

PRELIMINARY OFFICIAL STATEMENT October 27, 2023

New Issue

S & P Global Ratings Rating: Requested

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

\$2,485,000

City of Jackson, Minnesota
General Obligation Bonds, Series 2023A

PURPOSE/AUTHORITY: The \$2,485,000 General Obligation Bonds, Series 2023A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 444, 469, and 475 to provide financing for the Belmont Heights Phase 1 infrastructure project including but not limited to improvements to its water and sanitary sewer systems and construction of public roads (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. In addition to tax levies, the City pledges tax abatements and revenues from its water and sanitary sewer utilities.

BID OPEN & AWARD: Tuesday, November 28, 2023; Open 11:00 A.M. CST; Award 6:30 P.M. CST.

DATED DATE: December 12, 2023

MATURITY: The Bonds will mature February 1 as follows:

Table with 6 columns: Year, Amount, Year, Amount, Year, Amount. Rows show maturity schedule from 2025 to 2046.

INTEREST: February 1, 2024 and each August 1 and February 1 thereafter.

CALL DATE: February 1, 2031 and on any date thereafter

MINIMUM BID: \$2,447,725.00 (98.5%)

MATURITY ADJUSTMENT: The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, by increments of \$5,000 each. Increases or decreases may be made in any maturity.

TAX STATUS: Tax-exempt; bank-qualified

GOOD FAITH DEPOSIT: \$49,700 payable to the City prior to 3:00 p.m. on day of sale

CLOSING/ DELIVERY DATE: On or about December 12, 2023

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

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



DDA
David Drown Associates, Inc.
Public Finance Advisors

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

COMPLIANCE WITH S.E.C. RULE 15C2-12

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

PRELIMINARY OFFICIAL STATEMENT

This Preliminary Official Statement was prepared for the Issuer for dissemination to potential customers. The primary purpose of the Preliminary Official Statement is to disclose information regarding the Bonds 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 Bonds, the legislative body will authorize the preparation of an addendum to the Preliminary Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Preliminary Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

REPRESENTATIONS

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

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

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

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

Table of Contents

INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT	5
TERMS OF OFFERING	6
OFFICIAL STATEMENT	11
Full Continuing Disclosure	11
Authority and Purpose	11
Sources and Uses	11
Payment and Security	12
Optional Redemption	12
Rating	12
Taxability of Interest	12
Other Federal Tax Considerations	13
Risk Factors	13
COVID 19	14
Details of Certain Terms	15
Original Issue Discount	15
Original Issue Premium	15
Term Bond Option	16
Maturity Adjustments	16
Bank-qualified Tax-Exempt Bonds	16
Book Entry System	16
Litigation	17
Future Financing	18
Legality	18
Municipal Advisor	18
Certification	18
VALUATIONS – COUNTY AUDITOR	19
TRENDS IN VALUATIONS	19
Trends in Valuations	19
CASH AND INVESTMENTS	19
CITY INDEBTEDNESS	20
Legal Debt Limit and Margin	20
General Obligation Debt Supported by Tax Levies	20
General Obligation Debt Supported by Special Assessments	20
General Obligation Debt Supported by Tax Increment	20
General Obligation Debt Supported by Revenues	21
Revenue Debt	21
Joint Powers Agreement Debt	21
Summary of Direct Debt Including This Issue	22
Overlapping Debt	22
Debt Ratios	22
Annual Debt Service Payments	23
GENERAL INFORMATION	25
Organization	25
City Services	25
Employee Pensions	25
Census Data	26
Employment Data	26
Major Employers	26
Commercial/Industrial Development	27
Building Permits	28
Financial Services	28
Healthcare	28
Transportation	28
Education	28
Utilities	28
Communications	29
Appendix A: Jackson County Auditor's Certificate	
Appendix B: Proposed Form of Legal Opinion	
Appendix C: Proposed Form of (Full) Continuing Disclosure	
Appendix D: Summary of Tax Levies, Payment Provisions & Valuations	
Appendix E: 2022 Financial Statement	
Appendix F: Continuing Disclosure Filings via EMMA	

CITY OF JACKSON, MINNESOTA

City of Jackson City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Marcus Polz	Mayor	2026
Brandon Finck	Council Member	2024
Mark Titus	Council Member	2026
Chris Naumann	Council Member	2024
Nathan Peterson	Council Member	2026
Sara Mix	Council Member	2024
Joe Pell	Council Member	2026

Administration

Matthew Skaret	City Administrator	Appointed
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Bond Counsel

Kennedy & Graven, Chartered
Minneapolis, MN

Municipal Advisor

David Drown Associates, Inc.
Minneapolis, MN

INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the \$2,485,000 General Obligation Bonds, Series 2023A, of the City of Jackson, 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 Jackson, Minnesota				
Sale Date & Time:	Tuesday, November 28, 2023, 11:00 A.M. Central				
Award Date & Time:	Tuesday, November 28, 2023; 6:30 P.M. Central				
Dated Date:	December 12, 2023				
Interest Payments:	February 1, 2024, and each August 1 and February 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the "Record Date").				
Principal Payments:	February 1 in the years and amounts as follows:				
	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u> <u>Amount</u>
	2025	\$ 35,000	2033	\$ 105,000	2041 \$ 140,000
	2026	35,000	2034	105,000	2042 145,000
	2027	80,000	2035	110,000	2043 150,000
	2028	85,000	2036	115,000	2044 160,000
	2029	90,000	2037	120,000	2045 170,000
	2030	90,000	2038	120,000	2046 170,000
	2031	95,000	2039	130,000	
	2032	100,000	2040	135,000	
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. Increases or decreases may be made in any maturity.				
Rating:	The City <i>has</i> requested a S & P Global Ratings rating on This Issue.				
Continuing Disclosure:	Full continuing disclosure				
Security:	General Obligation pledge of the full faith and credit of the City and pledge of tax levies, tax abatements and water and sanitary sewer utility revenues				
Purpose:	Proceeds will provide financing for the Belmont Heights Phase 1 infrastructure project including but not limited to improvements to its water and sanitary sewer systems and construction of public roads (the "Project").				
Authority:	Minnesota Statutes, Chapters 444, 469, and 475				
Optional Redemption:	Bonds are callable on February 1, 2031 and any date thereafter				
Tax Status:	Tax-exempt, bank-qualified				
Legal Opinion:	Kennedy & Graven, Chartered, Minneapolis, Minnesota				
Municipal Advisor:	David Drown Associates, Inc., Minneapolis, Minnesota				
Closing/Delivery:	On or about December 12, 2023				

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).

TERMS OF OFFERING

City of Jackson, Minnesota
\$2,485,000
General Obligation Bonds, Series 2023A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Tuesday, November 28, 2023 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, 55410 after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 6:30 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 November 28, 2023. 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 Jackson 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 December 12, 2023, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2024. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2025	\$ 35,000	2033	\$ 105,000	2041	\$ 140,000
2026	35,000	2034	105,000	2042	145,000
2027	80,000	2035	110,000	2043	150,000
2028	85,000	2036	115,000	2044	160,000
2029	90,000	2037	120,000	2045	170,000
2030	90,000	2038	120,000	2046	170,000
2031	95,000	2039	130,000		
2032	100,000	2040	135,000		

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 U.S. Bank Trust Company, National Association, St. Paul, MN, as registrar for the Bonds. U.S. Bank Trust Company, National Association 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, 2031 and on any day thereafter, to prepay Bonds due on or after February 1, 2032. 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 are being issued pursuant to Minnesota Statutes, Chapter 444, 469, and 475 and will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge tax abatements, tax levies, and water and sanitary sewer revenues from the City's water and sanitary sewer utilities. The proceeds will be used to finance the Belmont Heights Phase 1 infrastructure project including but not limited to improvements to its water and sanitary sewer systems and construction of public roads (the "Project") located within the City.

TYPE OF PROPOSALS

Proposals shall be for not less than \$2,447,725.00 (98.5%) 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 \$49,700 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

AWARD

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

ISSUE PRICE DETERMINATION

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

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

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

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

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

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

BOND INSURANCE AT PURCHASER'S OPTION

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

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

SETTLEMENT

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

FULL CONTINUING DISCLOSURE

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

OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall

constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated: October 17, 2023

BY ORDER OF THE CITY COUNCIL

/s/ Matthew Skaret
City Administrator

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OFFICIAL STATEMENT

CITY OF JACKSON, MINNESOTA

\$2,485,000 GENERAL OBLIGATION BONDS, SERIES 2023A

INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of, \$2,485,000 General Obligation Bonds, Series 2023A (the “Bonds”) by the City of Jackson, Minnesota (the “City” – or “Issuer”). 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. Matthew Skaret, City Administrator, City of Jackson; 80 West Ashley Street, City of Jackson, MN 56143-1669 or by telephoning (507) 847-4410.

Full Continuing Disclosure

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

The City has complied for the past five (5) years in all material respects in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. However, in the interest of full disclosure, the City notes the following: Prior continuing disclosure undertakings entered into have included language stating that the audited financial statements would be filed “as soon as available”. Although not always filed as soon as available, the audited financial statements were timely filed within the required 12-month timeframe as provided for in each undertaking. Additional information on Continuing Disclosure filings can be found in Appendix F of this document.

Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444, 469, and 475 to provide financing for the Belmont Heights Phase 1 infrastructure project including but not limited to improvements to its water and sanitary sewer systems and construction of public roads (the “Project”) located within the City.

Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Par Amount of the Bonds	\$ 2,485,000	Project Costs	\$ 2,411,022
Construction Fund Earnings	8,147	Underwriter’s Discount (1.50%)	37,275
Cash Contribution (Cap. Interest)	<u>134,642</u>	Issuance & Legal	44,850
		Capitalized Interest	<u>134,642</u>
Totals	\$ 2,627,789		\$ 2,627,789

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 to a tax levy on all taxable property within the City, the City pledges tax abatements collected from certain property within the City and net revenues of the City's water and sanitary sewer utilities.

