

New Issue

S & P Global Rating Requested

State of Minnesota Credit Enhancement Program Requested

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, if the Bonds are issued as tax-exempt bonds, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Such interest is not included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Taxability of Interest" herein.

\$3,180,000

City of Kasson, Minnesota

General Obligation Water Revenue Bonds, Series 2025A

PURPOSE/AUTHORITY: The \$3,180,000 General Obligation Water Revenue Bonds, Series 2025A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 444 and 475 to finance the City's 2025 Southeast Water Tower 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. The City pledges water revenues to make the semi-annual payments.

BID OPEN & AWARD: Wednesday, October 8, 2025; Open 11:00 A.M. CST; Award 6:00 P.M. CST.

DATED DATE: October 22, 2025

MATURITY: The bonds will mature February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$ 80,000	2034	\$ 140,000	2041	\$ 185,000
2028	120,000	2035	145,000	2042	190,000
2029	120,000	2036	150,000	2043	200,000
2030	125,000	2037	155,000	2044	210,000
2031	130,000	2038	165,000	2045	220,000
2032	135,000	2039	170,000	2046	230,000
2033	135,000	2040	175,000		

INTEREST: August 1, 2026, and each February 1 and August 1 thereafter.

MATURITY AGREEMENT: 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, 2033

REBATE: Small Issuer Exemption

MINIMUM BID: \$3,140,250.00 (98.75%)

TAX STATUS: Tax-exempt; bank-qualified

GOOD FAITH DEPOSIT: \$63,600 payable to the City on October 8, 2025

CLOSING/ DELIVERY DATE: On or about October 22, 2025

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 Taft Stettinius & Hollister LLP, 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 15C-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.

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CITY OF KASSON, MINNESOTA

City of Kasson City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Dan Egger	Mayor	2026
Ryan Christensen	Council Member	2026
Brian Wempner	Council Member	2028
Melisa Ferris	Council Member	2028
Paul Johnson	Council Member	2026

Administration

Timothy Ibisch	City Administrator	Appointed
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Bond Counsel

Taft Stettinius & Hollister LLP
Minneapolis, MN

Pay Agent

Northland Bond Services,
A division of First National Bank of Omaha
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 \$3,180,000 G.O. Water Revenue Bonds, Series 2025A, of City of Kasson, 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 Kasson, Minnesota

Sale Date & Time: Wednesday, October 8, 2025, 11:00 A.M. Central

Award Date & Time: Wednesday, October 8, 2025; 6:00 P.M. Central

Dated Date: October 22, 2025

Interest Payments: August 1, 2026, and each February 1 and August 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>
2027	\$ 80,000	2034	\$ 140,000	2041	\$ 185,000
2028	120,000	2035	145,000	2042	190,000
2029	120,000	2036	150,000	2043	200,000
2030	125,000	2037	155,000	2044	210,000
2031	130,000	2038	165,000	2045	220,000
2032	135,000	2039	170,000	2046	230,000
2033	135,000	2040	175,000		

Rating: The City *has* requested a rating from S & P Global Rating.

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: In addition to the General Obligation pledge, the City pledges water revenues to make the semi-annual payments.

Purpose: Proceeds will finance the City’s 2025 Southeast Water Tower Project.

Authority: Minnesota Statutes, Chapters 444 and 475

Optional Redemption: Bonds are callable on February 1, 2033.

Tax Status: Tax-exempt, bank-qualified

Rebate: Small Issuer Exemption

Legal Opinion: Taft Stettinius & Hollister LLP, Minneapolis, Minnesota

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

Closing/Delivery: On or about October 22, 2025.

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

City of Kasson, Minnesota

\$3,180,000

General Obligation Water Revenue Bonds, Series 2025A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Wednesday, October 8, 2025 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council of the City of Kasson (the "City") 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®, in the manner described below, until 11:00 A.M., local time on October 8th 2025. Bids may be submitted electronically via PARITY® 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® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact David Drown Associates, Inc. or PARITY® at (212) 806-8304.

Neither the City of Kasson 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 October 22, 2025, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2026. 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>
2027	\$ 80,000	2037	\$ 155,000
2028	120,000	2038	165,000
2029	120,000	2039	170,000
2030	125,000	2040	175,000
2031	130,000	2041	185,000
2032	135,000	2042	190,000
2033	135,000	2043	200,000
2034	140,000	2044	210,000
2035	145,000	2045	220,000
2036	150,000	2046	230,000

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.

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, a division of First National Bank of Omaha, 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, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. 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.

SECURITY AND PURPOSE

The Bonds 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 water revenues to make the semi-annual bond payments. The proceeds will finance the 2025 Southeast Water Tower Project, located within the City.

TYPE OF PROPOSALS

Proposals shall be for not less than \$3,140,250.00 (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 \$63,600.00 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 Bonds will be awarded 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.

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 be obligated with respect to more than \$10,000,000 of outstanding municipal securities, including the Bonds being offered hereby. In order to assist bidders in complying with SEC Rule 15c2-12, the City will covenant to provide certain financial and operating information that is customarily prepared and is publicly available and notices of certain material events to the extent required by SEC Rule 15c2-12(d)(2). A description of the City's undertaking is set forth in the Official Statement.

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 to 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: 25 August, 2025

BY ORDER OF THE CITY COUNCIL

/s/ Timothy Ibisch
City Administrator

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OFFICIAL STATEMENT

CITY OF KASSON, MINNESOTA

\$3,180,000 General Obligation Water Revenue Bonds, Series 2025A

INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of, \$3,180,000 General Obligation Water Revenue Bonds, Series 2025A (the “Bonds”) by City of Kasson, 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 Mr. Timothy Ibisch, City Administrator, City of Kasson, 401 Fifth Street SE, Kasson, MN 55944-2204 or by telephoning (507) 634-7071.

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 information and operating data 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 in all material respects with any previous undertaking under the Rule with the following exception: the 2022 Continuing Disclosure Report and 2022 Audit were filed late. As soon as the City became aware of the error, the report and audit were filed along with the proper failure to file notice. As a result, the City now works with a dissemination agent and future filings will happen in a timely manner. Prior Continuing Disclosure Undertakings included language that audited financial statements would be filed as soon as available. While not always filed as soon as available, they were timely filed within the 12-month time-frame 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 444 and 475 for the purpose of financing the City’s 2025 Southeast Water Tower Project.

Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Par Amount of the Bonds	\$ 3,180,000	Project Costs	\$ 3,095,000
Construction Fund Earnings	<u>10,150</u>	Underwriter’s Discount (1.25%)	39,750
		Issuance & Legal	<u>55,400</u>
Totals	\$ 3,190,150	Total	\$ 3,190,150

Payment and Security

The Bonds are 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, the City pledges water revenues to make the semi-annual payments.

Optional Redemption

The City may elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. 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, Inc. 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, Inc. 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.

State of Minnesota Credit Enhancement Program

By the resolution adopted for this issue on August 25, 2025 (the "Resolution"), the City has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 446A.086 (the "Act"), which provides for payment by the State of Minnesota in the event of a potential default on certain city obligations. The City has entered into a "Credit Enhancement Program Agreement (the "Agreement") with the Minnesota Public Facilities Authority (the "Authority"), which is acting on behalf of the State of Minnesota.

The City covenants in the Agreement to deposit with the Paying Agent for this issue (the "Paying Agent") all debt service payments on the Bonds at least 3 days prior to such payment due dates. Under the Agreement, if the City believes it may be unable to make all or a portion of the principal or interest payment for the Series 2025A Bonds on the due date, it must notify the Authority not less than 15 business days prior to the day a payment is due. The City's agreement with the Paying Agent for the Series 2025A Bonds requires the Paying Agent to immediately inform the Minnesota Commissioner of Finance (with a copy to the Authority) if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the Series 2025A Bonds. The Paying Agent is also required to notify the Minnesota Commissioner of Finance if on the day two business days before the date a payment is due on the Series 2025A Bonds there are insufficient funds on deposit with the Paying Agent to make the payment.

If the City is unable to make any portion of the payment on the Series 2025A Bonds on or before the due date, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the legislature to provide for the availability of funds in the General Fund for this purpose.

Taxability of Interest

At closing, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion based upon present federal and State of Minnesota laws (which excludes any pending legislation which may have a retroactive effect), regulations, ruling and decisions, to the following effect:

1. Gross Income: the Bonds, as of their date of issuance, bear interest which is not includable in 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 includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax.

2. Alternative Minimum Tax: interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations.
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 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

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 15% 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.

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; provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. 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.

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 and 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 Issuer 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 of Kasson contemplates the following potential financings in the next 24 months: First, a flood control project for 2026 with an estimated cost of \$3.2 million, and second, there may be a trunk sewer line project in 2027 with an estimated cost of \$4 million.

Legality

The Bonds are subject to approval as to certain matters by Taft Stettinius & Hollister LLP of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has neither been engaged nor undertaken to prepare, opine on, examine or independently verify the accuracy of any portion of this Official Statement, including the financial, statistical or operational statements or data contained in this Official Statement and risks associated with the purchase of the Bonds, except for statements under "Taxability of Interest" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "Appendix B – PROPOSED FORM OF LEGAL OPINION," and a legal opinion in substantially the form set out in Appendix B herein will be delivered at closing.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

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 Dodge County Auditor's Certificate for taxes payable in 2025 found under Appendix A.

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>
2024/25	\$ 821,920,622	\$ 778,675,100	\$ 723,751,300	\$ 7,736,327
2023/24	752,411,275	730,943,300	693,640,800	7,259,382
2022/23	730,364,897	680,686,400	643,379,800	6,722,461
2021/22	617,119,678	564,974,700	523,742,600	5,495,722
2020/21	544,097,597	525,993,800	483,238,000	5,100,699
2019/20	505,002,669	488,208,200	445,827,500	4,702,950
2018/19	473,801,779	424,795,900	380,982,600	4,028,899

CASH AND INVESTMENTS

(as of July 31, 2025)

<u>Fund</u>	<u>Cash/Investments</u>
General	\$ 4,617,996
Special	2,939,176
Debt Service	
Supported by Tax Levies	356,684
Supported by Assessments	1,331,964
Supported by Tax Increment	(39,304)
Capital	1,260,483
Enterprise	18,328,907
Restricted	<u>26,878</u>
Total	\$ 28,822,783

CITY INDEBTEDNESS

(as of 09/01/2025)

Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$ 23,360,253
Less: Outstanding Debt Subject to Limit	<u>0</u>
Legal Debt Margin as of 09/01/2025	\$ 23,360,253

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>
08/09/2023	\$ 7,000,000	Fire Hall Project	02/01/2053	\$ 7,000,000
05/26/2020	1,583,000	Aquatic Center Refunding	02/01/2028	<u>612,000</u>
Total				\$ 7,612,000

General Obligation Debt Supported by Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
05/11/2022	\$ 2,608,000	Improvements Portion 2022A	02/01/2038	\$ 2,324,000
06/14/2017	3,375,000	Improvement Portion 2017A	02/01/2033	1,935,000
06/02/2014	430,000	Improvements	02/01/2030	<u>160,000</u>
Total				\$ 4,419,000

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>
03/16/2020	\$ 708,000	Taxable TIF Advance Refunding	02/01/2042	\$ <u>625,000</u>
Total				\$ 625,000

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>
10/22/2025	\$ 3,180,000	Water Revenue, This Issue	02/01/2046	\$ 3,180,000
05/11/2022	3,412,000	Utility Revenue Portion 2022A	02/01/2038	2,868,000
2018	2,843,535	Sewer Revenue	08/20/2037	1,822,000
06/14/2017	3,405,000	Utility Revenue Portion 2017A	02/01/2033	1,950,000
08/31/2011	994,038	Sewer Revenue	08/20/2031	<u>345,000</u>
Total				\$ 10,165,000

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 Tax Levies	\$ 7,612,000	\$ 356,684	\$ 7,255,316
GO Debt Supported by Assessments	4,419,000	1,331,964	3,087,036
GO Debt Supported by Tax Increment	625,000	-	625,000
GO Debt Supported by Revenues	<u>10,165,000</u>	<u>-</u>	<u>10,165,000</u>
Total	\$ 22,821,000	\$ 1,688,648	\$ 21,132,352

Overlapping Debt

<u>Taxing Unit</u>	<u>2024/25 Tax Capacity</u>	<u>% in City</u>	<u>Total G.O. Debt</u>	<u>City Share</u>
Dodge County	\$ 48,355,799	16.00%	\$ 12,492,000	\$ 1,998,565
ISD # 204	17,778,189	43.52%	42,675,000	<u>18,570,382</u>
Total				\$ 20,568,946

Debt Ratios

	<u>Net G.O. Debt</u>	<u>Debt/Economic Market Value</u>	<u>Debt per Capita</u>
		<u>\$ 821,920,622</u>	<u>6,964</u>
Net Direct G.O. Debt*	\$ 10,967,352	1.33%	\$ 1,575
Net Direct and Overlapping GO Debt	31,536,298	3.84%	4,528

* Excludes G.O. Debt supported by revenues.

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Annual Debt Service Payments

GO Debt Supported by Tax Levies				GO Debt Supported by Assessments			
Year	Principal	Payment	% Retired	Principal	Payment	% Retired	
2026	\$ 332,000	\$ 618,343	4%	\$ 398,000	\$ 517,393	9%	
2027	344,000	621,390	9%	408,000	516,320	18%	
2028	351,000	619,103	13%	417,000	513,910	28%	
2029	155,000	415,300	16%	437,000	522,012	38%	
2030	160,000	414,000	18%	447,000	519,686	48%	
2031	170,000	417,400	20%	422,000	482,694	57%	
2032	175,000	415,500	22%	438,000	486,959	67%	
2033	185,000	418,300	25%	448,000	484,868	77%	
2034	190,000	415,800	27%	189,000	216,858	82%	
2035	200,000	418,000	30%	195,000	216,977	86%	
2036	205,000	414,900	32%	200,000	215,928	90%	
2037	215,000	416,500	35%	207,000	216,694	95%	
2038	225,000	417,700	38%	213,000	216,262	100%	
2039	235,000	418,500	41%	-	-		
2040	240,000	414,000	44%	-	-		
2041	250,000	414,200	48%	-	-		
2042	260,000	414,000	51%	-	-		
2043	275,000	418,300	55%	-	-		
2044	185,000	417,100	58%	-	-		
2045	295,000	415,500	62%	-	-		
2046	305,000	413,500	66%	-	-		
2047	320,000	416,000	71%	-	-		
2048	335,000	417,900	75%	-	-		
2049	350,000	419,200	80%	-	-		
2050	365,000	419,900	84%	-	-		
2051	380,000	420,000	89%	-	-		
2052	395,000	419,500	95%	-	-		
2053	<u>415,000</u>	<u>423,300</u>	100%	<u>-</u>	<u>-</u>		
Totals	\$ 7,612,000	\$ 12,283,135		\$ 4,419,000	\$ 5,126,560		

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GO Debt Supported by Tax Increment				GO Debt Supported by Revenues		
<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2026	\$ 18,000	\$ 37,712	3%	\$ 606,000	\$ 858,961	6%
2027	22,000	41,072	6%	699,000	964,644	13%
2028	21,000	39,384	10%	752,000	1,000,597	20%
2029	24,000	41,664	14%	766,000	996,666	28%
2030	28,000	44,832	18%	784,000	996,254	35%
2031	26,000	41,968	22%	804,000	997,189	43%
2032	29,000	44,088	27%	767,000	940,352	51%
2033	33,000	47,096	32%	780,000	933,911	59%
2034	36,000	48,992	38%	529,000	666,171	64%
2035	38,000	49,808	44%	543,000	666,123	69%
2036	41,000	51,544	51%	556,000	664,401	75%
2037	43,000	52,200	57%	571,000	664,023	80%
2038	46,000	53,776	65%	428,000	504,883	84%
2039	48,000	54,272	72%	170,000	235,945	86%
2040	55,000	59,624	81%	175,000	233,743	88%
2041	56,000	58,848	90%	185,000	236,136	90%
2042	61,000	61,976	100%	190,000	233,073	92%
2043	-	-		200,000	234,490	94%
2044	-	-		210,000	235,315	96%
2046	-	-		220,000	235,585	98%
2046	-	-		230,000	235,290	100%
Totals	\$ 625,000	\$ 828,856		\$ 10,165,000	\$ 12,733,750	

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GENERAL INFORMATION

The City of Kasson is situated in Dodge County, located in southeastern Minnesota. The City lies approximately 75 miles southeast of the City of Minneapolis and 15 miles west of Rochester. Primary highway access to the City is provided by U.S. Highway 14 which runs through the City. Interstates 35 and 90 both run within 30 miles of the City.

Organization

The City incorporated in 1870 and is organized as a statutory city. The city operates under the Mayor-Council form of government. The City Council is composed of a mayor and four Council members. The Mayor is elected at large and serves a two-year term. Four Council members are elected from three (3) precincts 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>
Dan Egger	Mayor	2026
Ryan Christensen	Council Member	2026
Brian Wempner	Council Member	2028
Melisa Ferris	Council Member	2028
Paul Johnson	Council Member	2026

The City Administrator, Timothy Ibisch and Accountant, Sarah Schmidt are appointed by the City Council.

City Services

City services include water and sewer systems. The water utility is supplied from three (3) City wells with a capacity of 1,750 gallons per minute. The average demand is 475,000 gallons per day with a peak demand of 997,000 gallons per day. The City maintains a 900,000-gallon elevated storage facility. There are approximately 2,677 connections to the City water system.

The sewer utility is comprised of a mechanical system with a treatment capacity of 2,070,000 gallons per day. The average demand is 753,000 gallons per day with a peak demand of 3,152,000 gallons. There are approximately 2,578 connections to the sewer utility.

The City has a full-time staff of 30 and a permanent part-time staff of 9 with an additional temporary 75 part-time staff members for the parks and rec department during the summer months. Those working full-time work in the streets, liquor store, public works, police, library, utility, parks and administration departments. Part-time employees are spread throughout these departments/offices as well.

The Police Department is staff by eleven (11) full-time officers. There are 28 part-time volunteer firefighters. City owned fire equipment includes: a saber pumper, dash pumper, ladder truck, custom rescue truck, two (2) tankers, two (2) grass rigs, 28 sets of new firefighting gear and 18 – 25 self-contained breathing apparatus. The City carries a Fire Insurance Class Rating of 3.

The City operates a municipal liquor store.

The City has six (6) major parks containing 6 ADA approved playground modulars with 66 picnic tables. The City also has a municipal aquatic center, three (3) softball fields, an outdoor ice rink, sand volleyball court, horseshoe pits, two (2) tennis courts, five (5) pickleball courts, one (1) football field, one (1) basketball court, a nine-hole Frisbee golf course, skate park and three (3) picnic shelters. The City manages the Ice Arena which it co-owns with Dodge County. There are four (4) full-time employees also 75 seasonal workers for the pool and summer programs.

Employee Pensions

All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA.) The PERA administers the General Employees Retirement Plan (GERP) and the Public Employees Police and Fire Plan (PEPFP) which are cost-sharing multiple-employer public employee retirement funds. The City made contributions of \$288,213 in 2024 to the GERP and PEPFF.

Source: 2024 Audit

Census Data

Population Trends

	<u>Population</u>
2010 U.S. Census	5,931
2020 U.S. Census	6,851
2023 U.S. Census Estimate	6,964

Source: U.S. Census Bureau

Income and Housing Statistics

	City of Kasson	<u>Dodge County</u>	<u>State of Minnesota</u>
2023 per Capita Income	\$ 42,156	\$ 43,903	\$ 46,530
2023 Median Household Income	87,295	92,943	85,086
Percent Living in Poverty	2.6%	5.4%	9.3%
Median Value of Owner-Occupied Housing	\$ 264,500	\$ 267,500	\$ 328,600

Source: U.S. Census Bureau

The City has 2,048 single family homes and 319 multi-family homes. Fifty-two (52) of the single-family units and three (3) of the multi-family units have been constructed during the past year.

Source: City Records

Employment Data

	<u>Labor Force Dodge County</u>	<u>Unemployment Rate Dodge County</u>	<u>Statewide</u>
July, 2025	12,967	3.5%	3.9%
July, 2024	12,414	3.3%	3.5%

Source: MN Department of Employment and Economic Development

Financial Services

Bremer Bank, N.A. (a branch of St. Paul, MN) reported deposits of \$70,673,000 and Home Federal Savings Bank (a branch of Rochester, MN) reported deposits of \$66,794,000 as of June 30, 2024.

