327.94	156.96
Adjusted Tax Levy	826,399.20	886,993.64	1,016,203.86	1,046,660.26
Current Year Collections	-823,879.35	-869,993.59	-983,573.72	-997,530.45
Year End Delinquency	2,519.85	17,000.05	32,630.14	49,129.81
Delinquent Adjustments as of 12/31/25	0.00	0.00	0.00	0.00
Delinquent Collections as of 12/31/25	-956.57	-14,307.89	-27,932.65	0.00
Amount of Delinquent as of 12/31/25	1,563.28	2,692.16	4,697.49	49,129.81

If there are any questions regarding the completed certificate, please contact

Contact Person(s): Laura Wolf

Telephone: 507.328-7740

WITNESS My hand and official seal this 14<sup>th</sup> day of April, 2026.



(SEAL)

Mary Blair Hoff  
COUNTY AUDITOR

OLMSTED COUNTY, MN  
 Top 10 Taxpayers List - Rank by Original Charges  
 DETAIL/SUMMARY REPORT  
 For CITY OF PINE ISLAND

Rank	TaxPayer/ Parcel Number	City TIF Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Local Tax Capacity	Net Tax Payable	Property Classification
1	PRAIRIE ISLAND INDIAN COMMUNITY							
	R 840622039648	9500	0255	320,000	320,000	3,200	3,200	4,098.00 2a AGRICULTURAL
	R 840623079596	9500	0255	388,300	388,300	3,883	3,883	5,388.00 2a AGRICULTURAL
	R 840624039647	9500	0255	800,000	800,000	8,000	8,000	10,728.00 2a AGRICULTURAL
	R 840713039659	9500	0535	357,300	357,300	3,573	3,573	4,946.64 2a AGRICULTURAL
	R 840713039659	9500	0535	2,700	2,700	27	27	37.36 2b AG RURAL VACANT LAND
	R 850111038407	9500	0255	332,800	332,800	3,328	3,328	4,618.00 2a AGRICULTURAL
	R 850112038408	9500	0255	314,200	314,200	3,142	3,142	4,360.62 2a AGRICULTURAL
	R 850112038408	9500	0255	14,800	14,800	148	148	205.38 2b AG RURAL VACANT LAND
	R 850121079580	9500	0255	894,200	894,200	8,942	8,942	12,408.00 2a AGRICULTURAL
	R 850122079581	9500	0255	21,400	21,400	214	214	296.00 2a AGRICULTURAL
	R 850124079575	9500	0255	289,200	289,200	2,892	2,892	4,012.00 2a AGRICULTURAL
	R 850131089002	9500	0255	164,900	164,900	1,649	1,649	2,288.00 2b RES RURAL VACANT LAND
	R 850132079579	9500	0255	665,100	665,100	6,651	6,651	9,228.00 2a AGRICULTURAL
	R 850132089012	9500	0255	69,200	69,200	692	692	960.00 2b RES RURAL VACANT LAND
	R 850134079577	9500	0255	163,600	163,600	1,636	1,636	2,270.00 2a AGRICULTURAL
	R 850141079578	9500	0255	1,232,300	1,232,300	12,323	12,323	17,100.00 2a AGRICULTURAL
	R 850142079576	9500	0255	35,800	35,800	358	358	496.00 2a AGRICULTURAL
	R 850142089001	9500	0255	33,000	33,000	330	330	458.00 2b RES RURAL VACANT LAND
	R 850142089004	9500	0255	333,700	333,700	3,337	3,337	4,630.00 2a AGRICULTURAL
	R 850143089014	9500	0255	73,600	73,600	736	736	1,022.00 2b RES RURAL VACANT LAND
	R 850212083615	9500	0255	622,300	622,300	6,223	6,223	8,634.00 2a AGRICULTURAL
	R 850212089010	9500	0255	4,700	4,700	47	47	66.00 2b RES RURAL VACANT LAND
	R 850214079302	9500	0255	225,600	225,600	2,256	2,256	3,130.00 2a AGRICULTURAL
	R 850214079304	9500	0255	781,500	781,500	7,815	7,815	10,844.00 2a AGRICULTURAL
	R 850241079586	9500	0255	185,300	185,300	1,853	1,853	2,572.00 2a AGRICULTURAL
	R 850241089008	9500	0255	3,600	3,600	36	36	50.00 2b RES RURAL VACANT LAND
	R 850242078994	9500	0255	22,800	22,800	228	228	316.00 2a AGRICULTURAL
	R 851211089016	9500	0255	2,200	2,200	22	22	30.00 2b RES RURAL VACANT LAND
	R 851221089018	9500	0255	10,500	10,500	105	105	146.00 2b RES RURAL VACANT LAND
	<b>Total for PRAIRIE ISLAND INDIAN COMMUNITY</b>			<b>8,364,600</b>	<b>8,364,600</b>	<b>83,646</b>	<b>83,646</b>	<b>115,338.00</b>
2	JJ&M PROPERTY INVESTMENTS LLC							
	R 850611061180	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611061182	9500	0255	201,800	201,800	2,018	2,018	3,316.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611061183	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611061184	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611061187	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611062455	9500	0255	204,000	204,000	2,040	2,040	3,352.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611062456	9500	0255	202,400	202,400	2,024	2,024	3,326.00 1a/4bb(1) RESIDENTIAL SINGLE
	R 850611062457	9500	0255	203,000	203,000	2,030	2,030	3,336.00 1a/4bb(1) RESIDENTIAL SINGLE

OLMSTED COUNTY, MN  
 Top 10 Taxpayers List - Rank by Original Charges  
 DETAIL/SUMMARY REPORT  
 For CITY OF PINE ISLAND

TaxPayer/ Rank Parcel Number	City Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Local Tax Capacity	Net Tax Payable	Property Classification
R 850611062458	9500	0255	204,000	204,000	2,040	2,040	3,352.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611062460	9500	0255	203,200	203,200	2,032	2,032	3,340.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611062461	9500	0255	202,500	202,500	2,025	2,025	3,328.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611062462	9500	0255	204,000	204,000	2,040	2,040	3,352.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068249	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068250	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068251	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068252	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068253	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068254	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068255	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068256	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068257	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068258	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068259	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068260	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068261	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068262	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068263	9500	0255	15,000	15,000	188	188	304.00 4b(4) UNIMPROVED RESIDENTIAL
R 850611068264	9500	0255	192,700	192,700	1,927	1,927	3,168.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068266	9500	0255	216,300	216,300	2,163	2,163	3,556.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068268	9500	0255	191,800	191,800	1,918	1,918	3,152.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068269	9500	0255	192,700	192,700	1,927	1,927	3,168.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068280	9500	0255	219,100	219,100	2,191	2,191	3,602.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068282	9500	0255	219,100	219,100	2,191	2,191	3,601.10 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068284	9500	0255	193,000	193,000	1,930	1,930	3,172.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068285	9500	0255	193,000	193,000	1,930	1,930	3,172.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068286	9500	0255	192,500	192,500	1,925	1,925	3,164.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068287	9500	0255	192,500	192,500	1,925	1,925	3,164.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068288	9500	0255	193,000	193,000	1,930	1,930	3,172.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068289	9500	0255	193,000	193,000	1,930	1,930	3,172.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611068290	9500	0255	191,800	191,800	1,918	1,918	3,152.00 1a/4bb(1) RESIDENTIAL SINGLE
<b>Total for JJ&amp;M PROPERTY INVESTMENTS LLC</b>			<b>5,236,400</b>	<b>5,236,400</b>	<b>52,934</b>	<b>52,934</b>	<b>86,925.10</b>
3 B G M HOLDINGS LLC							
R 850222068606	9500	0255	240,000	240,000	4,050	4,050	6,950.00 3a INDUSTRIAL PREFERENTIAL
R 850222080111	9500	0255	1,199,100	1,199,100	23,232	23,232	42,648.00 3a COMMERCIAL PREFERENTIAL
<b>Total for B G M HOLDINGS LLC</b>			<b>1,439,100</b>	<b>1,439,100</b>	<b>27,282</b>	<b>27,282</b>	<b>49,598.00</b>
4 EB PINE ISLAND LLC							
R 850611061196	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE

OLMSTED COUNTY, MN  
 Top 10 Taxpayers List - Rank by Original Charges  
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 For CITY OF PINE ISLAND

Rank	TaxPayer/ Parcel Number	City Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Local Tax Capacity	Net Tax Payable	Property Classification
R	850611061197	9500	0255	200,500	200,500	2,005	2,005	3,296.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611061199	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611062444	9500	0255	200,500	200,500	2,005	2,005	3,296.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611062445	9500	0255	200,200	200,200	2,002	2,002	3,290.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068270	9500	0255	219,100	219,100	2,191	2,191	3,602.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068273	9500	0255	219,100	219,100	2,191	2,191	3,602.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068274	9500	0255	219,100	219,100	2,191	2,191	3,602.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068299	9500	0255	220,400	220,400	2,204	2,204	3,622.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068300	9500	0255	220,400	220,400	2,204	2,204	3,622.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068301	9500	0255	220,400	220,400	2,204	2,204	3,622.00 1a/4bb(1) RESIDENTIAL SINGLE
R	850611068302	9500	0255	220,400	220,400	2,204	2,204	3,622.00 1a/4bb(1) RESIDENTIAL SINGLE
<b>Total for EB PINE ISLAND LLC</b>				2,543,100	2,543,100	25,431	25,431	41,800.00
5 UNITED STATES OF AMERICA TRUST								
R	840633078539	0012	0255	92,200	92,200	922	922	658.00 2a AGRICULTURAL
R	840633079595	9500	0255	213,400	213,400	2,134	2,134	2,962.00 2a AGRICULTURAL
R	840634078541	0012	0255	75,800	75,800	758	758	542.00 2a AGRICULTURAL
R	840634079597	9500	0255	233,000	233,000	2,330	2,330	3,234.00 2a AGRICULTURAL
R	840723079573	9500	0535	136,700	136,700	1,367	1,367	1,892.00 2a AGRICULTURAL
R	840724039662	9500	0255	480,000	480,000	4,800	4,800	6,660.00 2a AGRICULTURAL
R	850131079584	9500	0255	154,700	154,700	1,547	1,547	2,146.00 2b AG RURAL VACANT LAND
R	850132079567	9500	0255	157,700	157,700	1,577	1,577	2,188.00 2a AGRICULTURAL
R	850134079589	9500	0255	125,800	125,800	1,258	1,258	1,746.00 2a AGRICULTURAL
R	850143079564	9500	0255	42,400	42,400	424	424	588.00 2a AGRICULTURAL
R	850144078534	9500	0255	5,000	5,000	63	63	102.00 4b(4) UNIMPROVED RESIDENTIAL
R	850144079565	9500	0255	340,100	340,100	3,401	3,401	4,720.00 2a AGRICULTURAL
R	851212038600	9500	0255	403,200	403,200	4,032	4,032	5,594.00 2a AGRICULTURAL
R	851214079569	9500	0255	273,700	273,700	2,737	2,737	3,798.00 2a AGRICULTURAL
R	851214079571	9500	0255	11,800	11,800	118	118	164.00 2a AGRICULTURAL
R	851221079590	9500	0255	70,600	70,600	706	706	980.00 2a AGRICULTURAL
<b>Total for UNITED STATES OF AMERICA TRUST</b>				2,816,100	2,816,100	28,174	28,174	37,974.00
6 ANDRIST TRUSTEE,JASON D								
R	850222068609	9500	0255	545,400	545,400	10,158	10,158	18,316.00 3a COMMERCIAL PREFERENTIAL
R	850512039078	9500	0255	305,000	285,900	2,859	2,859	4,724.00 1a/4bb(1) RESIDENTIAL SINGLE
<b>Total for ANDRIST TRUSTEE,JASON D</b>				850,400	831,300	13,017	13,017	23,040.00
7 MIDDLE RIVER INVESTMENTS LLC								
R	850221085898	9500	0255	633,200	633,200	11,914	11,914	21,584.00 3a COMMERCIAL PREFERENTIAL

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 ASMT Year 2025

OLMSTED COUNTY, MN  
 Top 10 Taxpayers List - Rank by Original Charges  
 DETAIL/SUMMARY REPORT  
 For CITY OF PINE ISLAND

TaxPayer/ Rank Parcel Number	City TIF Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Local Tax Capacity	Net Tax Payable	Property Classification
<b>Total for MIDDLE RIVER INVESTMENTS LLC</b>			633,200	633,200	11,914	11,914	21,584.00
8	JJ&M PROPERTY INVESTMENTS LL						
R 850611061192	9500	0255	201,500	201,500	2,015	2,015	3,312.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611061193	9500	0255	201,700	201,700	2,017	2,017	3,316.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611061194	9500	0255	201,800	201,800	2,018	2,018	3,316.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611061195	9500	0255	202,100	202,100	2,021	2,021	3,322.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611062453	9500	0255	202,100	202,100	2,021	2,021	3,322.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850611062454	9500	0255	204,000	204,000	2,040	2,040	3,352.00 1a/4bb(1) RESIDENTIAL SINGLE
<b>Total for JJ&amp;M PROPERTY INVESTMENTS LL</b>			1,213,200	1,213,200	12,132	12,132	19,940.00
9	MED CITY BUILDERS RTCV LLC						
R 850331088125	9500	0255	65,000	21,600	270	270	436.00 4b(4) UNIMPROVED RESIDENTIAL
R 850331088129	9500	0255	65,000	21,600	270	270	436.00 4b(4) UNIMPROVED RESIDENTIAL
R 850332086089	9500	0255	381,800	381,800	3,818	3,818	6,276.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850332086095	9500	0255	380,700	380,700	3,807	3,807	6,258.00 1a/4bb(1) RESIDENTIAL SINGLE
R 850332086097	9500	0255	381,800	381,800	3,818	3,818	6,276.00 1a/4bb(1) RESIDENTIAL SINGLE
<b>Total for MED CITY BUILDERS RTCV LLC</b>			1,274,300	1,187,500	11,983	11,983	19,682.00
10	BGM HOLDINGS LLC						
R 850222068607	9500	0255	560,700	560,700	10,464	10,464	18,886.00 3a COMMERCIAL PREFERENTIAL
<b>Total for BGM HOLDINGS LLC</b>			560,700	560,700	10,464	10,464	18,886.00
<b>Total:</b>			24,931,100	24,825,200	276,977	276,977	434,767.10

Authority Code	Authority Name	Bonds outstanding as of December 31, 2025	
Townships			
010001	Cascade Township	\$	215,325.00
010012	Oronoco Township	\$	159,349.69
010017	Salem Township	\$	-
Cities			
010100	City of Byron	\$	7,297,000.00
010500	City of Dover	\$	297,000.00
010600	City of Eyota	\$	5,208,000.00
010800	City of Rochester	\$	225,020,000.00
011000	City of Stewartville	\$	2,165,983.00
011200	City of Oronoco	\$	11,808,379.00
School District			
020531	Byron School District	\$	81,162,019.00
020533	Eyota School District	\$	30,165,000.00
020534	Stewartville School Distr	\$	30,235,000.00
020535	Rochester School Distric	\$	310,450,000.00
Olmsted County			
050039	Olmsted County HRA	\$	1,710,000.00
120001	Olmsted County	\$	152,975,000.00



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§ \_\_\_\_\_  
CITY OF PINE ISLAND, MINNESOTA  
GENERAL OBLIGATION IMPROVEMENT BONDS  
SERIES 2026A

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

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

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

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

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

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

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

Dated \_\_\_\_\_, 2026, at Minneapolis, Minnesota.

§ \_\_\_\_\_  
CITY OF PINE ISLAND, MINNESOTA  
GENERAL OBLIGATION IMPROVEMENT BONDS  
SERIES 2026A

**CONTINUING DISCLOSURE CERTIFICATE**

\_\_\_\_\_, 2026

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Pine Island, Goodhue and Olmsted Counties, Minnesota (the “City”) in connection with the issuance of its General Obligation Improvement Bonds, Series 2026A (the “Bonds”) in the original aggregate principal amount of \$ \_\_\_\_\_. The Bonds are being issued pursuant to a resolution adopted by the City Council of the City (the “Resolution”). The Bonds are being delivered to [Purchaser] [as syndicate manager], (the “Purchaser”) on the date hereof. Pursuant to the Resolution, the City has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The City hereby covenants and agrees as follows:

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

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

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

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

“Bonds” means the General Obligation Improvement Bonds, Series 2026A, issued by the City in the original aggregate principal amount of \$ \_\_\_\_\_.

“City” means the City of Pine Island, Goodhue and Olmsted Counties, Minnesota, which is the obligated person with respect to the Bonds.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

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

“Final Official Statement” means the Final Official Statement, dated \_\_\_\_\_, 2026, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the City.

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

“GASB” means the Governmental Accounting Standards Board.

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

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

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

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

“Purchaser” means [Purchaser] [,as syndicate manager].

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

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

“SEC” means Securities and Exchange Commission, and any successor thereto.