Optional Redemption

The City may elect on February 1, 2031 and on any day thereafter, to prepay Bonds due on or after February 1, 2032. 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. The rating only reflects the view of the rating agency and any explanation of the significance of such rating may only be obtained from S & P Global Ratings. There is no assurance that the rating 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.

Tax-Exempt Obligations

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

1. **Gross Income:** The Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes and, to the same extent, is not includable in taxable net income of individuals, trust and estates for Minnesota income tax purposes. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years.
2. **Alternative Minimum Tax:** Interest on the Bonds is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts and estates.
3. **Compliance:** The above opinions are subject to the condition that the Issuer complies with certain covenants set forth in the resolution awarding the sale of the Bonds (the "Award Resolution") and with all applicable federal tax requirements that must be satisfied subsequent and after 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

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

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

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

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

Passive Investment Income of S Corporations Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code of 1986, as amended, for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than a certain percentage 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 Bonds" below.

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

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

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

Risk Factors

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

Taxes The Bonds of this offering are general obligations of the City, the ultimate payment of which rests in the City's

ability to levy and collect sufficient taxes to pay debt service should other revenue be insufficient.

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

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

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

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

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

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

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

COVID 19

In late 2019 a novel strain of coronavirus emerged. COVID-19, as it is known, was declared a worldwide pandemic on March 11, 2020 by the World Health Organization. The response of the United States government, state governments and local governments has been to implement social distancing orders in order to limit the spread of COVID-19.

On March 13, 2020, the Governor of the State of Minnesota (the "Governor") signed Emergency Executive Order 20-01, declaring a peacetime emergency due to the pandemic. This Executive Order was extended on April 13, 2020 and again on May 13, 2020. The Executive Order put in place and extended the stay-at-home order to continue the closing of bars, restaurants and other public gathering places and businesses. This is the "Stay Safe Order".

On April 23, 2020, the Governor signed Executive Order 20-41 directing the Distance Learning Period for Minnesota school students to be extended through the end of the 2019/20 school year. On April 30, the Governor signed Executive Order 20-48 which extended and modified the Stay Safe Order through May 17, 2020.

Effective May 18, 2020 Executive Order 20-55 encourages Minnesotans to stay close to home but allows gatherings of friends and family of 10 people or less, if proper social distancing measures—like staying six feet apart and wearing a mask—are taken. The order also further opens retail stores and other Main Street businesses if they have a preparedness plan and operate at 50 percent occupancy.

Executive Order 20-74 was signed on June 5, 2020 and outlines the guidelines for continuing to safely reopen Minnesota's economy and ensuring safe non-work activities during the COVID-19 emergency. Effective as of June 10, 2020 the guidelines continue to lift restrictions that were identified in prior Executive Orders.

Executive Order 20-81 was signed on July 22, 2020. This Order requires people to wear a face covering in certain settings across Minnesota to prevent the spread of COVID-19. This EO is effective July 25, 2020 and rescinds paragraph 3 of Emergency EO 20-74 which recommended the wearing of face coverings and masks.

On November 10, 2020, Executive Order 20-96 was signed by the Minnesota governor. This EO outlines statewide regulations for social gatherings, celebrations and receptions, as well as entertainment/food/beverage venues.

On January 13, 2021, the Minnesota governor signed EO 21-04. This EO extends the Peacetime Emergency within the State of Minnesota through February 12, 2021.

The full impact of COVID-19 cannot be predicted by the City and they make no representations as to the impact on future financial positions and operations.

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.

Maturity Adjustments

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

Bank-qualified Tax-Exempt Bonds

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 Bonds. The Bonds 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 Bonds, 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 files with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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

Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book entry system for the Bonds is discontinued or as an option upon the transfer of an entire maturity.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices for the Bonds shall be sent to Cede & Co. If less than all of the Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issue or Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from 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 Bonds 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 Jackson is currently pursuing state funding for two projects: The reconstruction of Lift Station 4 and related forcemain at an estimated cost of \$3.1 million, and a water service redundancy river crossing project at an estimated cost of \$522,000. Both projects are presently considered funding dependent upon state participation through funding programs offered by the Minnesota Public Facilities Authority.

Legality

The Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix B herein will be delivered at closing.

Municipal Advisor

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information contained in the Preliminary Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken to independently verify, the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Certification

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Preliminary Official Statement, it did not and does not as of the date of the certificate contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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VALUATIONS – COUNTY AUDITOR

For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full County Auditor's Certificate from Jackson County in Minnesota for taxes payable in 2023 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>
2022/23	\$ 277,465,484	\$ 262,902,700	\$ 237,813,000	\$ 2,858,593
2021/22	250,655,250	231,544,700	206,072,000	2,454,457
2020/21	240,352,681	230,763,900	205,165,700	2,444,451
2019/20	237,809,500	229,829,700	204,351,400	2,428,108
2018/19	232,256,117	228,121,600	202,997,500	2,420,855
2017/18	234,546,998	221,441,800	196,876,700	2,368,537
2016/17	226,267,671	216,879,800	192,647,200	2,363,205

CASH AND INVESTMENTS

(as of October 1, 2023)

<u>Fund</u>	<u>Cash/Investments</u>
General	\$ 2,989,633
Special	1,304,410
Debt Service	
GO Tax Levy	(189,654)
GO Revenue	996,149
Assessment Funds	5,657
Capital	(956,453)
Enterprise Funds	7,341,966
Revolving Loan Fund	<u>302,731</u>
Total	\$ 11,794,468

CITY INDEBTEDNESS

(as of 10/01/2023)

Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$ 7,887,081
Less: Outstanding Debt Subject to Limit	<u>4,570,000</u>
 Legal Debt Margin as of 10/01/2023	 \$ 3,317,081

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>
12/12/2023	\$ 1,400,000	Tax Abatement Portion, This Issue	02/01/2046	\$ 1,400,000
02/01/2022	520,000	Street Reconstruction Portion 2022A	02/01/2043	520,000
08/18/2020	2,625,000	Street Reconstruction Portion 2020A	02/01/2041	2,390,000
08/01/2013	250,000	Street Reconstruction Portion 2013B	02/01/2029	120,000
10/01/2012	540,000	Street Reconstruction Portion	02/01/2026	<u>140,000</u>
 Total				 \$ 4,570,000

General Obligation Debt Supported by Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
05/24/2017	\$ 634,000	Improvement Refunding	02/01/2025	\$ <u>171,000</u>
 Total				 \$ 171,000

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>
07/16/2014	\$ 240,000	Taxable TIF	08/15/2029	\$ <u>240,000</u>
 Total				 \$ 240,000

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>
12/12/2023	\$ 1,085,000	Water Sewer Revenue Ptn, This Issue	02/01/2046	\$ 1,085,000
08/01/2022	2,455,000	Utility Revenue Portion 2022A	02/01/2043	2,455,000
08/18/2020	2,470,000	Utility Revenue Portion 2020A	02/01/2041	2,250,000
05/21/2019	2,210,000	Utility Revenue	02/01/2040	1,940,000
11/01/2018	2,115,000	Water Revenue	02/01/2039	1,780,000
05/24/2017	458,000	Tax Abatement Refunding	02/01/2025	124,000
06/26/2016	300,169	Sewer Revenue	08/20/2036	207,000
08/01/2013	875,000	Utility Portion 2013B	02/01/2029	375,000
11/28/2012	3,176,800	Utility Revenue	08/20/2032	1,268,000
10/01/2012	1,705,000	Utility Revenue Portion	02/01/2026	<u>445,000</u>
Total				\$ 11,929,000

Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
05/01/2013	\$ 3,420,000	Electric Revenue Crossover Refunding	02/01/2027	\$ <u>1,135,000</u>
Total				\$ 1,135,000

Joint Powers Agreement Debt *

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
02/1/2013	\$ 4,278,000	Public Works Shop Note	02/01/2038	\$ <u>2,792,250</u>
Total				\$ 2,792,250

* The City has a joint powers agreement with Jackson County to construct and operate a public works facility. The City is responsible for 33% of all operating expenses of the facility and 30% of the debt issued by the County. The agreement may be terminated by either the County or the City for any reason with written notice on or before the last day of each budget year.

Summary of Direct Debt Including This Issue

	<u>Gross Debt</u>	Less: Debt <u>Funds</u>	Net <u>Direct Debt</u>
GO Debt Supported by Tax Levies	\$ 4,570,000	\$ -	\$ 4,570,000
GO Debt Supported by Special Assessments	171,000	-	171,000
GO Debt Supported by Tax Increment	240,000	-	240,000
GO Debt Supported by Revenues	11,929,000	996,149	10,932,851
Revenue Debt	1,135,000	-	1,135,000
Joint Powers Agreement Debt	<u>2,792,250</u>	<u>-</u>	<u>2,792,250</u>
Total	\$ 20,837,250	\$ 996,149	\$ 19,841,101

Overlapping Debt

<u>Taxing Unit *</u>	2022/23 <u>Tax Capacity</u>	% in <u>City</u>	Total <u>G.O. Debt</u>	City <u>Share</u>
Jackson County	\$ 36,181,788	7.90%	\$ 38,953,000	\$ 3,077,536
ISD # 2895	23,662,787	12.08%	36,243,262	<u>4,378,383</u>
Total				\$ 7,455,919

* Includes only those jurisdictions with General Obligation debt outstanding and debt amounts as of 12/31/22.