Source: FDIC on-line "Summary of Deposits"

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
K/M Public Schools	Public Education	321
ZED	Public Education	95
Hy-Vee	Grocery Store	90
Kwik Trip	Convenience Store	50
K-Mayo Family Practice	Medical Offices	40
City of Kasson	Government Offices	33
Egan	Construction Services	25
Bremer Bank	Bank	24
SEMCAC	Community Resources	24
K-M Telecom	Internet, TV and Phone Services	21

Source: City Records

Building Permits

<u>Year</u>	<u>Comm./Ind.</u>	<u>Number of Permits</u> <u>Residential</u>	<u>Other**</u>	<u>Total Value</u> <u>of Permits</u>
2025*	0	18	234	\$ 8,999,075
2024	7	29	337	26,053,901
2023	5	23	234	9,893,420
2022	3	48	219	19,257,000
2021	1	60	261	27,805,900
2020	3	44	533	10,506,300

*Source: City Records as of August 1, 2025

**Other: Includes re-roof, re-siding, windows, water heaters, furnace/AC, decs, remodels

Commercial/Industrial Development

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

<u>Name of Business</u>	<u>Product/Service</u>	<u>Type of Building</u>	<u>Cost of Project</u>
2024-MN Ag Group	Agricultural Services	Addition	\$ 1,400,000
2024-Sand Construction	Construction Services	Apartments	10,072,000
2024-Bigelor Homes	Housing	Athletic facility	900,000
2024-Tri-Star Mfg.	Machining	Storage building	162,000
2024-Nathan Gransee Con	Commercial Contractor	Storage building	718,000
2024-EGAN	Construction Services	Prefabrication Facility	4,932,400
2024-Lodermeiers, Inc.	Agricultural Services	Storage building	138,000
2023-Kwik Trip	Convenience Store	Retail store	3,500,000
2023 AB Systems	Professional Services	Building (shell only)	630,000
2022 Key Builders	Construction Services	Daycare facility	161,000

Source: City Records as of August 20, 2025

Healthcare

There is one clinic available within the City. Additional clinic and hospital facilities are located within the City of Rochester 15 miles to the east.

Source: *City Records/www.City-data.com*

Education

Kasson is part of Independent School District # 204 serving the cities of Kasson and Mantorville. There is one (1) elementary, one (1) middle and one (1) high school.

The University of Minnesota – Rochester and St. Mary's University are both located within the City of Rochester and are the nearest public and private colleges in the area. Rochester Community and Technical College is located in the City of Rochester and is the nearest technical college.

Source: *MN Department of Employment and Economic Development & MN Department of Education.*

Transportation

US Highway 14 runs through the City providing easy access to the City of Rochester. MN Highway 57 also runs through the City. Interstates 35 and 90 both runs within 30 miles of the City.

Air transportation services are available at the Rochester International Airport and at the Dodge Center Airport (within 15 and six (6) miles of the City respectively).

Inter-city bus and disabled transportation are both available within the City.

Source: www.City-data.com and mapquest.com

Utilities

The City of Kasson is provided electrical service by Kasson Municipal, Xcel Energy and Peoples Energy Cooperative. MN Energy Resources supplies natural gas within the City.

Source: *City records.*

Communications

The City of Kasson is provided local telephone service by Kasson-Mantorville Telephone. The City has cable television and local internet access available. The City's official newspaper is The Dodge County Independent, which is published in Kasson each Thursday.

Source: *City Records.*

APPENDIX A

COUNTY AUDITOR'S CERTIFICATE

The following pages contain a copy of the Dodge County Auditor's Certificate for taxes payable in 2025.

DODGE COUNTY**CERTIFICATE AS TO TAXES AND TAXABLE
PROPERTY IN KASSON CITY
(Herein called the "TAXING DISTRICT")**

I hereby certify that the TAXING DISTRICT is situated wholly 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 2024 for the purpose of computing the rates of taxes collectible in 2025 are as follows:

Property Type	Estimated Market Value	Taxable Market Value	Net Tax Capacity
Real Estate:			
Residential Homestead (Class 1a, 1b).....		584,614,900	5,849,921
Agricultural (Class 1b, 1d, 2a, 2b).....		4,194,600	41,190
Commercial & Industrial (Class 3a, 3b, 5(1)):			
Public Utility.....		4,188,000	83,760
Railroad Operating Property.....		333,200	6,664
All Other Commercial/Industrial.....		53,335,400	977,547
Residential Non-Homestead (Class 4a, 4b(1-4), 4bb, 4c(2-4, 6-9), 4d).....		69,022,200	705,840
Seasonal Recreational-Residential (Class 1c, 4c(1), 4c(5), 4c(10)).....		1,811,700	18,117
Other (Class 5(2)).....			
Total Real Estate.....	772,423,800	717,500,000	7,683,039
Total Personal Property.....	6,251,300	6,251,300	119,479
Total Real & Personal Property	778,675,100	723,751,300	7,802,518
Subtract: Tax Increment Captured Tax Capacity.....			66,191
10% of Tax Capacity of 2000KV Powerlines built after 7/1/74.....			
Fiscal Disparity Contribution Value.....			
Local Tax Rate Determination Value			7,736,327
Add: Fiscal Disparity Distribution Value.....			
Total Adjusted Taxable Value			7,736,327
Total Manufactured Home	5,597,500	3,958,300	39,583

Homestead Exclusions

	Real Estate	Personal Property	Manufactured Home
2. VALUATION HISTORY (Real & Personal Property)	42,816,300		1,639,200

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
2024	730,943,300 693,640,800	7,387,445	128,063			7,259,382		26,744,700 7,259,382
2023	680,686,400 643,379,800	6,839,303	116,842			6,722,461		28,240,400 6,722,461
2022	564,974,700 523,742,600	5,600,711	104,989			5,495,722		35,399,500 5,495,722
2021	525,993,800 483,238,000	5,202,109	101,410			5,100,699		37,086,400 5,100,699
2020	488,208,200 445,827,500	4,795,914	92,964			4,702,950		38,588,700 4,702,950
2019	424,795,900 380,982,600	4,108,620	79,721			4,028,899		41,828,900 4,028,899

3. **TEN LARGEST TAXPAYING PARCELS** - A list of the largest taxpaying parcels in the TAXING DISTRICT in the County is enclosed if requested.

4. TAXING AUTHORITY AND RATE HISTORY

County or Counties:

DODGE COUNTY

- The TAXING DISTRICT has the power to tax property situated in the following

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

Governmental Unit	Tax Rate History (Levy Year/Collection Year)									
	2020/21		2021/22		2022/23		2023/24		2024/25	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
**** COUNTY **** DODGE COUNTY	45.6450%		45.4240%		41.0800%		36.2010%		36.5480%	
**** MUNICIPALITY **** KASSON CITY	70.2750%		69.5360%		59.0830%		57.8580%		58.0640%	
**** SCHOOL **** SCHOOL DISTRICT 204	38.8940%	0.14353%	37.4210%	0.15332%	31.0210%	0.13851%	30.5300%	0.14685%	29.3580%	0.12400%
**** SPECIAL **** STATE	53.2840%		52.5950%		45.3240%		39.9340%		38.8670%	
			</							

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

Governmental Unit	Taxable Net Tax Capacity of ENTIRE Govt Unit in County	Taxable Net Tax Cap. of Portion in TAXING DIST. in County	Bonded Debt as of 12/31/24	2024/25 Debt Service Tax Rate
**** COUNTY **** DODGE COUNTY	48,355,799	7,736,327	\$12,492,000	2.021%
**** MUNICIPALITY **** KASSON CITY	7,736,327	7,736,327	\$20,840,000	
**** SCHOOL **** SCHOOL DISTRICT 204	17,778,189	7,736,327	\$42,675,000	
**** SPECIAL **** STATE		913,260		

6. TAX LEVIES AND COLLECTIONS FOR YEAR: 2025

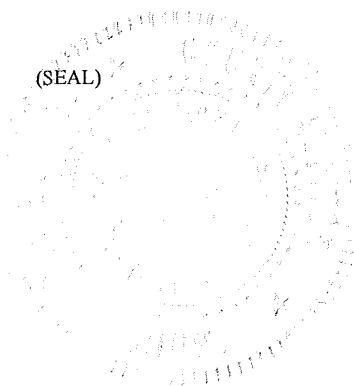
Levy/Coll Year	2020/21	2021/22	2022/23	2023/24	2024/25
Gross Tax Levy	3,584,516.71	3,821,504.95	3,971,831.58	4,200,133.55	4,492,021.15
Fiscal					
Market Values Levy					
Property Credits/Aids	39.35-			33.06-	
Net Tax Levy	3,584,477.36	3,821,504.95	3,971,831.58	4,200,100.49	4,492,021.15
Adjustments During Coll Year	9,220.78-		134.70-	12,588.75-	330.00-
Adjusted Tax Levy	3,575,256.58	3,821,504.95	3,971,696.88	4,187,511.74	4,491,691.15
Current Year Collections	3,556,291.64-	3,789,446.58-	3,933,747.06-	4,146,925.53-	2,317,712.40-
Year End Delinquency	18,964.94	32,058.37	37,949.82	40,586.21	2,173,978.75
Delinquent Adjustments as of 06/13/25	223.80-	1,348.47-	17,561.32-	1,136.83-	
Delinquent Collections as of 06/13/25	28,031.82-	29,803.15-	28,126.72-	23,683.62-	
Amount Delinquent as of 06/13/25	9,290.68-	906.75	7,738.22-	15,765.76	2,173,978.75

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.

Contact person	Kevin Veneng
Telephone	(507) 635-

WITNESS My hand and official seal this 20 day of August, 2025

Kevin Veneng
DODGE COUNTY AUDITOR



PROPOSED FORM OF LEGAL OPINION

\$3,180,000
GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2025A
CITY OF KASSON
DODGE COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Kasson, Dodge County, Minnesota (the "Issuer"), of its \$3,180,000 General Obligation Water Revenue Bonds, Series 2025A, bearing a date of original issue of October 22, 2025 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

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

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

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

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

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

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

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

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

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

TAFT STETTINIUS & HOLLISTER LLP

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Kasson, Minnesota (the "Issuer"), in connection with the issuance of its \$3,180,000 General Obligation Water Revenue Bonds, Series 2025A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on October 8, 2025 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

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

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

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

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

A. Provision of Annual Reports.

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

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

SECTION 3. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Valuations – County Auditor; Trends in Valuations; and City Indebtedness.

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

SECTION 4. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

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

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

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

SECTION 5. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 6. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 8. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 9. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 10. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 11. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: October 22, 2025.

CITY OF KASSON, MINNESOTA

By _____
Its Mayor

By _____
Its 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)

Property Type	Taxes Payable Year				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential Homestead (1a)					
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%
Residential Non-homestead					
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%
Market Rate Apartments					
Regular (4a)	1.25%	1.25%	1.25%	1.25%	1.25%
Low-Income (4d)					
Up to \$115, 000 ⁴	0.75%	0.75%	0.75%	0.75%	0.75%
Over \$115, 000 ⁴	0.25%	0.25%	0.25%	0.25%	0.25%
Commercial/Industrial/Public Utility (3a)					
Up to \$150,000	1.50% ¹	1.50% ¹	1.50% ¹	1.50% ¹	1.50% ¹
Over \$150,000	2.00% ¹	2.00% ¹	2.00% ¹	2.00% ¹	2.00% ¹
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%
Commercial Seasonal Residential					
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% ¹	1.25% ¹	1.25% ¹	1.25% ¹	1.25% ¹
Seasonal Resorts (4c)					
Up to \$500,000	1.00% ¹	1.00% ¹	1.00% ¹	1.00% ¹	1.00% ¹
Over \$500,000	1.25% ¹	1.25% ¹	1.25% ¹	1.25% ¹	1.25% ¹
Non-Commercial (4c12)					
Up to \$500,000	1.00% ^{1 2}	1.00% ^{1 2}	1.00% ^{1 2}	1.00% ^{1 2}	1.00% ^{1 2}
Over \$500,000	1.25% ^{1 2}	1.25% ^{1 2}	1.25% ^{1 2}	1.25% ^{1 2}	1.25% ^{1 2}
Disabled Homestead (1b)					
Up to \$50,000	0.45%	0.45%	0.45%	0.45%	0.45%
Agricultural Land & Buildings					
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 ⁴	0.50% ²	0.50% ²	0.50% ²	0.50% ²	0.50% ²
Over \$2,050,000 ⁴	1.00% ²	1.00% ²	1.00% ²	1.00% ²	1.00% ²
Non-homestead (2b)	1.00% ²	1.00% ²	1.00% ²	1.00% ²	1.00% ²

¹ Subject to the State General Property Tax.

² 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 2024 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

Smith Schafer, 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. Smith Schafer also has not performed any procedures relating to this offering document.

CITY OF KASSON, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CITY OF KASSON, MINNESOTA

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CITY OF KASSON, MINNESOTA

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CITY OF KASSON, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2024

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CITY OF KASSON, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2024

Chris McKern	Mayor
Ryan Christensen	Councilor
Dan Egger	Councilor
Melisa Ferris	Councilor
Paul Johnson	Councilor
Sarah Schmidt	Accounting Clerk
Tim Ibisch	City Administrator

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CITY OF KASSON, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Kasson, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kasson, Minnesota's basic financial statements. The combining and individual nonmajor fund statements and schedules and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information (Continued)

The combining and individual nonmajor fund statements and schedules and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules and supplementary information is 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 report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express and opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2023, from which such partial information was derived.

We have previously audited the City's 2023 financial statements and our report dated June 21, 2024, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025, on our consideration of the City of Kasson, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kasson, Minnesota's internal control over financial reporting and compliance.

Smith, Schafu and Associates, Ltd.

Rochester, Minnesota
May 20, 2025

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**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Kasson, Minnesota, we offer readers of the City of Kasson, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Kasson, Minnesota for the fiscal year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Kasson, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$67,065,127 (*net position*). Of this amount, \$21,992,092 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's designations and fiscal policies.
- The City's total net position increased by \$3,794,634.
- As of the close of the current fiscal year, the City of Kasson, Minnesota's governmental funds reported combined ending fund balances of \$9,537,913. Approximately \$6,051,184 of this total amount or 63% is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,459,972 or 68% of the subsequent year's budgeted expenditures of the general fund.

CITY OF KASSON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Kasson, Minnesota's basic financial statements. The City of Kasson, Minnesota's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

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

The *statement of net position* presents information on all of the City of Kasson, Minnesota's assets, deferred outflows of resources, 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 of Kasson, Minnesota 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 the 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 not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Kasson, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Kasson, Minnesota include general government, public safety, public works, health and welfare, culture and recreation, cemetery, and TIF/economic development. The business-type activities of the City of Kasson, Minnesota include the water, wastewater treatment, electric, stormwater, and municipal liquor store. The government-wide financial statements can be found on pages 15-17 of this report.

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

CITY OF KASSON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The City of Kasson, Minnesota maintains thirty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and public safety building, which are considered to be major funds. Data from the other thirty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Kasson, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (page 22 and pages 101-106) and certain special revenue funds (pages 98-100) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18 and 20 of this report.

Proprietary funds. The City of Kasson, Minnesota 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 of Kasson, Minnesota uses enterprise funds to account for its water, wastewater, electric, stormwater, and municipal liquor.

The proprietary fund financial statements can be found on pages 23-30 of this report.

Fiduciary funds. The City of Kasson, Minnesota maintains one fiduciary fund. *Fiduciary* funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. This fund accounts for Festival in the Park activities and net position was \$6,624 at the end of 2024.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-82 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds, special revenues funds, and the debt service funds can be found on pages 86-89, 90-93, and 94-97 of this report.

**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Kasson, Minnesota, assets and deferred outflows exceeded liabilities and deferred inflows by \$67,065,127 at the close of the most recent fiscal year.

The largest portion of the City of Kasson, Minnesota's net position (\$41,161,811) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Kasson, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Kasson, Minnesota'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 Kasson, Minnesota Net Position					
	Governmental		Business-Type			
	Activities		Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 11,915,220	\$ 14,808,105	\$ 19,230,661	\$ 16,588,465	\$ 31,145,881	\$ 31,396,570
Capital assets	31,890,820	29,552,401	30,517,904	31,344,662	62,408,724	60,897,063
Total assets	43,806,040	44,360,506	49,748,565	47,933,127	93,554,605	92,293,633
Deferred outflows of resources	1,267,913	1,645,352	92,053	230,755	1,359,966	1,876,107
Long-term liabilities outstanding	14,046,846	15,156,075	9,163,207	10,177,005	23,210,053	25,333,080
Other liabilities	928,662	1,887,715	762,813	693,092	1,691,475	2,580,807
Total liabilities	14,975,508	17,043,790	9,926,020	10,870,097	24,901,528	27,913,887
Deferred inflows of resources	2,052,721	1,816,988	895,195	1,168,372	2,947,916	2,985,360
Net position:						
Net investment in capital assets	19,150,978	19,476,186	22,010,833	22,222,558	41,161,811	41,698,744
Restricted	3,355,922	2,943,137	555,302	552,202	3,911,224	3,495,339
Unrestricted	5,538,824	4,725,757	16,453,268	13,350,653	21,992,092	18,076,410
Total net position	\$ 28,045,724	\$ 27,145,080	\$ 39,019,403	\$ 36,125,413	\$ 67,065,127	\$ 63,270,493

The balance of *unrestricted net position* (\$21,992,092) may be used to meet the government's ongoing obligations to citizens and creditors.

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

CITY OF KASSON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities. Governmental activities increased the City of Kasson, Minnesota's net position by \$900,644.

Business-type activities. Business-type activities increased the City of Kasson, Minnesota's net position by \$2,893,990.

A condensed version of the Statement of Activities follows:

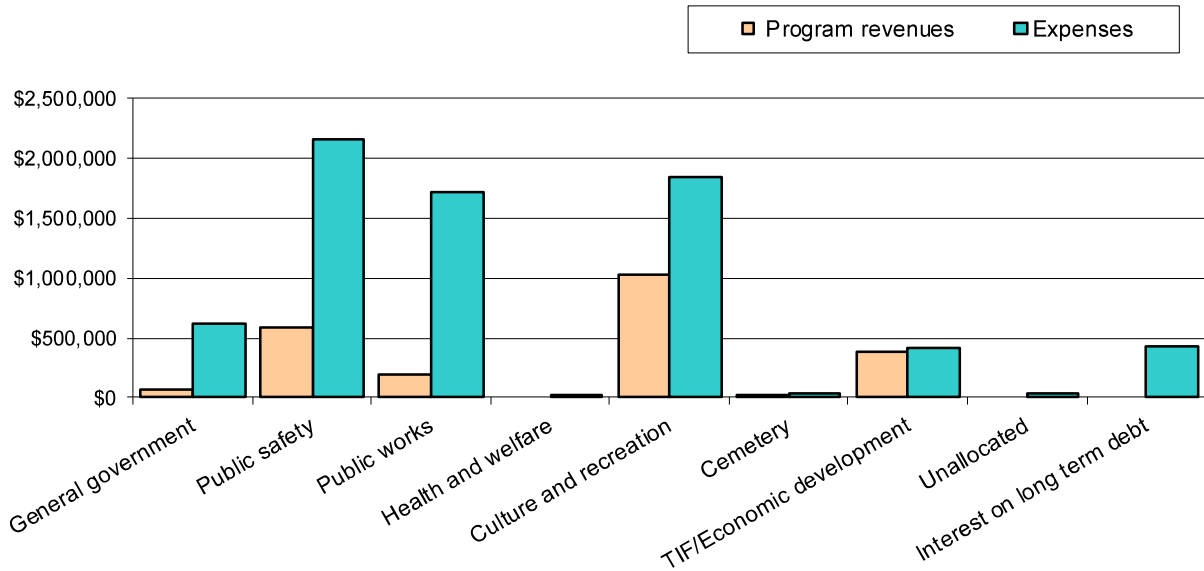
City of Kasson, Minnesota Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenue:						
Program revenues:						
Charges for services	\$ 845,928	\$ 896,307	\$ 10,118,945	\$ 9,602,847	\$ 10,964,873	\$ 10,499,154
Operating grants and contributions	1,003,977	949,681		36,877	1,003,977	986,558
Capital grants and contributions	430,937	4,470,358	16,835	11,236	447,772	4,481,594
General revenues:						
Property taxes/tax increments	3,770,734	4,132,641			3,770,734	4,132,641
Franchise fees	158,145	169,241			158,145	169,241
Grants and contributions not restricted to specific programs:						
Local government aid	1,369,567	1,252,644			1,369,567	1,252,644
Miscellaneous	521,129	437,359	522,477	291,082	1,043,606	728,441
Total revenues	8,100,417	12,308,231	10,658,257	9,942,042	18,758,674	22,250,273
Expenses:						
General government	624,880	550,026			624,880	550,026
Public safety	2,151,105	2,172,438			2,151,105	2,172,438
Public works	1,716,568	1,437,902			1,716,568	1,437,902
Health and welfare	4,091	8,066			4,091	8,066
Culture and recreation	1,843,373	1,906,022			1,843,373	1,906,022
Cemetery	43,706	36,440			43,706	36,440
TIF/Economic development	413,570	252,018			413,570	252,018
Unallocated	41,341	40,288			41,341	40,288
Interest on long-term debt	437,139	448,321			437,139	448,321
Water			936,256	906,003	936,256	906,003
Wastewater			2,056,419	1,746,202	2,056,419	1,746,202
Electric			4,126,102	4,546,862	4,126,102	4,546,862
Stormwater			272,738	297,557	272,738	297,557
Liquor			296,752	309,352	296,752	309,352
Total expenses	7,275,773	6,851,521	7,688,267	7,805,976	14,964,040	14,657,497
Change in net position before transfers	824,644	5,456,710	2,969,990	2,136,066	3,794,634	7,592,776
Transfers	76,000	(24,000)	(76,000)	24,000		
Change in net position	900,644	5,432,710	2,893,990	2,160,066	3,794,634	7,592,776
Net position, beginning	27,145,080	21,712,370	36,125,413	33,965,347	63,270,493	55,677,717
Net position, ending	\$ 28,045,724	\$ 27,145,080	\$ 39,019,403	\$ 36,125,413	\$ 67,065,127	\$ 63,270,493