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

(a) The City shall provide to the Repository no later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2025, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Report.

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

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

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

1. Valuations – County Auditor
2. Trends in Valuation
3. City Indebtedness

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

**CITY OF PINE ISLAND, MINNESOTA**

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
City Administrator

## Appendix D Summary of Tax Levies, Payment Provisions & Valuations

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

### Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate and multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a and causes a decrease in the Issuer's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

### Property Tax Payments and Delinquencies

(Chapters 275, 276, 277, 279 – 282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on non-homestead property is assessed at a rate of 4% until May 31 and increased

to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on non-homestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for non-homestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

### **Property Tax Credits** **(Chapter 273, Minnesota Statutes)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

### **Debt Limitations**

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements that are payable wholly or partially from the proceeds of special assessments levied upon benefited property.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition and betterment of public waterworks systems, and public lighting, heating or power systems, and any combination thereof, or for any other public convenience from which revenue is or may be derived.

6. Certain debt service loans and capital loans made to school districts.
7. Certain obligations to repay loans.
8. Obligations specifically excluded under the provisions of law authorizing their issuance.
9. Certain obligations to pay pension fund liabilities.
10. Debt service funds for the payment of principal and interest on obligations other than those described above.
11. Obligations issued to pay judgments against the municipality.
12. All other obligations which Minnesota Statutes specifically indicate are not to be included in the computation of the net debt of the municipality.

### **Levies for General Obligation Debt**

***(Sections 475.61 and 475.74, Minnesota Statutes)***

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

### **Metropolitan Revenue Distribution**

***(Chapter 473F, Minnesota Statutes)*** (*"Fiscal Disparities Law"*)

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/St. Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

## Minnesota Property Class Rate Schedule

(current through taxes payable 2022)

<b>Property Type</b>	<b>Taxes Payable Year</b>				
	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Residential Homestead (1a)</b>					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Residential Non-homestead</b>					
Single Unit (4bb1)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
1-3 unit and undeveloped land (4b1)	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Market Rate Apartments</b>					
Regular (4a)					
Low-Income (4d)	1.25%	1.25%	1.25%	1.25%	1.25%
Up to \$115, 000 <sup>4</sup>	0.75%	0.75%	0.75%	0.75%	0.75%
Over \$115, 000 <sup>4</sup>	0.25%	0.25%	0.25%	0.25%	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>					
Up to \$150,000	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>
Over \$150,000	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Commercial Seasonal Residential</b>					
Homestead Resorts (1c)					
Up to \$600,000	0.50%	0.50%	0.50%	0.50%	0.50%
\$600,000 - \$2,300,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$2,300,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
Seasonal Resorts (4c)					
Up to \$500,000	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>
Over \$500,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
<b>Non-Commercial (4c12)</b>					
Up to \$500,000	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>
Over \$500,000	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>
<b>Disabled Homestead (1b)</b>					
Up to \$50,000	0.45%	0.45%	0.45%	0.45%	0.45%
<b>Agricultural Land &amp; Buildings</b>					
Homestead (2a)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Remainder of Farm					
Up to \$2,050,000 <sup>4</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>
Over \$2,050,000 <sup>4</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>
Non-homestead (2b)	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>

<sup>1</sup> Subject to the State General Property Tax.

<sup>2</sup> Exempt from referendum market value tax.

*For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in St. Paul are exempt under this provision).*

**APPENDIX E**  
**FINANCIAL STATEMENT**

The City's financial statements are audited annually. The following pages contain a copy of the 2025 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

Abdo Solutions, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. Abdo Solutions also has not performed any procedures relating to this offering document.

# **ANNUAL FINANCIAL REPORT**

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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City of Pine Island, Minnesota  
Annual Financial Report  
Table of Contents  
For the Year Ended December 31, 2025

	<u>Page No.</u>
<b>Introductory Section</b>	
Elected and Appointed Officials	9
<b>Financial Section</b>	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	36
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	39
Proprietary Funds	
Statement of Net Position	40
Statement of Revenues, Expenses and Changes in Net Position	41
Statement of Cash Flows	42
Notes to the Financial Statements	45
<b>Required Supplementary Information</b>	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability -	
General Employees Retirement Fund	76
Schedule of Employer's Public Employees Retirement Association Contributions -	
General Employees Retirement Fund	76
Notes to the Required Supplementary Information - General Employees Retirement Fund	77
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	77
Notes to the Required Supplementary Information - Fire Relief Association	79
Schedule of Employer's Fire Relief Association Contributions	80
Budgetary Comparison Schedule	
General Fund	81
Notes to the Required Supplementary Information – Budgetary Reporting	82
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Fund	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	85
Nonmajor Special Revenue Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Library Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	90
Nonmajor Capital Projects Funds	
Combining Balance Sheet	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92
Nonmajor Proprietary Funds	
Combining Statement of Net Position	93
Combining Statement of Revenues, Expenses and Changes in Net Position	94
Combining Statement of Cash Flows	95

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City of Pine Island, Minnesota  
 Annual Financial Report  
 Table of Contents (Continued)  
 For the Year Ended December 31, 2025

	<u>Page No.</u>
<b>Combining and Individual Fund Financial Statements and Schedules (Continued)</b>	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	96
Debt Service Funds	
Combining Balance Sheet	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	102
Discretely Presented Component Unit	
Economic Development Authority	
Balance Sheet	104
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position	105
Schedule of Revenues, Expenditures and Changes in Fund Balances/Net Position - Budget and Actual	106
 <b>Other Required Report</b>	
Independent Auditor's Report on Minnesota Legal Compliance	109

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INTRODUCTORY SECTION

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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City of Pine Island, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2025

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Friese	Mayor	12/31/2026
Brandi Veith Staloch	Council Member	12/31/2026
Colton Wright	Council Member	12/31/2028
Vernon Pahl	Council Member	12/31/2028
Delana Weis	Council Member	12/31/2026

**APPOINTED**

Elizabeth Howard	City Administrator
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FINANCIAL SECTION  
CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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## **INDEPENDENT AUDITOR’S REPORT**

Honorable Mayor and City Council  
City of Pine Island, Minnesota

### **Report on the Financial Statements**

#### **Opinions**

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

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

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pine Island’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 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, we:

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

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

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the respective budgetary comparison schedule and related note disclosures, starting on page 76 are 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 which 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's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 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 section 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.



**Abdo**  
Minneapolis, Minnesota  
April 17, 2026



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## Management's Discussion and Analysis

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

### Overview of the Financial Statements

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

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

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

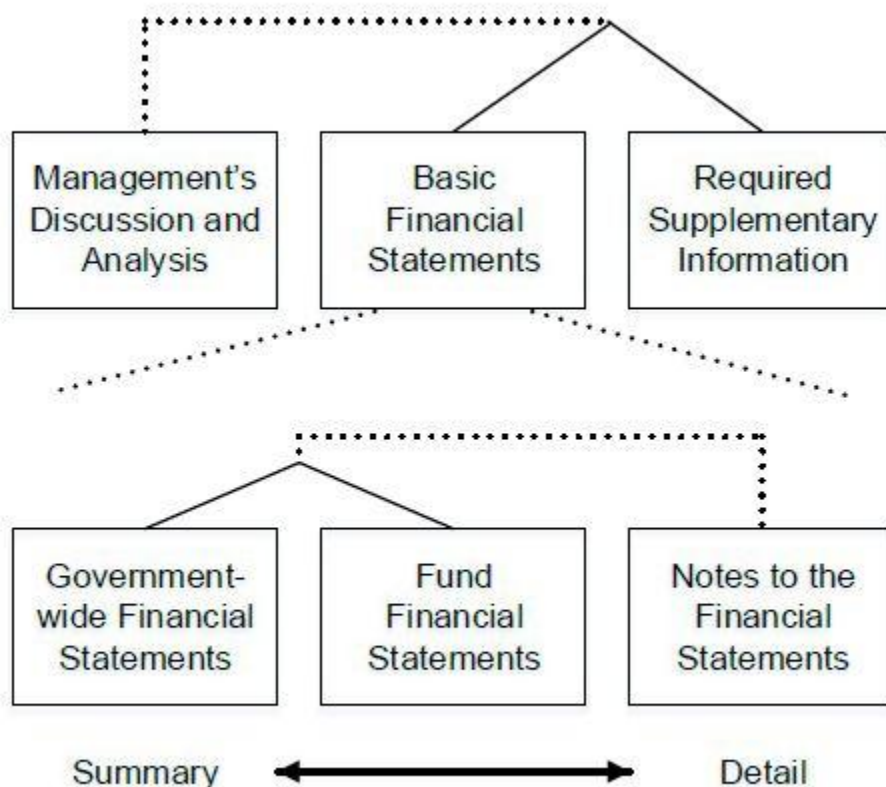


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statements of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. Financial information for this *component unit* is discretely presented for the primary government.

The government-wide financial statements start on page 31 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 two categories: governmental funds and proprietary funds.

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

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

The City maintains several individual governmental funds, six of which are Debt Service funds and are presented as one fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund and Capital Equipment fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and Library fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budget.

The basic governmental fund financial statements start on page 36 of this report.

**Proprietary Funds.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Evergreen Place, Cemetery and Deputy Registrar activities.

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

The basic proprietary fund financial statements start on page 40 of this report.

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

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 76 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 84 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities as shown below.

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

## City of Pine Island's Summary of Net Position

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

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

**Statement of Activities.** Governmental activities increased and business-type activities decreased during the year. The changes are highlighted below:

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 9,883,161	\$ 8,426,352	\$ 1,456,809	\$ 5,345,154	\$ 5,055,532	\$ 289,622
Capital assets	16,100,212	16,594,086	(493,874)	12,727,667	13,747,121	(1,019,454)
Total Assets	25,983,373	25,020,438	962,935	18,072,821	18,802,653	(729,832)
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	268,715	189,853	78,862	59,317	36,046	23,271
<b>Liabilities</b>						
Long-term liabilities outstanding	7,240,685	8,332,567	(1,091,882)	3,750,746	3,984,673	(233,927)
Other liabilities	633,801	607,571	26,230	135,209	146,010	(10,801)
Total Liabilities	7,874,486	8,940,138	(1,065,652)	3,885,955	4,130,683	(244,728)
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	506,128	298,761	207,367	81,038	83,621	(2,583)
<b>Net Position</b>						
Net investment in capital assets	9,265,219	8,651,566	613,653	9,136,489	9,933,426	(796,937)
Restricted	4,109,458	4,159,101	(49,643)	-	-	-
Unrestricted	4,496,797	3,160,725	1,336,072	5,028,656	4,690,969	337,687
Total Net Position	\$ 17,871,474	\$ 15,971,392	\$ 1,900,082	\$ 14,165,145	\$ 14,624,395	\$ (459,250)
<b>Net Position as a Percent of Total</b>						
Net investment in capital assets	51.8 %	54.2 %		64.5 %	67.9 %	
Restricted	23.0	26.0		-	-	
Unrestricted	25.2	19.8		35.5	32.1	
	100.0 %	100.0 %		100.0 %	100.0 %	

## City of Pine Island's Changes in Net Position

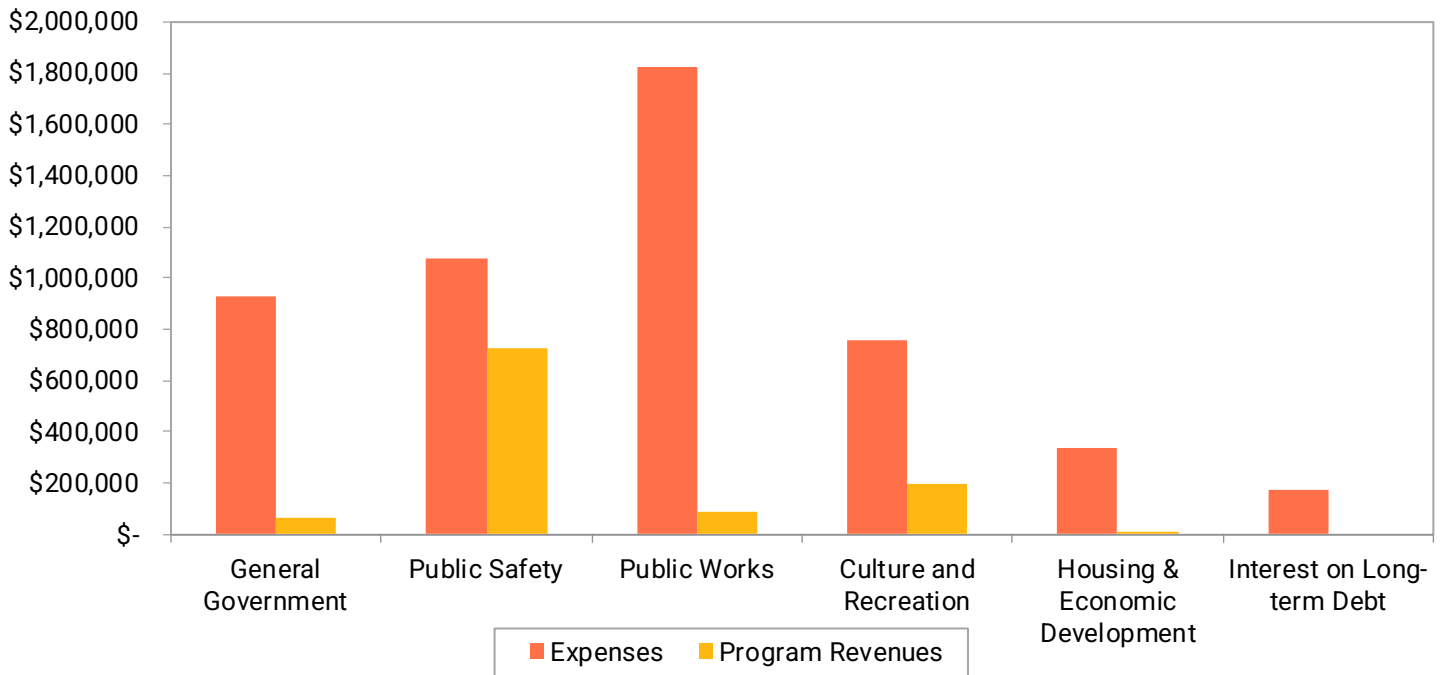
	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 727,174	\$ 581,247	\$ 145,927	\$ 1,991,482	\$ 1,961,004	\$ 30,478
Operating grants and contributions	323,650	433,202	(109,552)	3,395	4,270	(875)
Capital grants and contributions	30,991	32,272	(1,281)	43,949	1,255,704	(1,211,755)
<b>General revenues</b>						
Taxes	4,207,815	3,985,439	222,376	-	-	-
Grants and contributions not restricted to specific programs	745,215	744,528	687	-	-	-
Unrestricted investment earnings	180,225	139,992	40,233	172,003	164,022	7,981
Gain on sale of capital assets	-	1,240,515	(1,240,515)	363,579	14,736	348,843
<b>Total Revenues</b>	<u>6,215,070</u>	<u>7,157,195</u>	<u>(942,125)</u>	<u>2,574,408</u>	<u>3,399,736</u>	<u>(825,328)</u>
<b>Expenses</b>						
General government	925,209	848,824	76,385	-	-	-
Public safety	1,080,287	939,963	140,324	-	-	-
Public works	1,824,066	2,273,781	(449,715)	-	-	-
Culture and recreation	761,115	650,741	110,374	-	-	-
Housing and economic development	334,396	288,090	46,306	-	-	-
Debt service	175,879	193,273	(17,394)	-	-	-
Water	-	-	-	663,041	720,207	(57,166)
Sewer	-	-	-	1,063,617	1,016,959	46,658
Evergreen Place	-	-	-	262,414	280,631	(18,217)
Cemetery	-	-	-	58,811	52,148	6,663
Deputy Register	-	-	-	199,811	176,419	23,392
<b>Total Expenses</b>	<u>5,100,952</u>	<u>5,194,672</u>	<u>(93,720)</u>	<u>2,247,694</u>	<u>2,246,364</u>	<u>1,330</u>
<b>Change in Net Position</b>						
Before Transfers	1,114,118	1,962,523	(848,405)	326,714	1,153,372	(826,658)
Operating Transfers	<u>785,964</u>	<u>(77,075)</u>	<u>863,039</u>	<u>(785,964)</u>	<u>77,075</u>	<u>(863,039)</u>
<b>Increase (Decrease) in Net Position</b>	<u>1,900,082</u>	<u>1,885,448</u>	<u>14,634</u>	<u>(459,250)</u>	<u>1,230,447</u>	<u>(1,689,697)</u>
<b>Net Position, January 1</b>	<u>15,971,392</u>	<u>14,085,944</u>	<u>1,885,448</u>	<u>14,624,395</u>	<u>13,393,948</u>	<u>1,230,447</u>
<b>Net Position, December 31</b>	<u><u>\$ 17,871,474</u></u>	<u><u>\$ 15,971,392</u></u>	<u><u>\$ 1,900,082</u></u>	<u><u>\$ 14,165,145</u></u>	<u><u>\$ 14,624,395</u></u>	<u><u>\$ (459,250)</u></u>