Debt Ratios

	Net <u>G.O. Debt</u>	Debt/Economic Market Value <u>\$ 277,465,484</u>	Debt per Capita <u>3,323</u>
Net Direct G.O. Debt*	\$ 4,981,000	1.80%	\$ 1,499
Net Direct and Overlapping GO Debt*	12,436,919	4.48%	3,743

* Excludes G.O. Debt supported by revenues, Revenue Debt

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Annual Debt Service Payments

Year	GO Debt Supported by Tax Levies			GO Debt Supported by Assessments		
	Principal	Payment	% Retired	Principal	Payment	% Retired
2024	\$ 200,000	\$ 295,894	4%	\$ 84,000	\$ 86,838	49%
2025	205,000	320,391	9%	87,000	87,957	100%
2026	210,000	321,731	13%	-	-	
2027	205,000	312,619	18%	-	-	
2028	215,000	317,981	23%	-	-	
2029	215,000	313,191	27%	-	-	
2030	200,000	293,665	32%	-	-	
2031	210,000	299,275	36%	-	-	
2032	210,000	294,758	41%	-	-	
2033	215,000	295,008	46%	-	-	
2034	220,000	294,928	50%	-	-	
2035	225,000	294,580	55%	-	-	
2036	235,000	298,861	61%	-	-	
2037	240,000	297,795	66%	-	-	
2038	245,000	296,454	71%	-	-	
2039	250,000	294,786	77%	-	-	
2040	260,000	297,766	82%	-	-	
2041	270,000	300,310	88%	-	-	
2042	120,000	143,811	91%	-	-	
2043	125,000	143,214	94%	-	-	
2044	95,000	107,823	96%	-	-	
2045	100,000	107,800	98%	-	-	
2046	<u>100,000</u>	<u>102,600</u>	100%	<u>-</u>	<u>-</u>	
Totals	\$ 4,570,000	\$ 6,045,241		\$ 171,000	\$ 174,795	

**GO Debt
Supported by Tax Increment**

<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2024	\$ -	\$ 3,600	0%
2025	-	3,600	0%
2026	-	3,600	0%
2027	-	3,600	0%
2028	-	3,600	0%
2029	240,000	243,600	100%
2030	-	-	
2031	-	-	
2032	-	-	
2033	-	-	
2034	-	-	
2035	-	-	
2036	-	-	
2037	-	-	
2038	-	-	
2039	-	-	
2040	-	-	
2041	-	-	
2042	-	-	
2043	-	-	
2044	-	-	
2045	-	-	
2046	-	-	
Totals	\$ 240,000	\$ 261,600	

**GO Debt
Supported by Revenues**

<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
\$ 790,000	\$ 1,024,389	7%
841,000	1,074,402	14%
793,000	1,006,324	20%
629,000	852,223	26%
672,000	851,419	31%
688,000	848,236	37%
635,000	850,618	43%
651,000	851,481	48%
663,000	847,874	54%
536,000	704,634	58%
547,000	700,175	63%
557,000	694,221	67%
577,000	697,498	72%
580,000	682,870	77%
595,000	679,742	82%
625,000	690,631	87%
495,000	545,363	91%
365,000	400,041	94%
225,000	249,756	96%
230,000	245,398	98%
65,000	73,938	99%
70,000	75,460	99%
70,000	71,820	100%
\$ 11,929,000	\$ 14,715,510	

Revenue Debt

<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2024	\$ 275,000	\$ 299,981	24%
2025	280,000	298,563	49%
2026	285,000	296,675	74%
2027	295,000	299,056	100%
2028	-	-	
2029	-	-	
2030	-	-	
2031	-	-	
2032	-	-	
2033	-	-	
2034	-	-	
2035	-	-	
2036	-	-	
2037	-	-	
2038	-	-	
Totals	\$ 1,135,000	\$ 1,194,275	

Joint Powers Agreement Debt

<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
\$ 173,750	\$ 240,164	6%
176,750	239,689	13%
179,750	239,154	19%
182,750	238,559	26%
185,750	237,904	32%
190,125	238,564	39%
193,250	237,669	46%
197,625	237,937	53%
202,125	238,011	60%
206,625	237,731	68%
212,500	238,461	75%
217,125	237,774	83%
224,375	238,599	91%
230,500	237,993	99%
19,250	19,828	100%
\$ 2,792,250	\$ 3,358,037	

GENERAL INFORMATION

The City of Jackson, Minnesota (the “City”) is situated in Jackson County, located in the southwestern portion of Minnesota. The City lies approximately 165 miles southwest of the City of Minneapolis and 90 miles east of the City of Sioux Falls, South Dakota. Interstate 90 and US Highway 71 both run through the City and provide primary highway access to the City. In addition, MN Highway 60 runs within 20 miles of the City.

Organization

The City was organized in 1927 as a Home Rule Charter City and currently operates under the Mayor-Council form of government. The City Council is composed of a Mayor and six Council members. The Mayor is elected at large and serves a four-year term. Council members are elected from four precincts to serve overlapping four-year terms. The City Council is currently comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Marcus Polz	Mayor	2026
Brandon Finck	Council Member	2024
Mark Titus	Council Member	2026
Chris Naumann	Council Member	2024
Nathan Peterson	Council Member	2026
Sara Mix	Council Member	2024
Joe Pell	Council Member	2026

The City Administrator, Matthew Skaret, is appointed by the City Council. The City currently employs 21 full-time, nine (9) part-time, and 4 seasonal persons. Employees work in the administration, economic development (contracted through Community and Economic Development Associates), streets/parks maintenance, public works and municipal liquor store. See below for public safety information.

City Services

The City's municipal water service has two (2) wells with a pumping capacity of 700 gallons per minute. The wells are 303 and 310 feet deep. The average demand is 400,000 gallons per day with a peak demand of 650,000 gallons per day. The elevated storage capacity is 600,000 gallons and there are 1,650 connections to the system.

The City has a stabilization pond system with a treatment capacity of 813,000 gallons per day. The average demand is 530,000 gallons per day with a peak demand of 1,900,000 gallons per day (heavy rain event days). There are 1,549 connections to the sanitary sewer system.

The Jackson Fire Department operates with 28 part-time, licensed firefighters. The Ambulance Department operates with two (2) full-time and 22 part-time employees. The City contracts with the Jackson County Sheriff's Office to provide police protection.

The City has seven (7) parks – Ashley Park, Dumont Park, Central Park, Sunset Park, Patterson Park, Zimmerli Park, and Memorial Park. All parks have extensive playground equipment for children except Memorial Park which houses our warming house and skating rink.

The City also maintains a municipal liquor store.

Employee Pensions

The 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.) PERA administers the General Employees Retirement Fund (GERF). The City contributes to GERF for general employees and for ambulance employees. The City contribution to GERF for the year ended December 31, 2022 was \$99,797.

Census Data

Population Trends

	<u>Population</u>
2010 U.S. Census	3,320
2015 U.S. Census	3,268
2020 U.S. Census	3,323

Source: U.S. Census Bureau

Income and Housing Statistics

	<u>City of Jackson</u>	<u>Jackson County</u>	<u>State of Minnesota</u>
2020 per Capita Income	\$ 36,501	\$ 35,766	\$ 41,753
2020 Median Household Income	60,598	64,134	77,720
Percent Living in Poverty	16.8%	9.6%	9.3%
Median Value Owner-Occupied Housing	\$ 114,500	\$ 123,700	\$ 285,400

Source: U.S. Census Bureau

The City has 1,198 single family homes and 388 multi-family homes. Two (2) of the single-family units have been constructed during the past year. Construction of the Belmont Heights subdivision is expected to start in Spring 2024. Phase 1 will consist of one 41-unit apartment building and two townhomes consisting of 8 residential units. Additional development is planned once these units are built and occupied.

Employment Data

	<u>Labor Force Jackson County</u>	<u>Unemployment Rate Jackson</u>	<u>Statewide</u>
August, 2023	5,541	3.7%	3.2%
August, 2022	5,429	2.3%	2.7%

Source: MN Dept. of Employment & Economic Development

Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
AGCO - Ag Chem Division	Machinery, equip. supplies	1,200
Jackson County Central	Public education	200
Technical Services - Electronics	Wholesale electronics	160
West/Accent	Insurance carrier	157
Hitch Doc	Fabrication	145
Jackson County	Government	*110
Good Samaritan Center	Nursing care facilities	100
Jackson Medical Center	General medical/surgical	75
Corteva	Agriculture	**70
Erickson Trucks 'n Parts	Motor vehicle body	45
New Fashion Pork	Hog/pig farming	65

*Does not include 9 seasonal/summer employees

**Currently has 50 full-time with 11 part-time. In September they hire up to 25 additional part-time employees.

Source: City Records

Commercial/Industrial Development

<u>Name of Business</u>	<u>Product/Service</u>	<u>Type of Building</u>	<i>(estimated)</i> <u>Cost of Project</u>
Tri-State General Contracting	Contractors	New cold storage	\$ 325,000
Svoboda Excavating	Dirt work/tiling contractor	New storage Building	275,296
Good Samaritan Center	Long-term care	Reroof	60,501
BCJB Enterprises, Inc	Equipment rental	New storage Building	342,160
Jackson Collision	Vehicle body shop	Interior remodel	250,000
Dollar Tree Stores	Retail merchandise	Interior finish of store	50,000
Prairie Country Crop Insurance	Crop Insurers	New building entry	20,000
Vet's Oil Company	Petroleum retailer	Repairs to building	10,700
Boekett Building Supply	Lumberyard/hardware	Lean-to building	3,500
ACGO	Farm/tractor/fertilizer equip.	Remodel office space	179,911
Jackson Center for the Arts	Arts/cultural	Reroof arts center	38,500
Costello, Carlson & Butzon	Lawyers	Replace entry door	2,895
Super 8 Motel	Motel/lodging	Replace roof	65,000
Jackson Development Group	Economic development	New building	720,000
Kyto Properties Subway	Food	New store	50,881
Leach Decorator Center	Home decorating	Replace service door	400
Erickson Truck Sales	Truck sales and repair	New offices	475,000
Jason Espenson	Crop insurance	Enlarge offices	95,000
Cabin Coffee	Coffee/Food	New construction	221,818
Mitch Jasper	Commercial property	Install garage door	1,000
Santee Crossing	Restaurant	Repair building	20,000
Porter Investments LLC	Laundromat	New laundromat	11,800
Crystal Valley Coop	Farm/feed/fertilizer/petroleum	Fuel storage tank	40,000
Fiesta Bravo	Restaurant	Storage building	10,000
LaCanne Funeral Home	Funeral services	New funeral home	1,475,000
Cave Ent.-Burger King	Restaurant/Fast Food	New building	984,200
Jackson Econ. Development	Economic development	New retail building	2,215,000
Pillar's Pub & Eatery	Restaurant/bar	Replace kitchen roof	9,250
Jackson American Legion	Veterans' services	Repair to building	6,000
Econolodge	Motel	Two storage sheds	10,000
Crystal Valley Coop	Farm/feed/fertilizer/petroleum	Cold storage building	73,000
Culligan Water	Water services	Remodel	17,775
C&M, LLC	Petroleum services	Replace door	1,000
Speedway	Convenience store/gas	Residing	25,000
Vet's Oil Company	Petroleum/Tires	Repairs	2,200
The Rest Stop	Fitness	Remodel interior	35,000
Dawn's Dance Connection	Dance lessons	Remodel building	105,456

Source: City Records. The projects represent a 3-year time period of commercial projects through October 1, 2023.