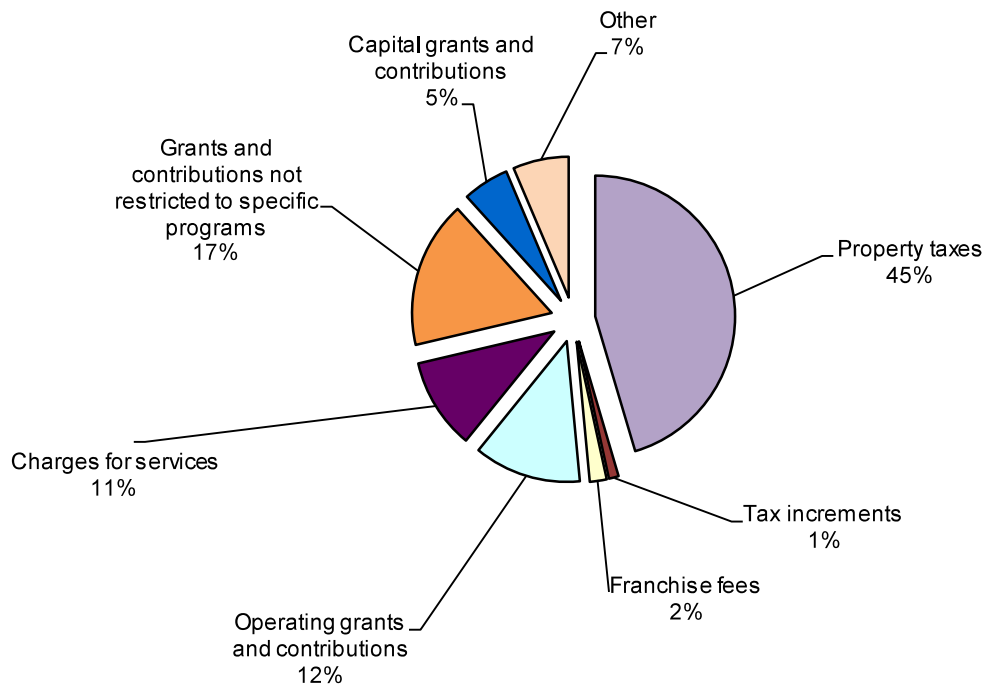
CITY OF KASSON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues - Governmental Activities



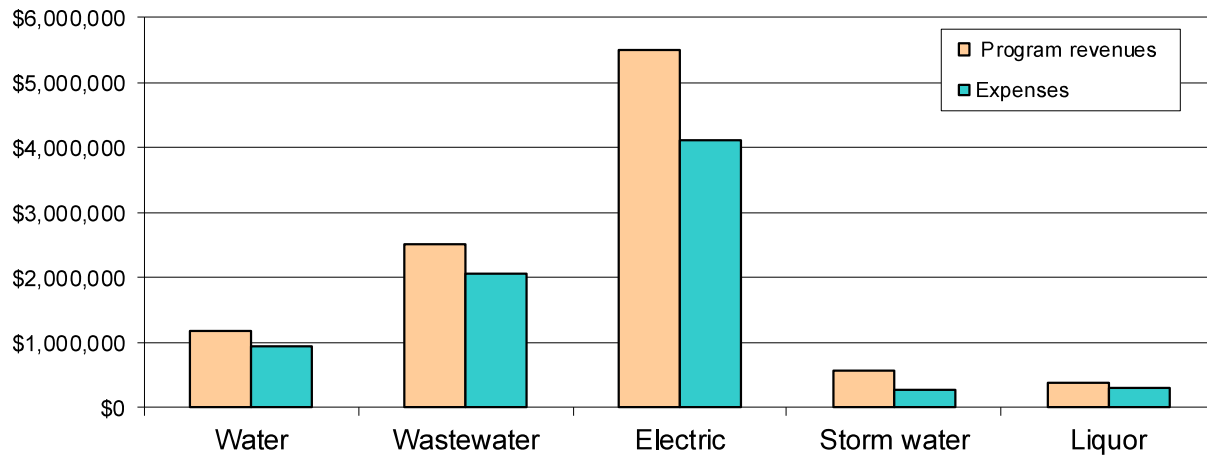
Revenues by Source - Governmental Activities



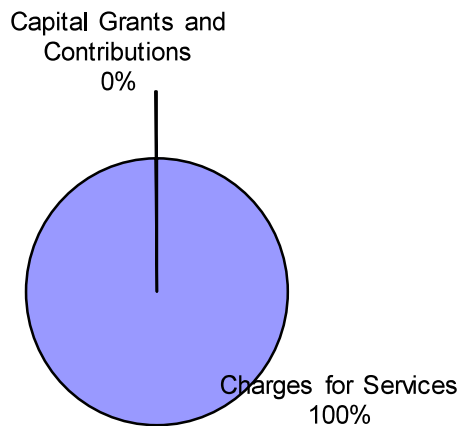
**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenses. Since all of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenses to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FUND BASIS FINANCIAL ANALYSIS

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

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

Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned according to the following definitions:

Nonspendable – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items, and inventory.

Restricted – reports resources that have external constraints placed upon their use.

Committed – reports those resources for a specific purpose by Council action. The constraints cannot be changed or removed without Council action.

Assigned – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator and Finance Director to assign fund balance.

Unassigned – represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above unless a fund has a negative fund balance.

At the end of the current fiscal year, the City of Kasson, Minnesota's governmental funds reported combined ending fund balances of \$9,537,913, a decrease of \$1,794,402. The amount of \$6,501,184 constitutes *unassigned, assigned, and committed fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted* to indicate that it is not available for new spending because it has already been set aside 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

The general fund is the chief operating fund of the City of Kasson, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,459,972. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total expenditures for the general fund. Unassigned fund balance represents 68% of the subsequent year's budgeted expenditures of the general fund.

**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The fund balance of the City's General fund increased by \$299,808 during the current fiscal year.

The *Debt Service funds* have a total fund balance of \$1,944,498, of which it all is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$344,025.

The City of Kasson, Minnesota has planned and implemented procedures to ensure that its general fund balance is at a level that meets its cash flow needs on a regular basis.

Proprietary funds. The City of Kasson, Minnesota's proprietary funds statements found on pages 23-30 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are Water - \$1,524,167, Wastewater - \$4,924,995, Electric - \$8,314,024, Stormwater - \$1,237,778, and Municipal Liquor Store - \$452,304. The City adjusted rates for 2025 to cover any rise in costs.

General Fund Budgetary Highlights

Revenues exceeded expectations by \$480,553, and expenditures were under budget by \$312,309.

**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital assets. The City of Kasson, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$62,408,724 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, and roads. The total increase in the City of Kasson, Minnesota's reported capital assets, net of depreciation, for the current fiscal year was \$1,511,661.

City of Kasson, Minnesota Capital Assets
(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 984,858	\$ 1,027,760	\$ 319,751	\$ 319,751	\$ 1,304,609	\$ 1,347,511
Construction in process	718,924	4,188,550	196,362		915,286	4,188,550
Buildings and improvements	11,951,093	4,903,128	5,865,327	6,184,730	17,816,420	11,087,858
Improvements other than buildings	1,205,040	1,317,010	8,253,562	8,468,575	9,458,602	9,785,585
Machinery and equipment	206,807	295,953	398,119	557,941	604,926	853,894
Office equipment and furnishings	59,573	81,749		442	59,573	82,191
Vehicles	1,766,338	1,902,795	51,442	41,477	1,817,780	1,944,272
Infrastructure	14,998,187	15,835,456	15,433,341	15,771,746	30,431,528	31,607,202
Total	<u>\$ 31,890,820</u>	<u>\$29,552,401</u>	<u>\$ 30,517,904</u>	<u>\$ 31,344,662</u>	<u>\$ 62,408,724</u>	<u>\$ 60,897,063</u>

Additional information on the City of Kasson, Minnesota's capital assets can be found in Note 3D on pages 50-52 of this report.

**CITY OF KASSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City of Kasson, Minnesota had \$21,172,957 in bonds, notes, and capital leases outstanding. All of this debt is backed by the full faith and credit of the City.

City of Kasson, Minnesota Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
GO Bonds	\$ 811,000	\$ 1,119,000	\$	\$	\$ 811,000	\$ 1,119,000
GO Improvement Bonds	10,953,637	11,299,596			10,953,637	11,299,596
GO Tax Increment Bonds	644,000	659,000			644,000	659,000
GO Revenue Bonds			6,069,364	6,495,404	6,069,364	6,495,404
Notes Payable			2,362,000	2,555,000	2,362,000	2,555,000
Capital Leases Payable	261,490	192,194	71,466	66,854	332,956	259,048
Total	<u>\$ 12,670,127</u>	<u>\$ 13,269,790</u>	<u>\$ 8,502,830</u>	<u>\$ 9,117,258</u>	<u>\$ 21,172,957</u>	<u>\$ 22,387,048</u>

The City of Kasson, Minnesota's total bonds, notes, and capital lease payable decreased by \$1,214,091 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 55.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Dodge County is currently 2.5 percent.
- Property valuations within the City reflect national trends.
- Inflationary trends in the region compare similarly to national indices.
- There was a 5.90% property tax increase in 2024, and there will be a 5.90% increase in 2025.
- While the overall tax levy rose for 2025, the majority of the increase can be attributed to a 4.3% increase in taxable market value for the City.
- Water and Electric utility rates were increased for 2025, while Sewer utility rates were reduced and Storm Water utility rates remained the same for 2025.

All of these factors were considered in preparing the City's budget for the 2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Kasson, Minnesota'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 information should be addressed to the Finance Staff, City Hall, 401 5th Street SE, Kasson, MN 55944 or financedept@cityofkasson.com.

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CITY OF KASSON, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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CITY OF KASSON, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2024
With Comparative Totals for December 31, 2023

	Governmental Activities	Business-Type Activities	Totals	
			2024	2023
ASSETS				
Cash and investments	\$ 9,811,247	\$ 15,828,426	\$ 25,639,673	\$ 24,888,720
Restricted cash		555,302	555,302	552,202
Receivables	1,903,205	1,788,145	3,691,350	4,858,425
Lease receivable				211,202
Inventories	343	750,502	750,845	455,690
Prepaid items	44,286	23,145	67,431	61,237
Intangibles - service area		285,141	285,141	300,613
Net pension asset	156,139		156,139	68,481
Capital assets:				
Nondepreciable	1,703,782	516,113	2,219,895	5,536,061
Depreciable, net	30,187,038	30,001,791	60,188,829	55,361,002
Total Assets	43,806,040	49,748,565	93,554,605	92,293,633
Deferred Outflows of Resources				
Deferred outflows from pension activity	1,251,040	92,053	1,343,093	1,857,769
Deferred outflows from OPEB activity	16,873		16,873	18,338
Total Deferred Outflows or Resources	1,267,913	92,053	1,359,966	1,876,107
LIABILITIES				
Accounts payable	318,624	474,336	792,960	1,807,111
Deposits payable	142,630		142,630	170,999
Due to other governments	125,638	41,300	166,938	74,112
Accrued interest payable	175,560	83,045	258,605	264,681
Accrued liabilities	79,751	52,585	132,336	115,066
Deposits payable		88,080	88,080	49,924
Unearned revenue	12,753	23,467	36,220	22,710
Noncurrent liabilities:				
Due within one year:				
Long-term liabilities	788,603	758,627	1,547,230	1,608,183
Other post-employment benefit liability	8,259		8,259	7,360
Due in more than one year:				
Long-term liabilities	12,142,051	7,902,957	20,045,008	21,166,959
Other post-employment benefit liability	65,447		65,447	68,844
Net pension liability	1,116,192	501,623	1,617,815	2,557,938
Total Liabilities	14,975,508	9,926,020	24,901,528	27,913,887
Deferred Inflows of Resources				
Deferred revenue		424,510	424,510	454,793
Deferred inflows from leasing activity				211,202
Deferred inflows from pension activity	1,784,638	470,685	2,255,323	1,998,696
Deferred inflows from OPEB activity	268,083		268,083	320,669
Total Deferred Inflows or Resources	2,052,721	895,195	2,947,916	2,985,360
NET POSITION				
Net investment in capital assets	19,150,978	22,010,833	41,161,811	41,698,744
Restricted for:				
Fire pension asset	156,139		156,139	68,481
Economic development	579,164		579,164	482,615
Debt service	2,612,619	555,302	3,167,921	2,944,243
Contributors	8,000		8,000	
Unrestricted	5,538,824	16,453,268	21,992,092	18,076,410
Total Net Position	\$ 28,045,724	\$ 39,019,403	\$ 67,065,127	\$ 63,270,493

See Notes to the Financial Statements

CITY OF KASSON, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024
With Comparative Totals for the Fiscal Year Ending December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 624,880	\$ 64,772	\$	\$
Public safety	2,151,105	227,200	352,239	
Public works	1,716,568			194,534
Health and welfare	4,091			
Culture and recreation	1,843,373	528,006	498,122	
Cemetery	43,706	25,950		
TIF/Economic development	413,570		153,616	236,403
Unallocated	41,341			
Interest on long-term debt	437,139			
Total governmental activities	<u>7,275,773</u>	<u>845,928</u>	<u>1,003,977</u>	<u>430,937</u>
Business-Type activities:				
Water	936,256	1,163,433		8,152
Wastewater	2,056,419	2,499,854		8,683
Electric	4,126,102	5,510,736		
Storm water	272,738	557,665		
Liquor	296,752	387,257		
Total business-type activities	<u>7,688,267</u>	<u>10,118,945</u>		<u>16,835</u>
Total	<u>\$ 14,964,040</u>	<u>\$ 10,964,873</u>	<u>\$ 1,003,977</u>	<u>\$ 447,772</u>

General revenues:

 General property taxes

 Property taxes levied for debt service

 Tax increments

 Franchise fees

 Grants and contributions not restricted to specific programs:

 Local government aid

 Investment income

 Miscellaneous

 Gain on sale of capital assets

Transfers

 Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2024	2023
\$ (560,108)	\$	\$ (560,108)	\$ (474,584)
(1,571,666)		(1,571,666)	(1,318,603)
(1,522,034)		(1,522,034)	3,032,456
(4,091)		(4,091)	(8,066)
(817,245)		(817,245)	(1,077,908)
(17,756)		(17,756)	(16,940)
(23,551)		(23,551)	(182,921)
(41,341)		(41,341)	(40,288)
(437,139)		(437,139)	(448,321)
(4,994,931)		(4,994,931)	(535,175)
	235,329	235,329	187,211
	452,118	452,118	661,103
	1,384,634	1,384,634	719,196
	284,927	284,927	221,450
	90,505	90,505	56,024
	2,447,513	2,447,513	1,844,984
(4,994,931)	2,447,513	(2,547,418)	1,309,809
2,455,850		2,455,850	3,186,025
1,221,822		1,221,822	852,187
93,062		93,062	94,429
158,145		158,145	169,241
1,369,567		1,369,567	1,252,644
377,142	474,223	851,365	602,415
94,223	22,754	116,977	37,026
49,764	25,500	75,264	89,000
76,000	(76,000)		
5,895,575	446,477	6,342,052	6,282,967
900,644	2,893,990	3,794,634	7,592,776
27,145,080	36,125,413	63,270,493	55,677,717
<u>\$ 28,045,724</u>	<u>\$ 39,019,403</u>	<u>\$ 67,065,127</u>	<u>\$ 63,270,493</u>

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CITY OF KASSON, MINNESOTA
FUND FINANCIAL STATEMENTS
DECEMBER 31, 2024

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CITY OF KASSON, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024
With Comparative Totals for December 31, 2023

	101 General	430 Public Safety Building	Other Governmental Funds	Totals	
				2024	2023
ASSETS					
Cash and investments	\$ 3,011,588	\$ 3,241	\$ 6,796,418	\$ 9,811,247	\$ 11,558,913
Accounts receivable	74,116		30,438	104,554	196,638
Interest receivable	13,812		16,562	30,374	49,963
Notes receivable	15,000		62,370	77,370	146,162
Due from other governmental units	82,099		67,036	149,135	1,035,664
Taxes receivable delinquent	42,950			42,950	36,170
Special assessments receivable			1,498,822	1,498,822	1,689,587
Inventories			343	343	343
Prepaid items	32,089		12,197	44,286	26,184
Advance to other funds	383,068			383,068	451,744
Due from other funds	593,801		82,577	676,378	1,931,560
TOTAL ASSETS	\$ 4,248,523	\$ 3,241	\$ 8,566,763	\$ 12,818,527	\$ 17,122,928
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 92,039	\$ 3,241	\$ 124,243	\$ 219,523	\$ 1,438,370
Deposits payable	142,630			142,630	170,999
Due to other governments	848		223,891	224,739	848
Accrued salaries payable	59,174		20,577	79,751	71,335
Due to other funds			676,378	676,378	1,931,560
Advance from other funds			383,068	383,068	451,744
Unearned revenue	12,753			12,753	
Total Liabilities	307,444	3,241	1,428,157	1,738,842	4,064,856
Deferred Inflows of Resources					
Unavailable revenue:					
Property taxes	42,950			42,950	36,170
Special assessments			1,498,822	1,498,822	1,689,587
Total Deferred Inflows of Resources	42,950		1,498,822	1,541,772	1,725,757
Fund Balance					
Nonspendable:					
Prepaid items and inventories	32,089		12,540	44,629	26,527
Loans	15,000		62,370	77,370	146,162
Advances	383,068			383,068	451,744
Restricted:					
Regulations			579,164	579,164	482,615
Debt service			1,944,498	1,944,498	1,600,473
Contributors	8,000			8,000	
Committed:					
Economic development			163,415	163,415	139,594
Library operations			343,870	343,870	300,827
Assigned:					
Capital improvements			3,597,524	3,597,524	6,478,466
Unassigned	3,459,972		(1,063,597)	2,396,375	1,705,907
Total Fund Balance	3,898,129		5,639,784	9,537,913	11,332,315
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 4,248,523	\$ 3,241	\$ 8,566,763	\$ 12,818,527	\$ 17,122,928

See Notes to the Financial Statements

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CITY OF KASSON, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2024

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

Total governmental fund balances (page 18)		\$ 9,537,913
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 52,407,370	
Less: Accumulated depreciation	<u>(20,516,550)</u>	
		31,890,820
Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes	\$ 42,950	
Special assessments	<u>1,498,822</u>	
		1,541,772
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$ (12,670,127)	
Net pension liability	(1,649,790)	
Net pension asset	156,139	
Compensated absences	(182,553)	
Other postemployment benefits	(324,916)	
Bond premiums net of amortization	(77,974)	
Accrued interest	<u>(175,560)</u>	
		<u>(14,924,781)</u>
Net position of governmental activities (page 15)		<u><u>\$ 28,045,724</u></u>