Key elements of this increase are as follows:

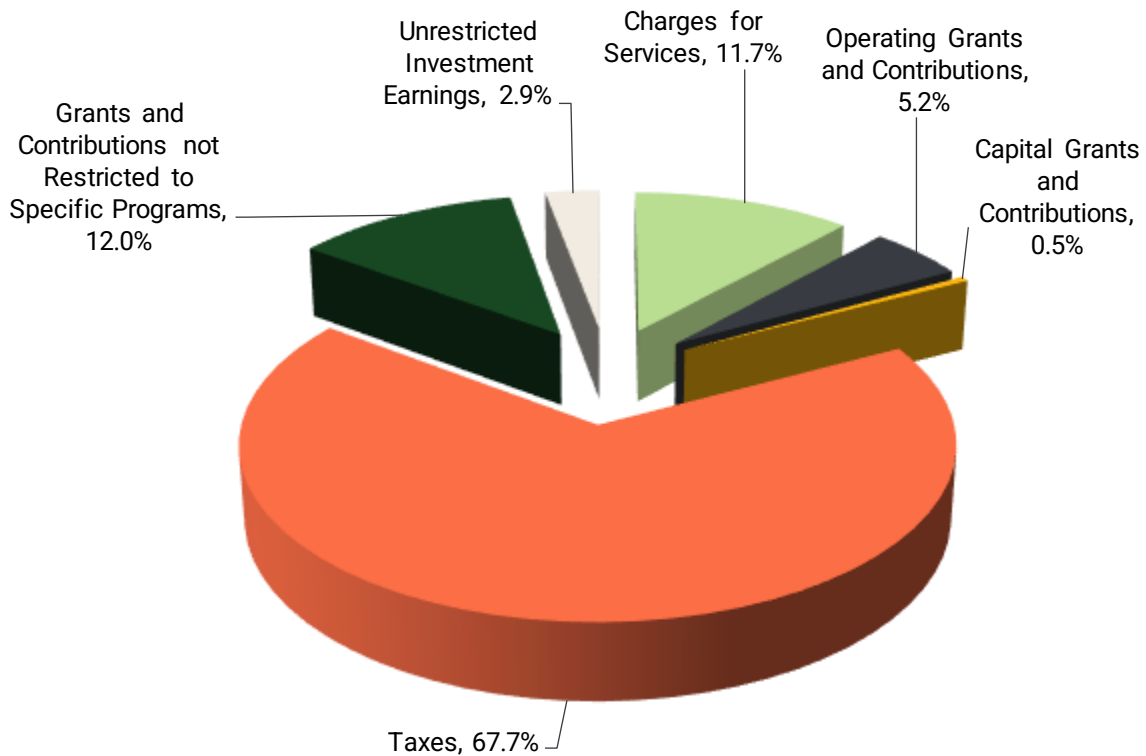
- Increases in charges for services related to development within the city
- Property tax revenue rose in the current year due to an increased levy to meet the city's needs
- Public works expense dropped in the current year due to less road maintenance costs in 2025
- The governmental activities received a large amount of transfers from the business-type activity due to the sale of Evergreen Place

**Governmental-type Activities.** Governmental-type activities increased the City's net position as seen in the table above.

### Expenses and Program Revenues – Gov



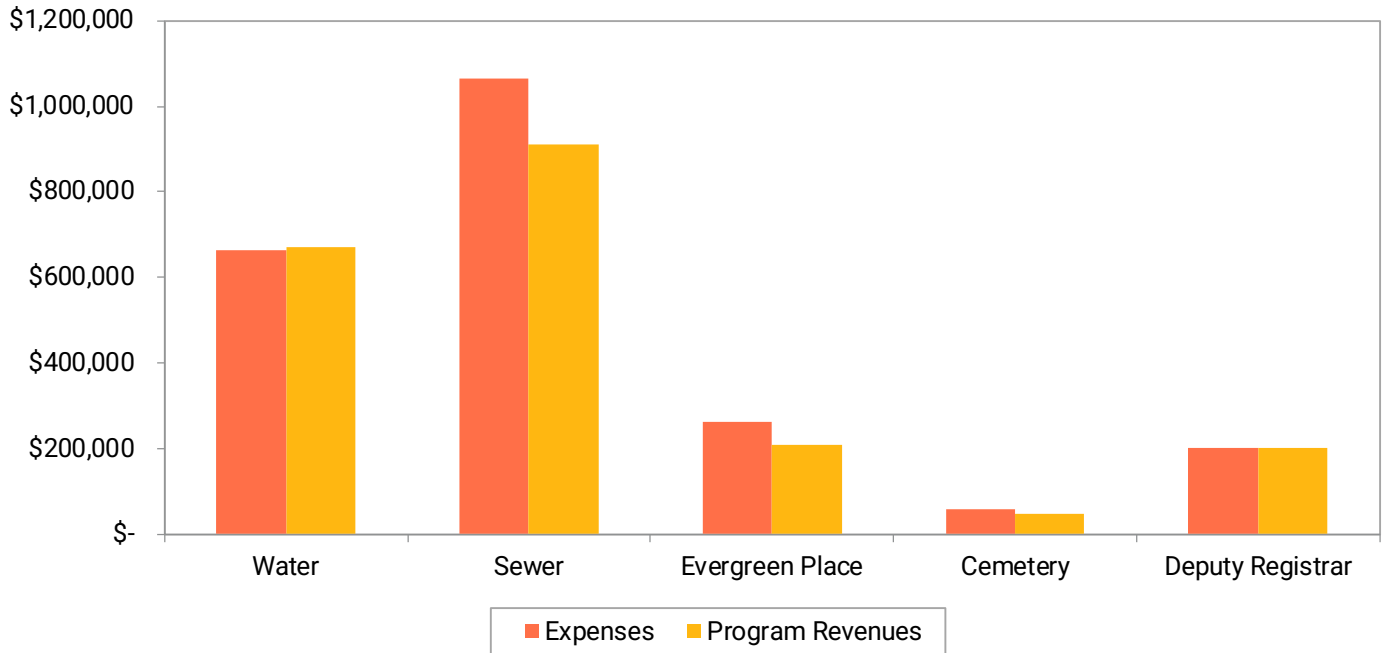
### Revenues by Source - Governmental Activities



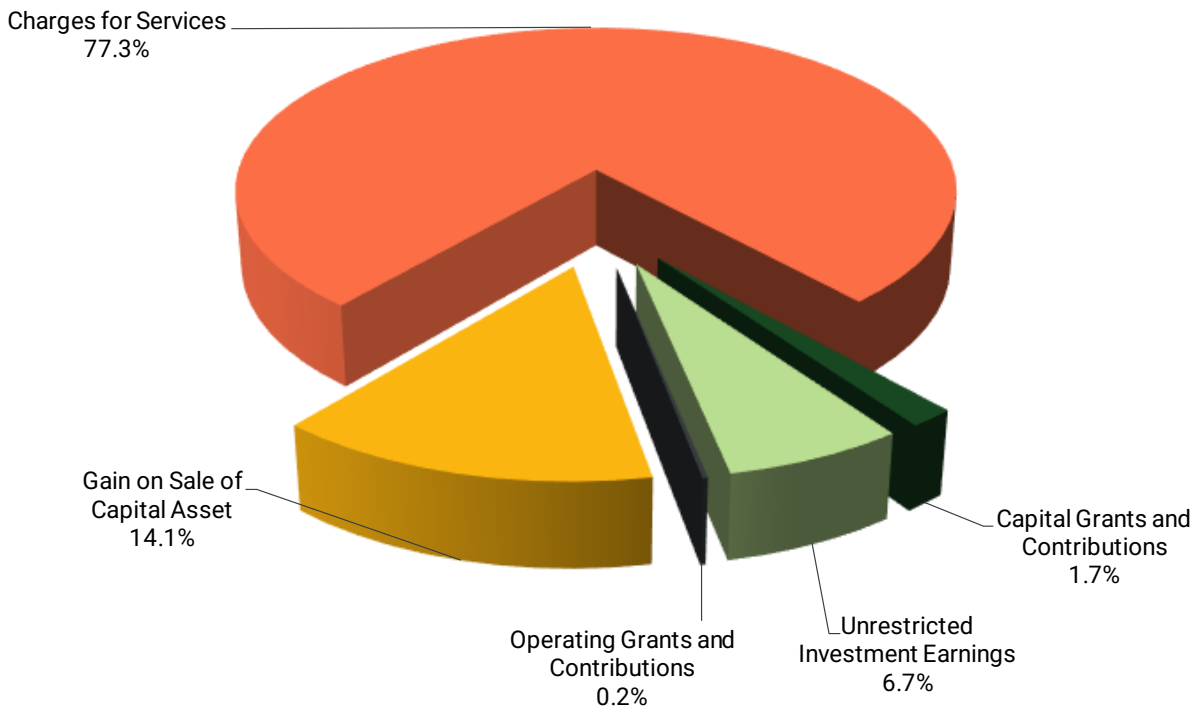
**Business-type Activities.** Business-type activities decreased the City's net position.

- The main driver of the decrease in business-type activities net position was the sale of Evergreen Place. Once Evergreen Place was sold the proceeds of the sale were transferred out to the General and Capital project funds.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

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

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

	General Fund	Debt Service Fund	Capital Equipment Fund	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	\$ 16,955	\$ -	\$ -	\$ 2,374	\$ 19,329	\$ 15,415	\$ 3,914
Restricted	14,500	1,999,192	-	703,792	2,717,484	2,941,299	(223,815)
Committed	-	-	-	349,109	349,109	318,371	30,738
Assigned	2,492	-	2,612,446	-	2,614,938	1,714,075	900,863
Unassigned	<u>2,029,642</u>	<u>-</u>	<u>-</u>	<u>(9,892)</u>	<u>2,019,750</u>	<u>1,531,055</u>	<u>488,695</u>
	<u>\$ 2,063,589</u>	<u>\$ 1,999,192</u>	<u>\$ 2,612,446</u>	<u>\$ 1,045,383</u>	<u>\$ 7,720,610</u>	<u>\$ 6,520,215</u>	<u>\$ 1,200,395</u>

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 of the financial statement notes.

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 16,955	\$ 13,535	\$ 3,420
Restricted for	14,500	-	14,500
Assigned for heritage preservation	2,492	2,477	15
Unassigned	<u>2,029,642</u>	<u>1,541,689</u>	<u>487,953</u>
	<u>\$ 2,063,589</u>	<u>\$ 1,557,701</u>	<u>\$ 505,888</u>
General Fund expenditures	\$ 4,147,942	\$ 4,020,829	
Unassigned as a percent of expenditures	48.9%	38.3%	
Total Fund Balance as a percent of expenditures	49.7%	38.7%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above.

Other major governmental fund analysis is shown below:

	December 31, 2025	December 31, 2024	Increase (Decrease)
Debt Service fund	\$ 1,999,192	\$ 1,953,869	\$ 45,323
<i>The Debt Service fund increase in fund balance during the year was due to transfers in from the Water and Sewer funds.</i>			
Capital Equipment	\$ 2,612,446	\$ 1,879,725	\$ 732,721
<i>The Capital Equipment fund increase in fund balance during the year was due to the sale proceeds relating to Evergreen.</i>			

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

	Ending Net Position 2025	Ending Net Position 2024	Increase/ (Decrease)
Water	\$ 6,464,966	\$ 6,345,947	\$ 119,019
<i>The increase is primarily attributed to increase in charges for services due to rate changes as well as a transfer in from the General fund.</i>			
Sewer	\$ 7,158,764	\$ 7,220,342	\$ (61,578)
<i>The decrease is primarily attributed to a decrease in capital contributions - special assessments from the prior year</i>			
Evergreen Place	\$ -	\$ 527,368	\$ (527,368)
<i>The decrease is due to selling Evergreen Place and related assets.</i>			

### Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, is shown below in the capital assets table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the City's capital assets can be found in Note 3C starting on page 56 of this report.

### City of Pine Island's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Land	\$ 1,330,596	\$ 1,315,564	\$ 15,032	\$ 64,136	\$ 64,136	\$ -
Construction in Progress	30,000	-	30,000	-	-	-
Buildings	358,448	342,573	15,875	229,125	639,028	(409,903)
Improvements Other than Buildings	-	-	-	73,564	74,787	(1,223)
Infrastructure	12,660,120	13,162,792	(502,672)	11,506,724	12,014,337	(507,613)
Machinery and Equipment	1,721,048	1,773,157	(52,109)	854,118	954,833	(100,715)
Total	<u>\$ 16,100,212</u>	<u>\$ 16,594,086</u>	<u>\$ (493,874)</u>	<u>\$ 12,727,667</u>	<u>\$ 13,747,121</u>	<u>\$ (1,019,454)</u>

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

### City of Pine Island's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
General Obligation Bonds	\$ 6,418,467	\$ 7,123,682	\$ (705,215)	\$ 54,533	\$ 85,318	\$ (30,785)
General Obligation Tax Increment Bond	229,000	251,000	(22,000)	-	-	-
Finance Purchase Agreement	187,526	227,238	(39,712)	-	-	-
Contract for Deed	-	340,600	(340,600)	-	-	-
General Obligation Revenue Bonds	-	-	-	3,390,000	3,570,000	(180,000)
Premium on Bonds	-	-	-	146,645	158,377	(11,732)
<b>Total</b>	<b>\$ 6,834,993</b>	<b>\$ 7,942,520</b>	<b>\$ (1,107,527)</b>	<b>\$ 3,591,178</b>	<b>\$ 3,813,695</b>	<b>\$ (222,517)</b>

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City currently has no debt subject to that limitation.

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

#### Currently Known Facts, Decisions, or Conditions

- The City of Pine Island continues to see growth and positive changes. This City had 31 building permits pulled in 2025 for new single family units.
- The City continued to invest in street maintenance, completing a large mill & overlay project in the southeast quadrant. This also included replacing and/or repairing damaged catch basins and sewer manholes.
- Sewer and water rates increased in January 2025 and are set to increase 2% for water rates and 4% for sewer rates each year thereafter for 8 more years as the City continues to plan for a new wastewater facility. The City continues to build a storm water account to help maintain the City's storm water drainage ponds. The City is also building the water account for a potential new water tower within the next 10 years as we continue to see growth in Pine Island and to repaint the Hillcrest water tower in 2026.
- The license bureau completed its first year of processing driver's license renewals to help bring in additional revenues.
- The City added playground equipment to Custer Park, doubling the equipment's footprint.
- The City continued to replace water meters throughout the City whose were not completed during the 2023 project. This project will hopefully be completed in 2026 as the City still has a handful of water meters to replace, most of which are sod meters or large-scale businesses.
- The City paid the remaining balance of a five-year contract for deed approved in 2024 for 20+ acres of land on the north side of town which is currently used for agriculture. This will open up business and commercial opportunities for the City since the property is paid off.
- The City sold the assisted living facility Evergreen Place. The new owners also purchased the Pine Haven Nursing Home facility.
- The City Council approved the preliminary land use applications for Project Skyway, a large-scale technology campus which includes a 30,000 square foot office building and a 300,000 square foot data center.

### **Currently Known Facts, Decisions, or Conditions (Continued)**

- The 511<sup>th</sup> Street Bridge was reconstructed. Goodhue County oversaw the project, with the majority of the construction being paid for through state and federal aid dollars. The City paid for engineering costs related to design and inspection.
- The City Council continued to invest in security systems throughout city facilities and property including controlled access and security cameras.
- As the City continues to grow, the City Council is dedicated to continue improving our streets, parks, facilities and amenities.