The City has an industrial park of approximately 300 acres. It is served by water and sewer and is 60% developed.

Building Permits

<u>Year</u>	<u># of Commercial Industrial Permits</u>	<u># of Residential Permits</u>	<u># of Other Permits**</u>	<u>Total Value of Permits</u>
2023*	6	107	5	\$ 3,154,113
2022	16	126	7	3,782,972
2021	6	91	12	7,574,392
2020	9	141	10	2,284,647
2019	24	101	6	3,513,486
2018	22	140	7	5,186,388

Source: * City Records as of 10/01/2023.

** Other: includes sign permits.

Financial Services

Bank Midwest, (based in Spirit Lake, Iowa) reported deposits of \$147,886,000 as of June 30, 2023. Jackson Federal Savings & Loan Association reported deposits of \$23,096,000 and the Security Bank Midwest Bank (based in Tyndall, South Dakota) reported deposits of \$23,201,000 as of the same time period.

Source: FDIC Summary of Deposits

Healthcare

The City of Jackson has the following healthcare providers: Sanford Jackson Medical Center, Cottonwood Jackson Community Health Services, and Good Samaritan Society nursing home.

Source: City-Data.com

Transportation

Primary highway access to the City is provided by Interstate 90 and US Highway 71, both of which run through the City.

The Jackson Municipal Airport is located within the City and Sanford Jackson Medical Center has a heliport.

Source: City-Data.com and mapquest.com

Education

Jackson is part of Jackson County Central Schools (Independent School District 2895). The school district serves approximately 1,100 students (grades K-12). There are four schools that comprise the District: Riverside Elementary (PreK – grade 3), Pleasantview Elementary (grades 4-5), JCC Middle School (grades 6-8), and JCC High School (grades 9-12).

Minnesota State University – Mankato is the nearest public university. Located in Mankato, which is 62 miles away. Gustavus Adolphus College, located 71 miles away, in St. Peter, MN is the nearest private university.

Source: City-Data.com and jccschools.com

Utilities

The City of Jackson is supplied natural gas by Minnesota Energy Resources. The City of Jackson and the Federated Rural Electric Association provide electric service in the area.

Source: City Records.

Communications

The City of Jackson is provided local telephone and internet service by CenturyLink and Southwest Broadband. Cable television service is provided by Southwest Broadband. The City's official newspaper is the Jackson County Pilot, which is published on Wednesday. The City also has an on-line presence at: <http://www.jacksonmn.com/>

Source: City Records

APPENDIX A

COUNTY AUDITOR'S CERTIFICATE

The following pages contain a copy of the Jackson County Auditor's Certificate for taxes payable in 2023.

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

JACKSON COUNTY

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 2022 for the purpose of computing the rates of taxes collectible in 2023 are as follows:

Property Type	Estimated Market Value	Taxable Market Value	Net Tax Capacity
Real Estate:			
Residential Homestead (Class 1a, 1b).....		121,015,400	1,209,678
Agricultural (Class 1b, 1d, 2a, 2b).....		6,950,700	65,112
Commercial & Industrial (Class 3a, 3b, 5(1)):			
Public Utility.....		6,908,300	137,416
Railroad Operating Property.....		279,000	5,580
All Other Commercial/Industrial.....		67,509,500	1,276,130
Residential Non-Homestead (Class 4a, 4b(1-4), 4bb, 4c(2-4, 6-9), 4d).....		30,786,000	318,650
Seasonal Recreational-Residential (Class 1c, 4c(1), 4c(5), 4c(10)).....		187,100	1,877
Other (Class 5(2)).....			
Total Real Estate.....	258,725,700	233,636,000	3,014,443
Total Personal Property.....	4,177,000	4,177,000	59,449
Total Real & Personal Property.....	262,902,700	237,813,000	3,073,892
Subtract: Tax Increment Captured Tax Capacity.....			215,299
10% of Tax Capacity of 2000KV Powerlines built after 7/1/74.....			
Fiscal Disparity Contribution Value.....			
Local Tax Rate Determination Value.....			2,858,593
Add: Fiscal Disparity Distribution Value.....			
Total Adjusted Taxable Value.....			2,858,593
Total Manufactured Home.....	25,000	15,000	150

Homestead Exclusions

Real Estate	Personal Property	Manufactured Home
22,223,900		10,000

2. VALUATION HISTORY (Real & Personal Property)

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power- Lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Hmstd Excl./ Adjusted TC
2022	231,544,700 206,072,000	2,766,871	312,414			2,454,457		23,084,200 2,454,457
2021	230,763,900 205,165,700	2,754,288	309,837			2,444,451		23,220,400 2,444,451
2020	229,829,700 204,351,400	2,738,804	310,696			2,428,108		23,509,400 2,428,108
2019	228,121,600 202,997,500	2,721,727	300,872			2,420,855		23,381,000 2,420,855
2018	221,441,800 196,876,700	2,660,330	291,793			2,368,537		23,572,700 2,368,537
2017	216,879,800 192,647,200	2,609,285	246,080			2,363,205		23,478,000 2,363,205

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 - The TAXING DISTRICT has the power to tax property situated in the following County or Counties: JACKSON COUNTY

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)									
	2018/19		2019/20		2020/21		2021/22		2022/23	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
**** COUNTY **** JACKSON COUNTY	32.0510%		34.2930%		34.4720%		35.9150%		32.2720%	
**** MUNICIPALITY **** JACKSON CITY	62.7890%		64.4160%		65.2280%		67.4020%		62.2160%	
**** SCHOOL **** SCHOOL DISTRICT 2895	10.7080%	0.22075%	16.3840%	0.21402%	15.6370%	0.21469%	14.7130%	0.22362%	12.9450%	0.20306%
**** SPECIAL **** REGION 8 DEVELOPMENT STATE	0.1540%	62.3780%	0.1580%	56.8430%	0.1520%	53.2840%	0.1580%	52.5950%	0.1310%	45.3240%

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 12/31/22	2022/23 Debt Service Tax Rate
**** COUNTY **** JACKSON COUNTY	36,181,788	2,858,593		
**** MUNICIPALITY **** JACKSON CITY	2,858,593	2,858,593		
**** SCHOOL **** SCHOOL DISTRICT 2895	23,662,787	2,858,593		
**** SPECIAL **** REGION 8 DEVELOPMENT STATE	36,181,788	2,858,593 1,230,353		

6. TAX LEVIES AND COLLECTIONS FOR YEAR: 2023

Levy/Coll Year	2018/19	2019/20	2020/21	2021/22	2022/23
Gross Tax Levy	1,520,030.25	1,564,089.82	1,594,466.62	1,654,353.12	1,778,502.27
Fiscal					
Market Values Levy					
Property Credits/Aids	729.46-	663.71-	875.36-	491.64-	514.19-
Net Tax Levy	1,519,300.79	1,563,426.11	1,593,591.26	1,653,861.48	1,777,988.08
Adjustments During Coll Year		170.21-	464.42-	174.08-	670.68
Adjusted Tax Levy	1,519,300.79	1,563,255.90	1,593,126.84	1,653,687.40	1,778,658.76
Current Year Collections	1,497,690.16-	1,535,856.37-	1,576,658.01-	1,637,724.39-	949,437.79-
Year End Delinquency	21,610.63	27,399.53	16,468.83	15,963.01	829,220.97
Delinquent Adjustments as of 06/15/23	443.92-	459.29-			
Delinquent Collections as of 06/15/23	21,166.71-	24,876.94-	15,199.88-	9,196.03-	
Amount Delinquent as of 06/15/23		2,063.30	1,268.95	6,766.98	829,220.97

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 Nordquist
Telephone	(507) 847-2763

WITNESS My hand and official seal this 12th day of October, 2023.