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CITY OF KASSON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	101 General	430 Public Safety Building	Other Governmental Funds	Totals	
				2024	2023
REVENUES					
Property taxes	\$ 2,419,019	\$	\$ 1,801,395	\$ 4,220,414	\$ 3,974,595
Tax increments			158,978	158,978	152,726
Franchise fees	158,145			158,145	169,241
Special assessments	33,469		290,065	323,534	378,426
Licenses and permits	96,945			96,945	117,815
Intergovernmental	1,795,640		198,926	1,994,566	6,107,783
Charges for services	422,999		285,491	708,490	740,117
Fines and forfeits	15,039		2,203	17,242	16,044
Investment income	136,512	40,737	199,893	377,142	311,333
Miscellaneous revenues	139,778		37,740	177,518	281,033
TOTAL REVENUES	5,217,546	40,737	2,974,691	8,232,974	12,249,113
EXPENDITURES					
General government	542,679			542,679	503,159
Public safety	1,619,580			1,619,580	1,680,487
Public works	486,392			486,392	533,553
Health and welfare	4,091			4,091	8,066
Culture and recreation	734,913		771,145	1,506,058	1,444,848
Cemetery	34,752			34,752	27,602
TIF/economic development			399,042	399,042	225,909
Unallocated	41,341			41,341	40,288
Capital Outlay	735,999	3,176,296	609,990	4,522,285	8,574,060
Debt Service	116,276		1,092,600	1,208,876	1,301,102
TOTAL EXPENDITURES	4,316,023	3,176,296	2,872,777	10,365,096	14,339,074
Excess (deficiency) of revenues over (under) expenditures	901,523	(3,135,559)	101,914	(2,132,122)	(2,089,961)
OTHER FINANCING SOURCES (USES)					
Sale of assets	42,667		50,000	92,667	89,000
Issuance of long-term debt					7,000,000
Premium from issuance of long-term debt					76,287
Issuance of capital lease payable	169,053			169,053	33,599
Transfers in	202,861	228,811	1,136,929	1,568,601	803,580
Transfers out	(1,016,296)		(476,305)	(1,492,601)	(827,580)
TOTAL OTHER FINANCING SOURCES (USES)	(601,715)	228,811	710,624	337,720	7,174,886
Net change in fund balances	299,808	(2,906,748)	812,538	(1,794,402)	5,084,925
FUND BALANCE - BEGINNING	3,598,321	2,906,748	4,827,246	11,332,315	6,247,390
FUND BALANCE - ENDING	\$ 3,898,129	\$	\$ 5,639,784	\$ 9,537,913	\$ 11,332,315

See Notes to the Financial Statements

CITY OF KASSON, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

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

Net change in fund balances - total governmental funds (page 20)		\$ (1,794,402)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 4,398,177	
Depreciation expense	<u>(1,939,156)</u>	2,459,021
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(120,602)
Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue, December 31, 2024	\$ 1,541,772	
Unavailable revenue, December 31, 2023	<u>(1,725,757)</u>	(183,985)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.		
Principal retirement on bonds payable	\$ 668,959	
Amortization of bond premiums	3,299	
Change in accrued interest	<u>217</u>	672,475
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Repayment of capital lease principal	\$ 99,757	
Issuance of capital lease payable	<u>(169,053)</u>	(69,296)
In the statement of activities, certain operating expenses - other postemployment benefits, compensated absences, net pension liability, and net pension asset - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Other postemployment benefits	\$ (173,979)	
Change in compensated absences	(14,239)	
Change in net pension liability activity	37,993	
Change in net pension asset activity	<u>87,658</u>	(62,567)
Change in net position of governmental activities (pages 16-17)		<u>\$ 900,644</u>

See Notes to the Financial Statements

CITY OF KASSON, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,472,149	\$ 2,472,149	\$ 2,419,019	\$ (53,130)
Special assessments			33,469	33,469
Franchise fees	190,002	190,002	158,145	(31,857)
Licenses and permits	84,500	84,500	96,945	12,445
Intergovernmental	1,543,967	1,543,967	1,795,640	251,673
Charges for services	376,975	376,975	422,999	46,024
Fines and forfeits	18,000	18,000	15,039	(2,961)
Investment income	24,100	24,100	136,512	112,412
Miscellaneous	27,300	27,300	139,778	112,478
TOTAL REVENUES	4,736,993	4,736,993	5,217,546	480,553
EXPENDITURES				
Current:				
General government	570,253	570,253	542,679	27,574
Public safety	1,881,314	1,881,314	1,619,580	261,734
Public works	714,367	714,367	486,392	227,975
Emergency services/health	14,250	14,250	4,091	10,159
Culture and recreation	845,795	845,795	734,913	110,882
Cemetery	43,817	43,817	34,752	9,065
Unallocated	209,140	209,140	41,341	167,799
Capital outlay:				
General government	82,617	82,617	1,824	80,793
Public safety	48,533	48,533	196,288	(147,755)
Public works	100,000	100,000	373,977	(273,977)
Culture and recreation	18,500	18,500	163,910	(145,410)
Debt Service	99,746	99,746	116,276	(16,530)
TOTAL EXPENDITURES	4,628,332	4,628,332	4,316,023	312,309
Excess of revenues over expenditures	108,661	108,661	901,523	792,862
OTHER FINANCING SOURCES (USES)				
Sale of assets			42,667	42,667
Issuance of capital lease payable			169,053	169,053
Transfers in	92,000	92,000	202,861	110,861
Transfers out			(1,016,296)	(1,016,296)
TOTAL FINANCING SOURCES (USES)	92,000	92,000	(601,715)	(693,715)
NET CHANGE IN FUND BALANCES	200,661	200,661	299,808	99,147
FUND BALANCES, beginning	3,598,321	3,598,321	3,598,321	
FUND BALANCES, ending	\$ 3,798,982	\$ 3,798,982	\$ 3,898,129	\$ 99,147

See Notes to the Financial Statements

CITY OF KASSON, MINNESOTA
PROPRIETARY FUNDS
Statements of Net Position
December 31, 2024 and 2023

	Business-Type Activities - Enterprise Funds					
	601 Water		602 Wastewater Treatment		604 Electric	
	2024	2023	2024	2023	2024	2023
ASSETS AND DEFERRED						
OUTFLOWS OF RESOURCES						
Current Assets						
Cash and investments	\$ 1,647,410	\$ 1,539,687	\$ 4,957,835	\$ 4,117,417	\$ 7,469,890	\$ 6,185,969
Restricted cash and investments	265,503	263,110	188,884	188,681		
Interest receivable	10,165	4,449	11,449	7,260	21,229	14,939
Accounts receivable	140,031	125,228	295,155	280,039	726,142	681,239
Due from other governments			25,891			
Special assessments receivable	15,408	16,748	21,239	30,460		
Lease receivable		8,025				
Inventories					616,221	341,270
Prepaid items	3,302	6,972	5,430	6,606	11,234	13,906
Total Current Assets	2,081,819	1,964,219	5,505,883	4,630,463	8,844,716	7,237,323
Noncurrent Assets						
Contribution aid receivable			424,510	454,793		
Lease receivable, noncurrent		203,177				
Intangibles - service area					285,141	300,613
Total Noncurrent Assets		203,177	424,510	454,793	285,141	300,613
Capital assets:						
Land	32,779	32,779	156,187	156,187	6,317	6,317
Construction in process	143,479					
Buildings	1,252,796	1,252,796	10,448,848	10,448,848	648,629	648,629
Improvements other than buildings	6,371,351	6,371,351	8,920,972	8,920,972	2,020,217	2,020,217
Machinery and equipment	142,119	142,119	682,698	729,558	1,141,746	1,141,746
Office equipment and furnishings	34,776	34,776	36,766	36,766	90,839	90,839
Vehicles	66,962	57,903	68,066	59,007	209,487	209,487
Infrastructure	7,796,560	7,728,043	5,194,143	5,194,143		
Less accumulated depreciation	(5,960,631)	(5,665,600)	(12,086,597)	(11,540,359)	(3,294,630)	(3,124,042)
Net capital assets	9,880,191	9,954,167	13,421,083	14,005,122	822,605	993,193
Deferred Outflows of Resources						
Deferred outflows from pension activity	13,379	33,655	22,686	61,564	36,913	83,384
Deferred outflows from OPEB activity		1,586		2,828		4,637
Total Deferred Outflows of Resources	13,379	35,241	22,686	64,392	36,913	88,021
TOTAL ASSETS AND DEFERRED	\$ 11,975,389	\$ 12,156,804	\$ 19,374,162	\$ 19,154,770	\$ 9,989,375	\$ 8,619,150
LIABILITIES, DEFERRED INFLOWS						
OF RESOURCES, AND NET POSITION						
Current Liabilities						
Current maturities of bonds payable	\$ 241,463	\$ 235,923	\$ 292,419	\$ 288,493	\$	\$
Current maturities of leases payable	12,151	10,861	12,151	10,861	11,967	12,176
Current maturities of other postemployment benefits obligation		666		1,110		1,850
Accounts payable	73,727	50,432	121,340	49,354	228,011	240,250
Contracts payable						
Due to other governments	474	31,930			25,447	23,629
Deposits payable					88,080	49,924
Accrued interest payable	44,137	46,821	26,142	28,418		
Compensated absences payable	14,069	11,727	25,573	17,581	41,172	43,073
Unearned revenue						
Accrued salaries payable	6,971	5,869	11,701	10,142	23,181	18,884
Total Current Liabilities	392,992	394,229	489,326	405,959	417,858	389,786
Noncurrent Liabilities						
Other postemployment benefits obligation		5,926		10,641		17,419
Compensated absences payable	12,716	13,555	19,331	17,172	23,100	19,990
Net pension liability	66,519	132,541	109,958	236,264	225,420	387,420
Capital leases payable, net of current maturities	17,598	11,285	17,599	11,286		10,385
Bonds payable, net of current maturities and unamortized premium	3,368,356	3,610,051	3,390,864	3,683,436		
Total Noncurrent Liabilities	3,465,189	3,773,358	3,537,752	3,958,799	248,520	435,214
Deferred Inflows of Resources						
Deferred revenue - contribution aid			424,510	454,793		
Deferred inflows from leasing activity		211,202				
Deferred inflows from pension activity	86,915	43,382	100,645	76,072	198,335	134,789
Deferred inflows from OPEB activity		27,741		49,447		81,085
Total Deferred Inflows of Resources	86,915	282,325	525,155	580,312	198,335	215,874
NET POSITION						
Net investment in capital assets	6,240,623	6,086,047	9,708,050	10,011,046	810,638	970,632
Restricted for debt service	265,503	263,110	188,884	188,681		
Unrestricted	1,524,167	1,357,735	4,924,995	4,009,973	8,314,024	6,607,644
Total Net Position	8,030,293	7,706,892	14,821,929	14,209,700	9,124,662	7,578,276
TOTAL LIABILITIES, DEFERRED INFLOWS	\$ 11,975,389	\$ 12,156,804	\$ 19,374,162	\$ 19,154,770	\$ 9,989,375	\$ 8,619,150
OF RESOURCES, AND NET POSITION						

See Notes to the Financial Statements

Business-Type Activities - Enterprise Funds					
605		609		Totals	
Stormwater		Municipal Liquor Store			
2024	2023	2024	2023	2024	2023
\$ 1,226,079	\$ 931,614	\$ 527,212	\$ 555,120	\$ 15,828,426	\$ 13,329,807
100,915	100,411			555,302	552,202
1,586	1,586	5,247	1,470	49,676	29,704
71,343	67,280			1,232,671	1,153,786
				25,891	
18,750	18,750			55,397	65,958
					8,025
		134,281	114,077	750,502	455,347
1,615	3,490	1,564	4,079	23,145	35,053
1,420,288	1,123,131	668,304	674,746	18,521,010	15,629,882
				424,510	454,793
					203,177
				285,141	300,613
				709,651	958,583
74,968	74,968	49,500	49,500	319,751	319,751
52,883				196,362	
		757,915	757,915	13,108,188	13,108,188
		119,746	7,273	17,432,286	17,319,813
124,793	124,793	10,324	10,324	2,101,680	2,148,540
2,609	2,609	64,402	64,402	229,392	229,392
				344,515	326,397
7,423,861	7,423,861			20,414,564	20,346,047
(1,957,953)	(1,809,476)	(329,023)	(313,989)	(23,628,834)	(22,453,466)
5,721,161	5,816,755	672,864	575,425	30,517,904	31,344,662
4,834	12,616	14,241	28,510	92,053	219,729
	574		1,401		11,026
4,834	13,190	14,241	29,911	92,053	230,755
\$ 7,146,283	\$ 6,953,076	\$ 1,355,409	\$ 1,280,082	\$ 49,840,618	\$ 48,163,882
\$ 96,155	\$ 94,624	\$	\$	\$ 630,037	\$ 619,040
				36,269	33,898
	222		592		4,440
822	547	50,436	28,158	474,336	368,741
		15,379	17,705	41,300	73,264
				88,080	49,924
12,766	13,665			83,045	88,904
4,078	6,066	7,429	2,294	92,321	80,741
18,750	18,750	4,717	3,960	23,467	22,710
2,467	1,957	8,265	6,879	52,585	43,731
135,038	135,831	86,226	59,588	1,521,440	1,385,393
	2,164		5,228		41,378
1,834	2,203	5,211		62,192	52,920
23,945	47,969	75,781	117,046	501,623	921,240
				35,197	32,956
1,046,348	1,142,723			7,805,568	8,436,210
1,072,127	1,195,059	80,992	122,274	8,404,580	9,484,704
				424,510	454,793
					211,202
21,767	16,526	63,023	38,802	470,685	309,571
	10,040		24,493		192,806
21,767	26,566	63,023	63,295	895,195	1,168,372
4,578,658	4,579,408	672,864	575,425	22,010,833	22,222,558
100,915	100,411			555,302	552,202
1,237,778	915,801	452,304	459,500	16,453,268	13,350,653
5,917,351	5,595,620	1,125,168	1,034,925	39,019,403	36,125,413
\$ 7,146,283	\$ 6,953,076	\$ 1,355,409	\$ 1,280,082	\$ 49,840,618	\$ 48,163,882

CITY OF KASSON, MINNESOTA
PROPRIETARY FUNDS
Statements of Revenues, Expenses
and Changes in Fund Net Position
For the Years Ended December 31, 2024 and 2023

	Business-Type Activities - Enterprise Funds					
	601 Water		602 Wastewater Treatment		604 Electric	
	2024	2023	2024	2023	2024	2023
Operating Revenues						
Service fees and charges	\$ 1,109,078	\$ 1,035,755	\$ 2,366,561	\$ 2,281,298	\$ 5,375,339	\$ 5,250,142
Less cost of sales						
Connection and access fees	53,300	41,040	104,800	82,990	39,062	8,129
Refunds and reimbursements	1,055		28,493	34,094	96,335	2,758
Total operating revenue	1,163,433	1,076,795	2,499,854	2,398,382	5,510,736	5,261,029
Operating Expenses						
Personnel services	176,018	230,862	253,079	391,187	537,027	730,488
Supplies	102,727	124,772	148,038	161,213	252,384	325,724
Insurance	8,720	8,607	18,759	18,768	10,583	10,490
Utilities	78,173	77,718	5,085	5,075	10,898	8,851
Purchased power					2,781,497	3,006,822
Other services and charges	157,111	131,929	958,489	508,216	346,552	279,665
Depreciation	307,271	226,933	605,340	594,920	170,588	170,042
Total Operating Expenses	830,020	800,821	1,988,790	1,679,379	4,109,529	4,532,082
Operating Income	333,413	275,974	511,064	719,003	1,401,207	728,947
Nonoperating Revenues (Expenses)						
Investment income	61,977	31,952	147,361	87,152	212,343	137,819
Lease income	13,345	14,106			9,409	5,029
Gain on sale of assets	12,750		12,750			
Interest expense and fiscal charges	(106,236)	(105,182)	(67,629)	(66,823)	(16,573)	(14,780)
Total Nonoperating Revenues (Expenses)	(18,164)	(59,124)	92,482	20,329	205,179	128,068
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	315,249	216,850	603,546	739,332	1,606,386	857,015
Capital contributions	8,152	2,313	8,683	8,923		
Transfers in						100,000
Transfers out					(60,000)	(60,000)
CHANGE IN NET POSITION	323,401	219,163	612,229	748,255	1,546,386	897,015
NET POSITION - BEGINNING OF YEAR	7,706,892	7,487,729	14,209,700	13,461,445	7,578,276	6,681,261
NET POSITION - END OF YEAR	\$ 8,030,293	\$ 7,706,892	\$ 14,821,929	\$ 14,209,700	\$ 9,124,662	\$ 7,578,276

See Notes to the Financial Statements

605 Stormwater		609 Municipal Liquor Store		Totals	
2024	2023	2024	2023	2024	2023
\$ 557,615	\$ 519,007	\$ 1,689,831	\$ 1,650,800	\$ 11,098,424	\$ 10,737,002
		(1,303,082)	(1,285,449)	(1,303,082)	(1,285,449)
				197,162	132,159
50		508	25	126,441	36,877
557,665	519,007	387,257	365,376	10,118,945	9,620,589
52,480	82,653	220,209	238,651	1,238,813	1,673,841
4,029	6,767	11,557	24,585	518,735	643,061
758	533	4,854	4,362	43,674	42,760
		9,567	11,078	103,723	102,722
				2,781,497	3,006,822
36,379	44,203	35,531	28,466	1,534,062	992,479
148,477	140,943	15,034	2,210	1,246,710	1,135,048
242,123	275,099	296,752	309,352	7,467,214	7,596,733
315,542	243,908	90,505	56,024	2,651,731	2,023,856
36,804	19,085	15,738	15,074	474,223	291,082
				22,754	19,135
				25,500	
(30,615)	(22,458)			(221,053)	(209,243)
6,189	(3,373)	15,738	15,074	301,424	100,974
321,731	240,535	106,243	71,098	2,953,155	2,124,830
				16,835	11,236
					100,000
		(16,000)	(16,000)	(76,000)	(76,000)
321,731	240,535	90,243	55,098	2,893,990	2,160,066
5,595,620	5,355,085	1,034,925	979,827	36,125,413	33,965,347
\$ 5,917,351	\$ 5,595,620	\$ 1,125,168	\$ 1,034,925	\$ 39,019,403	\$ 36,125,413

CITY OF KASSON, MINNESOTA
PROPRIETARY FUNDS
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	Business-Type Activities - Enterprise Funds					
	601 Water		602 Wastewater Treatment		604 Electric	
	2024	2023	2024	2023	2024	2023
Cash Flows From Operating Activities						
Cash received from customers	\$ 1,149,970	\$ 1,066,927	\$ 2,468,068	\$ 2,387,634	\$ 5,503,989	\$ 5,133,504
Other receipts	13,345	14,106			9,409	5,029
Cash paid to employees	(173,413)	(236,134)	(241,369)	(409,801)	(531,521)	(721,981)
Cash paid to suppliers	(433,682)	(375,837)	(1,178,434)	(724,656)	(3,832,314)	(3,650,433)
Net Cash Provided By Operating Activities	556,220	469,062	1,048,265	1,253,177	1,149,563	766,119
Cash Flows From Noncapital Financing Activities						
Transfer in/out, net					(60,000)	40,000
Net Cash Provided By (Used In) Noncapital Financing Activities					(60,000)	40,000
Cash Flows From Capital and Related Financing Activities						
Capital asset acquisitions	(164,496)	(308,995)		(11,818)		(58,958)
Capital contributions	8,152	2,313	8,683	8,923		
Proceeds from sale of assets	12,750		12,750			
Principal payments on bonds and capital leases	(249,621)	(309,307)	(302,191)	(397,028)	(10,594)	(108,631)
Interest payments on bonds and capital leases	(109,150)	(130,609)	(70,058)	(78,796)	(1,101)	(3,986)
Net Cash Used In Capital and Related Financing Activities	(502,365)	(746,598)	(350,816)	(478,719)	(11,695)	(171,575)
Cash Flows From Investing Activities						
Investment income received	56,261	30,750	143,172	86,666	206,053	136,290
Net Cash Provided By Capital and Related Financing Activities	56,261	30,750	143,172	86,666	206,053	136,290
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	110,116	(246,786)	840,621	861,124	1,283,921	770,834
CASH AND INVESTMENTS, BEGINNING OF YEAR	1,802,797	2,049,583	4,306,098	3,444,974	6,185,969	5,415,135
CASH AND INVESTMENTS, END OF YEAR	\$ 1,912,913	\$ 1,802,797	\$ 5,146,719	\$ 4,306,098	\$ 7,469,890	\$ 6,185,969
Classified as:						
Cash and investments	\$ 1,647,410	\$ 1,539,687	\$ 4,957,835	\$ 4,117,417	\$ 7,469,890	\$ 6,185,969
Restricted cash	265,503	263,110	188,884	188,681		
Total Cash and Investments, End of Year	\$ 1,912,913	\$ 1,802,797	\$ 5,146,719	\$ 4,306,098	\$ 7,469,890	\$ 6,185,969