All of these factors were considered in preparing the City's budget for the 2026 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Pine Island, City Hall, 250 South Main Street, PO Box 1000, Pine Island, Minnesota 55963.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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City of Pine Island, Minnesota

Statement of Net Position

December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
<b>Assets</b>				
Cash and temporary investments	\$ 8,016,279	\$ 4,319,442	\$ 12,335,721	\$ 137,202
Restricted cash	32,041	18,300	50,341	-
Receivables				
Taxes	163,305	-	163,305	-
Accounts	151,922	88,972	240,894	-
Notes	52,595	-	52,595	-
Special assessments	796,431	707,631	1,504,062	-
Internal balances	(199,679)	199,679	-	-
Due from other governments	182,992	-	182,992	-
Prepaid items	19,329	11,130	30,459	-
Net pension asset	667,946	-	667,946	-
Capital assets				
Land and construction in progress	1,360,596	64,136	1,424,732	-
Depreciable capital assets, net	14,739,616	12,663,531	27,403,147	-
Total Assets	<u>25,983,373</u>	<u>18,072,821</u>	<u>44,056,194</u>	<u>137,202</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	268,715	59,317	328,032	-
<b>Liabilities</b>				
Accounts payable	59,682	55,296	114,978	96
Accrued salaries payable	24,487	5,051	29,538	-
Accrued interest payable	69,632	56,562	126,194	-
Security deposits payable	-	18,300	18,300	-
Due to other governments	480,000	-	480,000	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	818,490	233,419	1,051,909	-
Due in more than one year				
Long-term liabilities	6,100,661	3,388,417	9,489,078	-
Net pension liability	321,534	128,910	450,444	-
Total Liabilities	<u>7,874,486</u>	<u>3,885,955</u>	<u>11,760,441</u>	<u>96</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension resources	506,128	81,038	587,166	-
<b>Net Position</b>				
Net investment in capital assets	9,265,219	9,136,489	18,401,708	-
Restricted for				
Debt service	2,723,220	-	2,723,220	-
Fire relief pension	667,946	-	667,946	-
Economic development	74,620	-	74,620	-
Revolving loan	161,954	-	161,954	-
DTED Land O'Lakes	329,308	-	329,308	-
Disaster relief	522	-	522	-
Charitable gambling donations	137,388	-	137,388	-
Community Mural	14,500	-	14,500	-
Unrestricted	4,496,797	5,028,656	9,525,453	137,106
Total Net Position	<u>\$ 17,871,474</u>	<u>\$ 14,165,145</u>	<u>\$ 32,036,619</u>	<u>\$ 137,106</u>

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

City of Pine Island, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 925,209	\$ 41,562	\$ 26,138	\$ -
Public safety	1,080,287	565,345	163,384	-
Public works	1,824,066	22,648	33,220	30,991
Culture and recreation	761,115	97,219	100,908	-
Housing and economic development	334,396	400	-	-
Interest on long-term debt	175,879	-	-	-
Total Governmental Activities	<u>5,100,952</u>	<u>727,174</u>	<u>323,650</u>	<u>30,991</u>
Business-type Activities				
Water	663,041	647,963	-	24,019
Sewer	1,063,617	889,539	-	19,930
Evergreen Place	262,414	209,254	-	-
Cemetery	58,811	45,090	3,395	-
Deputy Registrar	199,811	199,636	-	-
Total Business-type Activities	<u>2,247,694</u>	<u>1,991,482</u>	<u>3,395</u>	<u>43,949</u>
Total Primary Government	<u>\$ 7,348,646</u>	<u>\$ 2,718,656</u>	<u>\$ 327,045</u>	<u>\$ 74,940</u>
<b>Component Unit</b>				
Economic Development Authority	<u>\$ 262,978</u>	<u>\$ -</u>	<u>\$ 162,114</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes - levied for general activities

Property taxes - levied for debt service

Franchise taxes

Tax increments

Grants and contributions not restricted to specific programs

Miscellaneous

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - Internal Activities

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (857,509)	\$ -	\$ (857,509)	\$ -
(351,558)	-	(351,558)	-
(1,737,207)	-	(1,737,207)	-
(562,988)	-	(562,988)	-
(333,996)	-	(333,996)	-
(175,879)	-	(175,879)	-
<u>(4,019,137)</u>	<u>-</u>	<u>(4,019,137)</u>	<u>-</u>
-	8,941	8,941	-
-	(154,148)	(154,148)	-
-	(53,160)	(53,160)	-
-	(10,326)	(10,326)	-
-	(175)	(175)	-
<u>-</u>	<u>(208,868)</u>	<u>(208,868)</u>	<u>-</u>
<u>(4,019,137)</u>	<u>(208,868)</u>	<u>(4,228,005)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,864)</u>
3,338,003	-	3,338,003	-
713,594	-	713,594	-
29,228	-	29,228	-
126,990	-	126,990	-
745,215	-	745,215	-
-	-	-	112,806
180,225	172,003	352,228	1,035
-	363,579	363,579	-
785,964	(785,964)	-	-
1,900,082	(459,250)	1,440,832	12,977
<u>15,971,392</u>	<u>14,624,395</u>	<u>30,595,787</u>	<u>124,129</u>
<u>\$ 17,871,474</u>	<u>\$ 14,165,145</u>	<u>\$ 32,036,619</u>	<u>\$ 137,106</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

City of Pine Island, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2025

	101	300's	250	Other	Total
	General	Debt Service	Capital Equipment	Governmental Funds	Governmental Funds
<b>Assets</b>					
Cash and temporary investments	\$ 1,756,524	\$ 1,996,421	\$ 3,292,125	\$ 971,209	\$ 8,016,279
Restricted cash	-	-	-	32,041	32,041
Receivables					
Taxes	163,305	-	-	-	163,305
Accounts	150,436	-	-	1,486	151,922
Notes	-	-	-	52,595	52,595
Special assessments	-	796,431	-	-	796,431
Due from other funds	9,892	-	-	-	9,892
Due from other governments	182,992	-	-	-	182,992
Prepaid items	16,955	-	-	2,374	19,329
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,280,104</u>	<u>\$ 2,792,852</u>	<u>\$ 3,292,125</u>	<u>\$ 1,059,705</u>	<u>\$ 9,424,786</u>
<b>Liabilities</b>					
Accounts payable	\$ 57,082	\$ -	\$ -	\$ 2,600	\$ 59,682
Accrued salaries payable	22,657	-	-	1,830	24,487
Due to other funds	-	-	199,679	9,892	209,571
Due to other governments	-	-	480,000	-	480,000
Total Liabilities	<u>79,739</u>	<u>-</u>	<u>679,679</u>	<u>14,322</u>	<u>773,740</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - taxes	136,776	-	-	-	136,776
Unavailable revenues - special assessments	-	793,660	-	-	793,660
Total Deferred Inflows of Resources	<u>136,776</u>	<u>793,660</u>	<u>-</u>	<u>-</u>	<u>930,436</u>
<b>Fund Balances</b>					
Nonspendable	16,955	-	-	2,374	19,329
Restricted	14,500	1,999,192	-	703,792	2,717,484
Committed	-	-	-	349,109	349,109
Assigned	2,492	-	2,612,446	-	2,614,938
Unassigned	2,029,642	-	-	(9,892)	2,019,750
Total Fund Balances	<u>2,063,589</u>	<u>1,999,192</u>	<u>2,612,446</u>	<u>1,045,383</u>	<u>7,720,610</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,280,104</u>	<u>\$ 2,792,852</u>	<u>\$ 3,292,125</u>	<u>\$ 1,059,705</u>	<u>\$ 9,424,786</u>

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

City of Pine Island, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2025

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

Total Fund Balances - Governmental Funds	\$ 7,720,610
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	25,313,221
Less accumulated depreciation	(9,213,009)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
Net pension asset	667,946
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(6,647,467)
Compensated absences payable	(84,158)
Net pension liability	(321,534)
Finance purchase agreement	(187,526)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenues in the funds.	
Delinquent taxes receivable	136,776
Special assessments receivable	793,660
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	268,715
Deferred inflows of pension resources	(506,128)
Governmental funds do not report a liability for accrued interest until due and payable.	(69,632)
Total Net Position - Governmental Activities	\$ 17,871,474

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

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

	101	300's	250	Other	Total
	General	Debt Service	Capital Equipment	Governmental Funds	Governmental Funds
Revenues					
Taxes	\$ 3,256,669	\$ 713,594	\$ 54,550	\$ 126,990	\$ 4,151,803
Licenses and permits	217,460	-	-	-	217,460
Intergovernmental	890,130	-	-	99,966	990,096
Charges for services	286,522	-	-	19,631	306,153
Fines and forfeitures	2,846	-	-	688	3,534
Special assessments	5,287	124,540	-	-	129,827
Investment earnings	62,773	8,386	87,906	21,160	180,225
Miscellaneous	229,063	-	-	50,922	279,985
Total Revenues	<u>4,950,750</u>	<u>846,520</u>	<u>142,456</u>	<u>319,357</u>	<u>6,259,083</u>
Expenditures					
Current					
General government	939,120	-	-	-	939,120
Public safety	1,081,534	-	-	46,635	1,128,169
Public works	1,234,049	-	-	48,131	1,282,180
Culture and recreation	255,751	-	-	266,640	522,391
Housing and economic development	112,806	-	-	171,001	283,807
Capital outlay					
General government	-	-	73,010	-	73,010
Public works	31,194	-	15,191	-	46,385
Culture and recreation	113,176	-	83,300	35,141	231,617
Housing and economic development	-	-	-	48,595	48,595
Debt service					
Principal	380,312	705,215	-	22,000	1,107,527
Interest and other	-	162,696	5,955	13,200	181,851
Total Expenditures	<u>4,147,942</u>	<u>867,911</u>	<u>177,456</u>	<u>651,343</u>	<u>5,844,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>802,808</u>	<u>(21,391)</u>	<u>(35,000)</u>	<u>(331,986)</u>	<u>414,431</u>
Other Financing Sources (Uses)					
Transfers in	499,469	66,714	1,008,617	248,449	1,823,249
Transfers out	(796,389)	-	(240,896)	-	(1,037,285)
Total Other Financing Sources (Uses)	<u>(296,920)</u>	<u>66,714</u>	<u>767,721</u>	<u>248,449</u>	<u>785,964</u>
Net Change in Fund Balances	505,888	45,323	732,721	(83,537)	1,200,395
Fund Balances, January 1	<u>1,557,701</u>	<u>1,953,869</u>	<u>1,879,725</u>	<u>1,128,920</u>	<u>6,520,215</u>
Fund Balances, December 31	<u>\$ 2,063,589</u>	<u>\$ 1,999,192</u>	<u>\$ 2,612,446</u>	<u>\$ 1,045,383</u>	<u>\$ 7,720,610</u>

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

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

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

Net Change in Fund Balances - Governmental Funds	\$ 1,200,395
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	290,678
Depreciation expense	(784,552)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	727,215
Repayments of finance purchase arrangement	39,712
Repayments on contract for deed	340,600
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	5,972
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	140,059
Direct aid contributions	(1,189)
<p>Certain revenues are recognized as soon as earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(98,836)
Delinquent taxes	56,012
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(15,984)
Change in Net Position - Governmental Activities	\$ 1,900,082

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

City of Pine Island, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2025

	Business-type Activities - Enterprise Funds				
	601	602	603	Nonmajor Enterprise Funds	Total
	Water	Sewer	Evergreen Place		
<b>Assets</b>					
<b>Current Assets</b>					
Cash and temporary investments	\$ 1,895,820	\$ 2,059,234	\$ -	\$ 364,388	\$ 4,319,442
Cash restricted for security deposits	18,300	-	-	-	18,300
<b>Receivables</b>					
Accounts	34,424	52,899	-	1,649	88,972
Special assessments	22,420	19,883	-	-	42,303
Due from other funds	199,679	-	-	-	199,679
Prepaid items	2,383	4,875	-	3,872	11,130
<b>Total Current Assets</b>	<b>2,173,026</b>	<b>2,136,891</b>	<b>-</b>	<b>369,909</b>	<b>4,679,826</b>
<b>Noncurrent Assets</b>					
Special assessments	381,465	283,863	-	-	665,328
<b>Capital assets</b>					
Land	64,136	-	-	-	64,136
Buildings	253,732	1,119,364	-	169,154	1,542,250
Improvements other than buildings	-	-	-	177,234	177,234
Infrastructure	8,996,657	11,041,629	-	-	20,038,286
Machinery and equipment	890,211	1,595,329	-	40,892	2,526,432
Less accumulated depreciation	(4,239,716)	(7,229,755)	-	(151,200)	(11,620,671)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>5,965,020</b>	<b>6,526,567</b>	<b>-</b>	<b>236,080</b>	<b>12,727,667</b>
<b>Total Noncurrent Assets</b>	<b>6,346,485</b>	<b>6,810,430</b>	<b>-</b>	<b>236,080</b>	<b>13,392,995</b>
<b>Total Assets</b>	<b>8,519,511</b>	<b>8,947,321</b>	<b>-</b>	<b>605,989</b>	<b>18,072,821</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension resources	19,663	21,734	-	17,920	59,317
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	18,697	34,908	-	1,691	55,296
Accrued salaries payable	1,863	1,863	-	1,325	5,051
Accrued interest payable	30,007	26,555	-	-	56,562
Security deposits payable	18,300	-	-	-	18,300
Compensated absences - current portion	5,420	5,420	-	5,914	16,754
Bonds payable, current portion	129,715	86,950	-	-	216,665
<b>Total Current Liabilities</b>	<b>204,002</b>	<b>155,696</b>	<b>-</b>	<b>8,930</b>	<b>368,628</b>
<b>Noncurrent Liabilities</b>					
Compensated absences, net of current portion	1,976	1,976	-	9,952	13,904
Net pension liability	42,367	47,481	-	39,062	128,910
Bonds payable	1,799,240	1,575,273	-	-	3,374,513
<b>Total Noncurrent Liabilities</b>	<b>1,843,583</b>	<b>1,624,730</b>	<b>-</b>	<b>49,014</b>	<b>3,517,327</b>
<b>Total Liabilities</b>	<b>2,047,585</b>	<b>1,780,426</b>	<b>-</b>	<b>57,944</b>	<b>3,885,955</b>
<b>Deferred Inflows of Resources</b>					
Deferred pension resources	26,623	29,865	-	24,550	81,038
<b>Net Position</b>					
Net investment in capital assets	4,036,065	4,864,344	-	236,080	9,136,489
Unrestricted	2,428,901	2,294,420	-	305,335	5,028,656
<b>Total Net Position</b>	<b>\$ 6,464,966</b>	<b>\$ 7,158,764</b>	<b>\$ -</b>	<b>\$ 541,415</b>	<b>\$ 14,165,145</b>

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

City of Pine Island, Minnesota  
Statement of Revenues, Expenses and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor Enterprise Funds	
	Water	Sewer	Evergreen Place		
Operating Revenues					
Charges for services	\$ 635,661	\$ 889,539	\$ 209,254	\$ 234,098	\$ 1,968,552
Operating Expenses					
Personal services	157,038	165,929	-	180,549	503,516
Supplies	59,972	128,087	-	9,050	197,109
Other services and charges	69,205	220,500	220,567	45,253	555,525
Insurance	5,633	23,383	-	-	29,016
Utilities	23,831	126,201	22,970	8,134	181,136
Depreciation	283,780	341,017	18,877	15,816	659,490
Total Operating Expenses	<u>599,459</u>	<u>1,005,117</u>	<u>262,414</u>	<u>258,802</u>	<u>2,125,792</u>
Operating Income (Loss)	<u>36,202</u>	<u>(115,578)</u>	<u>(53,160)</u>	<u>(24,704)</u>	<u>(157,240)</u>
Nonoperating Revenues (Expenses)					
Interest income	74,040	73,268	7,517	17,178	172,003
Other income	13,112	-	-	14,203	27,315
Interest expense and other	(64,392)	(58,500)	-	-	(122,892)
Gain on sale of capital assets	-	-	363,579	-	363,579
Total Nonoperating Revenues (Expenses)	<u>22,760</u>	<u>14,768</u>	<u>371,096</u>	<u>31,381</u>	<u>440,005</u>
Income (Loss) Before Transfers and contributions	<u>58,962</u>	<u>(100,810)</u>	<u>317,936</u>	<u>6,677</u>	<u>282,765</u>
Capital contributions - special assessments	24,019	19,930	-	-	43,949
Transfers in	147,838	131,102	-	4,000	282,940
Transfers out	<u>(111,800)</u>	<u>(111,800)</u>	<u>(845,304)</u>	<u>-</u>	<u>(1,068,904)</u>
Change in Net Position	119,019	(61,578)	(527,368)	10,677	(459,250)
Net Position, January 1	<u>6,345,947</u>	<u>7,220,342</u>	<u>527,368</u>	<u>530,738</u>	<u>14,624,395</u>
Net Position, December 31	<u>\$ 6,464,966</u>	<u>\$ 7,158,764</u>	<u>\$ -</u>	<u>\$ 541,415</u>	<u>\$ 14,165,145</u>