JACKSON COUNTY AUDITOR

(SEAL)

Payable Year..... 2023
Taxpayer Rank based on..... 2
1. Estimated Market Value
2. Net Tax Capacity
3. Total Net Tax Payable
Authority (blank for all)..... 1 TOWNSHIP/CITY
Entity..... 0300 JACKSON CITY
Number of Taxpayers to print..... 10
Detail/Summary/Both (D/S/B)..... B

Payable Year: 2023

Authority: 01 TOWNSHIP/CITY

Entity: 0300 JACKSON CITY

Rank	Primary Taxpayer / Parcel Number	City Schl TIF Town Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Payable	Property Classification
1 AGCO CORPORATION							
	R 23.012.0300	0300 2895	52,300	52,300	785	950.00	COMM LAND & BLDGS
	R 23.013.2250	0300 2895	33,400	33,400	668	1,006.00	INDS LAND & BLDGS
	R 23.013.2900	0300 2895	517,700	517,700	10,354	15,606.00	INDS LAND & BLDGS
	R 23.013.3000	0300 2895	1,107,300	1,107,300	22,146	33,378.00	INDS LAND & BLDGS
	R 23.013.3200	0300 2895	4,977,400	4,977,400	98,798	148,241.75	INDS LAND & BLDGS
	R 23.013.3300	0300 2895	5,986,800	5,986,800	119,736	180,466.00	INDS LAND & BLDGS
	R 23.013.3400	0300 2895	2,078,600	2,078,600	41,572	62,658.00	INDS LAND & BLDGS
	R 23.018.0520	0300 2895	642,200	642,200	12,844	19,358.00	INDS LAND & BLDGS
	R 23.024.0740	0300 2895	21,800	21,800	436	658.00	INDS LAND & BLDGS
	R 23.573.1345	272 0300 2895	112,800	112,800	1,692	2,050.00	COMM LAND & BLDGS
	R 23.573.1350	272 0300 2895	142,700	142,700	2,141	2,592.00	COMM LAND & BLDGS
	Total for: AGCO CORPORATION		15,673,000	15,673,000	311,172	466,963.75	
2 CV-FCA COOPERATIVE							
	R 23.013.2500	0300 2895	9,800	9,800	196	296.00	COMM LAND & BLDGS
	R 23.013.2550	0300 2895	280,900	280,900	5,618	8,468.00	COMM LAND & BLDGS
	R 23.013.2650	0300 2895	33,600	33,600	672	1,012.00	COMM LAND & BLDGS
	R 23.013.2700	0300 2895	168,500	168,500	3,370	5,080.00	COMM LAND & BLDGS
	R 23.018.0550	0300 2895	1,341,400	1,341,400	26,828	40,436.00	COMM LAND & BLDGS
	R 23.019.0700	0300 2895	33,900	33,900	509	616.00	COMM LAND & BLDGS
	R 23.019.0800	0300 2895	59,800	59,800	897	1,086.00	COMM LAND & BLDGS
	R 23.024.1005	0300 2895	27,600	27,600	276	352.00	RESIDENTIAL
	R 23.024.1530	0300 2895	2,400	2,400	48	72.00	COMM LAND & BLDGS
	R 23.024.1550	0300 2895	2,400	2,400	48	72.00	COMM LAND & BLDGS
	R 23.024.1570	0300 2895	1,600	1,600	32	48.00	COMM LAND & BLDGS
	R 23.024.1630	0300 2895	2,200	2,200	44	66.00	COMM LAND & BLDGS
	R 23.024.8800	0300 2895	1,669,600	1,669,600	32,642	48,532.00	COMM LAND & BLDGS
	R 23.205.0010	0300 2895	97,500	97,500	1,950	2,940.00	COMM LAND & BLDGS
	R 23.205.0140	0300 2895	3,900	3,900	78	118.00	COMM LAND & BLDGS
	R 23.205.0150	239 0300 2895	39,300	39,300	786	1,184.00	COMM LAND & BLDGS
	R 23.205.0190	239 0300 2895	6,000	6,000	120	180.00	COMM LAND & BLDGS
	R 23.205.0330	239 0300 2895	3,336,400	3,336,400	66,728	100,572.00	COMM LAND & BLDGS
	R 23.205.0440	0300 2895	6,300	6,300	95	114.00	COMM LAND & BLDGS
	R 23.205.0480	0300 2895	6,300	6,300	79	98.00	RES 1-3 UNIMPR LAND
	R 23.205.0510	0300 2895	3,100	3,100	47	56.00	COMM LAND & BLDGS
	R 23.206.0190	0300 2895	2,500	2,500	31	38.00	RES 1-3 UNIMPR LAND
	R 23.206.0195	0300 2895	2,500	2,500	31	38.00	RES 1-3 UNIMPR LAND
	Total for: CV-FCA COOPERATIVE		7,137,500	7,137,500	141,125	211,474.00	
3 ITC MIDWEST LLC							
	R 23.013.3450	0300 2895	55,100	55,100	827	1,002.00	COMM LAND & BLDGS
	R 23.013.3700	0300 2895	863,100	863,100	17,262	26,018.00	PUB UTIL ATTH MACH
	R 23.013.3700	0300 2895	5,403,600	5,403,600	108,072	162,886.00	PUB UTIL ATTH MACH
	R 23.013.3700	0300 2895	3,200	3,200	64	96.00	PUB UTIL ATTH MACH
	R 23.024.0750	0300 2895	21,800	21,800	327	396.00	COMM LAND & BLDGS
	Total for: ITC MIDWEST LLC		6,346,800	6,346,800	126,552	190,398.00	

This report shows the values/capacities/taxes as originally billed, and does not reflect special assessments, adjustments, collections or exempt values. JOBZ values/capacities/taxes are included.

Rank	Primary Taxpayer / Parcel Number	Payable Year: 2023	City Schl TIF Town Dist	Authority: 01 TOWNSHIP/CITY	Entity: 0300 JACKSON CITY	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Payable	Property Classification
4	BLM JACKSON LLP									
	R 23.013.1902		0300 2895			321,100	321,100	6,422	9,680.00	INDS LAND & BLDGS
	R 23.013.1910		0300 2895			2,194,300	2,194,300	43,886	66,144.00	INDS LAND & BLDGS
	R 23.013.1930		0300 2895			1,904,700	1,904,700	37,344	55,618.00	INDS LAND & BLDGS
	Total for: BLM JACKSON LLP					4,420,100	4,420,100	87,652	131,442.00	
5	PIONEER HI-BRED INTL INC									
	R 23.013.3500		0300 2895			4,198,500	4,198,500	83,220	124,762.00	INDS LAND & BLDGS
	Total for: PIONEER HI-BRED INTL INC					4,198,500	4,198,500	83,220	124,762.00	
6	R&M COMMERCIAL PROPERTIES LLC									
	P 23.999.0200		0300 2895			4,900	4,900	98	148.00	PP BLDGS RURAL COMM
	P 23.999.0300		0300 2895			4,900	4,900	98	148.00	PP BLDGS RURAL COMM
	R 23.013.0110		0300 2895			2,477,500	2,477,500	48,800	72,885.83	COMM LAND & BLDGS
	Total for: R&M COMMERCIAL PROPERTIES LLC					2,487,300	2,487,300	48,996	73,181.83	
7	ZIEGLER JACKSON LLC									
	R 23.013.3100		0300 2895			200,200	200,200	4,004	6,034.00	INDS LAND & BLDGS
	R 23.013.3150		0300 2895			2,141,800	2,141,800	42,086	62,766.00	INDS LAND & BLDGS
	Total for: ZIEGLER JACKSON LLC					2,342,000	2,342,000	46,090	68,800.00	
8	FIRST NATIONAL BANK									
	R 23.200.1500		0300 2895			2,285,700	2,285,700	44,964	67,104.00	COMM LAND & BLDGS
	Total for: FIRST NATIONAL BANK					2,285,700	2,285,700	44,964	67,104.00	
9	AMERICAN FABRICATION LLC									
	R 23.014.0900		0300 2895			2,084,300	2,084,300	40,936	61,032.00	COMM LAND & BLDGS
	R 23.014.1100		0300 2895			191,000	191,000	1,910	2,442.00	RESIDENTIAL
	Total for: AMERICAN FABRICATION LLC					2,275,300	2,275,300	42,846	63,474.00	
10	MINNESOTA ENERGY RESOURCE CORP									
	P 23.990.0400		0300 2895			1,402,800	1,402,800	27,306	40,490.00	PP GAS UTIL PRF
	P 23.990.0400		0300 2895			426,300	426,300	8,526	12,850.00	PP GAS UTIL
	R 23.200.2410		0300 2895			1,500	1,500	30	46.00	PP GAS UTIL
	R 23.200.2410		0300 2895			3,400	3,400	68	102.00	PUB UTIL ATTH MACH
	Total for: MINNESOTA ENERGY RESOURCE CORP					1,834,000	1,834,000	35,930	53,488.00	
	GRAND TOTAL					49,000,200	49,000,200	968,547	1,451,087.58	

This report shows the values/capacities/taxes as originally billed, and does not reflect special assessments, adjustments, collections or exempt values. JOBZ values/capacities/taxes are included.

Payable Year: 2023 Authority: 01 TOWNSHIP/CITY Entity: 0300 JACKSON CITY

Rank	Taxpayer	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Payable	Property Classification(s)
1	AGCO CORPORATION	15,673,000	15,673,000	311,172	466,963.75	COMM LAND & BLDGS INDS LAND & BLDGS
2	CV-FCA COOPERATIVE	7,137,500	7,137,500	141,125	211,474.00	COMM LAND & BLDGS RESIDENTIAL
3	ITC MIDWEST LLC	6,346,800	6,346,800	126,552	190,398.00	RES 1-3 UNIMPR LAND COMM LAND & BLDGS PUB UTIL AUTH MACH
4	BLM JACKSON LLP	4,420,100	4,420,100	87,652	131,442.00	INDS LAND & BLDGS
5	PIONEER HI-BRED INTL INC	4,198,500	4,198,500	83,220	124,762.00	INDS LAND & BLDGS
6	KEM COMMERCIAL PROPERTIES LLC	2,487,300	2,487,300	48,996	73,181.83	PP BLDGS RURAL COMM COMM LAND & BLDGS
7	ZIEGLER JACKSON LLC	2,342,000	2,342,000	46,090	68,800.00	INDS LAND & BLDGS
8	FIRST NATIONAL BANK	2,285,700	2,285,700	44,964	67,104.00	COMM LAND & BLDGS
9	AMERICAN FABRICATION LLC	2,275,300	2,275,300	42,846	63,474.00	COMM LAND & BLDGS RESIDENTIAL
10	MINNESOTA ENERGY RESOURCE CORP	1,834,000	1,834,000	35,930	53,488.00	PP GAS UTIL PRF PP GAS UTIL PUB UTIL AUTH MACH
GRAND TOTAL		49,000,200	49,000,200	968,547	1,451,087.58	

Property classifications existing on multiple valuation records only appear once per taxpayer. This report shows the values/capacities/taxes as originally billed, and does not reflect special assessments, adjustments, collections or exempt values. JOBZ values/capacities/taxes are included.