See Notes to the Financial Statements

605 Stormwater		609 Municipal Liquor Store		Totals	
2024	2023	2024	2023	2024	2023
\$ 553,602	\$ 516,835	\$ 387,257	\$ 365,376	\$ 10,062,886	\$ 9,470,276
				22,754	19,135
(54,327)	(83,043)	(208,477)	(239,310)	(1,209,107)	(1,690,269)
(61,955)	(56,783)	(90,176)	(93,111)	(5,596,561)	(4,900,820)
437,320	377,009	88,604	32,955	3,279,972	2,898,322
		(16,000)	(16,000)	(76,000)	24,000
		(16,000)	(16,000)	(76,000)	24,000
(52,797)	(6,233)	(112,473)	(478,924)	(329,766)	(864,928)
				16,835	11,236
				25,500	
(94,624)	(133,053)			(657,030)	(948,019)
(31,734)	(28,656)			(212,043)	(242,047)
(179,155)	(167,942)	(112,473)	(478,924)	(1,156,504)	(2,043,758)
36,804	19,393	11,961	14,999	454,251	288,098
36,804	19,393	11,961	14,999	454,251	288,098
294,969	228,460	(27,908)	(446,970)	2,501,719	1,166,662
1,032,025	803,565	555,120	1,002,090	13,882,009	12,715,347
\$ 1,326,994	\$ 1,032,025	\$ 527,212	\$ 555,120	\$ 16,383,728	\$ 13,882,009
\$ 1,226,079	\$ 931,614	\$ 527,212	\$ 555,120	\$ 15,828,426	\$ 13,329,807
100,915	100,411			555,302	552,202
\$ 1,326,994	\$ 1,032,025	\$ 527,212	\$ 555,120	\$ 16,383,728	\$ 13,882,009

CITY OF KASSON, MINNESOTA
PROPRIETARY FUNDS
Statements of Cash Flows - continued
For the Years Ended December 31, 2024 and 2023
RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	601 Water		602 Wastewater Treatment		604 Electric	
	2024	2023	2024	2023	2024	2023
Operating Income	\$ 333,413	\$ 275,974	\$ 511,064	\$ 719,003	\$ 1,401,207	\$ 728,947
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	307,271	226,933	605,340	594,920	170,588	170,042
Change in net pension liability	(2,213)	811	(62,855)	(11,491)	(51,983)	58,097
Miscellaneous nonoperating income	13,345	14,106			9,409	5,029
(Increase) Decrease In:						
Accounts receivable	(14,803)	(11,645)	(15,116)	(17,410)	(44,903)	(125,132)
Special assessments receivable	1,340	1,777	9,221	6,662		
Due from other governments			(25,891)			
Inventories					(274,951)	(52,238)
Prepaid items	3,670	(4,189)	1,176	(4,098)	2,672	(6,325)
Deferred outflows from OPEB activity	1,586	1,122	2,828	2,207	4,637	2,652
Increase (Decrease) In:						
Accounts payable	(24,205)	40,476	71,986	10,962	(12,239)	(15,807)
Contracts payable		(89,800)				
Due to other governments	(31,456)	25,383		(14,048)	1,818	4,541
Accrued salaries payable	1,102	(847)	1,559	(2,242)	4,297	885
Compensated absences payable	1,503	(4,425)	10,151	(16,372)	1,209	7,622
Unearned revenue						
Deferred inflows from OPEB activity	(27,741)	15,211	(49,447)	26,153	(81,085)	47,374
Other postemployment benefits obligation	(6,592)	(21,825)	(11,751)	(41,069)	(19,269)	(57,175)
Deposits payable					38,156	(2,393)
Net Cash Provided By Operating Activities	\$ 556,220	\$ 469,062	\$ 1,048,265	\$ 1,253,177	\$ 1,149,563	\$ 766,119
Noncash Capital and Related Financing Activities						
Amortization of bond premium and intangibles	\$ (232)	\$ (3,883)	\$ (153)	\$ (3,707)	\$ 15,472	\$ 12,233
Capital asset additions included in accounts payable	47,500					

See Notes to the Financial Statements

605 Stormwater		609 Municipal Liquor Store		Totals	
2024	2023	2024	2023	2024	2023
\$ 315,542	\$ 243,908	\$ 90,505	\$ 56,024	\$ 2,651,731	\$ 2,023,856
148,477	140,943	15,034	2,210	1,246,710	1,135,048
(11,001)	(1,220)	(2,775)	11,600	(130,827)	57,797
				22,754	19,135
(4,063)	(2,172)			(78,885)	(156,359)
				10,561	8,439
				(25,891)	
		(20,204)	(6,439)	(295,155)	(58,677)
1,875	(1,448)	2,515	(1,450)	11,908	(17,510)
574	427	1,401	825	11,026	7,233
189	(342)	22,278	(25,208)	58,009	10,081
					(89,800)
		(2,326)	(44)	(31,964)	15,832
510	(398)	1,386	160	8,854	(2,442)
(2,357)	8	10,346	(819)	20,852	(13,986)
		757	(571)	757	(571)
(10,040)	5,412	(24,493)	14,196	(192,806)	108,346
(2,386)	(8,109)	(5,820)	(17,529)	(45,818)	(145,707)
				38,156	(2,393)
\$ 437,320	\$ 377,009	\$ 88,604	\$ 32,955	\$ 3,279,972	\$ 2,898,322

\$ (220) \$ (1,973) \$ \$ \$ 14,867 \$ 2,670

86

47,586

CITY OF KASSON, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
For the Year Ended December 31, 2024

	Custodial
	877
	Festival
	in the Park
ASSETS	
Cash and investments	\$ 5,711
Prepaid items	1,913
TOTAL ASSETS	\$ 7,624
LIABILITIES	
Accounts payable	\$ 1,000
NET POSITION	\$ 6,624

CITY OF KASSON, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2024

	Custodial
	877
	Festival
	in the Park
Additions	
Contributions and donations	\$ 37,984
Deductions	
Other services and charges	47,457
CHANGE IN NET POSITION	(9,473)
NET POSITION - BEGINNING	16,097
NET POSITION - ENDING	\$ 6,624

See Notes to the Financial Statements

CITY OF KASSON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity

City of Kasson, Minnesota, (the City) operates under “Optional Plan A” as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and four-member Council. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential component 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. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the City’s operations and so data from these units are combined with data of the primary government. The blended component unit presented has a December 31 year end.

Blended Component Unit. The Economic Development Authority (EDA) is responsible for economic and industrial development and redevelopment within the City’s jurisdiction. The seven members of the EDA’s governing board, including two council members, are appointed and approved by the Council. In accordance with GASB accounting standards, this entity is properly presented as a blended presented component unit as a governmental fund type. This is shown as a blended component unit because of the nature of operations with the City and EDA.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current 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 fees, licenses and permits, 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.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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 in which 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 specific 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 is recognized.

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements, other than time requirements, are met and recorded as unearned revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as unavailable revenue in the fund financial statements.

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

The City reports the following major governmental funds:

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

The *Public Safety Building fund* accounts for the accumulation of financial resources for the Fire Hall construction project.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

The City reports the following major proprietary funds:

The *Water Utility fund* accounts for costs associated with the City's water system and to ensure that user charges are sufficient to pay for those costs.

The *Wastewater Treatment fund* accounts for the costs associated with the City's wastewater treatment system and to ensure that user charges are sufficient to pay for those costs.

The *Electric fund* accounts for the costs associated with the City's electrical system and to ensure that user charges are sufficient to pay for those costs.

The *Stormwater fund* accounts for the costs associated with the City's storm water system, which are financed by the storm water surcharge, and to ensure that user charges are sufficient to pay for those costs.

The *Municipal Liquor Store fund* accounts for the operations of the City's off-sale liquor store.

Additionally, the City reports the following fund types:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The custodial fund is used to account for assets that the government holds for others in an agency capacity. This fund accounts for Festival in the Park activities.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

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

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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's enterprise funds are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Cash 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. 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.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Cash and Investments (Continued)

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, related in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Investments for the City are reported at fair value. Broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Cash and Investments (Continued)

Investment policy

The three main objectives of all investment activities can be prioritized as safety, liquidity, and yield. Safety of principal is the foremost objective of the City. Each investment transaction shall seek to first insure that capital losses are avoided. The objective will be to mitigate credit risk and interest rate risk. Credit risk is the risk of loss due to failure of the security issuer or backer. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated demands. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. The investment portfolio of the City shall be designed to attain the market-average rate of return through budgetary and economic cycles, taking into consideration the City's investment risk constraints, cash flow characteristics of the portfolio and prudent investment policies.

The City will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields; however, no more than 50 percent of total investments, based upon year end investment balance of the prior year, should extend beyond five years and in no circumstance, should any extend beyond ten years.

The purpose of this policy is to establish specific guidelines the City will use in the investment of City funds. It will be the responsibility of the Finance Director or City Administrator to invest City funds in order to attain a market rate of return while preserving and protecting the capital of the overall portfolio. Investments will be made, based on statutory constraints, in safe, low risk investments.

Interfund Transactions

Activity between funds that are 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."

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Interfund Transactions (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources unless the proceeds from those advances meets the definition of restricted, committed, or assigned fund balance.

Property Taxes

Property tax levies are set by the City Council in December each year and are certified for collection in the following year. 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. In Minnesota, counties are responsible and act as collection agents for all property taxes and tax settlements are made to the City during January, June, and December each year.

Delinquent taxes have been offset by a deferred inflow of resources for delinquent 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 2024. Since the City is generally able to certify delinquent amounts to the county for collection as special assessments, an allowance for uncollectible accounts of \$4,000 has been provided on current receivables.

Special Assessments

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are deferred over a period of fifteen years with interest charges of 4.11% to 9.0%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the Governmental Fund Types because they are not known to be available to finance current expenditures.

Contribution Aid Receivable

Contribution aid receivable represents amounts due to the City related to construction costs associated with the expansion of the wastewater treatment facility.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Restricted assets consist of cash and temporary investments restricted to specific purposes by bonded debt requirements and other agreements.

Capital Assets

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

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.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

Buildings	\$ 5,000
Improvements Other than Buildings	5,000
Machinery and Equipment	2,500
Office Equipment and Furnishings	5,000
Vehicles	5,000
Infrastructure	100,000

Property, plant, and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life <u>in Years</u>
Buildings	5 - 15
Improvements Other than Buildings	15 - 20
Machinery and Equipment	5 - 15
Office Equipment and Furnishings	5 - 15
Vehicles	5 - 15
Infrastructure	15 - 50

Deferred Outflows of Resources

In addition to assets, the financial statements 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 that time. The City has two types of deferred outflows which are pension and OPEB related and reported on the statement of net position.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick and comp time which is paid to the employees upon separation and meeting policy requirements. Vacation, sick and comp time pay is accrued when incurred and reported as a fund liability. The General fund is typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirements. All premiums are funded on a pay as you go basis. This amount was actuarially determined in accordance with GASB Statement No. 75.

Long-Term Obligations

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

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.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

The City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances for specific purposes to the City Administrator and Finance Director.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Deferred Inflows of Resources

In addition to liabilities, the 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 recognized four types of deferred inflows. The first type occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported on the statement of net position. The third type (deferred revenue) relates to contributions in aid of construction that will be recognized over the term of the related financing per GASB No. 62, which includes accounting for regulated entities. The fourth type is lease related and reported on the statement of net position.

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. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due payable in accordance with the benefit terms. Investments are reported at fair value.

Leases

For leases with term exceeding 12 months, the City recognized a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor, before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The City initially measures the lease liability at the present value of payment expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reporting with long-term debt on the statement of net position.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Leases (continued)

The City leases water tower space to an external party. Lease receivables and deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective lease. The expected payments and receipts are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the City's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The City does not have any leases subject to a residual value guarantee.

Comparative Data/Reclassifications

Comparative total data for the prior year has been presented in certain statements and schedules of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data has not been presented since their inclusion would not provide meaningful comparisons. Certain amounts in the prior year totals column have been reclassified to conform with the current year presentation.

Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 101, *Compensated Absences*. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee's compensated absences if the leave is attributable to employee's services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee's rate of pay at the date of the financial statements. The liability and associated expense are reported in the government-wide and proprietary statements. The Statement has been implemented and a liability has been reported on the government-wide and proprietary financial statements.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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, Library, Economic Development, and Ice Arena special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

Each August, all departments of the City submit requests for appropriations to the Finance Director so that a budget may be prepared. Before September 15, the proposed budget is presented to the council for review and the proposed levy is adopted. The Council prepared a final budget and it is adopted in early December. The Council invites the public to the meeting when the budget is discussed.

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 Council. The legal level of budgetary control is the department level. Budgeted amounts are as amended.

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2024, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

Cash On Hand	\$ 400
Deposits	8,059,791
Money Market	3,474,278
4M Fund	3,089,749
US Treasuries	182,476
Non-Negotiable Certificate of Deposit	779,175
Negotiable Certificate of Deposit	<u>10,609,106</u>
Total Cash and Investments	<u>\$ 26,194,975</u>
Cash and Investments	\$ 25,639,673
Restricted Cash and Investments	<u>555,302</u>
Cash and Investments per Statement of Net Position	<u>\$ 26,194,975</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes Chapter 118A to invest idle funds as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by the United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

The City's established investment policy complies with Minnesota Statutes Chapter 118A and investment transactions are executed in accordance with the authorized investment policy.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk follows Minnesota Statutes for deposits. The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state or local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total investments are as follows:

Non-Negotiable Certificate of Deposit	7%
Negotiable Certificate of Deposit	92%

Fair Value Measurements

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other meansIf the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Fair Value Measurements (Continued)

The City's investments within the fair value hierarchy at December 31, 2024 were as follows:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Date in Years				
	Rating	Agency		No Maturity Date	Less than 1	1 to 5	6 to 10	Total
US Treasuries	AAAm	S&P	Level 1	\$	\$ 182,476	\$	\$	\$ 182,476
4M Fund	Not Rated	N/A	N/A	3,089,749				3,089,749
Negotiable Certificate of Deposit	N/A	N/A	Level 2		3,347,191	7,261,915		10,609,106
Total Investments				<u>\$3,089,749</u>	<u>\$3,529,667</u>	<u>\$7,261,915</u>	<u>\$</u>	<u>\$ 13,881,331</u>

N/A - Not Applicable

The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission regulated by Minnesota Statutes. The City's investments in this investment pool is measured at the net asset value per share provided by the pool, which is based on the amortized cost method that approximates fair value. For the 4M investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

B. Deferred Special Assessments Receivable

Deferred assessments receivable represent levies made on the property of owners benefited by public improvement projects. Assessments are payable over various periods.

C. Notes Receivable

The Economic Development Authority (EDA) has loaned various economic development notes to city businesses. These notes are receivable by the EDA with interest at 3 percent per annum. The balance on notes receivable at December 31, 2024 is \$62,370.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,027,760	\$	\$ 42,902	\$ 984,858
Construction in progress	4,188,550	695,314	4,164,940	718,924
Total capital assets, not being depreciated	5,216,310	695,314	4,207,842	1,703,782
Capital assets, being depreciated:				
Buildings	7,111,100	7,323,045	239,075	14,195,070
Improvements other than buildings	2,441,832	54,100		2,495,932
Machinery and equipment	1,221,780			1,221,780
Office equipment and furnishings	305,547			305,547
Vehicles	4,150,898	169,053	125,601	4,194,350
Infrastructure	27,969,304	321,605		28,290,909
Total capital assets, being depreciated	43,200,461	7,867,803	364,676	50,703,588
Less accumulated depreciation for:				
Buildings	2,207,972	197,380	161,375	2,243,977
Improvements other than buildings	1,124,822	166,070		1,290,892
Machinery and equipment	925,827	89,146		1,014,973
Office equipment and furnishings	223,798	22,176		245,974
Vehicles	2,248,103	305,510	125,601	2,428,012
Infrastructure	12,133,848	1,158,874		13,292,722
Total accumulated depreciation	18,864,370	1,939,156	286,976	20,516,550
Total capital assets, being depreciated, net	24,336,091	5,928,647	77,700	30,187,038
Governmental activities capital assets, net	\$ 29,552,401	\$ 6,623,961	\$ 4,285,542	\$ 31,890,820

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 319,751	\$	\$	\$ 319,751
Construction in progress		196,362		196,362
Total capital assets, not being depreciated	319,751	196,362		516,113
Capital assets, being depreciated:				
Buildings	13,108,188			13,108,188
Improvements other than buildings	17,319,813	112,473		17,432,286
Machinery and equipment	2,148,540		46,860	2,101,680
Office equipment and furnishings	229,392			229,392
Vehicles	326,397	42,602	24,484	344,515
Infrastructure	20,346,047	68,517		20,414,564
Total capital assets, being depreciated	53,478,377	223,592	71,344	53,630,625
Less accumulated depreciation for:				
Buildings	6,923,458	319,403		7,242,861
Improvements other than buildings	8,851,238	327,486		9,178,724
Machinery and equipment	1,590,599	159,822	46,860	1,703,561
Office equipment and furnishings	228,950	442		229,392
Vehicles	284,920	32,635	24,482	293,073
Infrastructure	4,574,301	406,922		4,981,223
Total accumulated depreciation	22,453,466	1,246,710	71,342	23,628,834
Total capital assets, being depreciated, net	31,024,911	(1,023,118)	2	30,001,791
Business-type activities capital assets, net	\$ 31,344,662	\$ (826,756)	\$ 2	\$ 30,517,904

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$	25,702
Public safety		291,128
Public works		1,295,511
Culture and recreation		317,909
Cemetery		8,906

Total depreciation expense - governmental activities	\$	<u>1,939,156</u>
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Business-Type Activities:

Water	\$	307,271
Wastewater treatment		605,340
Electric		170,588
Stormwater		148,477
Liquor		15,034

Total depreciation expense - business-type activities	\$	<u>1,246,710</u>
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CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Leases

In February 2000, the City entered into a lease with a cell phone service company. Under the lease, the cell phone service provider pays the City between \$1,144 - \$1,891 per month for two-hundred four months in exchange for providing cell phone services to the City residents with antennas on top of the water towers. The lease receivable is measured at the present value of the future rent payments expected to be received during the lease term at a discount rate of 3.063%, which is the assumed rate based on the City's most recent bond rate.

In 2024, the City derecognized this lease as the lessor is no longer leasing this space from the City.

F. Interfund Balances and Transfers

The amounts due to and from other funds as of December 31, 2024, at the individual fund level are summarized below:

Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 593,801	\$
Economic Development	82,577	
Bigelow-Voigt Abatement		120,086
Dodge County Ice Arena		18,571
Vail Property		77,591
Sand Company TIF		7,454
Raegan Addition TIF		5,754
2025 Street Project		42,140
2025 SW Reconstruction		297,500
16th Street NW		24,705
Downtown TIF		82,577
Total	\$ 676,378	\$ 676,378

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Interfund Balances and Transfers

The amounts advanced to and from other funds as of December 31, 2024, at the individual fund level are summarized below:

<u>Funds</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$ 383,068	\$
2023 Street Repair Project		383,068
Total	<u>\$ 383,068</u>	<u>\$ 383,068</u>

Transfers during the year ended December 31, 2024 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 202,861	\$ 1,016,296
Stabilization/Capital Projects Reserves	300,000	
Oppidan Folkestad TIF		35,848
Vail Property	300,000	
Highway 57		117,016
16th St NW	384,065	
Public Safety Building	228,811	
Fire Truck and Equipment		126,861
G.O. Tax Increment Refunding Bonds of 2020A	35,848	
2022A Hwy 57	117,016	
Gas Row Fees		196,580
Enterprise:		
Electric		60,000
Municipal Liquor Store		16,000
Total Transfers	<u>\$ 1,568,601</u>	<u>\$ 1,568,601</u>

The City generally utilizes interfund transfers for cash flow purposes.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Interfund Balances and Transfers (Continued)

At December 31, 2024 the following funds have deficit fund balances:

<u>Fund</u>	<u>Amount</u>
Special Revenue:	
Bigelow-Voigt Abatement	\$ 119,831
Vail Property	27,657
Capital Projects:	
Downtown TIF	82,577
Sand Company TIF	7,454
Raegan Addition TIF	5,754
16th Street NW	38,430
2023 Street Repair Project	383,068
2025 Street Project	46,060
2025 SW Reconstruction Project	350,000

The City plans to eliminate the deficits in these funds through future tax increment collections, transfers, debt issuance, grants, and developer reimbursements.

G. Long-term Debt

General Obligation Bonds

The City and EDA issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation debt is backed by the full faith and credit of the City. Each year the tax levy equal 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax payments.