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

City of Pine Island, Minnesota  
Statement of Cash Flows (Continued on the Following Page)  
Proprietary Funds  
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor Enterprise Funds	
	Water	Sewer	Evergreen Place		
Cash Flows from Operating Activities					
Receipts from tenants and users	\$ 654,429	\$ 899,284	\$ 187,916	\$ 246,652	\$ 1,988,281
Payments to suppliers	(146,049)	(475,909)	(245,795)	(62,490)	(930,243)
Payments to employees	(178,424)	(180,968)	-	(178,713)	(538,105)
Fees collected on behalf of state	-	-	-	82,615	82,615
Fees paid to state	-	-	-	(82,615)	(82,615)
Net Cash Provided (Used) by Operating Activities	<u>329,956</u>	<u>242,407</u>	<u>(57,879)</u>	<u>5,449</u>	<u>519,933</u>
Cash Flows from Noncapital and Related Financing Activities					
Transfers from other funds	147,838	131,102	-	4,000	282,940
Transfers to other funds	(111,800)	(111,800)	(845,304)	-	(1,068,904)
Decrease in due from other funds	49,517	-	-	-	49,517
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>85,555</u>	<u>19,302</u>	<u>(845,304)</u>	<u>4,000</u>	<u>(736,447)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(18,197)	(26,185)	-	-	(44,382)
Capital contributions	33,659	82,881	-	-	116,540
Proceeds from sale of capital assets	-	-	743,617	-	743,617
Principal paid on long-term debt	(126,185)	(84,600)	-	-	(210,785)
Interest paid on long-term debt	(73,776)	(65,424)	-	-	(139,200)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(184,499)</u>	<u>(93,328)</u>	<u>743,617</u>	<u>-</u>	<u>465,790</u>
Cash Flows from Investing Activities					
Interest on investments	74,040	73,268	7,517	17,178	172,003
Net Increase (Decrease) in Cash and Cash Equivalents	305,052	241,649	(152,049)	26,627	421,279
Cash and Cash Equivalents, January 1	<u>1,609,068</u>	<u>1,817,585</u>	<u>152,049</u>	<u>337,761</u>	<u>3,916,463</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,914,120</u>	<u>\$ 2,059,234</u>	<u>\$ -</u>	<u>\$ 364,388</u>	<u>\$ 4,337,742</u>
Reconciliation to Statement of Net Position					
Cash and temporary investments	\$ 1,895,820	\$ 2,059,234	\$ -	\$ 364,388	\$ 4,319,442
Cash restricted for security deposits	<u>18,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,300</u>
Total Cash and Cash Equivalents	<u>\$ 1,914,120</u>	<u>\$ 2,059,234</u>	<u>\$ -</u>	<u>\$ 364,388</u>	<u>\$ 4,337,742</u>

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

City of Pine Island, Minnesota  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds				
	601	602	603	Nonmajor Enterprise Funds	Total
	Water	Sewer	Evergreen Place		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 36,202	\$ (115,578)	\$ (53,160)	\$ (24,704)	\$ (157,240)
Adjustments to reconcile operating income to net cash provided by operating activities					
Other income related to operations	13,112	-	-	14,203	27,315
Depreciation	283,780	341,017	18,877	15,816	659,490
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(5,604)	(1,107)	-	(1,649)	(8,360)
Special assessments receivable	11,260	10,852	-	-	22,112
Prepaid items	(1,031)	(3,151)	781	(802)	(4,203)
Deferred pension resources	(7,025)	(8,998)	-	(7,248)	(23,271)
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts payable	13,123	25,413	(3,039)	749	36,246
Accrued salaries payable	1,091	1,091	-	6,407	8,589
Security deposits payable	500	-	(21,338)	-	(20,838)
Net pension liability	(3,053)	2,058	-	939	(56)
Compensated absences payable	(9,585)	(9,585)	-	1,902	(17,268)
Deferred pension resources	(2,814)	395	-	(164)	(2,583)
 Net Cash Provided by Operating Activities	 <u>\$ 329,956</u>	 <u>\$ 242,407</u>	 <u>\$ (57,879)</u>	 <u>\$ 5,449</u>	 <u>\$ 519,933</u>
 Schedule of Noncash Capital and Related Financing Activities					
Bond premium amortization	<u>\$ 6,218</u>	<u>\$ 5,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,732</u>
Book value of disposal/traded capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,724</u>	<u>\$ -</u>	<u>\$ 316,724</u>

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

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City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

***Economic Development Authority***

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The City has the authority to approve and modify the EDA’s budget and the City Council has the ability to veto, overrule, or modify the decisions of the EDA Board of Directors. The EDA is governed by seven board members, three of whom are City Council members and four citizens appointed by the Mayor. It is this criterion that results in the EDA being reported as a discretely presented component unit. The EDA does not prepare separate financial statements.

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

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

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

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

The following major governmental funds meet the criteria described above:

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

The *Debt Service fund* is used for the servicing of general long-term debt not being financed by proprietary funds.

The *Capital Equipment fund* is used to fund the future purchases of capital equipment made by the City.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

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

The *Evergreen Place fund* accounts for the activities of the City's management of Evergreen Place.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

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

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

***Deposits and Investments***

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and having received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and having a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligations of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, or a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GICs) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 56 and are valued using quoted market prices (Level 1 inputs).

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

- Intermediate government mutual funds of \$120,738 are valued using quoted prices in active markets (Level 1 inputs)
- Brokered certificates of deposit of \$220,000 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days' interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contacting the League of Minnesota Cities Finance Department at 145 University Avenue West St. Paul, Minnesota, 55103-2044, or by calling (651) 281-1200.

***Restricted Cash***

Certain resources set aside for security deposits paid by citizens to the Water enterprise fund are classified as restricted assets on the balance sheet. The Revolving Loan fund has cash restricted and set aside for the Spruce Up Loan program through Frandsen Bank and Trust.

***Property Taxes***

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

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

***Accounts Receivable***

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Special Assessments***

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

***Interfund Receivables and Payables***

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

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

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with a value as defined below in the table and with a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Asset	Threshold
Land and Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Improvements other than Buildings	25,000
Infrastructure	100,000
Machinery and Equipment	5,000
Vehicles	5,000
Other Assets	5,000

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Assets	Useful Lives in Years
Land Improvements	15 to 30
Buildings and Improvements	15 to 75
System Improvements/Infrastructure	20 to 60
Machinery and Equipment	3 to 15
Vehicles	3 to 12

***Deferred Outflows of Resources***

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

***Compensated Absences***

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and earned compensation time, which is paid to the employee upon separation. The City also permits employees to accumulate standard sick leave. Full-time employees who have been employed for ten consecutive years will have 50 percent of accumulated and unused sick leave paid out to them. The City also estimates the amount likely to be used for the employees' remaining years of service and adds to noncurrent liability due within one year. Vacation and compensation pay is accrued in proprietary funds and reported as a liability. The total liability in the enterprise funds is shown in the table below. Compensated absences in the governmental funds at year end is shown in the chart below for governmental and business-type activities.

	Governmental Activities	Business-type Activities	Total
Compensated absences	\$ 84,158	\$ 30,658	\$ 114,816

***Pensions***

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

The total pension expense for the GERP and Fire Relief Association is as follows:

	GERP	FRA	Total
City's proportionate share	\$ 5,381	\$ 49,572	\$ 54,953
Proportionate share of State's contribution	(1,667)	-	(1,667)
<b>Total pension expense</b>	<b>\$ 3,714</b>	<b>\$ 49,572</b>	<b>\$ 53,286</b>

**Long-term Obligations**

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

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

**Deferred Inflows of Resources**

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

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

**Fund Balance**

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

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

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

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

**Net Position**

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

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquiring capital assets.
- b. Restricted net position - Consists of net position balances that are restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

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

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

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the fund level. The budget was not amended in 2025.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2025, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Major			
General fund	\$ 3,930,994	\$ 4,147,942	\$ 216,948

These excess expenditures were funded by greater than anticipated revenues.

**C. Deficit Fund Equity**

The following funds had fund equity deficits at December 31, 2025:

Fund	Amount
Nonmajor Capital Projects	
Brewing Company TIF 1-17	\$ 9,892

The City plans to eliminate these deficits with future tax increment revenues and transfers from other funds.

**Note 3: Detailed Notes on All Funds**

**A. 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 on the financial statements as "cash and temporary investments." For purposes of identifying the risk of investing public funds, the balances are categorized as follows:

**Deposits**

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

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

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

- General obligation securities of any state or local government with taxing powers which are rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which are rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency.

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

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

Carrying amount of deposits	\$ 9,241,940
Bank balance	\$ 9,617,892
Covered by FDIC	500,000
Collateralized with securities pledged in City's name	\$ 9,117,892

**Investments**

As of December 31, 2025, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City’s name.

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
<b>Non-pooled Investments at Fair Value</b>						
Mutual Funds - Intermediate Government	N/A	N/A	\$ 120,738	\$ 120,738	\$ -	\$ -
Brokered Certificates of Deposit	N/A	1 to 5 years	220,000	-	220,000	
<b>Pooled Investments at Amortized Costs</b>						
4M Fund	N/A	N/A	2,898,376	-	-	-
Brokered Money Market	N/A	N/A	41,310	-	-	-
<b>Total</b>			<b>\$ 3,280,424</b>	<b>\$ 120,738</b>	<b>\$ 220,000</b>	<b>\$ -</b>

- (1) Ratings are provided by Standard & Poor’s where applicable to indicate associated credit risk.  
(2) Interest rate risk is disclosed using the segmented time distribution method.  
N/A Indicates not available.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

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

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 51 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2025, the City had invested 5.0 percent or more of its total investment portfolio in the following issuers: the 4M Fund (88.4) and Bank of China, NY (6.7).
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 9,241,940
Investments	3,280,424
Cash on Hand	<u>900</u>
Total	<u><u>\$ 12,523,264</u></u>
Cash and Investments	
Unrestricted	
Primary government	\$ 12,335,721
Discretely presented component unit	137,202
Restricted cash	
Primary government	<u>50,341</u>
Total	<u><u>\$ 12,523,264</u></u>

**B. Notes Receivable**

The City issued notes to local businesses for business development in the Revolving Loan special revenue fund. The City has 6 loans outstanding at year-end totaling \$52,595. The notes have interest rates between 0.0% and 5.0% and maturity dates from 2028 to 2030. They are secured by assets of the businesses.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,315,564	\$ 15,032	\$ -	\$ 1,330,596
Construction in progress	-	30,000	-	30,000
Total Capital Assets not Being Depreciated	<u>1,315,564</u>	<u>45,032</u>	<u>-</u>	<u>1,360,596</u>
Capital Assets Being Depreciated				
Land improvements	76,752	-	-	76,752
Buildings	804,606	40,251	-	844,857
Infrastructure	18,788,940	28,555	-	18,817,495
Machinery and equipment	4,036,681	176,840	-	4,213,521
Total Capital Assets Being Depreciated	<u>23,706,979</u>	<u>245,646</u>	<u>-</u>	<u>23,952,625</u>
Less Accumulated Depreciation for				
Land improvements	(76,752)	-	-	(76,752)
Buildings	(462,033)	(24,376)	-	(486,409)
Infrastructure	(5,626,148)	(531,227)	-	(6,157,375)
Machinery and equipment	(2,263,524)	(228,949)	-	(2,492,473)
Total Accumulated Depreciation	<u>(8,428,457)</u>	<u>(784,552)</u>	<u>-</u>	<u>(9,213,009)</u>
Total Capital Assets Being Depreciated, Net	<u>15,278,522</u>	<u>(538,906)</u>	<u>-</u>	<u>14,739,616</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,594,086</u>	<u>\$ (493,874)</u>	<u>\$ -</u>	<u>\$ 16,100,212</u>

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

<b>Governmental Activities</b>	
General government	\$ 3,622
Public safety	73,223
Public works	535,251
Culture and recreation	170,462
Housing and economic development	1,994
Total Depreciation Expense - Governmental Activities	<u>\$ 784,552</u>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 64,136	\$ -	\$ -	\$ 64,136
Capital Assets Being Depreciated				
Buildings	2,963,078	-	(1,420,828)	1,542,250
Improvements other than buildings	177,234	-	-	177,234
Infrastructure	20,038,286	-	-	20,038,286
Machinery and equipment	2,549,393	20,074	(43,035)	2,526,432
Total Capital Assets Being Depreciated	25,727,991	20,074	(1,463,863)	24,284,202
Less Accumulated Depreciation for				
Buildings	(2,324,050)	(34,244)	1,045,169	(1,313,125)
Improvements other than buildings	(102,447)	(1,223)	-	(103,670)
Infrastructure	(8,023,949)	(507,613)	-	(8,531,562)
Machinery and equipment	(1,594,560)	(116,410)	38,656	(1,672,314)
Total Accumulated Depreciation	(12,045,006)	(659,490)	1,083,825	(11,620,671)
Total Capital Assets Being Depreciated, Net	13,682,985	(639,416)	(380,038)	12,663,531
Business-type Activities Capital Assets, Net	<u>\$ 13,747,121</u>	<u>\$ (639,416)</u>	<u>\$ (380,038)</u>	<u>\$ 12,727,667</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type Activities</b>	
Water	\$ 283,780
Sewer	341,017
Evergreen Place	18,877
Cemetery	10,469
Deputy Registrar	5,347
Total Depreciation Expense - Business-type Activities	<u>\$ 659,490</u>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

**D. Interfund Transfers**

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

Fund	Transfer In							Total
	General	Debt Service	Capital Equipment	Nonmajor Governmental	Water	Sewer	Nonmajor Enterprise	
Transfer Out								
General	\$ -	\$ -	\$ 265,000	\$ 248,449	\$ 147,838	\$ 131,102	\$ 4,000	\$ 796,389
Capital Equipment	240,896	-	-	-	-	-	-	240,896
Water	78,443	33,357	-	-	-	-	-	111,800
Sewer	78,443	33,357	-	-	-	-	-	111,800
Evergreen Place	101,687	-	743,617	-	-	-	-	845,304
<b>Total</b>	<b>\$ 499,469</b>	<b>\$ 66,714</b>	<b>\$ 1,008,617</b>	<b>\$ 248,449</b>	<b>\$ 147,838</b>	<b>\$ 131,102</b>	<b>\$ 4,000</b>	<b>\$ 2,106,189</b>

The City annually budgets transfers for specific purposes. Annual transfers include transfers made to cover multiple funds' annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons.

The City made one unbudgeted transfer, approved by resolution, from the Capital Equipment fund to the General fund for \$240,896 as reimbursement for the payoff of a contract for deed.

The City sold Evergreen in 2025 and made a transfer to allocate the funds to the General and Capital Equipment funds as approved by Council.

**E. Long-term Debt**

General Obligation Improvement Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2014B G.O Crossover Refunding Bonds	\$ 1,565,000	2.00 - 3.00 %	08/04/14	02/01/27	\$ 130,000
2017A G.O. Improvement Bond	1,175,000	1.25 - 3.13	06/20/17	02/01/33	680,000
2018A G.O. Improvement Bond	2,400,000	2.00 - 3.25	05/01/18	02/01/38	1,700,000
2020A G.O. Improvement Bond	1,965,000	2.05	06/01/20	02/01/36	1,498,000
2020B G.O. Refunding Bond	2,017,000	1.25	09/01/20	02/01/28	284,000
2021A G.O. Refunding Bond	2,650,000	1.85	11/03/21	02/01/44	<u>2,181,000</u>
<b>Total General Obligation Improvement Bonds</b>					<b><u>\$ 6,473,000</u></b>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

The annual debt service requirements to maturity for general obligation improvement bonds outstanding at December 31, 2025 are as follows:

<u>Year Ending December 31,</u>	<b>General Obligation Improvement Bonds</b>		
	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 713,335	\$ 142,683	\$ 856,018
2027	574,566	128,840	703,406
2028	523,566	116,230	639,796
2029	509,000	104,194	613,194
2030	518,000	92,102	610,102
2031-2035	2,185,000	285,417	2,470,417
2036-2040	1,035,000	77,533	1,112,533
2041-2044	360,000	13,394	373,394
<b>Total</b>	<b><u>\$ 6,418,467</u></b>	<b><u>\$ 960,393</u></b>	<b><u>\$ 7,378,860</u></b>
<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 31,665	\$ 393	\$ 32,058
2027	11,434	121	11,555
2028	11,434	41	11,475
<b>Total</b>	<b><u>\$ 54,533</u></b>	<b><u>\$ 555</u></b>	<b><u>\$ 55,088</u></b>

General Obligation Tax Increment Note

The following bonds were issued for development purposes. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O Tax Increment Note, Series 2017B	\$ 329,000	5.50 %	08/01/17	02/01/33	<b><u>\$ 229,000</u></b>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity for general obligation tax increment bonds outstanding at December 31, 2025 are as follows:

Year Ending December 31,	<b>G.O. Tax Increment Bonds</b>		
	Governmental Activities		
	Principal	Interest	Total
2026	\$ 24,000	\$ 11,935	\$ 35,935
2027	25,000	10,588	35,588
2028	26,000	9,185	35,185
2029	28,000	7,700	35,700
2030	29,000	6,133	35,133
2031-2033	97,000	8,168	105,168
<b>Total</b>	<b>\$ 229,000</b>	<b>\$ 53,709</b>	<b>\$ 282,709</b>

General Obligation Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2023A G.O Improvement and Refunding Bonds	\$ 3,650,000	3.57 %	07/10/23	02/01/39	<u>\$ 3,390,000</u>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2026	\$ 185,000	\$ 131,900	\$ 316,900
2027	190,000	124,400	314,400
2028	200,000	116,600	316,600
2029	210,000	108,400	318,400
2030	215,000	99,900	314,900
2031-2035	1,225,000	359,500	1,584,500
2036-2039	1,165,000	95,500	1,260,500
<b>Total</b>	<b>\$ 3,390,000</b>	<b>\$ 1,036,200</b>	<b>\$ 4,426,200</b>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