County Auditors Report of Outstanding Indebtedness

County of Jackson	Bonds											Other Long-term Indebtedness (Identify)	State Aid and Tax Anticipation Certificates	Refunding Bonds Outstanding						
	Outstanding Jan. 1, 2022	Issued During 2022	Paid During 2022	Outstanding Dec 31, 2022	Bonds Outstanding - 12/31/2022				Revenue	Other (Identify)										
					General Obligation	G. O. Tax Increment	G. O. Special Assessment	G. O. Revenue												
COUNTY																				
Jackson	43,968,780	0	5,015,780	38,953,000	10,390,000		21,535,000	7,028,000			6,935,000									
CITY																				
Alpha	0	0	0	0																
Heron Lake	2,920,024	0	292,953	2,627,071	168,880			2,458,191												
Jackson	14,769,000	2,975,000	1,190,000	16,554,000	9,630,000			6,924,000												
Lakefield	5,943,000	0	723,000	5,220,000				5,220,000								8,452,000				
Okabena	156,000	0	7,000	149,000							149,000									
Wilder	0	0	0	0	0															
Total City	23,788,024	0	0	24,550,071	9,630,000	168,880	0	14,602,191	0	0	149,000	0	0	0	8,452,000					
SCHOOL																				
ISD # 2895	36,725,000	1,365,000	1,846,738	36,243,262	36,243,262															
ISD # 330	890,000	455,000	295,000	1,050,000	715,000									335,000	868,860					
Total School	37,615,000			37,293,262	36,958,262				0	0				335,000	868,860	0				
TOWNSHIP																				
Alba	0	0	0	0																
Belmont	0	0	0	0																
Christiania	0	0	0	0																
Delafield	0	0	0	0																
Des Moines	0	0	0	0																
Enterprise	0	0	0	0																
Ewington	0	0	0	0																
Heron Lake	0	0	0	0																
Hunter	0	0	0	0																
Kimball	0	0	0	0																
LaCrosse	0	0	0	0																
Middletown	0	0	0	0																
Minneota	0	0	0	0																
Petersburg	0	0	0	0																
Rost	0	0	0	0																
Round Lake	0	0	0	0																
Sioux Valley	0	0	0	0																
Weimer	0	0	0	0																
West Heron Lake	0	0	0	0																
Wisconsin	0	0	0	0																
Total Township	0	0	0	0	0				0	0				0	0	189,607	0	0	0	
OTHER																				
Heron Lk Watershed Dist	0	0	0	0																
Southwest Regional Development District	0	0	0	0																
Total Other	0	0	0	0	0				0	0				0	0	112,122	0	0	0	0

**Jackson County
2024-2028 Capital Improvement Program**

Underlying, Overlapping and Direct Debt Determination

Taxing Unit	Total Payable 2023 Market Value	Total Payable 2023 Net Tax Capacity	Total G.O. Debt ** as of 12-31-2022	Net Tax Capacity within Jackson County	Net Tax Capacity % within Jackson County	Debt Applicable to Net Tax Capacity within Jackson County
County of Jackson	\$3,971,438,000	\$36,453,023	\$10,390,000	\$36,453,023	100.00%	\$10,390,000
Cities:						
Alpha	\$2,550,800	\$28,255	\$0	\$28,255	100.00%	\$0
Heron Lake	\$45,053,900	\$595,174	\$0	\$595,174	100.00%	\$0
Jackson	\$237,813,000	\$3,073,892	\$9,630,000	\$3,073,892	100.00%	\$9,630,000
Lakefield	\$85,649,400	\$967,740	\$0	\$967,740	100.00%	\$0
Okabena	\$8,456,600	\$90,493	\$0	\$90,493	100.00%	\$0
Wilder	\$3,363,100	\$31,364	\$0	\$31,364	100.00%	\$0
Schools:						
Mt. Lake #173	\$952,415,302	\$8,835,103	\$12,995,000	\$914,433	10.35%	\$1,344,983
Windom #177	\$1,335,159,788	\$13,374,658	\$27,925,000	\$3,127,757	23.39%	\$6,531,658
HL/Okabena #330	\$778,906,019	\$6,820,878	\$715,000	\$5,928,106	86.91%	\$621,407
MCW #2448	\$1,742,850,888	\$17,245,000	\$6,770,000	\$90,391	0.52%	\$35,204
Jackson CC #2895	\$2,552,944,780	\$23,923,712	\$36,243,262	\$23,901,224	99.91%	\$36,210,643
R.L./Brewster #2907	\$796,077,615	\$7,349,731	\$2,645,000	\$2,491,112	33.89%	\$896,391

			% of Benefits within Jackson County	Debt Applicable to Benefits in Jackson County
Drainage Bonds		\$21,535,000	99.55%	\$21,438,093
Total Debt		\$128,848,262		\$87,098,377

** Does not include GO Revenue or Revenue Debt



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\$ _____
City of Jackson, Minnesota
General Obligation Bonds
Series 2023A

We have acted as bond counsel to the City of Jackson, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2023A (the “Bonds”), originally dated _____, 2023, and issued in the original aggregate principal amount of \$ _____. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

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

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

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

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

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

Dated _____, 2023 at Minneapolis, Minnesota.

\$ _____
City of Jackson, Minnesota
General Obligation Bonds
Series 2023A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2023

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Jackson, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Bonds, Series 2023A (the “Bonds”) in the original aggregate principal amount of \$ _____. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to _____, _____, _____ (the “Purchaser”), on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

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

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

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

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

“Bonds” means the General Obligation Bonds, Series 2023A, issued by the Issuer in the original aggregate principal amount of \$ _____.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

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

“Final Official Statement” means the deemed final Official Statement, dated _____, 2023, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

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

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

“GASB” means the Governmental Accounting Standards Board.

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

“Issuer” means the City of Jackson, Minnesota, which is the obligated person with respect to the Bonds.

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

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

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

“Purchaser” means _____, _____, _____.

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

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

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

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

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2023, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

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

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

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

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

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

Section 5. Reporting of Material Events.

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

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

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the legal defeasance, the redemption in full of all Bonds or payment in full of all Bonds.

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

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

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

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

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

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

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

CITY OF JACKSON, MINNESOTA

Mayor

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)					
Low-Income (4d)	1.25%	1.25%	1.25%	1.25%	1.25%
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 2022 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

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



Annual Financial Report

City of Jackson

Jackson, Minnesota

For the year ended December 31, 2022



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Edina, MN 55436
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Mankato, MN 56001
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City of Jackson, Minnesota
 Annual Financial Report
 Table of Contents
 For the Year Ended December 31, 2022

	Page No.
Introductory Section	
Elected and Appointed Officials	9
Financial Section	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	37
Reconciliation of the Balance Sheet to the Statement of Net Position	38
Statement of Revenues, Expenditures and Changes in Fund Balances	39
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	40
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
General Fund	41
Proprietary Funds	
Statement of Net Position	42
Statement of Revenues, Expenses and Changes in Net Position	44
Statement of Cash Flows	46
Notes to the Financial Statements	51
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability -	
General Employees Retirement Fund	80
Schedule of Employer's Public Employees Retirement Association Contributions -	
General Employees Retirement Fund	81
Notes to the Required Supplementary Information - General Employees Retirement Fund	82
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Special Revenue Funds and Capital Project Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
EDA Revolving Loan Fund	90
General Fund	
Comparative Balance	91
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	93
Debt Service Funds	
Combining Balance Sheet	96
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	98
Summary Financial Report -	
Revenues and Expenditures for General Operations - Governmental Funds	100

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City of Jackson, Minnesota
Annual Financial Report
Table of Contents (Continued)
For the Year Ended December 31, 2022

	<u>Page No.</u>
Single Audit and Other Required Reports	
Independent Auditor's Report on Minnesota Legal Compliance	103
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 <i>Government Auditing Standards</i>	104
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance	107
Schedule of Expenditures of Federal Awards	110
Notes to the Schedule of Expenditures of Federal Awards	111
Schedule of Findings and Questioned Costs and Responses	112
Corrective Action Plans	117
Schedule of Prior Year Findings	120

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INTRODUCTORY SECTION

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Jackson, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2022

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wayne Walter	Mayor	2022
Brandon Finck	Council	2024
Michael More	Council	2022
Jerome Palmer	Council	2022
Marcus Polz	Council	2024
Dave Cushman	Council	2022
Nathan Peterson	Council	2022

Administration

Matt Skaret	City Administrator
Deb Mitchell	Office Manager

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FINANCIAL SECTION
CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Jackson, Minnesota

Report on 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 Jackson, Minnesota, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Basis for Qualified Opinions

The City has not adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the Volunteer Firefighters' Relief Association, in the governmental activities, business-type activities and each major proprietary fund and aggregate remaining fund information and, accordingly, has not shown activity related to this standard. Accounting principles generally accepted in the United States of America require that other postemployment balances be shown, which would report deferred outflows of resources, deferred inflows of resources and liabilities or assets, while changing the net position in the applicable statements.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinions", the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major proprietary fund and the aggregate remaining fund information of the City as of December 31, 2022, and the results of its operations for the year ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining governmental fund information of the City as of December 31, 2022, and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements, schedules, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements, schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
March 23, 2023

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Management's Discussion and Analysis

As management of the City of Jackson, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$52,577,368 (net position). Of this amount, \$16,475,001 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$2,577,044, compared to an increase of \$3,019,162 in the previous year. Of this increase, business-type activities (enterprise funds) had an increase of \$1,661,445 and governmental activities had an increase of \$915,599. The increase can be attributed to charges for services in the business-type funds being consistently greater than expenses, particularly in the water, sewer, electric and liquor funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,566,944, an increase of \$26,516 in comparison with the prior year. Approximately 50.0 percent of this total amount, \$5,279,132, is available for spending at the City's discretion.