G.O. Tax Increment Bonds

The following bond was issued to refund the 2014B Tax Increment Bonds that were issued to finance development within TIF 1-18. Specifically, land acquisition costs associated with the Shopko project and site improvements associated with the EDA owned and operated Folkestad building. The debt is to be repaid using tax increments and is backed by the full faith and credit of the City.

<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 Refunding Bonds of 2020A	\$ 708,000	3.20 %	03/16/20	02/01/42	<u>\$ 644,000</u>

CITY OF KASSON, MINNESOTA**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

3. Detailed Notes on All Funds (Continued)

*G. Long-term Debt (Continued)*G.O. Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from ad valorem tax levies. All general obligation debt is backed by the full faith and credit of the City. Each year the tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Note of 2020B	\$ 708,000	1.75 %	05/28/20	02/01/28	<u>\$ 811,000</u>

G.O. Improvement Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from specific 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 equal 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
G.O. Improvement Bonds of 2014C	\$ 430,000	2.50 - 3.50 %	06/02/14	02/01/30	\$ 190,000
G.O. Improvement and Utility Revenue Bonds of 2017A	3,762,900	2.00 - 2.50	07/05/17	02/01/33	2,397,600
G.O. Improvement & Utility Revenue Bond 2022A	1,491,664	3.063	05/11/22	02/01/38	1,366,037
G.O Special Election Bonds of 2023A	7,000,000	4.00	08/09/23	02/01/53	<u>7,000,000</u>
Total G.O. Improvement Bonds					<u>\$ 10,953,637</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

G.O. Revenue Bonds

The following revenue bonds were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement and Utility Revenue Bonds of 2017A	\$ 3,017,100	2.00 - 2.50 %	07/05/17	02/01/33	\$ 1,922,400
G.O. Improvement & Utility Revenue Bond 2022A	4,528,336	3.063	05/11/22	02/01/38	4,146,964
Total G.O. Revenue Bonds					<u>\$ 6,069,364</u>

Notes Payable

The following notes payable were issued to finance capital improvements in the enterprise funds. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sewer Revenue Note of 2011 (PFA)	\$ 994,038	1.86 %	08/31/11	08/20/31	\$ 399,000
G.O. Sewer Revenue Note of 2018 (PFA)	2,843,535	1.095	02/14/18	08/20/37	1,963,000
Total Notes Payable					<u>\$ 2,362,000</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable:					
General Obligation Bonds:					
2014A GO Equipment Certificate	\$ 114,000	\$	\$ 114,000	\$	\$
2020B GO Refunding Note	1,005,000		194,000	811,000	199,000
General Obligation Improvement Bonds:					
2014C GO Improvement Bond	220,000		30,000	190,000	30,000
2017A GO Improvement and Utility Revenue Bonds	2,636,250		238,650	2,397,600	241,425
2022A GO Improvement and Utility Revenue Bonds	1,443,346		77,309	1,366,037	79,539
2023A GO Special Election Bonds	7,000,000			7,000,000	
General Obligation Tax Increment Bonds:					
2020A GO Tax Increment Refunding Bond	659,000		15,000	644,000	19,000
Capital Lease Payable	192,194	169,053	99,757	261,490	99,659
Plus: Unamortized premiums	81,273		3,299	77,974	
Total Bonds and Capital Leases Payable	13,351,063	169,053	772,015	12,748,101	668,623
Other Liabilities:					
Compensated absences	168,314	14,239		182,553	119,980
Governmental Activities					
Long-term Liabilities	13,519,377	183,292	772,015	12,930,654	788,603
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2017A GO Improvement and Utility Revenue Bonds	2,113,750		191,350	1,922,400	193,575
2022A GO Improvement and Utility Revenue Bonds	4,381,654		234,690	4,146,964	241,462
Notes Payable:					
2011 PFA Loan	452,000		53,000	399,000	54,000
2018 PFA Loan	2,103,000		140,000	1,963,000	141,000
Capital Lease Payable	66,854	42,602	37,990	71,466	36,269
Plus: Unamortized premiums	4,846		605	4,241	
Total Bonds, Notes, and Capital Leases Payable	9,122,104	42,602	657,635	8,507,071	666,306
Other Liabilities:					
Compensated absences	133,661	20,852		154,513	92,321
Business-type Activities					
Long-term Liabilities	9,255,765	63,454	657,635	8,661,584	758,627
Total	\$ 22,775,142	\$ 246,746	\$ 1,429,650	\$ 21,592,238	\$ 1,547,230

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2024, excluding compensated absences over the life of the debt, are summarized below:

General Obligation Bonds			General Improvement Bonds		General Obligation Tax Increment Bonds		Total	
Years	Principal	Interest	Principal	Interest	Principal	Interest		
Governmental Activities								
2025	\$ 199,000	\$ 12,451	\$ 350,964	\$ 382,693	\$ 19,000	\$ 20,304	\$ 984,412	
2026	202,000	8,943	498,992	371,016	18,000	19,712	1,118,663	
2027	204,000	5,390	512,267	355,618	22,000	19,072	1,118,347	
2028	206,000	1,802	525,047	339,732	21,000	18,384	1,111,965	
2029			551,098	323,133	24,000	17,664	915,895	
2030-2034			2,544,301	1,360,970	152,000	74,976	4,132,247	
2035-2039			1,530,968	1,027,749	216,000	45,600	2,820,317	
2040-2044			1,315,000	760,700	172,000	8,448	2,256,148	
2045-2049			1,595,000	470,500				
2050-2053			1,530,000	125,400				
Totals	\$ 811,000	\$ 28,586	\$ 10,953,637	\$ 5,517,511	\$ 644,000	\$ 224,160	\$ 14,457,994	

	General Obligation Revenue				Total	
	Bonds		Notes Payable			
	Principal	Interest	Principal	Interest		
<u>Business-Type Activities</u>						
2025	\$ 435,036	\$ 168,480	\$ 195,000	\$ 28,920	\$ 827,436	
2026	447,008	156,557	198,000	26,370	827,935	
2027	459,733	143,798	200,000	23,782	827,313	
2028	470,953	130,698	203,000	21,162	825,813	
2029	485,902	117,227	206,000	18,504	827,633	
2030-2034	2,401,699	373,043	882,000	54,750	3,711,492	
2035-2039	1,369,033	85,456	478,000	10,500	1,942,989	
Totals	\$ 6,069,364	\$ 1,175,259	\$ 2,362,000	\$ 183,988	\$ 9,790,611	

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

The annual requirements to amortize capital leases payable outstanding as of December 31, 2024, over the life of the leases, are summarized below:

Capital Leases Payable - Governmental			
Years	Principal	Interest	
2025	\$ 99,659	\$ 8,898	
2026	66,735	3,612	
2027	42,112	1,661	
2028	36,930	318	
2029	16,054	39	
Totals	<u>\$ 261,490</u>	<u>\$ 14,528</u>	

Capital Leases Payable - Business-Type			
Years	Principal	Interest	
2025	\$ 36,269	\$ 1,678	
2026	16,646	238	
2027	8,344	92	
2028	8,396	40	
2029	1,811	1	
Totals	<u>\$ 71,466</u>	<u>\$ 2,049</u>	

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

H. Fund Balance

The following is a summary of committed, restricted, and assigned fund balances as of December 31, 2024 and 2023:

Committed For:	2024	2023
Economic Development	\$ 163,415	\$ 139,594
Library Operations	343,870	300,827
Total Committed Fund Balance	<u>\$ 507,285</u>	<u>\$ 440,421</u>
Restricted For:		
Ice Arena Improvements	\$ 8,000	\$
Debt Service	1,944,498	1,600,473
Tax Increments	253,243	217,513
Abatements	55,000	
Loans	270,921	265,102
Total Restricted Fund Balance	<u>\$ 2,531,662</u>	<u>\$ 2,083,088</u>
Assigned For:		
Capital Improvements:		
Ice Arena	\$	\$ 37,604
Stabilization/Cap Projects Reserve	2,094,650	1,741,752
Permanent Improvement Revolving	1,274,729	1,132,734
Hwy 57		241,505
Gas ROW Fees		196,580
Public Safety Building		2,906,748
Park Project	228,145	221,543
Total Assigned Fund Balance	<u>\$ 3,597,524</u>	<u>\$ 6,478,466</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide

Plan Description

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

1. General Employees Retirement Plan (General Plan)

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

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

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

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.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Benefits Provided (Continued)

1. General Employees Plan Benefits

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

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

2. Police and Fire Plan Benefits

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

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Benefits Provided (Continued)

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

Contributions

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

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$155,077. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024 were \$133,136. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$903,184 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 \$23,354.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Pension Costs (Continued)

City's proportionate share of the net pension liability	\$	903,184
State of Minnesota's proportionate share of the net pension liability associated with the City		23,354
Total	\$	<u>926,538</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0244 percent at the end of the measurement 0.0274 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$(135,017) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$(448) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$41,504 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions of the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 81,983	\$ 4,004
Changes in actuarial assumptions	5,019	372,180
Net difference between projected and actual earnings on pension plan investments		253,055
Changes in proportion	4,269	167,555
Employer contributions subsequent to the measurement date	76,306	
Total	<u>\$ 167,577</u>	<u>\$ 796,794</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Pension Costs (Continued)

The \$76,306 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 ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (365,356)
2026	(106,107)
2027	(164,834)
2028	(69,226)

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, the City reported a liability of \$714,631 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0543 percent at the end of the measurement period and 0.0594 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$27,241.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Pension Costs (Continued)

City's proportionate share of the net pension liability	\$	714,631
State of Minnesota's proportionate share of the net pension liability associated with the City		<u>27,241</u>
Total	\$	<u>741,872</u>

For the year ended December 31, 2024, the City recognized pension expense of \$(33,803) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$2,645 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$2,645 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 283,963	\$
Changes in actuarial assumptions	783,619	1,118,967
Net difference between projected and actual earnings on pension plan investments		221,921
Changes in proportion	38,057	117,641
Employer contributions subsequent to the measurement date	69,877	
Total	<u>\$ 1,175,516</u>	<u>\$ 1,458,529</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Pension Costs (Continued)

The \$69,877 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 ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (64,966)
2026	140,738
2027	(127,683)
2028	(302,773)
2029	1,794

Aggregate Pension Costs

The total pension expense for all plans recognized by the City for the year ended December 31, 2024 is as follows:

General Employees Retirement Fund	\$(135,465)
Police and Fire Fund	(31,158)
Fire Relief	<u>(87,658)</u>
Total	<u>\$(254,281)</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine of the total liability is 7%. The 7% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3% after 24 years of service.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

Police and Fire Fund (continued)

Changes in Plan Provisions:

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

Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

Sensitivity Analysis					
<i>Net Pension Liability (Asset) at Different Discount Rates</i>					
	General Employees Fund			Police and Fire Fund	
1% Lower	6.00%	\$	1,972,700	6.00%	\$ 1,688,813
Current Discount Rate	7.00%		903,184	7.00%	714,631
1% Higher	8.00%		23,410	8.00%	(85,376)

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plan - Statewide (Continued)

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.

5. Defined Contribution Pension Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the asset in each member's account annually.

Total contributions made by the City during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 351	\$ 351	5%	5%	5%

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Defined Benefit Pension Plan – Fire Relief Association

The Kasson Firemen's Relief Association has not had an actuarial study performed. The Association believes the funding status determined using the calculation required by the Minnesota State Auditor is sufficient to determine the reportable amounts under GASB No. 68, *Accounting and Financial Reporting for Pensions*.

Plan Description

The Kasson Firemen's Relief Association (the Association) is the administrator of a single-employer Public Employee Retirement System (PERS) established to provide benefits for members of the Kasson Fire Department (the Department).

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 partially 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).

The financial requirements of the Special fund are determined in accordance with Minnesota statutes section 69.772 which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service, and 10 years of Association membership, or upon death.

Benefits are accumulated at \$2,400 per year of active service in the Department. The accrued liability for these accumulated benefits is computed using increasing percentages based on years of service. At 20 years of service, the liability is equal to the number of years of service times benefits per year. Association members are fully vested after 20 years.

All members of the Department are covered by a defined benefit plan (the Plan) administered by the Association. The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Defined Benefit Pension Plan – Fire Relief Association (Continued)

Plan Description (Continued)

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 partially 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.

The Association issues a publicly available financial report. The report may be obtained by writing to Kasson Firefighters' Relief Association, Kasson, MN 55944.

Funding Status and Progress

The financial requirements of the Special fund are determined in accordance with Section 69.772 of the Minnesota statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service, and to years of Association membership or upon death.

At December 31, 2023 (most current information available) the Association's funding status is as follows:

Total plan assets	\$ 695,346
Total accrued liability	<u>(539,207)</u>
Excess of Plan Assets over Accrued Liability	<u>\$ 156,139</u>

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2024.

The computation of the pension contribution requirements for 2024 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Postemployment Benefits Other Than Pensions

The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pension for the year ended December 31, 2024.

A. Plan Description

The City administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan until Medicare age, which covers both active and retired members. There is 1 retiree receiving payments. Benefit provisions are established through negotiations between the City and the unions representing City employees and are renegotiated from time to time. The Retiree Health Plan does not issue a publicly available financial report.

B. Funding Policy

The City has historically funded these liabilities on a pay-as-you-go basis. Contribution requirements are negotiated between the City and union representatives. At the present time, no retiree benefits are provided except the allowance to continue health insurance that is mandated by Minnesota Law. The City does not contribute any of the cost of current year premiums for eligible retired plan members and their spouses. For fiscal year 2024, the City contributed \$7,750 to the plan. Plan members receiving benefits contribute 100 percent of their premium costs.

C. Total OPEB Liability

The City's total OPEB liability was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date. The components of the total OPEB liability of the City at year-end were as follows:

Total OPEB liability	\$ 73,706
Covered employee payroll	
Total OPEB liability as a % of payroll	0%

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Postemployment Benefits Other Than Pensions (Continued)

D. Funded Status and Funding Progress

As of January 1, 2024, the most recent valuation date, the actuarial accrued liability for benefits was \$73,706 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$0 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 0 percent. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The following changes in actuarial assumptions occurred in 2024:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate was changed from 4.00% to 3.70%

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Postemployment Benefits Other Than Pensions (Continued)

E. Methods and Assumptions (Continued)

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

Discount rate	3.70%
20-year Municipal Bond Yield	3.70%
Inflation rate	2.50%
Mortality	Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale
Medical trend rate	6.50% as of January 1, 2024 grading to 5.00% over 6 years and then to 4.00% over the next 48 years.

F. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Beginning Balance 1/1/2024	\$ 76,204
Changes for the year:	
Interest	2,876
Assumption changes	2,106
Differences between expected and actual experience	1,222
Benefit payments	(8,702)
Net Changes	(2,498)
Balance End of Year 12/31/2024	<u>\$ 73,706</u>

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Postemployment Benefits Other Than Pensions (Continued)

G. Total OPEB Liability Sensitivity to Discount and Health-Care Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it would be calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<u>Total OPEB Liability</u>
1% decrease in Discount Rate (2.70%)	\$ 76,876
Current Discount Rate (3.70%)	73,706
1% increase in Discount Rate (4.70%)	70,730

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it would be calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>Total OPEB Liability</u>
1% decrease in Trend Rates	\$ 71,101
Current Trend Rates	73,706
1% increase in Trend Rates	76,416

H. OPEB Expense and Related Deferred Outflows/Inflows of Resources of Resources

As of the year ended December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 9,444	\$ 6,943
Liability gains		261,140
Contributions paid to OPEB subsequent to the measurement date	7,429	
	<u>\$ 16,873</u>	<u>\$ 268,083</u>

Contributions made subsequent to the measurement date of \$7,429 will be recognized as a reduction of the OPEB liability in the year ending December 31, 2025.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Postemployment Benefits Other Than Pensions (Continued)

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

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (49,062)
2026	(47,860)
2027	(47,861)
2028	(38,021)
2029	(25,280)
Thereafter	(50,555)

8. Other Information

A. Risk management

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

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. 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.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Other Information (Continued)

C. Legal debt margin

The City's statutory debt limit is three percent of estimated market value of real and personal property located within the City (\$730,943,300) which is \$21,928,299. The City currently has \$811,000 of general obligation debt subject to this limit, leaving a debt margin of \$21,117,299 after adding back debt service restricted fund balances. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by statute.

D. Dodge County Ice Arena

On April 3, 1996, the Cities of Kasson, Dodge Center, Mantorville and the County of Dodge entered into a joint powers agreement to construct and operate an all-purpose arena. All members had an interest in the property as tenants-in-common. The City of Kasson had a 35 percent interest. Effective January 1, 2010 this agreement was terminated and a new agreement between Dodge County and the City of Kasson was signed which also designated the arena to be under the management of the City of Kasson.

The agreement further states that Dodge County and the City of Kasson will share in one-half of the net income or net loss from operations. The entity has a calendar year end. Arena activities are reported as a special revenue fund of the City.

E. Tax increment districts

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

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Tax Abatement – Pay-As-You-Go Tax Increment

The City may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.1812, 469.1813 and 469.1815. Any parcel of property in the City qualifies for tax abatement. The City negotiates tax abatement agreements on an individual basis generally with the purpose of adding employment and or increasing the tax capacity of the parcel.

The City has made no commitments, other than tax abatement, under the agreements. The taxpayer submits property taxes annually and is reimbursed by the City for the abatement amount if the taxpayer has filed reports substantiating that it has met the employment levels stipulated in the agreement if applicable. The City had the following tax abatement agreements as of December 31, 2024.

The City entered into a tax abatement agreement in January 2017 for the purpose of remodeling an existing commercial facility. Under the agreement, the City shall abate 100% of the City's property tax amount generated by the Abatement Property for a period not to exceed 10 years commencing with taxes payable 2017 for as long as the taxpayer is operating its business on the Abatement Property. City abated \$4,613 and \$3,597 in 2024 and 2023, respectively.

The City entered into a tax abatement agreement in April 2019 for the purpose of assisting with the construction of public improvements within a subdivision. Under the agreement, the City shall abate property taxes generated by the property for the period of up to 20 years to help pay for the infrastructure.

The City entered into a tax abatement agreement in March 2022 for the purpose of assisting with the construction of public improvements within a subdivision. Under the agreement, the City shall abate property taxes generated by the property for the period of up to 8 years to help pay for the infrastructure.

The City may enter into tax increment financing agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.174 to 469.1794 through pay-as-you-go tax increment financing program. The City has three pay-as-you-go tax increment financing districts. For the year ended December 31, 2024, the City paid tax increments totaling \$99,101 related to these agreements.

CITY OF KASSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Wastewater Treatment Agreement

The City has entered into a wastewater collection, treatment, and disposal agreement with the City of Mantorville. The agreements effective date is July 9, 2014 and has a term of 40 years. Under the agreement, the wastewater utility of the City will treat all wastewater derived from the City of Mantorville.

The terms of the agreement require the City of Mantorville to pay a one-time connection fees of \$2,250 per hookup which totals \$819,000. Any costs for future capital improvements required for the treatment facility will be shared in the following percentages: Kasson 82.3% and Mantorville 17.7%. The City has recorded a contribution aid receivable of \$615,507 representing Mantorville's share of the net expansion costs. Mantorville is required to make annual payments toward this receivable corresponding with the required debt service of the net financing of the treatment facility expansion. There was a balance of \$424,510 in contribution aid receivable at December 31, 2024.

The City has elected to account for this contribution pursuant to GASB No. 62 which includes accounting for regulated entities. Under the standard, the contribution is deferred and recognized over the term of the associated financing of the treatment facility expansion.

Mantorville is required to maintain the infrastructure for the collection system from the City of Mantorville to the treatment facility. The costs of operating and maintaining the treatment facility will be shared between the two parties. On a quarterly basis, the City of Mantorville is required to pay to the City their share of the operating and maintenance costs based on the treatment volumes generated by each party as detailed in the agreement.