Finance Purchase Arrangement

The City entered into a finance purchase arrangement with Bell Bank for the purchase of a Street Sweeper. The details are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Street Sweeper	\$ 282,291	6.75 %	10/15/24	10/15/29	<u>\$ 187,526</u>

The annual requirements to amortize the financed purchase arrangement at December 31, 2025, are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 42,393	\$ 12,658	\$ 55,051
2027	45,255	9,796	55,051
2028	48,308	6,743	55,051
2029	51,570	3,481	55,051
Total	<u>\$ 187,526</u>	<u>\$ 32,678</u>	<u>\$ 220,204</u>

Annual net operating revenues, principal and interest payments, and the percentage of revenue required to cover principal and interest payments are as follows for the enterprise portions of the outstanding debt:

	Water	Sewer
Net Operating Revenues	\$ 635,661	\$ 889,539
Principal and Interest	199,961	150,024
Percentage of Revenues	31%	17%

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

During the year ended December 31, 2025, the following changes occurred in long-term liabilities.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 7,123,682	\$ -	\$ (705,215)	\$ 6,418,467	\$ 713,335
General obligation tax increment bonds	251,000	-	(22,000)	229,000	24,000
Total Bonds Payable	<u>7,374,682</u>	<u>-</u>	<u>(727,215)</u>	<u>6,647,467</u>	<u>737,335</u>
Finance purchase obligation	227,238	-	(39,712)	187,526	42,393
Contract for deed	340,600	-	(340,600)	-	-
Compensated absences payable*	68,174	15,984	-	84,158	38,762
Governmental Activities	<u>\$ 8,010,694</u>	<u>\$ 15,984</u>	<u>\$ (1,107,527)</u>	<u>\$ 6,919,151</u>	<u>\$ 818,490</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation bonds	\$ 85,318	\$ -	\$ (30,785)	\$ 54,533	\$ 31,665
General obligation revenue bonds	3,570,000	-	(180,000)	3,390,000	185,000
Bond premium	158,377	-	(11,732)	146,645	-
Total Bonds Payable	<u>3,813,695</u>	<u>-</u>	<u>(222,517)</u>	<u>3,591,178</u>	<u>216,665</u>
Compensated absences payable*	42,012	-	(11,354)	30,658	16,754
Business-type Activities	<u>\$ 3,855,707</u>	<u>\$ -</u>	<u>\$ (233,871)</u>	<u>\$ 3,621,836</u>	<u>\$ 233,419</u>

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Components of Fund Balance**

At December 31, 2025, portions of the City's fund balance are not available for appropriation due to legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Capital Equipment	Other Governmental Funds	Total
Nonspendable					
Prepays	\$ 16,955	\$ -	\$ -	\$ 2,374	\$ 19,329
Restricted for					
Debt service	\$ -	\$ 1,999,192	\$ -	\$ -	\$ 1,999,192
Economic development	-	-	-	74,620	74,620
Revolving loan	-	-	-	161,954	161,954
DTED Land O'Lakes	-	-	-	329,308	329,308
Disaster relief	-	-	-	522	522
Charitable gambling donations	-	-	-	137,388	137,388
Community Mural	14,500	-	-	-	14,500
Total Restricted	\$ 14,500	\$ 1,999,192	\$ -	\$ 703,792	\$ 2,717,484
Committed to					
Capital equipment	\$ -	\$ -	\$ -	\$ 86,055	\$ 86,055
Capital projects	-	-	-	14,671	14,671
Library	-	-	-	248,383	248,383
Total Committed	\$ -	\$ -	\$ -	\$ 349,109	\$ 349,109
Assigned to					
Capital equipment	\$ -	\$ -	\$ 2,612,446	\$ -	\$ 2,612,446
Heritage preservation	2,492	-	-	-	2,492
Total Assigned	\$ 2,492	\$ -	\$ 2,612,446	\$ -	\$ 2,614,938
Unassigned	\$ 2,029,642	\$ -	\$ -	\$ (9,892)	\$ 2,019,750

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Plan Description**

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

General Employees Retirement Plan (General Plan)

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

**B. Benefits Provided**

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients who 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.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

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

**C. Contributions**

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were \$96,200. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of \$450,444 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$10,866.

City's proportionate share of the net pension liability	\$	450,444
State of Minnesota's proportionate share of the net pension liability associated with the City		10,866
Total		\$ 461,310

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0136% at the end of the measurement period and 0.0122% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of \$5,381 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional negative \$1,667 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.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 42,917	\$ -
Changes in actuarial assumptions	10,853	103,646
Net difference between projected and actual investment earnings	-	179,236
Changes in proportion	68,210	-
Employer contributions subsequent to the measurement date	51,979	-
<b>Total</b>	<b>\$ 173,959</b>	<b>\$ 282,882</b>

The \$51,979 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2026	\$ (26,107)
2027	(61,285)
2028	(41,490)
2029	(32,020)

**E. Long-term Expected Return on Investment**

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

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

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

**F. Actuarial Assumptions**

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

**G. Discount Rate**

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

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

**H. Pension Liability Sensitivity**

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

	<u>1 Percent Decrease (6.00%)</u>	<u>Current (7.00%)</u>	<u>1 Percent Increase (8.00%)</u>
General Employees Fund	\$ 1,094,058	\$ 450,444	\$ (71,672)

**I. Pension Plan Fiduciary Net Position**

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

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 5: Defined Benefit Pension Plans - Fire Relief Association**

**A. Plan Description**

All members of the City of Pine Island Fire Department (the Department) are covered by a defined benefit plan administered by the City of Pine Island Fire Department Relief Association (the Association). As of December 31, 2024, the plan covered 26 active firefighters and 3 vested terminated firefighters whose pension benefits are deferred. The plan is a single-employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

**B. Benefits Provided**

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

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

**C. Contributions**

Minnesota Statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$97,839 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2025, which was recorded as revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2025 were \$97,839. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

At December 31, 2025, the City reported a net pension asset of \$667,946 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2024. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Beginning Balance January 1, 2024	\$ 1,319,882	\$ 1,720,792	\$ (400,910)
<b>Changes for the Year</b>			
Service cost	77,339	-	77,339
Interest	68,104	-	68,104
Difference between expected and actual experience	(41,763)	-	(41,763)
Change in assumptions	(72,513)	-	(72,513)
Change of benefit terms	70,157	-	70,157
Contributions - State and local	-	108,443	(108,443)
Net investment income	-	266,248	(266,248)
Benefit payments	(199,997)	(199,997)	-
Administrative expenses	-	(6,331)	6,331
<b>Total Net Changes</b>	<b>(98,673)</b>	<b>168,363</b>	<b>(267,036)</b>
Ending Balance December 31, 2024	<u>\$ 1,221,209</u>	<u>\$ 1,889,155</u>	<u>\$ (667,946)</u>

For the year ended December 31, 2025, the City recognized pension expense of \$49,572.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,530	\$ 90,037
Changes in Actuarial Assumptions	24,011	72,626
Net Difference Between Projected and Actual Earnings on Plan Investments	-	141,621
Contributions to Plan Subsequent to the Measurement Date	123,533	-
<b>Total</b>	<u>\$ 154,074</u>	<u>\$ 304,284</u>

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

Deferred outflows of resources totaling \$123,533 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2026	\$ (44,939)
2027	(18,794)
2028	(90,999)
2029	(51,895)
2030	(12,370)
Thereafter	(54,746)

**E. Actuarial Assumptions**

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

Retirement eligibility at 50 percent at age 50, 20 percent at ages 51-64 and 100 percent at age 65	
Discount rate	6.50%
Expected return on plan assets	6.50%
Inflation	2.50%

Since the prior measurement date, there were no changes in actuarial assumptions.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	65.00 %	4.52 %
International Equity	-	5.08
Fixed Income	26.00	2.44
Real Estate	-	3.73
Cash	9.00	0.99
 Total	 <u>100.00 %</u>	

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (5.5%)	Current (6.5%)	1 Percent Increase (7.5%)
Defined Benefit Plan	\$ (606,709)	\$ (667,946)	\$ (725,913)

**H. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Pine Island Firemen’s Relief Association, P.O. Box 486, Pine Island, Minnesota 55963.

**Note 6: Other Information**

**A. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no debt subject to this limit.

**B. Risk Management**

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

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City’s management is not aware of any incurred but not reported claims.

City of Pine Island, Minnesota  
Notes to the Financial Statements  
December 31, 2025

**Note 6: Other Information (Continued)**

**C. Concentrations**

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2025 for LGA was \$744,206. This accounted for 15.0 percent of General fund revenue.

**D. Tax Increment Districts**

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

**Note 7: Discontinued Operations – Disposal of Evergreen Place**

Evergreen Place Property was sold in September 2025 for \$743,617, along with related assets. This component previously served as an assisted living facility, which was managed by Pine Haven, Inc. Remaining activity for Evergreen Place was transferred to Capital fund and General fund.

**Note 8: Transactions between the Primary Government and its Component Unit**

The City conducts routine transactions with its component unit for services provided. The City provides administrative and financial services for the EDA activities. In 2025, the City contributed \$112,806 to the EDA for EDA operations.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

City of Pine Island, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2025

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2025	0.0136 %	\$ 450,444	\$ 10,866	\$ 461,310	\$ 1,135,791	39.7 %	90.8 %
6/30/2024	0.0122	450,839	11,658	462,497	1,032,125	43.7	89.1
6/30/2023	0.0120	671,027	18,452	689,479	953,149	70.4	83.1
6/30/2022	0.0119	942,484	27,746	970,230	893,051	105.5	76.7
6/30/2021	0.0111	474,020	14,553	488,573	778,325	60.9	87.0
6/30/2020	0.0111	665,496	20,625	686,121	804,464	82.7	79.1
6/30/2019	0.0107	591,579	18,333	609,912	756,170	78.2	80.2
6/30/2018	0.0105	582,497	19,029	601,526	692,647	84.1	79.5
6/30/2017	0.0100	638,393	8,053	646,446	646,273	98.8	75.9
6/30/2016	0.0103	836,309	-	836,309	2,896,790	28.9	68.9

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2025	\$ 96,200	\$ 96,200	\$ -	\$ 1,282,669	7.50 %
12/31/2024	81,803	81,803	-	1,090,710	7.50
12/31/2023	74,932	74,932	-	999,095	7.50
12/31/2022	67,566	67,566	-	900,877	7.50
12/31/2021	63,858	63,858	-	851,443	7.50
12/31/2020	57,380	57,380	-	765,072	7.50
12/31/2019	59,873	59,873	-	798,307	7.50
12/31/2018	54,908	54,908	-	732,109	7.50
12/31/2017	48,453	48,453	-	646,038	7.50
12/31/2016	46,992	46,992	-	626,565	7.50

City of Pine Island, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2025

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2025 - The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members. The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: an increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

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

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

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

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

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

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

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

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

City of Pine Island, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2025

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

Changes in Plan Provisions

2025 - The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%. The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors were updated to reflect the changes in assumptions.

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

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

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

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

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

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

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

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

**City of Pine Island, Minnesota**  
**Required Supplementary Information (Continued)**  
**For the Year Ended December 31, 2025**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service cost	\$ 77,339	\$ 75,453	\$ 60,497	\$ 53,319	\$ 45,376	\$ 40,511	\$ 39,096	\$ 38,050	\$ 36,221	\$ 33,198
Interest	68,104	65,837	55,645	50,044	47,114	40,368	37,425	34,546	35,866	27,327
Changes of benefit terms	70,157	-	98,848	64,843	77,907	48,900	84,964	-	-	61,511
Differences between expected and actual experience	(41,763)	-	9,194	-	(23,604)	-	(77,025)	-	(28,723)	-
Changes of assumptions	(72,513)	-	(5,171)	-	25,317	-	17,376	-	12,519	(16,614)
Benefit payments, including refunds of employee contributions	(199,997)	-	(79,650)	(57,760)	(34,648)	-	-	(55,144)	(17,500)	(47,590)
<b>Net Change in Total Pension Liability</b>	<b>(98,673)</b>	<b>141,290</b>	<b>139,363</b>	<b>110,446</b>	<b>137,462</b>	<b>129,779</b>	<b>101,836</b>	<b>17,452</b>	<b>38,383</b>	<b>57,832</b>
<b>Total Pension Liability - January 1</b>	<b>1,319,882</b>	<b>1,178,592</b>	<b>1,039,229</b>	<b>928,783</b>	<b>791,321</b>	<b>661,542</b>	<b>559,706</b>	<b>542,254</b>	<b>503,871</b>	<b>446,039</b>
<b>Total Pension Liability - December 31(a)</b>	<b>\$ 1,221,209</b>	<b>\$ 1,319,882</b>	<b>\$ 1,178,592</b>	<b>\$ 1,039,229</b>	<b>\$ 928,783</b>	<b>\$ 791,321</b>	<b>\$ 661,542</b>	<b>\$ 559,706</b>	<b>\$ 542,254</b>	<b>\$ 503,871</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,000	\$ 11,000	\$ 11,000	\$ 26,160
Contributions - State and local	108,443	94,976	87,851	102,289	77,135	54,178	93,518	53,107	54,178	52,518
Net investment income	266,248	268,123	(280,651)	204,595	221,095	156,943	(19,853)	93,733	46,664	1,803
Other additions	-	-	-	577	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(199,997)	-	(79,650)	(57,760)	(34,648)	-	(11,000)	(66,144)	(11,500)	(47,590)
Administrative expense	(6,331)	(6,971)	(9,408)	(7,291)	(8,650)	(5,000)	(4,500)	(3,000)	(3,295)	(3,000)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>168,363</b>	<b>356,128</b>	<b>(281,858)</b>	<b>242,410</b>	<b>254,932</b>	<b>206,121</b>	<b>69,165</b>	<b>88,696</b>	<b>97,047</b>	<b>29,891</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>1,720,792</b>	<b>1,364,664</b>	<b>1,646,522</b>	<b>1,404,112</b>	<b>1,149,180</b>	<b>943,059</b>	<b>873,894</b>	<b>785,198</b>	<b>688,151</b>	<b>658,260</b>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<b>\$ 1,889,155</b>	<b>\$ 1,720,792</b>	<b>\$ 1,364,664</b>	<b>\$ 1,646,522</b>	<b>\$ 1,404,112</b>	<b>\$ 1,149,180</b>	<b>\$ 943,059</b>	<b>\$ 873,894</b>	<b>\$ 785,198</b>	<b>\$ 688,151</b>
<b>Fire Relief's Net Pension Liability (Asset) - End of Year (a-b)</b>	<b>\$ (667,946)</b>	<b>\$ (400,910)</b>	<b>\$ (186,072)</b>	<b>\$ (607,293)</b>	<b>\$ (475,329)</b>	<b>\$ (357,859)</b>	<b>\$ (281,517)</b>	<b>\$ (314,188)</b>	<b>\$ (242,944)</b>	<b>\$ (184,280)</b>
<b>Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (b/a)</b>	<b>154.70%</b>	<b>130.37%</b>	<b>115.79%</b>	<b>158.44%</b>	<b>151.18%</b>	<b>145.22%</b>	<b>142.55%</b>	<b>156.13%</b>	<b>144.80%</b>	<b>136.57%</b>
<b>Covered-employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Notes to the Required Supplementary Information - Fire Relief Association:**

*Benefit Changes:* The plan's funded status increased from 130.37% to 154.70% since the prior valuation. This change is primarily due to investment returns being greater than expected. Benefit payments were not present in 2024.

City of Pine Island, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2025

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Statutory Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/25	\$ 97,839	\$ 123,533	\$ (25,694)
12/31/24	83,634	96,895	(13,261)
12/31/23	72,831	85,706	(12,875)
12/31/22	65,351	77,851	(12,500)
12/31/21	59,789	71,789	(12,000)
12/31/20	57,135	68,635	(11,500)
12/31/19	54,178	65,178	(11,000)
12/31/18	52,518	63,518	(11,000)
12/31/17	53,107	64,107	(11,000)
12/31/16	51,483	62,483	(11,000)

City of Pine Island, Minnesota  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2025

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 3,322,914	\$ 3,256,669	\$ (66,245)
Licenses and permits	97,000	217,460	120,460
Intergovernmental	846,817	890,130	43,313
Charges for services	270,019	286,522	16,503
Fines and forfeitures	3,000	2,846	(154)
Special assessments	2,000	5,287	3,287
Interest on investments	504	62,773	62,269
Miscellaneous	23,650	229,063	205,413
Total Revenues	<u>4,565,904</u>	<u>4,950,750</u>	<u>384,846</u>
Expenditures			
Current			
General government	809,277	939,120	(129,843)
Public safety	1,080,085	1,081,534	(1,449)
Public works	1,370,013	1,234,049	135,964
Culture and recreation	333,788	255,751	78,037
Housing and economic development	112,831	112,806	25
Capital outlay	225,000	144,370	80,630
Debt service	-	380,312	(380,312)
Total Expenditures	<u>3,930,994</u>	<u>4,147,942</u>	<u>(216,948)</u>
Excess of Revenues Over Expenditures	<u>634,910</u>	<u>802,808</u>	<u>167,898</u>
Other Financing Sources (Uses)			
Transfers in	161,479	499,469	337,990
Transfers out	(796,389)	(796,389)	-
Total Other Financing Sources (Uses)	<u>(634,910)</u>	<u>(296,920)</u>	<u>337,990</u>
Net Change in Fund Balances	-	505,888	505,888
Fund Balances, January 1	<u>1,557,701</u>	<u>1,557,701</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,557,701</u>	<u>\$ 2,063,589</u>	<u>\$ 505,888</u>

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

City of Pine Island, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2025

**Notes to the Required Supplementary Information - Budgetary Reporting**

**A. Budgetary Comparison Schedule**

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

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2025, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Major General fund	\$ 3,930,994	\$ 4,147,942	\$ 216,948

These excess expenditures were funded by excess revenue greater than anticipated revenues.