Overview of the Financial Statements

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

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

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

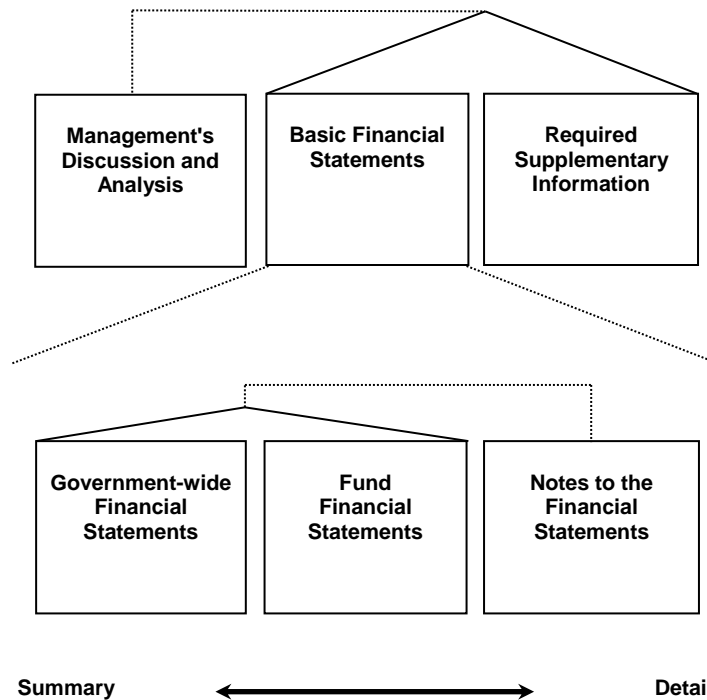


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

The government-wide financial statements can be found starting on page 31 of this report.

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

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

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

The City maintains 20 individual governmental funds, six of which are Debt Service funds, which are considered one fund for reporting purposes. 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 the Debt Service fund, both of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and EDA Revolving Loan fund. Budgetary comparison statements have been provided for the General fund and EDA Revolving Loan fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found starting on page 37 of this report.

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

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

The basic proprietary fund financial statements can be found starting on page 42 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 51 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jackson' share of net pension liabilities and schedules of contributions. Required supplementary information can be found starting on page 80 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,577,368 at the close of the most recent fiscal year.

A large portion of the City's net position (62.9 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jackson' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Current and Other Assets	\$ 11,067,515	\$ 11,290,131	\$ (222,616)	\$ 12,925,287	\$ 11,255,484	\$ 1,669,803
Capital Assets	18,128,541	17,071,862	1,056,679	32,348,567	31,075,492	1,273,075
Total Assets	29,196,056	28,361,993	834,063	45,273,854	42,330,976	2,942,878
Deferred Outflows of Resources	263,773	285,497	(21,724)	189,723	235,056	(45,333)
Long-term Liabilities						
Outstanding	5,958,399	5,550,737	407,662	15,048,373	13,428,741	1,619,632
Other Liabilities	498,893	436,327	62,566	798,658	933,241	(134,583)
Total Liabilities	6,457,292	5,987,064	470,228	15,847,031	14,361,982	1,485,049
Deferred Inflows of Resources	10,159	338,647	(328,488)	31,556	280,505	(248,949)
Net Position						
Net investment in capital assets	13,606,908	12,044,862	1,562,046	19,374,648	17,620,652	1,753,996
Restricted	3,074,069	3,052,593	21,476	46,742	-	46,742
Unrestricted	6,311,401	7,224,324	(912,923)	10,163,600	10,302,893	(139,293)
Total Net Position	\$ 22,992,378	\$ 22,321,779	\$ 670,599	\$ 29,584,990	\$ 27,923,545	\$ 1,661,445

An additional portion of the City's net position (5.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (31.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate business-type activities.

There was an increase of \$1,661,445 in net position reported in connection with the City's business-type activities. This increase was a result of the following funds and profits or (losses): Water Utility, \$300,647, Sewer Utility, \$248,652, Electric Utility, \$1,444,087, Municipal Liquor, \$106,286, Airport, (\$161,824), and Ambulance Service, (\$170,016). The Municipal Liquor fund's gross profit percentage has remained similar as the previous year of 27.1 percent.

Governmental Activities. Governmental activities increased the City's net position by \$915,599. Key elements of this increase are described above and summarized below as follows:

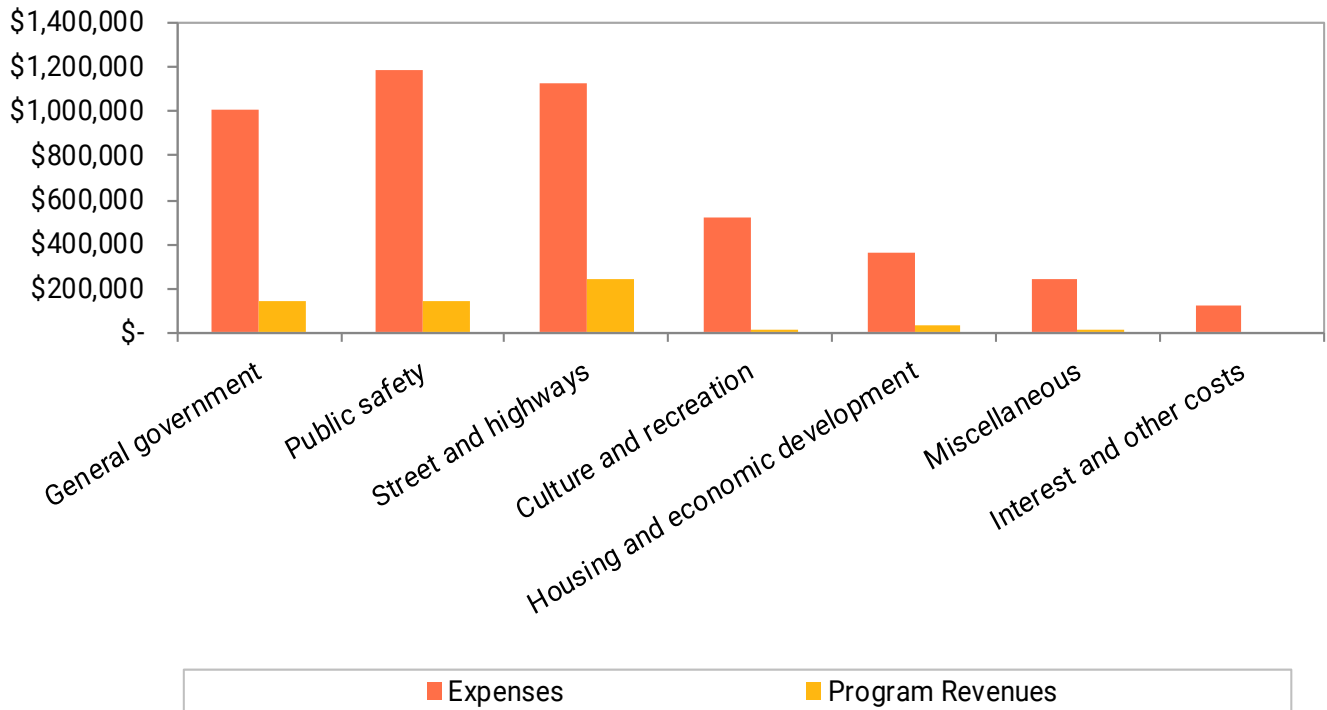
City of Jackson' Changes in Net Position

	Governmental Activities			Business-type Activities			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
Revenues								
Program Revenues								
Charges for services	\$ 397,655	\$ 392,108	\$ 5,547	\$ 9,738,310	\$ 9,696,101	\$ 42,209	\$ 10,135,965	\$ 10,088,209
Operating grants and contributions	158,315	356,074	(197,759)	58,549	41,410	17,139	216,864	397,484
Capital grants and contributions	5,541	43,604	(38,063)	2,167,690	1,469,007	698,683	2,173,231	1,512,611
General Revenues								
Property taxes/tax increments	2,024,801	1,950,478	74,323	-	-	-	2,024,801	1,950,478
Other taxes	47,194	47,262	(68)	-	-	-	47,194	47,262
Grants and contributions not restricted to specific programs								
Unrestricted investment earnings	(214,763)	(12,578)	(202,185)	(371,108)	(2,846)	(368,262)	(585,871)	(15,424)
Other revenues	11,960	12,400	(440)	-	-	-	11,960	12,400
Gain on sale of capital assets	3,200	5,386	(2,186)	-	-	-	3,200	5,386
Total Revenues	3,915,809	4,244,511	(328,702)	11,593,441	11,203,672	389,769	15,509,250	15,448,183
Expenses								
General government	1,009,104	858,136	150,968	-	-	-	1,009,104	858,136
Public safety	1,180,875	1,109,232	71,643	-	-	-	1,180,875	1,109,232
Streets and highways	1,128,806	1,031,408	97,398	-	-	-	1,128,806	1,031,408
Culture and recreation	525,730	461,410	64,320	-	-	-	525,730	461,410
Economic development	358,199	624,834	(266,635)	-	-	-	358,199	624,834
Miscellaneous	238,719	147,160	91,559	-	-	-	238,719	147,160
Interest and other costs	120,374	74,576	45,798	-	-	-	120,374	74,576
Municipal liquor store	-	-	-	1,530,757	1,449,566	81,191	1,530,757	1,449,566
Sewer utility	-	-	-	667,957	595,902	72,055	667,957	595,902
Airport	-	-	-	275,643	274,644	999	275,643	274,644
Electric utility	-	-	-	4,391,808	4,421,777	(29,969)	4,391,808	4,421,777
Water utility	-	-	-	811,230	739,696	71,534	811,230	739,696
Ambulance	-	-	-	693,004	640,680	52,324	693,004	640,680
Total Expenses	4,561,807	4,306,756	255,051	8,370,399	8,122,265	248,134	12,932,206	12,429,021
Increase (Decrease) in Net Position								
Before Contributions and Transfers	(645,998)	(62,245)	(583,753)	3,223,042	3,081,407	141,635	2,577,044	3,019,162
Contribution of Capital Assets	850,537	-	850,537	(850,537)	-	(850,537)	-	-
Transfers	711,060	730,759	(19,699)	(711,060)	(730,759)	19,699	-	-
Change in Net Position	915,599	668,514	247,085	1,661,445	2,350,648	(689,203)	2,577,044	3,019,162
Net Position January 1	22,321,779	21,653,265	668,514	27,923,545	25,572,897	2,350,648	50,245,324	47,226,162
Prior Period Adjustment (Note 6)	(245,000)	-	(245,000)	-	-	-	(245,000)	-
Net Position - December 31	\$ 22,992,378	\$ 22,321,779	\$ 670,599	\$ 29,584,990	\$ 27,923,545	\$ 1,661,445	\$ 52,577,368	\$ 50,245,324