CITY OF KASSON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

CITY OF KASSON, MINNESOTA
Schedules of City Pension Contributions

PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
2015	\$ 140,991	\$ 140,991	\$	\$ 1,879,880	7.50%
2016	135,921	135,921		1,812,280	7.50%
2017	145,970	145,970		1,946,267	7.50%
2018	147,541	147,541		1,967,213	7.50%
2019	146,530	146,530		1,953,733	7.50%
2020	146,300	146,300		1,950,667	7.50%
2021	147,805	147,805		1,970,733	7.50%
2022	156,028	156,028		2,080,373	7.50%
2023	163,322	163,322		2,177,627	7.50%
2024	155,077	155,077		2,067,693	7.50%

PERA Public Employees Police and Fire Fund Pension Plan
Last Ten Years (presented prospectively)

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
2015	\$ 87,418	\$ 87,418	\$	\$ 539,617	16.20%
2016	92,805	92,805		572,870	16.20%
2017	95,949	95,949		592,278	16.20%
2018	91,393	91,393		564,154	16.20%
2019	104,042	104,042		613,817	16.95%
2020	125,768	125,768		710,554	17.70%
2021	111,754	111,754		631,379	17.70%
2022	122,181	122,181		690,288	17.70%
2023	138,136	138,136		780,429	17.70%
2024	133,136	133,136		752,181	17.70%

CITY OF KASSON, MINNESOTA
Schedules of City and Non-Employer Proportionate Share of Net Pension Liability

PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0325%	\$ 1,684,319	\$	\$ 1,684,319	\$ 1,773,568	95%	78.20%
2016	0.0292%	2,370,895	30,984	2,401,879	1,846,080	130%	68.90%
2017	0.0302%	1,927,948	24,251	1,952,199	1,879,273	104%	75.90%
2018	0.0293%	1,625,444	53,210	1,678,654	1,956,740	86%	79.53%
2019	0.0276%	1,525,942	47,498	1,573,440	1,960,473	80%	80.23%
2020	0.0274%	1,642,755	50,576	1,693,331	1,952,200	87%	79.06%
2021	0.0274%	1,170,103	35,686	1,205,789	1,960,700	61%	87.00%
2022	0.0278%	2,201,769	64,515	2,266,284	2,025,553	112%	76.67%
2023	0.0274%	1,532,177	42,154	1,574,331	2,129,000	74%	83.10%
2024	0.0244%	903,184	23,354	926,538	2,122,660	44%	89.10%

PERA Public Employees Police and Fire Fund Pension Plan
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll a/b	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0610%	\$ 693,103	\$	\$ 693,103	\$ 525,992	132%	86.60%
2016	0.0590%	2,367,773		2,367,773	556,244	426%	63.90%
2017	0.0580%	783,069		783,069	582,574	134%	85.40%
2018	0.0535%	570,255		570,255	578,216	99%	88.84%
2019	0.0595%	633,438		633,438	588,986	108%	89.26%
2020	0.0643%	847,543	19,962	867,505	662,185	128%	87.19%
2021	0.0534%	412,191	18,531	430,722	670,966	61%	93.66%
2022	0.0568%	2,471,712	108,012	2,579,724	660,833	374%	70.53%
2023	0.0594%	1,025,761	41,323	1,067,084	735,359	139%	86.50%
2024	0.0543%	714,631	27,241	741,872	766,305	93%	90.20%

CITY OF KASSON, MINNESOTA
Other Post-Employment Benefits Plan
Schedule of Changes in Total OPEB Liability

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$	\$ 489	\$ 17,329	\$ 22,017	\$ 21,324	\$ 20,544	\$ 21,490
Interest cost	2,876	6,214	6,844	6,335	10,294	8,411	7,915
Assumption changes	2,106	(7,383)	10,539		4,221	(8,444)	
Plan changes			169,791				
Differences between expected and actual experience	1,222	(223,877)	(99,720)		(82,942)		
Benefit payments	(8,702)	(18,801)	(7,750)	(4,498)	(7,514)	(3,055)	(23,658)
Net change in total OPEB liability	(2,498)	(243,358)	97,033	23,854	(54,617)	17,456	5,747
Total OPEB Liability - beginning of year	76,204	319,562	222,529	198,675	253,292	235,836	230,089
Total OPEB Liability - end of year	\$ 73,706	\$ 76,204	\$ 319,562	\$ 222,529	\$ 198,675	\$ 253,292	\$ 235,836
 Covered Employee Payroll	 \$	 \$ 2,720,269	 \$ 2,641,038	 \$ 2,597,937	 \$ 2,516,162	 \$ 2,319,236	 \$ 2,251,685
 Total OPEB Liability as a % of payroll	 0%	 3%	 12%	 9%	 8%	 11%	 10%

Note: There are no assets in a trust to pay related benefits.

CITY OF KASSON, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2024

CITY OF KASSON, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2024

	Capital Projects							
	Total Special Revenue Funds	Total Debt Service Funds	210 Stabilization/ Cap Projects Reserve	223 Sand Company TIF	247 2004 Assisted Living TIF	248 Downtown TIF	249 Oppidan Folkestad TIF	251 Raegan Addition TIF
ASSETS								
Cash and investments	\$ 770,942	\$ 1,926,161	\$ 2,093,477	\$	\$ 137,418	\$	\$ 253,243	\$
Accounts receivable	30,438							
Interest receivable		3,233	1,173					
Notes receivable	62,370							
Due from other governmental units	51,932	15,104						
Special assessments receivable	71,617	843,681						
Inventories	343							
Prepaid items	12,197							
Due from other funds	82,577							
TOTAL ASSETS	\$ 1,082,416	\$ 2,788,179	\$ 2,094,650	\$	\$ 137,418	\$	\$ 253,243	\$
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Liabilities								
Accounts payable	\$ 15,781	\$	\$	\$	\$ 38,317	\$	\$	\$
Due to other governments	331				99,101			
Accrued salaries payable	20,577							
Due to other funds	216,248			7,454		82,577		5,754
Advance from other fund								
Total Liabilities	252,937			7,454	137,418	82,577		5,754
Deferred Inflows of Resources								
Unavailable revenue:								
Special assessments	71,617	843,681						
Fund Balance								
Nonspendable:								
Prepaid items and inventories	12,540							
Loans	62,370							
Restricted:								
Regulations	325,921						253,243	
Debt service		1,944,498						
Committed:								
Economic development	163,415							
Library operations	343,870							
Assigned:								
Capital improvements			2,094,650					
Unassigned	(150,254)			(7,454)		(82,577)		(5,754)
Total Fund Balance	757,862	1,944,498	2,094,650	(7,454)		(82,577)	253,243	(5,754)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,082,416	\$ 2,788,179	\$ 2,094,650	\$	\$ 137,418	\$	\$ 253,243	\$

Capital Projects								
401 Permanent Improvement Revolving	424 Highway 57	426 16th Street NW	427 2023 Street Repair Project	428 Gas ROW Fees	429 Parks Project	431 2025 Street Project	432 2025 SW Reconstruction Project	Total Nonmajor Governmental Funds
\$ 1,262,573	\$ 124,459	\$	\$	\$	\$ 228,145	\$	\$	\$ 6,796,418
12,156								30,438
								16,562
								62,370
								67,036
441,752			141,772					1,498,822
								343
								12,197
								82,577
<u>\$ 1,716,481</u>	<u>\$ 124,459</u>	<u>\$</u>	<u>\$ 141,772</u>	<u>\$</u>	<u>\$ 228,145</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,566,763</u>
\$	\$ 124,459	\$ 13,725	\$	\$	\$	\$ 3,920	\$ 52,500	\$ 124,243
								223,891
		24,705				42,140	297,500	20,577
			383,068					676,378
								383,068
	<u>124,459</u>	<u>38,430</u>	<u>383,068</u>			<u>46,060</u>	<u>350,000</u>	<u>1,428,157</u>
<u>441,752</u>			<u>141,772</u>					<u>1,498,822</u>
								12,540
								62,370
								579,164
								1,944,498
								163,415
								343,870
1,274,729					228,145			3,597,524
		(38,430)	(383,068)			(46,060)	(350,000)	(1,063,597)
<u>1,274,729</u>		<u>(38,430)</u>	<u>(383,068)</u>		<u>228,145</u>	<u>(46,060)</u>	<u>(350,000)</u>	<u>5,639,784</u>
<u>\$ 1,716,481</u>	<u>\$ 124,459</u>	<u>\$</u>	<u>\$ 141,772</u>	<u>\$</u>	<u>\$ 228,145</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,566,763</u>

CITY OF KASSON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

	Capital Projects							
	Total Special Revenue Funds	Total Debt Service Funds	210 Stabilization/ Cap Projects Reserve	223 Sand Company TIF	247 2004 Assisted Living TIF	248 Downtown TIF	249 Oppidan Folkestad TIF	251 Raegan Addition TIF
REVENUES								
Property taxes	\$ 579,573	\$ 1,180,872	\$	\$	\$	\$	\$	\$
Tax increments					93,062		65,916	
Special assessments		174,880						
Intergovernmental	198,926							
Charges for services	285,491							
Fines and forfeits	2,203							
Investment income	20,616	54,870	52,898				7,328	
Miscellaneous	31,701				6,039			
TOTAL REVENUES	1,118,510	1,410,622	52,898		99,101		73,244	
EXPENDITURES								
Current:								
Culture and recreation	771,145							
TIF/economic development	284,168			7,454	99,101	899	1,666	5,754
Capital outlay:								
Culture and recreation	5,814							
Economic development	40,555							
Public works								
Debt service		1,092,600						
TOTAL EXPENDITURES	1,101,682	1,092,600		7,454	99,101	899	1,666	5,754
Excess (deficiency) of revenues over (under) expenditures	16,828	318,022	52,898	(7,454)		(899)	71,578	(5,754)
OTHER FINANCING SOURCES (USES)								
Sale of assets	50,000							
Transfers out		(126,861)					(35,848)	
Transfers in	300,000	152,864	300,000					
TOTAL OTHER FINANCING SOURCES (USES)	350,000	26,003	300,000				(35,848)	
Net change in fund balances	366,828	344,025	352,898	(7,454)		(899)	35,730	(5,754)
FUND BALANCE - BEGINNING	391,034	1,600,473	1,741,752			(81,678)	217,513	
FUND BALANCE - ENDING	\$ 757,862	\$ 1,944,498	\$ 2,094,650	\$ (7,454)	\$	\$ (82,577)	\$ 253,243	\$ (5,754)

Capital Projects								Total Nonmajor Governmental Funds
401 Permanent Improvement Revolving	424 Highway 57	426 16th Street NW	427 2023 Street Repair Project	428 Gas ROW Fees	429 Parks Project	431 2025 Street Project	432 2025 SW Reconstruction Project	
\$	\$	\$	\$ 40,950	\$	\$	\$	\$	\$ 1,801,395
84,416			30,769					158,978
								290,065
								198,926
								285,491
57,579					6,602			2,203
								199,893
								37,740
141,995			71,719		6,602			2,974,691
								771,145
								399,042
								5,814
	124,489	40,029	3,043			46,060	350,000	40,555
								563,621
	124,489	40,029	3,043			46,060	350,000	1,092,600
								2,872,777
141,995	(124,489)	(40,029)	68,676		6,602	(46,060)	(350,000)	101,914
	(117,016)			(196,580)				50,000
		384,065						(476,305)
								1,136,929
	(117,016)	384,065		(196,580)				710,624
141,995	(241,505)	344,036	68,676	(196,580)	6,602	(46,060)	(350,000)	812,538
1,132,734	241,505	(382,466)	(451,744)	196,580	221,543			4,827,246
\$ 1,274,729	\$	\$ (38,430)	\$ (383,068)	\$	\$ 228,145	\$ (46,060)	\$ (350,000)	\$ 5,639,784

CITY OF KASSON, MINNESOTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
December 31, 2024

	Special Revenue			
	211	219	220	225
	Library	Bigelow Voigt Abatement	Hamilton Abatement	EDA FED MIF
ASSETS				
Cash and investments	\$ 359,476	\$	\$ 55,000	\$ 172,032
Accounts receivable	97			
Notes receivable				62,370
Due from other governmental units	1,371	255		
Special assessments receivable				
Inventories				
Prepaid items	7,911			
Due from other funds				
TOTAL ASSETS	<u>\$ 368,855</u>	<u>\$ 255</u>	<u>\$ 55,000</u>	<u>\$ 234,402</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 4,967	\$	\$	\$
Due to other governments	12			
Accrued salaries payable	12,095			
Due to other funds		120,086		
Total Liabilities	<u>17,074</u>	<u>120,086</u>		
Deferred Inflows of Resources				
Unavailable revenue:				
Special assessments				
Fund Balance				
Nonspendable:				
Prepaid items and inventories	7,911			
Loans				62,370
Restricted:				
Regulations			55,000	172,032
Committed:				
Economic development				
Library operations	343,870			
Unassigned		(119,831)		
Total Fund Balance	<u>351,781</u>	<u>(119,831)</u>	<u>55,000</u>	<u>234,402</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 368,855</u>	<u>\$ 255</u>	<u>\$ 55,000</u>	<u>\$ 234,402</u>

Special Revenue					
226 EDA RLF	246 & 250 Vail Property	260 Small Cities Grant Program	290 Economic Development	606 Dodge County Ice Arena	Total Special Revenue Funds
\$ 98,889	\$	\$	\$ 85,545 36	\$ 30,305	\$ 770,942 30,438 62,370 51,932 71,617 343 12,197 82,577
21,617	50,000 50,000		306	343 3,754	
			532 82,577		
<u>\$ 120,506</u>	<u>\$ 100,000</u>	<u>\$</u>	<u>\$ 168,996</u>	<u>\$ 34,402</u>	<u>\$ 1,082,416</u>
\$	\$ 66	\$	\$ 3,230	\$ 7,518 319	\$ 15,781 331
	77,591		1,819	6,663 18,571	20,577 216,248
	77,657		5,049	33,071	252,937
21,617	50,000				71,617
			532	4,097	12,540 62,370
98,889					325,921
			163,415		163,415 343,870 (150,254)
98,889	(27,657) (27,657)		163,947	(2,766) 1,331	757,862
<u>\$ 120,506</u>	<u>\$ 100,000</u>	<u>\$</u>	<u>\$ 168,996</u>	<u>\$ 34,402</u>	<u>\$ 1,082,416</u>

CITY OF KASSON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2024

	Special Revenue			
	211	219	220	225
	Library	Bigelow Voigt Abatement	Hamilton Abatement	EDA FED MIF
REVENUES				
Property taxes	\$ 412,504	\$ 20,076	\$ 55,000	\$
Intergovernmental	65,851			
Charges for services	1,562			
Fines and forfeits	2,203			
Investment income	10,110			5,138
Miscellaneous	8,794			
TOTAL REVENUES	501,024	20,076	55,000	5,138
EXPENDITURES				
Current:				
Culture and recreation	446,000			
Economic development				10,000
Capital outlay:				
Culture and recreation	5,814			
Economic development				
TOTAL EXPENDITURES	451,814			10,000
Excess (deficiency) of revenues over (under) expenditures	49,210	20,076	55,000	(4,862)
OTHER FINANCING SOURCES				
Sale of assets				
Transfers in				
TOTAL OTHER FINANCING SOURCES				
Net change in fund balances	49,210	20,076	55,000	(4,862)
FUND BALANCE - BEGINNING	302,571	(139,907)		239,264
FUND BALANCE - ENDING	\$ 351,781	\$ (119,831)	\$ 55,000	\$ 234,402

Special Revenue					
226 EDA RLF	246 & 250 Vail Property	260 Small Cities Grant Program	290 Economic Development	606 Dodge County Ice Arena	Total Special Revenue Funds
\$	\$	\$	\$ 91,993	\$	\$ 579,573
		131,116		1,959	198,926
				283,929	285,491
					2,203
2,866			2,502		20,616
			22,533	374	31,701
2,866		131,116	117,028	286,262	1,118,510
				325,145	771,145
60,977	2,468	131,116	79,607		284,168
					5,814
	27,462		13,093		40,555
60,977	29,930	131,116	92,700	325,145	1,101,682
(58,111)	(29,930)		24,328	(38,883)	16,828
	50,000				50,000
	300,000				300,000
	350,000				350,000
(58,111)	320,070		24,328	(38,883)	366,828
157,000	(347,727)		139,619	40,214	391,034
\$ 98,889	\$ (27,657)	\$	\$ 163,947	\$ 1,331	\$ 757,862

CITY OF KASSON, MINNESOTA
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
December 31, 2024

	Debt Service			
	385	386	389	391
	G.O.	Fire	Oppidan	G.O. Tax
	Refunding	Truck and	Assessment	Increment
	Note of	Equipment		Refunding
	2020B			Bonds of 2020A
ASSETS				
Cash and investments	\$ 461,306	\$	\$ 59,022	\$
Interest receivable	6			
Due from other governmental units	832			
Special assessments receivable			172,965	
TOTAL ASSETS	<u>\$ 462,144</u>	<u>\$</u>	<u>\$ 231,987</u>	<u>\$</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Deferred Inflows of Resources				
Unavailable revenue:				
Special assessments	\$	\$	\$ 172,965	\$
Fund Balance				
Restricted:				
Debt service	462,144		59,022	
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 462,144</u>	<u>\$</u>	<u>\$ 231,987</u>	<u>\$</u>

Debt Service			
393	394	395	
2017 Street Assessment Project	2022A Hwy 57	2023A Fire Hall	Total Debt Service Funds
\$ 625,776	\$ 572,578	\$ 207,479	\$ 1,926,161
3,227			3,233
11,930	647	1,695	15,104
263,972	406,744		843,681
<u>\$ 904,905</u>	<u>\$ 979,969</u>	<u>\$ 209,174</u>	<u>\$ 2,788,179</u>

<u>\$ 263,972</u>	<u>\$ 406,744</u>	<u>\$</u>	<u>\$ 843,681</u>
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<u>640,933</u>	<u>573,225</u>	<u>209,174</u>	<u>1,944,498</u>
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<u>\$ 904,905</u>	<u>\$ 979,969</u>	<u>\$ 209,174</u>	<u>\$ 2,788,179</u>
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CITY OF KASSON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS

For the Year Ended December 31, 2024

	Debt Service			
	385	386	389	391
	G.O. Refunding Note of 2020B	Fire Truck and Equipment	Oppidan Assessment	G.O. Tax Increment Refunding Bonds of 2020A
REVENUES				
Property taxes	\$ 229,545	\$ 127,256	\$	\$
Special assessments			38,973	
Investment income	14,890		1,708	
TOTAL REVENUES	244,435	127,256	40,681	
EXPENDITURES				
Current:				
Debt service:				
Principal	194,000	114,000	30,000	15,000
Interest and fiscal charges	15,890	1,339	7,146	20,848
TOTAL EXPENDITURES	209,890	115,339	37,146	35,848
Excess (deficiency) of revenues over (under) expenditures	34,545	11,917	3,535	(35,848)
OTHER FINANCING SOURCES (USES)				
Transfers out		(126,861)		
Transfers in				35,848
TOTAL OTHER FINANCING SOURCES (USES)		(126,861)		35,848
Net change in fund balances	34,545	(114,944)	3,535	
FUND BALANCES, beginning	427,599	114,944	55,487	
FUND BALANCES, ending	\$ 462,144	\$	\$ 59,022	\$

Debt Service			
393	394	395	
2017 Street Assessment Project	2022A Hwy 57	2023A Fire Hall	Total Debt Service Funds
\$ 201,893	\$ 173,173	\$ 449,005	\$ 1,180,872
62,293	73,614		174,880
15,699	16,569	6,004	54,870
<u>279,885</u>	<u>263,356</u>	<u>455,009</u>	<u>1,410,622</u>
238,650	77,309		668,959
61,614	43,026	273,778	423,641
<u>300,264</u>	<u>120,335</u>	<u>273,778</u>	<u>1,092,600</u>
(20,379)	143,021	181,231	318,022
	117,016		(126,861)
			152,864
	117,016		26,003
(20,379)	260,037	181,231	344,025
661,312	313,188	27,943	1,600,473
<u>\$ 640,933</u>	<u>\$ 573,225</u>	<u>\$ 209,174</u>	<u>\$ 1,944,498</u>

CITY OF KASSON, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
REVENUES					
Property taxes	\$ 410,491	\$ 410,491	\$ 412,504	\$ 2,013	\$ 410,704
Intergovernmental	60,079	60,079	65,851	5,772	58,882
Charges for services	800	800	1,562	762	1,796
Library fines	4,000	4,000	2,203	(1,797)	2,199
Investment income	150	150	10,110	9,960	6,990
Miscellaneous	1,450	1,450	8,794	7,344	204,779
TOTAL REVENUES	476,970	476,970	501,024	24,054	685,350
EXPENDITURES					
Library:					
Salaries	280,000	280,000	238,974	41,026	251,904
Employee benefits and retirement	42,420	42,420	51,007	(8,587)	36,672
Workers compensation	2,950	2,950	1,494	1,456	2,269
Health insurance	85,000	85,000	74,627	10,373	75,259
Operating supplies/small tools	21,400	21,400	22,390	(990)	32,392
Insurance	4,550	4,550	5,060	(510)	4,907
Telephone	3,000	3,000	2,276	724	2,264
Professional fees	10,800	10,800	12,547	(1,747)	17,441
Capital outlay	5,000	5,000	5,814	(814)	10,133
Other	30,750	30,750	37,625	(6,875)	27,102
TOTAL EXPENDITURES	485,870	485,870	451,814	34,056	460,343
Net change in fund balances	(8,900)	(8,900)	49,210	58,110	225,007
FUND BALANCES, beginning	302,571	302,571	302,571		77,564
FUND BALANCES, ending	\$ 293,671	\$ 293,671	\$ 351,781	\$ 58,110	\$ 302,571