**C. Summary of Significant Budget Variances**

The General fund revenues and expenditures varied significantly from final budget amounts as noted below:

**Revenues**

- Nonbusiness licenses and permits revenue exceeded final budgeted amounts due to more building permit revenue than anticipated at the time of final budget approval.
- Miscellaneous revenue exceeded final budgeted amounts due to reimbursement – direct costs revenue relating to the New Haven Annexation and Skyway expenses.

**Expenditures**

- Debt service payments were higher than expected due to the City paying off a contract for deed early.
- Other services and charges expenditures relating to Other General Government were over final budgeted amounts due to expenses relating to engineering fees for the Project Skyway.

**D. Budgetary Compliance**

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

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

City of Pine Island, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2025

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and temporary investments	\$ 896,589	\$ 74,620	\$ 971,209
Restricted cash	32,041	-	32,041
Receivables			
Accounts	1,486	-	1,486
Notes	52,595	-	52,595
Prepaid items	2,374	-	2,374
	<u>2,374</u>	<u>-</u>	<u>2,374</u>
Total Assets	<u>\$ 985,085</u>	<u>\$ 74,620</u>	<u>\$ 1,059,705</u>
<b>Liabilities</b>			
Accounts payable	\$ 2,600	\$ -	\$ 2,600
Accrued salaries payable	1,830	-	1,830
Due to other funds	-	9,892	9,892
Total Liabilities	<u>4,430</u>	<u>9,892</u>	<u>14,322</u>
<b>Fund Balances</b>			
Nonspendable	2,374	-	2,374
Restricted	629,172	74,620	703,792
Committed	349,109	-	349,109
Unassigned	-	(9,892)	(9,892)
Total Fund Balances	<u>980,655</u>	<u>64,728</u>	<u>1,045,383</u>
	<u>980,655</u>	<u>64,728</u>	<u>1,045,383</u>
Total Liabilities and Fund Balances	<u>\$ 985,085</u>	<u>\$ 74,620</u>	<u>\$ 1,059,705</u>

City of Pine Island, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2025

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Tax increment	\$ -	\$ 126,990	\$ 126,990
Intergovernmental	99,966	-	99,966
Charges for services	19,631	-	19,631
Fines and forfeitures	688	-	688
Investment earnings	20,093	1,067	21,160
Miscellaneous	50,922	-	50,922
<b>Total Revenues</b>	<u>191,300</u>	<u>128,057</u>	<u>319,357</u>
<b>Expenditures</b>			
<b>Current</b>			
Public safety	46,635	-	46,635
Public works	48,131	-	48,131
Culture and recreation	266,640	-	266,640
Housing and economic development	1,500	169,501	171,001
<b>Capital outlay</b>			
Culture and recreation	35,141	-	35,141
Housing and economic development	-	48,595	48,595
<b>Debt service</b>			
Principal	-	22,000	22,000
Interest and other	-	13,200	13,200
<b>Total Expenditures</b>	<u>398,047</u>	<u>253,296</u>	<u>651,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(206,747)	(125,239)	(331,986)
<b>Other Financing Sources (Uses)</b>			
Transfers in	248,449	-	248,449
Net Change in Fund Balances	41,702	(125,239)	(83,537)
Fund Balances, January 1	938,953	189,967	1,128,920
Fund Balances, December 31	<u>\$ 980,655</u>	<u>\$ 64,728</u>	<u>\$ 1,045,383</u>

City of Pine Island, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2025

	<b>211</b>	<b>245</b>	<b>246</b>	<b>260</b>
	Library	Storm Water Utility	River Flood Monitor	Revolving Loan
<b>Assets</b>				
Cash and temporary investments	\$ 252,299	\$ 85,083	\$ 14,671	\$ 98,045
Restricted cash	-	-	-	32,041
Receivables				
Accounts	514	972	-	-
Notes	-	-	-	31,868
Prepaid items	2,374	-	-	-
	<u>2,374</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 255,187</u>	<u>\$ 86,055</u>	<u>\$ 14,671</u>	<u>\$ 161,954</u>
<b>Liabilities</b>				
Accounts payable	\$ 2,600	\$ -	\$ -	\$ -
Accrued salaries payable	1,830	-	-	-
Total Liabilities	<u>4,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	2,374	-	-	-
Restricted	-	-	-	161,954
Committed	248,383	86,055	14,671	-
Total Fund Balances	<u>250,757</u>	<u>86,055</u>	<u>14,671</u>	<u>161,954</u>
	<u>250,757</u>	<u>86,055</u>	<u>14,671</u>	<u>161,954</u>
Total Liabilities and Fund Balances	<u>\$ 255,187</u>	<u>\$ 86,055</u>	<u>\$ 14,671</u>	<u>\$ 161,954</u>

<b>261</b> DTED Land O'Lakes	<b>270</b> Disaster Relief	<b>280</b> Charitable Gambling Donations	Total
\$ 308,581	\$ 522	\$ 137,388	\$ 896,589
-	-	-	32,041
-	-	-	1,486
20,727	-	-	52,595
-	-	-	2,374
<u>\$ 329,308</u>	<u>\$ 522</u>	<u>\$ 137,388</u>	<u>\$ 985,085</u>
\$ -	\$ -	\$ -	\$ 2,600
-	-	-	1,830
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,430</u>
-	-	-	2,374
329,308	522	137,388	629,172
-	-	-	349,109
<u>329,308</u>	<u>522</u>	<u>137,388</u>	<u>980,655</u>
<u>\$ 329,308</u>	<u>\$ 522</u>	<u>\$ 137,388</u>	<u>\$ 985,085</u>

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

	<b>211</b>	<b>245</b>	<b>246</b>	<b>260</b>
	Library	Storm Water Utility	River Flood Monitor	Revolving Loan
<b>Revenues</b>				
Intergovernmental	\$ 99,966	\$ -	\$ -	\$ -
Charges for services	565	19,066	-	-
Fines and forfeitures	688	-	-	-
Investment earnings	11,182	2,931	94	1,859
Miscellaneous	1,004	-	-	-
<b>Total Revenues</b>	<u>113,405</u>	<u>21,997</u>	<u>94</u>	<u>1,859</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	2,801	-
Public works	-	48,131	-	-
Culture and recreation	266,640	-	-	-
Housing and economic development	-	-	-	1,500
Capital outlay				
Culture and recreation	35,141	-	-	-
<b>Total Expenditures</b>	<u>301,781</u>	<u>48,131</u>	<u>2,801</u>	<u>1,500</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(188,376)	(26,134)	(2,707)	359
<b>Other Financing Sources</b>				
Transfers in	192,749	48,500	7,200	-
<b>Net Change in Fund Balances</b>	4,373	22,366	4,493	359
<b>Fund Balances, January 1</b>	<u>246,384</u>	<u>63,689</u>	<u>10,178</u>	<u>161,595</u>
<b>Fund Balances, December 31</b>	<u>\$ 250,757</u>	<u>\$ 86,055</u>	<u>\$ 14,671</u>	<u>\$ 161,954</u>

<b>261</b> DTED Land O'Lakes	<b>270</b> Disaster Relief	<b>280</b> Charitable Gambling Donations	Total
\$ -	\$ -	\$ -	\$ 99,966
-	-	-	19,631
-	-	-	688
2,979	3	1,045	20,093
-	-	49,918	50,922
<u>2,979</u>	<u>3</u>	<u>50,963</u>	<u>191,300</u>
-	-	43,834	46,635
-	-	-	48,131
-	-	-	266,640
-	-	-	1,500
-	-	-	35,141
-	-	<u>43,834</u>	<u>398,047</u>
2,979	3	7,129	(206,747)
-	-	-	248,449
2,979	3	7,129	41,702
<u>326,329</u>	<u>519</u>	<u>130,259</u>	<u>938,953</u>
<u>\$ 329,308</u>	<u>\$ 522</u>	<u>\$ 137,388</u>	<u>\$ 980,655</u>

City of Pine Island, Minnesota  
Library Fund  
Budgeted Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2025

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 105,619	\$ 99,966	\$ (5,653)
Charges for services	450	565	115
Fines and forfeitures	500	688	188
Investment earnings	100	11,182	11,082
Miscellaneous	3,060	1,004	(2,056)
Total Revenues	<u>109,729</u>	<u>113,405</u>	<u>3,676</u>
Expenditures			
Current			
Culture and recreation			
Personal services	224,763	233,420	(8,657)
Supplies	4,950	4,030	920
Other services and charges	31,965	29,190	2,775
Capital outlay			
Culture and recreation	40,800	35,141	5,659
Total Expenditures	<u>302,478</u>	<u>301,781</u>	<u>697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(192,749)	(188,376)	4,373
Other Financing Sources			
Transfers in	<u>192,749</u>	<u>192,749</u>	<u>-</u>
Net Change in Fund Balances	-	4,373	4,373
Fund Balances, January 1	<u>246,384</u>	<u>246,384</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 246,384</u>	<u>\$ 250,757</u>	<u>\$ 4,373</u>

City of Pine Island, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2025

	<b>382</b> Brewing Company TIF 1-17	<b>392</b> Wazuweeta Woods TIF 1-10	<b>393</b> Downtown Development TIF 1-9	Total
<b>Assets</b>				
Cash and temporary investments	\$ -	\$ -	\$ 74,620	\$ 74,620
<b>Liabilities</b>				
Due to other funds	\$ 9,892	\$ -	\$ -	\$ 9,892
<b>Fund Balances</b>				
Restricted	-	-	74,620	74,620
Unassigned	(9,892)	-	-	(9,892)
Total Fund Balances	(9,892)	-	74,620	64,728
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 74,620</b>	<b>\$ 74,620</b>

City of Pine Island, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2025

	<b>382</b> Brewing Company TIF 1-17	<b>392</b> Wazuweeta Woods TIF 1-10	<b>393</b> Downtown Development TIF 1-9	Total
Revenues				
Tax increment	\$ 16,750	\$ 35,086	\$ 75,154	\$ 126,990
Investment earnings	-	771	296	1,067
Total Revenues	<u>16,750</u>	<u>35,857</u>	<u>75,450</u>	<u>128,057</u>
Expenditures				
Current				
Housing and economic development	933	167,635	933	169,501
Capital outlay				
Housing and economic development	15,075	-	33,520	48,595
Debt service				
Principal	-	-	22,000	22,000
Interest and other	-	-	13,200	13,200
Total Expenditures	<u>16,008</u>	<u>167,635</u>	<u>69,653</u>	<u>253,296</u>
Net Change in Fund Balances	742	(131,778)	5,797	(125,239)
Fund Balances, January 1	<u>(10,634)</u>	<u>131,778</u>	<u>68,823</u>	<u>189,967</u>
Fund Balances, December 31	<u>\$ (9,892)</u>	<u>\$ -</u>	<u>\$ 74,620</u>	<u>\$ 64,728</u>

City of Pine Island, Minnesota  
Nonmajor Proprietary Funds  
Combining Statement of Net Position  
December 31, 2025

	Business-type Activities - Enterprise Funds		
	604	871	
	Cemetery	Deputy Registrar	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 359,411	\$ 4,977	\$ 364,388
Receivables			
Accounts	-	1,649	1,649
Prepaid items	-	3,872	3,872
<b>Total Current Assets</b>	<u>359,411</u>	<u>10,498</u>	<u>369,909</u>
<b>Noncurrent Assets</b>			
<b>Capital assets</b>			
Buildings	15,500	153,654	169,154
Improvements other than buildings	177,234	-	177,234
Machinery and equipment	31,346	9,546	40,892
Less accumulated depreciation	(132,687)	(18,513)	(151,200)
<b>Total Capital Assets</b>	<u>91,393</u>	<u>144,687</u>	<u>236,080</u>
(Net of Accumulated Depreciation)			
<b>Total Assets</b>	<u>450,804</u>	<u>155,185</u>	<u>605,989</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	-	17,920	17,920
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	1,138	553	1,691
Accrued salaries payable	80	1,245	1,325
Compensated absences payable	-	5,914	5,914
<b>Total Current Liabilities</b>	<u>1,218</u>	<u>7,712</u>	<u>8,930</u>
<b>Noncurrent Liabilities</b>			
Compensated absences, net of current portion	-	9,952	9,952
Net pension liability	-	39,062	39,062
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>49,014</u>	<u>49,014</u>
<b>Total Liabilities</b>	<u>1,218</u>	<u>56,726</u>	<u>57,944</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	-	24,550	24,550
<b>Net Position</b>			
Investment in capital assets	91,393	144,687	236,080
Unrestricted	358,193	(52,858)	305,335
<b>Total Net Position</b>	<u>\$ 449,586</u>	<u>\$ 91,829</u>	<u>\$ 541,415</u>

City of Pine Island, Minnesota  
 Nonmajor Proprietary Funds  
 Combining Statement of Revenues, Expenses  
 and Changes in Net Position  
 For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds		
	<b>604</b>	<b>871</b>	Total
	Cemetery	Deputy Registrar	
Operating Revenues			
Charges for services	\$ 45,090	\$ 189,008	\$ 234,098
Operating Expenses			
Personal services	11,433	169,116	180,549
Supplies	6,915	2,135	9,050
Other services and charges	26,883	18,370	45,253
Utilities	3,111	5,023	8,134
Depreciation	10,469	5,347	15,816
Total Operating Expenses	<u>58,811</u>	<u>199,991</u>	<u>258,802</u>
Operating Income (Loss)	<u>(13,721)</u>	<u>(10,983)</u>	<u>(24,704)</u>
Nonoperating Revenues			
Interest income	17,108	70	17,178
Other income	3,395	10,808	14,203
Total Nonoperating Revenues	<u>20,503</u>	<u>10,878</u>	<u>31,381</u>
Income (Loss) Before Transfers	6,782	(105)	6,677
Transfers In	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Change in Net Position	10,782	(105)	10,677
Net Position, January 1	<u>438,804</u>	<u>91,934</u>	<u>530,738</u>
Net Position, December 31	<u>\$ 449,586</u>	<u>\$ 91,829</u>	<u>\$ 541,415</u>

City of Pine Island, Minnesota  
Nonmajor Proprietary Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds		
	604	871	
	Cemetery	Deputy Registrar	Total
Cash Flows from Operating Activities			
Receipts from users	\$ 48,485	\$ 198,167	\$ 246,652
Payments to suppliers	(35,441)	(27,049)	(62,490)
Payments to employees	(11,403)	(167,310)	(178,713)
Fees collected on behalf of State of Minnesota	-	82,615	82,615
Fees paid to State of Minnesota	-	(82,615)	(82,615)
Net Cash Provided (Used)			
By Operating Activities	<u>1,641</u>	<u>3,808</u>	<u>5,449</u>
Cash Flows from Noncapital and Related Financing Activities			
Transfers from other funds	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Cash Flows from Investing Activities			
Interest on investments	<u>17,108</u>	<u>70</u>	<u>17,178</u>
Net Increase (decrease) in Cash and Cash Equivalents	22,749	3,878	26,627
Cash and Cash Equivalents, January 1	<u>336,662</u>	<u>1,099</u>	<u>337,761</u>
Cash and Cash Equivalents, December 31	<u>\$ 359,411</u>	<u>\$ 4,977</u>	<u>\$ 364,388</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (13,721)	\$ (10,983)	\$ (24,704)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Other income related to operations	3,395	10,808	14,203
Depreciation	10,469	5,347	15,816
(Increase) decrease in assets			
Accounts receivable	-	(1,649)	(1,649)
Prepaid items	330	(1,132)	(802)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	-	(7,248)	(7,248)
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	1,138	(389)	749
Accrued salaries payable	30	6,377	6,407
Net pension liability	-	939	939
Compensated absences payable	-	1,902	1,902
Deferred pension resources	-	(164)	(164)
Net Cash Provided by Operating Activities	<u>\$ 1,641</u>	<u>\$ 3,808</u>	<u>\$ 5,449</u>

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

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Taxes			
Property	\$ 3,287,914	\$ 3,227,441	\$ (60,473)
Franchise	35,000	29,228	(5,772)
Total taxes	<u>3,322,914</u>	<u>3,256,669</u>	<u>(66,245)</u>
Licenses and permits			
Business	14,500	26,269	11,769
Nonbusiness	82,500	191,191	108,691
Total licenses and permits	<u>97,000</u>	<u>217,460</u>	<u>120,460</u>
Intergovernmental			
Federal			
Other federal aids	10,000	-	(10,000)
State			
Local government aid	744,206	744,206	-
Agricultural market value credit	800	1,009	209
Fire state aid	83,634	97,839	14,205
Small cities assistance program	-	33,220	33,220
Other	8,177	13,856	5,679
Total state	<u>836,817</u>	<u>890,130</u>	<u>53,313</u>
Total intergovernmental	<u>846,817</u>	<u>890,130</u>	<u>43,313</u>
Charges for services			
General government	11,325	15,573	4,248
Public safety	195,794	182,992	(12,802)
Public works	2,900	3,432	532
Culture and recreation	60,000	84,525	24,525
Total charges for services	<u>270,019</u>	<u>286,522</u>	<u>16,503</u>
Fines and forfeitures	3,000	2,846	(154)
Special assessments	2,000	5,287	3,287
Investment earnings	504	62,773	62,269
Miscellaneous			
Other	23,650	229,063	205,413
Total Revenues	<u>4,565,904</u>	<u>4,950,750</u>	<u>384,846</u>
<b>Expenditures</b>			
Current			
General government			
Mayor and council			
Personal services	20,000	21,026	(1,026)
Supplies	2,000	258	1,742
Other services and charges	19,405	4,920	14,485
Total mayor and council	<u>41,405</u>	<u>26,204</u>	<u>15,201</u>

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

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures (Continued)			
Current (continued)			
General government (continued)			
Elections			
Personal services	\$ -	\$ (552)	\$ 552
Other services and charges	500	-	500
Total elections	<u>500</u>	<u>(552)</u>	<u>1,052</u>
Other general government			
Personal services	484,315	485,942	(1,627)
Supplies	8,200	4,105	4,095
Other services and charges	274,857	423,421	(148,564)
Total other general government	<u>767,372</u>	<u>913,468</u>	<u>(146,096)</u>
Total general government	<u>809,277</u>	<u>939,120</u>	<u>(129,843)</u>
Public safety			
Police			
Contracted services	466,667	465,389	1,278
Fire protection			
Personal services	126,486	108,750	17,736
2% fire aid	83,634	97,839	(14,205)
Supplies	25,545	13,034	12,511
Other services and charges	88,075	90,861	(2,786)
Total fire protection	<u>323,740</u>	<u>310,484</u>	<u>13,256</u>
Rural fire fighting			
Personal services	87,319	84,753	2,566
Supplies	25,100	12,406	12,694
Other services and charges	83,375	92,148	(8,773)
Total rural fire fighting	<u>195,794</u>	<u>189,307</u>	<u>6,487</u>
Inspections			
Supplies	50	-	50
Other services and charges	72,500	102,610	(30,110)
Total inspections	<u>72,550</u>	<u>102,610</u>	<u>(30,060)</u>
Public safety (continued)			
Civil defense			
Personal services	6,909	6,818	91
Supplies	5,500	21	5,479
Other services and charges	8,250	6,880	1,370
Total civil defense	<u>20,659</u>	<u>13,719</u>	<u>6,940</u>
Animal control			
Supplies	275	25	250
Other services and charges	400	-	400
Total animal control	<u>675</u>	<u>25</u>	<u>650</u>
Total public safety	<u>1,080,085</u>	<u>1,081,534</u>	<u>(1,449)</u>

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

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures (Continued)			
Current (continued)			
Public works			
Streets and alleys			
Personal services	\$ 529,083	\$ 485,160	\$ 43,923
Supplies	133,300	120,201	13,099
Other services and charges	640,930	561,730	79,200
Total streets and alleys	<u>1,303,313</u>	<u>1,167,091</u>	<u>136,222</u>
Street lighting			
Supplies	3,000	1,751	1,249
Other services and charges	60,600	63,882	(3,282)
Total street lighting	<u>63,600</u>	<u>65,633</u>	<u>(2,033)</u>
Weed control			
Supplies	50	-	50
Other services and charges	3,050	1,325	1,725
Total weed control	<u>3,100</u>	<u>1,325</u>	<u>1,775</u>
Total public works	<u>1,370,013</u>	<u>1,234,049</u>	<u>135,964</u>
Culture and recreation			
Swimming pool			
Personal services	91,496	67,353	24,143
Supplies	19,050	13,516	5,534
Other services and charges	68,700	36,757	31,943
Total swimming pool	<u>179,246</u>	<u>117,626</u>	<u>61,620</u>
Parks			
Personal services	67,992	71,328	(3,336)
Supplies	23,200	11,538	11,662
Other services and charges	63,350	55,259	8,091
Total parks	<u>154,542</u>	<u>138,125</u>	<u>16,417</u>
Total culture and recreation	<u>333,788</u>	<u>255,751</u>	<u>78,037</u>
Housing and economic development			
Supplies	25	-	25
Other services and charges	112,806	112,806	-
Total housing and economic development	<u>112,831</u>	<u>112,806</u>	<u>25</u>
Total current	<u>3,705,994</u>	<u>3,623,260</u>	<u>82,734</u>
Capital outlay			
Public safety	10,000	-	10,000
Public works	100,000	31,194	68,806
Culture and recreation	115,000	113,176	1,824
Total capital outlay	<u>225,000</u>	<u>144,370</u>	<u>80,630</u>
Debt service			
Principal	-	380,312	(380,312)
Total Expenditures	<u>3,930,994</u>	<u>4,147,942</u>	<u>(216,948)</u>

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

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget
Excess of Revenues Over Expenditures	\$ 634,910	\$ 802,808	\$ 167,898
Other Financing Sources (Uses)			
Transfers in	161,479	499,469	337,990
Transfers out	(796,389)	(796,389)	-
Total Other Financing Sources (Uses)	(634,910)	(296,920)	337,990
Net Change in Fund Balances	-	505,888	505,888
Fund Balances, January 1	1,557,701	1,557,701	-
Fund Balances, December 31	\$ 1,557,701	\$ 2,063,589	\$ 505,888

City of Pine Island, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2025

	<b>308</b> 2018A G.O. Improvement Bonds	<b>312</b> 2017A G.O. Improvement Bonds	<b>313</b> 2020A G.O. Improvement Bonds	<b>314</b> 2020B G.O. Refunding Bonds
<b>Assets</b>				
Cash and temporary investments	\$ 186,142	\$ 230,332	\$ 316,940	\$ 650,332
Receivables				
Special assessments	-	116,509	247,747	203,567
<b>Total Assets</b>	<u>\$ 186,142</u>	<u>\$ 346,841</u>	<u>\$ 564,687</u>	<u>\$ 853,899</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - special assessments	\$ -	\$ 116,439	\$ 247,253	\$ 203,567
<b>Fund Balances</b>				
Restricted	<u>186,142</u>	<u>230,402</u>	<u>317,434</u>	<u>650,332</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 186,142</u>	<u>\$ 346,841</u>	<u>\$ 564,687</u>	<u>\$ 853,899</u>

<b>315</b> 2021A G.O. Refunding Bonds	<b>323</b> 2014B Crossover Refunding	Total
\$ 331,947	\$ 280,728	\$ 1,996,421
<u>228,608</u>	<u>-</u>	<u>796,431</u>
<u>\$ 560,555</u>	<u>\$ 280,728</u>	<u>\$ 2,792,852</u>
\$ 226,401	\$ -	\$ 793,660
<u>334,154</u>	<u>280,728</u>	<u>1,999,192</u>
<u>\$ 560,555</u>	<u>\$ 280,728</u>	<u>\$ 2,792,852</u>

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

	<b>308</b> 2018A G.O. Improvement Bonds	<b>312</b> 2017A G.O. Improvement Bonds	<b>313</b> 2020A G.O. Improvement Bonds	<b>314</b> 2020B G.O. Refunding Bonds
<b>Revenues</b>				
Property taxes	\$ 165,368	\$ 66,674	\$ 91,836	\$ 142,574
Special assessments	-	21,289	49,833	19,588
Investment earnings	485	1,047	1,407	2,905
<b>Total Revenues</b>	<u>165,853</u>	<u>89,010</u>	<u>143,076</u>	<u>165,067</u>
<b>Expenditures</b>				
Debt service				
Principal	105,000	75,000	120,000	178,215
Interest and other	55,364	21,720	31,939	4,856
<b>Total Expenditures</b>	<u>160,364</u>	<u>96,720</u>	<u>151,939</u>	<u>183,071</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	5,489	(7,710)	(8,863)	(18,004)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	57,658
<b>Net Change in Fund Balances</b>	5,489	(7,710)	(8,863)	39,654
<b>Fund Balances, January 1</b>	<u>180,653</u>	<u>238,112</u>	<u>326,297</u>	<u>610,678</u>
<b>Fund Balances, December 31</b>	<u><u>\$ 186,142</u></u>	<u><u>\$ 230,402</u></u>	<u><u>\$ 317,434</u></u>	<u><u>\$ 650,332</u></u>

<b>315</b> 2021A G.O. Refunding Bonds	<b>323</b> 2014B Crossover Refunding	Total
\$ 183,853	\$ 63,289	\$ 713,594
33,830	-	124,540
1,121	1,421	8,386
<u>218,804</u>	<u>64,710</u>	<u>846,520</u>
162,000	65,000	705,215
42,647	6,170	162,696
<u>204,647</u>	<u>71,170</u>	<u>867,911</u>
14,157	(6,460)	(21,391)
-	9,056	66,714
14,157	2,596	45,323
<u>319,997</u>	<u>278,132</u>	<u>1,953,869</u>
<u>\$ 334,154</u>	<u>\$ 280,728</u>	<u>\$ 1,999,192</u>

City of Pine Island, Minnesota  
Economic Development Authority  
(Discretely Presented Component Unit)  
Balance Sheet  
December 31, 2025

	<b>255</b> Economic Development Authority
Assets	
Cash and temporary investments	<u>\$ 137,202</u>
Liabilities	
Accounts payable	\$ 96
Fund balances	
Assigned for economic development	<u>\$ 137,106</u>
Total Liabilities and Fund Balances	<u>\$ 137,202</u>

City of Pine Island, Minnesota  
 Economic Development Authority  
 (Discretely Presented Component Unit)  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance/Net Position  
 For the Year Ended December 31, 2025

	<b>255</b> Economic Development Authority <hr/>
Revenues	
Intergovernmental	\$ 162,114
Interest on investments	1,035
Miscellaneous	112,806
Total Revenues	<hr/> 275,955
Expenditures	
Current	
Economic development	<hr/> 262,978
Net change in Fund Balances/Net Position	12,977
Fund Balance/Net Position, January 1	<hr/> 124,129
Fund Balance/Net Position, December 31	<hr/> <hr/> <b>\$ 137,106</b>

City of Pine Island, Minnesota  
 Economic Development Authority Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended December 31, 2025

	<u>Budgeted Amounts Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 162,114	\$ 162,114
Interest on investments	100	1,035	935
Miscellaneous	112,806	112,806	-
Total Revenues	<u>112,906</u>	<u>275,955</u>	<u>163,049</u>
Expenditures			
Current			
Economic development			
Supplies	1,370	725	645
Other services and charges	111,536	262,253	(150,717)
Total Expenditures	<u>112,906</u>	<u>262,978</u>	<u>(150,072)</u>
Net Change in Fund Balances	-	12,977	12,977
Fund Balances, January 1	<u>124,129</u>	<u>124,129</u>	-
Fund Balances, December 31	<u>\$ 124,129</u>	<u>\$ 137,106</u>	<u>\$ 12,977</u>

OTHER REQUIRED REPORT

CITY OF PINE ISLAND  
PINE ISLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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**INDEPENDENT AUDITOR’S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Pine Island, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Pine Island, Minnesota (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements that collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 17, 2026.

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

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



**Abdo**  
Minneapolis, Minnesota  
April 17, 2026

**APPENDIX F:  
CONTINUING DISCLOSURE FILINGS**

The following pages have been printed directly from the EMMA website information for the Continuing Disclosure filings in recent years.

[Home](#) > [Issuers By State](#) > [Minnesota](#) > [Issuer Homepage](#) > [Issue Details](#)

## Issue Details



PINE ISLAND MINN GO IMPT BDS 2017 A (MN)\*

**Dated Date:** 07/05/2017

**Closing Date:** 07/05/2017

[Final Scale](#)

[Official Statement](#)

[Continuing Disclosure](#)

[Trade Activity](#)

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

### Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

[Bloomberg L.P.](#)

[DPC Data](#)

[ICE Data Services](#) (formerly Interactive Data Pricing and Reference Data)

[Standard & Poor's](#)

### FINANCIAL INFORMATION & DOCUMENTS

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**Most Recent** [CD Report - Year end 2024 - Pine Island MN for the year ended 12/31/2024 posted 08/04/2025 \(2.3 MB\)](#) [details](#)  
[2024 Audit - Pine Island MN for the year ended 12/31/2024 posted 08/04/2025 \(1.3 MB\)](#) [details](#)

#### Annual Financial Information and Operating Data

[CD Report - Year end 2024 - Pine Island MN for the year ended 12/31/2024 posted 08/04/2025 \(2.3 MB\)](#) [details](#)

[CD Report - Year end 2023 - Pine Island MN for the year ended 12/31/2023 posted 09/30/2024 \(2.4 MB\)](#) [details](#)

[CD Report - Year end 2022 - Pine Island for the year ended 12/31/2022 posted 08/24/2023 \(5.6 MB\)](#) [details](#)

[CD Report - Year end 2021 - Pine Island MN for the year ended 12/31/2021 posted 10/13/2022 \(3.5 MB\)](#) [details](#)

[CD Report - Year end 2020 - Pine Island MN for the year ended 12/31/2020 posted 10/26/2021 \(3.5 MB\)](#) [details](#)

[CD Report - Year end 2019 - Pine Island MN for the year ended 12/31/2019 posted 09/01/2020 \(4 MB\)](#) [details](#)

[CD Report - Year end 2018 - Pine Island MN for the year ended 12/31/2018 posted 10/23/2019 \(2.7 MB\)](#) [details](#)

[CD Report - Year End 2017 - Pine Island MN for the year ended 12/31/2017 posted 09/11/2018 \(3.2 MB\)](#) [details](#)

[CD Report - Year Ending Dec 31 2016 - Pine Island MN for the year ended 12/31/2016 Document2 posted 11/14/2017 \(1.9 MB\)](#) [details](#)

[CD Report - Year Ending Dec 31 2016 - Pine Island MN for the year ended 12/31/2016 Document1 posted 11/14/2017 \(2.1 MB\)](#) [details](#)

#### Audited Financial Statements or ACFR

[2024 Audit - Pine Island MN for the year ended 12/31/2024 posted 08/04/2025 \(1.3 MB\)](#) [details](#)

[2023 Audit - Pine Island MN for the year ended 12/31/2023 posted 09/30/2024 \(1.4 MB\)](#) [details](#)

[2022 Audit - Pine Island MN for the year ended 12/31/2022 posted 06/19/2023 \(1.3 MB\)](#) [details](#)

[2021 Audit - Pine Island MN for the year ended 12/31/2021 posted 04/16/2022 \(1.8 MB\)](#) [details](#)

[2020 Audit - Pine Island MN for the year ended 12/31/2020 posted 07/29/2021 \(2 MB\)](#) [details](#)

[2019 Audit - Pine Island MN for the year ended 12/31/2019 posted 06/09/2020 \(1.3 MB\)](#) [details](#)

[2018 Audit - Pine Island MN for the year ended 12/31/2018 posted 10/23/2019 \(2.8 MB\)](#) [details](#)

[2017 Audit - Pine Island MN for the year ended 12/31/2017 posted 09/11/2018 \(1.9 MB\)](#) [details](#)

[2016 Audit - Pine Island MN for the year ended 12/31/2016 posted 11/14/2017 \(1.9 MB\)](#) [details](#)

[2016 Audit - Pine Island MN for the year ended 12/31/2016 posted 11/14/2017 \(2.1 MB\)](#) [details](#)

### EVENT NOTICES

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**Most Recent** [Notice of Bond Pay Agent/Registrar Acquisition dated 12/31/2024 posted 12/31/2024 \(80 KB\)](#) [details](#)

#### Successor, Additional or Change in Trustee

[Notice of Bond Pay Agent/Registrar Acquisition dated 12/31/2024 posted 12/31/2024 \(80 KB\)](#) [details](#)

[Event Filing posted 12/26/2024 \(133 KB\)](#) [details](#)

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