**CITY OF KASSON, MINNESOTA
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
REVENUES					
Property taxes	\$ 91,511	\$ 91,511	\$ 91,993	\$ 482	\$ 89,884
Investment income	500	500	2,502	2,002	1,192
Miscellaneous			22,533	22,533	
TOTAL REVENUES	<u>92,011</u>	<u>92,011</u>	<u>117,028</u>	<u>25,017</u>	<u>91,076</u>
EXPENDITURES					
Economic development:					
Personnel services	64,311	64,311	48,773	15,538	42,542
Supplies	500	500	397	103	375
Other services and charges	25,700	25,700	30,437	(4,737)	17,537
Capital outlay	1,500	1,500	13,093	(11,593)	11,895
TOTAL EXPENDITURES	<u>92,011</u>	<u>92,011</u>	<u>92,700</u>	<u>(689)</u>	<u>72,349</u>
Net change in fund balances			24,328	24,328	18,727
FUND BALANCES, beginning	<u>139,619</u>	<u>139,619</u>	<u>139,619</u>		<u>120,892</u>
FUND BALANCES, ending	<u>\$ 139,619</u>	<u>\$ 139,619</u>	<u>\$ 163,947</u>	<u>\$ 24,328</u>	<u>\$ 139,619</u>

CITY OF KASSON, MINNESOTA
DODGE COUNTY ICE ARENA
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
REVENUES					
Intergovernmental	\$	\$	\$ 1,959	\$ 1,959	\$
Charges for services	288,000	288,000	283,929	(4,071)	285,416
Miscellaneous	4,800	4,800	374	(4,426)	3,676
TOTAL REVENUES	<u>292,800</u>	<u>292,800</u>	<u>286,262</u>	<u>(6,538)</u>	<u>289,092</u>
EXPENDITURES					
Culture and recreation:					
Personnel services	223,874	223,874	176,337	47,537	169,778
Supplies	9,600	9,600	7,828	1,772	6,638
Other services and charges	105,900	105,900	140,980	(35,080)	101,767
TOTAL EXPENDITURES	<u>339,374</u>	<u>339,374</u>	<u>325,145</u>	<u>14,229</u>	<u>278,183</u>
Net change in fund balances	(46,574)	(46,574)	(38,883)	7,691	10,909
FUND BALANCES, beginning	<u>40,214</u>	<u>40,214</u>	<u>40,214</u>		<u>29,305</u>
FUND BALANCES, ending	<u>\$ (6,360)</u>	<u>\$ (6,360)</u>	<u>\$ 1,331</u>	<u>\$ 7,691</u>	<u>\$ 40,214</u>

CITY OF KASSON, MINNESOTA
GENERAL FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
REVENUES					
Property Taxes	\$ 2,472,149	\$ 2,472,149	\$ 2,419,019	\$ (53,130)	\$ 2,601,727
Franchise Fees	190,002	190,002	158,145	(31,857)	169,241
Special Assessments			33,469	33,469	
Licenses and Permits					
Business	13,500	13,500	22,864	9,364	18,173
Nonbusiness	71,000	71,000	74,081	3,081	99,642
Total Licenses and Permits	84,500	84,500	96,945	12,445	117,815
Intergovernmental					
Local government aid	1,259,567	1,259,567	1,369,567	110,000	1,252,644
Fire relief aid	43,000	43,000	69,439	26,439	71,838
Police aid	70,000	70,000	110,818	40,818	95,282
Highway aid	75,800	75,800	95,234	19,434	84,804
ARPA funds					33,333
Other aid	16,000	16,000	20,345	4,345	316,187
Other school aid	79,600	79,600	130,237	50,637	83,238
Total Intergovernmental	1,543,967	1,543,967	1,795,640	251,673	1,937,326
Charges for Services					
General government	58,100	58,100	129,351	71,251	93,197
Public safety	57,775	57,775	47,262	(10,513)	84,028
Culture and recreation	261,100	261,100	246,386	(14,714)	275,680
Total Charges for Service	376,975	376,975	422,999	46,024	452,905
Fines and Forfeits	18,000	18,000	15,039	(2,961)	13,845
Investment Income	24,100	24,100	136,512	112,412	44,218
Miscellaneous					
Rents and leases	11,000	11,000	14,101	3,101	15,581
Contributions and donations			29,650	29,650	17,503
Other	16,300	16,300	96,027	79,727	39,494
Total Miscellaneous	27,300	27,300	139,778	112,478	72,578
TOTAL REVENUES	\$ 4,736,993	\$ 4,736,993	\$ 5,217,546	\$ 480,553	\$ 5,409,655

CITY OF KASSON, MINNESOTA
GENERAL FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES			Amounts		Amounts
General Government					
Mayor and Council					
Personnel services	\$ 54,514	\$ 54,514	\$ 46,416	\$ 8,098	\$ 51,271
Legal fees	10,000	10,000	12,883	(2,883)	8,744
Other services and charges	31,000	31,000	37,682	(6,682)	19,872
Total Mayor and Council	95,514	95,514	96,981	(1,467)	79,887
Ordinances and Proceedings					
Other services and charges	3,000	3,000	1,232	1,768	1,850
City Administration					
Personnel services	210,887	210,887	181,956	28,931	184,671
Supplies	8,650	8,650	3,696	4,954	4,350
Other services and charges	33,400	33,400	44,948	(11,548)	39,087
Total City Administration	252,937	252,937	230,600	22,337	228,108
Elections and Voter Registration					
Personnel services	19,972	19,972	20,476	(504)	5,501
Other services and charges	700	700	2,475	(1,775)	
Total Elections and Voter Registration	20,672	20,672	22,951	(2,279)	5,501
Assessor					
Other services and charges	35,250	35,250	34,968	282	34,397
Accounting					
Other services and charges	8,500	8,500	10,287	(1,787)	11,244
Legal					
Other services and charges	25,000	25,000	35,585	(10,585)	31,414
Planning and Zoning					
Personnel services	55,499	55,499	32,045	23,454	34,894
Supplies	500	500	302	198	466
Other services and charges	36,050	36,050	33,273	2,777	36,469
Total Planning and Zoning	\$ 92,049	\$ 92,049	\$ 65,620	\$ 26,429	\$ 71,829

CITY OF KASSON, MINNESOTA
GENERAL FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
			Amounts		Amounts
EXPENDITURES - CONTINUED					
Data Processing					
Other services and charges	\$ 20,000	\$ 20,000	\$ 27,922	\$ (7,922)	\$ 25,780
General Government Buildings					
Personnel services	4,281	4,281	4,048	233	3,600
Supplies	800	800	618	182	111
Other services and charges	12,250	12,250	11,867	383	9,438
Total General Governmental Buildings	17,331	17,331	16,533	798	13,149
Total General Government	570,253	570,253	542,679	27,574	503,159
Public Safety					
Police					
Personnel services	1,379,148	1,379,148	1,129,586	249,562	1,179,519
Supplies	62,500	62,500	42,441	20,059	53,360
Other services and charges	138,470	138,470	108,866	29,604	118,715
Total Police	1,580,118	1,580,118	1,280,893	299,225	1,351,594
Fire					
Personnel services	96,800	96,800	82,068	14,732	85,704
Supplies	20,000	20,000	21,432	(1,432)	18,861
Other services and charges	130,721	130,721	202,471	(71,750)	178,116
Total Fire	247,521	247,521	305,971	(58,450)	282,681
Building inspection					
Other services and charges	53,500	53,500	32,716	20,784	46,212
Animal Control					
Other services and charges	175	175		175	
Total Public Safety	\$ 1,881,314	\$ 1,881,314	\$ 1,619,580	\$ 261,734	\$ 1,680,487

CITY OF KASSON, MINNESOTA
GENERAL FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES - CONTINUED			Amounts		Amounts
Public Works					
Street and Alleys					
Personnel services	\$ 232,637	\$ 232,637	\$ 228,777	\$ 3,860	\$ 235,450
Supplies	49,000	49,000	11,239	37,761	13,984
Other services and charges	<u>222,725</u>	<u>222,725</u>	<u>110,233</u>	<u>112,492</u>	<u>125,568</u>
Total Streets and Alleys	<u>504,362</u>	<u>504,362</u>	<u>350,249</u>	<u>154,113</u>	<u>375,002</u>
Engineer					
Other services and charges	<u>23,000</u>	<u>23,000</u>	<u>31,205</u>	<u>(8,205)</u>	<u>23,559</u>
Snow and Ice Removal					
Personnel services	20,545	20,545	1,926	18,619	6,779
Supplies	32,550	32,550	17,360	15,190	26,614
Other services and charges	<u>11,910</u>	<u>11,910</u>	<u>790</u>	<u>11,120</u>	<u>7,248</u>
Total Snow and Ice Removal	<u>65,005</u>	<u>65,005</u>	<u>20,076</u>	<u>44,929</u>	<u>40,641</u>
Street Lighting					
Other services and charges	<u>60,000</u>	<u>60,000</u>	<u>52,996</u>	<u>7,004</u>	<u>56,132</u>
Sidewalks					
Other services and charges	<u>50,000</u>	<u>50,000</u>	<u>15,940</u>	<u>34,060</u>	<u>16,219</u>
Sanitation					
Other services and charges	<u>12,000</u>	<u>12,000</u>	<u>15,926</u>	<u>(3,926)</u>	<u>14,105</u>
Total Public Works	<u>\$ 714,367</u>	<u>\$ 714,367</u>	<u>\$ 486,392</u>	<u>\$ 227,975</u>	<u>\$ 525,658</u>

CITY OF KASSON, MINNESOTA
GENERAL FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
EXPENDITURES - CONTINUED					
Emergency Services/Health					
Supplies	\$ 1,500	\$ 1,500	\$	\$ 1,500	\$
Other services and charges	12,750	12,750	4,091	8,659	8,066
Total Emergency Services/Health	14,250	14,250	4,091	10,159	8,066
Culture and Recreation					
Parks and Recreation					
Supplies	500	500	314	186	314
Other services and charges	8,680	8,680	2,376	6,304	4,466
Total Parks and Recreation	9,180	9,180	2,690	6,490	4,780
Playgrounds					
Supplies	6,000	6,000	5,289	711	4,284
Swimming Pool					
Personnel services	199,898	199,898	175,813	24,085	185,426
Supplies	39,450	39,450	26,670	12,780	33,895
Other services and charges	115,150	115,150	81,355	33,795	100,701
Total Swimming Pool	354,498	354,498	283,838	70,660	320,022
Municipal Parks					
Personnel services	293,930	293,930	317,051	(23,121)	268,702
Supplies	14,000	14,000	7,258	6,742	13,706
Other services and charges	62,250	62,250	65,179	(2,929)	46,688
Total Municipal Parks	370,180	370,180	389,488	(19,308)	329,096
Historic Water Tower					
Other services and charges	2,000	2,000	3,044	(1,044)	1,407
Dodge County Arena					
Other services and charges	23,580	23,580	1,055	22,525	805
Other Recreational Facilities					
Personnel services	3,232	3,232		3,232	
Supplies	8,000	8,000	3,600	4,400	2,245
Other services and charges	54,150	54,150	38,118	16,032	37,886
Total Recreational Facilities	65,382	65,382	41,718	23,664	40,131
Forestry and Nursery					
Supplies	2,000	2,000	46	1,954	1,425
Other services and charges	12,975	12,975	7,745	5,230	14,505
Total Forestry and Nursery	14,975	14,975	7,791	7,184	15,930
Total Culture and Recreation	\$ 845,795	\$ 845,795	\$ 734,913	\$ 110,882	\$ 716,455

CITY OF KASSON, MINNESOTA
GENERAL FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Cemetery					
Personnel services	\$ 13,617	\$ 13,617	\$ 13,868	\$ (251)	\$ 12,922
Supplies	1,100	1,100	132	968	174
Other services and charges	29,100	29,100	20,752	8,348	14,506
Total Cemetery	43,817	43,817	34,752	9,065	27,602
Unallocated					
Other services and charges	209,140	209,140	41,341	167,799	40,288
Total Current Expenditures	4,278,936	4,278,936	3,463,748	815,188	3,501,715
Capital Outlay					
General government	82,617	82,617	1,824	80,793	
Public safety	48,533	48,533	196,288	(147,755)	481,684
Public works	100,000	100,000	373,977	(273,977)	232,533
Culture and recreation	18,500	18,500	163,910	(145,410)	125,942
Total Capital Outlay	249,650	249,650	735,999	(486,349)	840,159
Debt Service/Capital Leases					
Principal	82,192	82,192	99,757	(17,565)	69,198
Interest and fiscal charges	17,554	17,554	16,519	1,035	17,200
Total Debt Service/Capital Leases	99,746	99,746	116,276	(16,530)	86,398
TOTAL EXPENDITURES	4,628,332	4,628,332	4,316,023	312,309	4,428,272
Excess of revenues over expenditures	108,661	108,661	901,523	792,862	981,383
OTHER FINANCING SOURCES (USES)					
Sale of assets	10,000	10,000	42,667	32,667	89,000
Issuance of lease payable			169,053	169,053	33,599
Transfers in	92,000	92,000	202,861	110,861	76,000
Transfers out			(1,016,296)	(1,016,296)	(765,093)
TOTAL OTHER FINANCING SOURCES (USES)	102,000	102,000	(601,715)	(703,715)	(566,494)
NET CHANGE IN FUND BALANCES	210,661	210,661	299,808	89,147	414,889
FUND BALANCES, beginning	3,598,321	3,598,321	3,598,321		3,183,432
FUND BALANCES, ending	\$ 3,808,982	\$ 3,808,982	\$ 3,898,129	\$ 89,147	\$ 3,598,321

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kasson, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Kasson, Minnesota's basic financial statements, and have issued our report thereon dated May 20, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of prior year findings and responses as item 2014-001, that we consider to be a significant deficiency.

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

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Kasson, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public 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.

City of Kasson, Minnesota's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Kasson, Minnesota's response to the finding identified in our audit and described in the accompanying schedule of prior year findings and responses. The City of Kasson, Minnesota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Smith, Schafu and Associates, Ltd.

Rochester, Minnesota
May 20, 2025

**CITY OF KASSON, MINNESOTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024**

FINDING – 2014-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPALS (GAAP) AND SEGREGATION OF DUTIES

Condition: A City of this size has an inherent limitation in its ability to effectively segregate its accounting duties and to prepare annual full disclosure financial statements in accordance with generally accepted accounting principles. It would not be practical for the City to devote the resources required to overcome this limitation. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the City's internal controls.

Criteria: The City should have controls in place to prevent or detect the omission of a material disclosure in the annual financial statements. An important element of internal controls is an adequate segregation of duties that minimizes the opportunities for any one individual to be in a position to both perpetuate and conceal errors or irregularities in the normal course of business.

Context: Because of the limited size of the City's administrative staff, there is not an adequate segregation of duties. The City has informed us they will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the financial statements.

Effect: No effect on the financial statements.

Cause: There is a limited number of administrative staff. The City does not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

Recommendation: We recommend the City continue to segregate duties as best it can within the limits of what the City considers to be cost beneficial and to evaluate their internal staff and expertise to determine if further controls over the annual financial reporting are beneficial.

**Views of Responsible
Officials and Planned**

Corrective Action: Management agrees with the recommendation. See corresponding Corrective Action Plan.

CURRENT STATUS:

The finding recurred in 2024.

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TREE
CITY
USA

CITY OF
KASSON

401 FIFTH STREET SE
KASSON, MINNESOTA 55944-2204
PHONE: (507) 634-7071
FAX: (507) 634-4737

CORRECTIVE ACTION PLAN (CAP):

The City respectfully submits the following corrective action plan for the year ended December 31, 2024.

The finding from the schedule of prior year findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2014-001

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The management and accounting personnel review the drafted financial statements and notes. The City does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the City will rely upon the auditors for completeness of the disclosures. However, the management and accounting personnel will review the notes for accuracy prior to issuance of the statements. The City will continue to evaluate assignment of duties and implement segregation whenever it is practical.

Official Responsible for Ensuring CAP:

Sarah Schmidt, City Accountant, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:

Not applicable as the City is willing to accept this risk at this time and will continue to evaluate the recommendation.

Plan to Monitor Completion of CAP:

Tim Ibisch, City Administrator, will ensure the review by the City Accountant has been completed. He will do this through discussion with the City Accountant and reviewing the draft of the financial statements.



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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



CITY OF KASSON, MINNESOTA GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS, SERIES 2017A (MN)
KASSON MINN GO IMPT AND UTIL REV BDS 2017 A (MN)*

Dated Date: 07/05/2017
Underwriting Spread Amount: Not Disclosed - Competitive Sale
Closing Date: 07/05/2017
Time of Formal Award: 06/14/2017 07:00 PM
Time of First Execution: 06/15/2017 09:00 AM

[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.

FINANCIAL INFORMATION & DOCUMENTS

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Most Recent [2023 Audit - Kasson MN for the year ended 12/31/2023 posted 12/09/2024 \(1.4 MB\)](#) [details](#)
[CD Report - Year end 2023 - Kasson MN for the year ended 12/31/2023 posted 12/09/2024 \(425 KB\)](#) [details](#)
(Modified 12/09/2024)

Annual Financial Information and Operating Data

[CD Report - Year end 2023 - Kasson MN for the year ended 12/31/2023 posted 12/09/2024 \(425 KB\)](#) (Modified 12/09/2024) [details](#)
[CD Report - Year end 2022 - Kasson MN for the year ended 12/31/2022 posted 11/04/2024 \(3 MB\)](#) [details](#)
[2021 Continuing Disclosure Report for the year ended 12/31/2021 posted 04/21/2022 \(208 KB\)](#) [details](#)
[2020 Continuing Disclosure Report for the year ended 12/31/2020 posted 12/22/2021 \(209 KB\)](#) [details](#)
[2019 Continuing Disclosure Report for the year ended 12/31/2019 posted 11/25/2020 \(217 KB\)](#) [details](#)
[Kasson Continuing Disclosure Report for the year ended 12/31/2018 posted 12/26/2019 \(216 KB\)](#) [details](#)
[2017 Disclosure Report for the year ended 12/31/2017 posted 12/28/2018 \(216 KB\)](#) [details](#)
[Annual Disclosure Statement for the year ended 12/31/2016 posted 07/03/2017 \(1.8 MB\)](#) [details](#)

Audited Financial Statements or ACFR

[2023 Audit - Kasson MN for the year ended 12/31/2023 posted 12/09/2024 \(1.4 MB\)](#) [details](#)
[2022 Audit - Kasson MN for the year ended 12/31/2023 posted 11/04/2024 \(1.2 MB\)](#) [details](#)
[2021 Kasson Audited Financial Statements for the year ended 12/31/2021 posted 04/21/2022 \(778 KB\)](#) [details](#)
[Kasson Audited Financial Statements for the year ended 12/31/2020 posted 12/22/2021 \(752 KB\)](#) [details](#)
[2019 Audited Financial Statement for the year ended 12/31/2019 Document1 posted 06/10/2020 \(721 KB\)](#) [details](#)
[2019 Audited Financial Statement for the year ended 12/31/2019 Document2 posted 06/10/2020 \(157 KB\)](#) [details](#)
[2018 Kasson Audit for the year ended 12/31/2018 posted 12/26/2019 \(824 KB\)](#) [details](#)
[2017 Audit Statement for the year ended 12/31/2017 posted 12/28/2018 \(627 KB\)](#) [details](#)
[2016 Annual Audit for the year ended 12/31/2016 posted 07/03/2017 \(467 KB\)](#) [details](#)

EVENT NOTICES

[Collapse](#)

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

Failure to Provide Event Filing Information

[Failure to File Notice - 2022 Audit - Kasson MN dated 11/04/2024 posted 11/04/2024 \(83 KB\)](#) [details](#)
[Failure to File Notice - CD Report for Year end 2022 - Kasson MN dated 11/04/2024 posted 11/04/2024 \(85 KB\)](#) [details](#)

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](#)
[ICF Data Services](#) (formerly Interactive Data Pricing and Reference Data)
[Standard & Poor's](#)

Other Event-based Disclosures

Upgrade to Credit Analysis following upgrade to Aa3 (Moody's) dated 09/14/2022 posted 09/14/2022 (1.2 MB)	details
Direct Placement Debt- KASSON-2022A dated 09/01/2022 posted 09/01/2022 (3.1 MB)	details
Notice of Call for Redemption 2012A dated 06/08/2022 posted 06/30/2022 (13 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

 [View Document Archive](#)

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