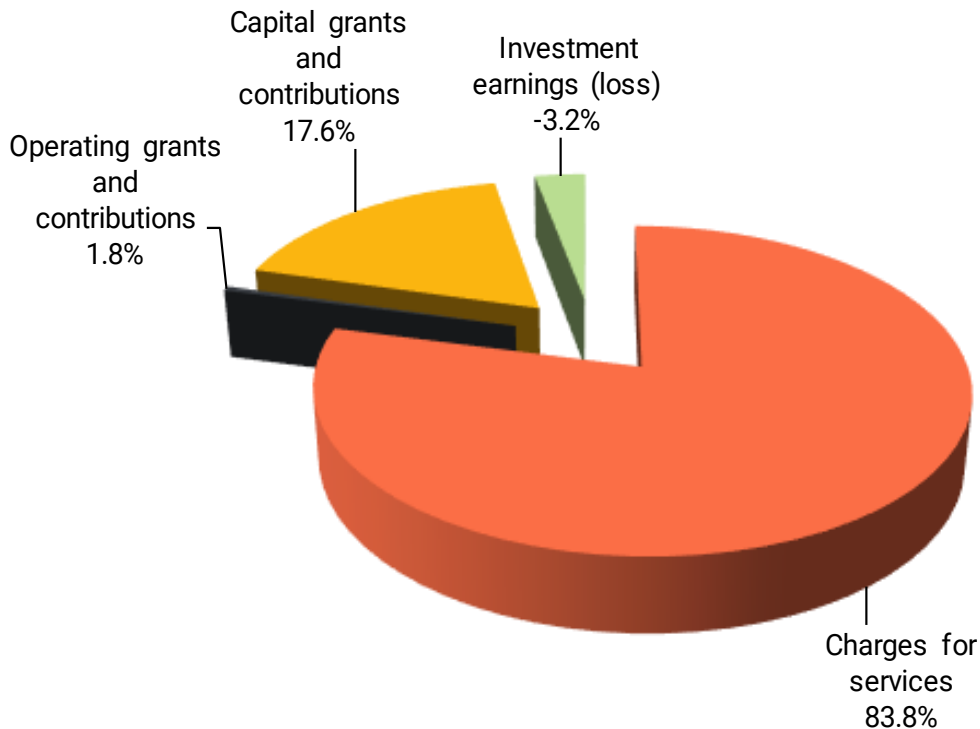
Property taxes increased by \$59,873 (3.8 percent) during the year.

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



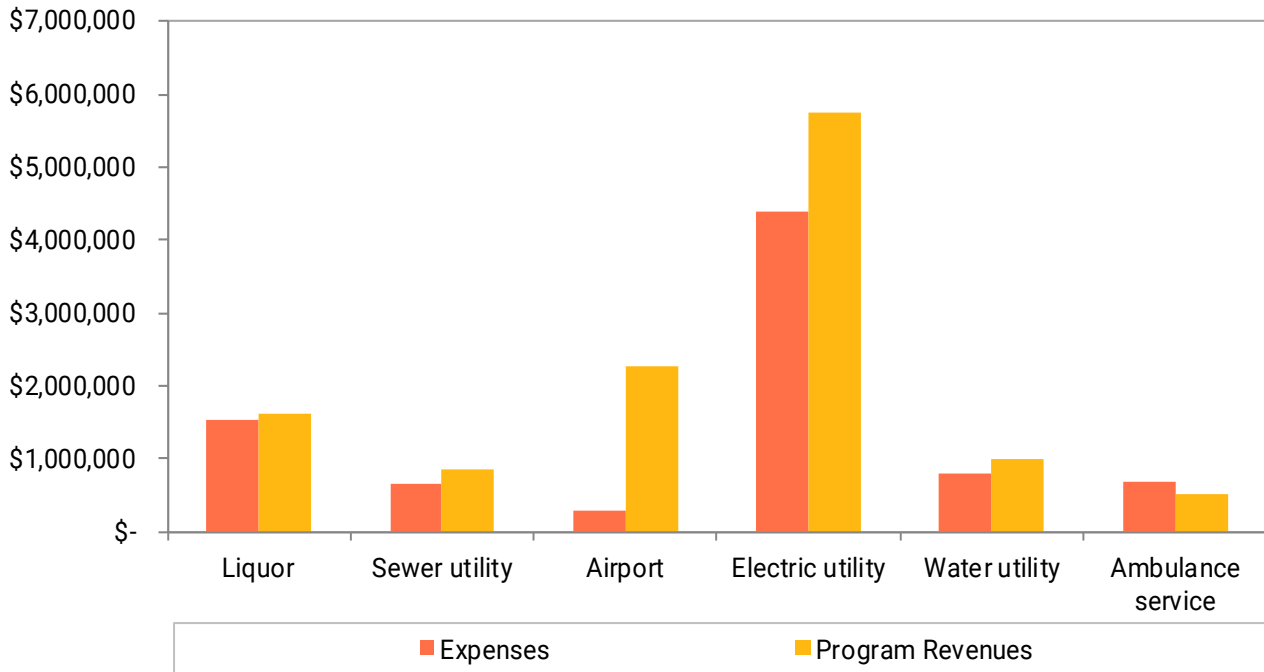
Revenues by Source - Governmental Activities



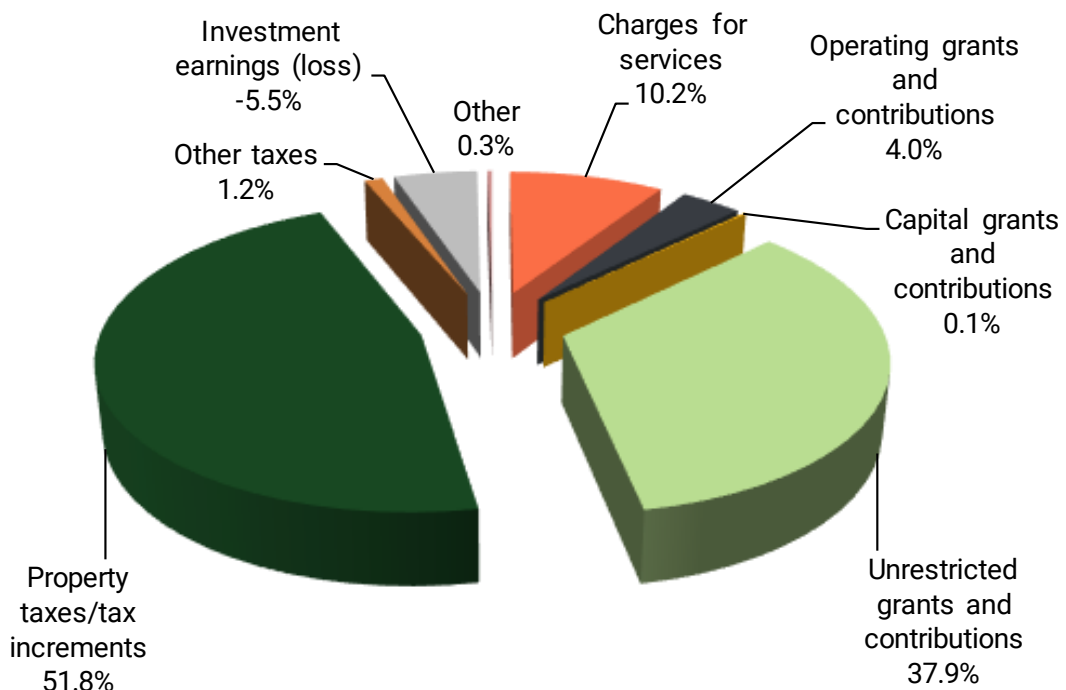
Business-type Activities. Business-type activities increased the City's net position by \$1,661,445. Key elements of this increase are as follows:

- Capital contributions from the State of Minnesota and Federal government of \$2,160,178 for airport projects.
- Water, Sewer, Electric and Municipal Liquor Store funds all had large operating income, with Electric resulting in an increase of \$1,444,087.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,566,944, an increase of \$26,516 in comparison with the prior year. Approximately 50.0 percent of this total amount \$5,279,132 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The majority of the remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been restricted to pay capital projects, debt service, qualifying tax increments and revolving loans expenses in the total amount of \$3,113,002; and an additional \$250,687 committed for economic development and \$1,924,123 for future capital items and capital projects.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$5,279,132. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 160.3 percent of fund expenditures, while total fund balance represents 160.3 percent of that same amount.

The fund balance of the City's General fund decreased by \$345,172 during the current fiscal year. Key factors of this decrease was a large decrease in the market value of investments and an increase in capital outlay expenses for park equipment and sealcoating projects.

The *Debt Service fund* has a total fund balance of \$925,943, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$78,738. The major factor in this increase was tax levies and transfers from other funds for payments on debt service being in excess of current obligations. Bonds were also issued with a small portion allocated to the debt service fund for capitalized interest.

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

Unassigned net position of the enterprise funds at the end of the year amounted to \$10,163,600. The total increase in net position for the funds was \$1,661,445. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues were received under budget by \$229,823 due to a large decrease in the market value of investments. The expenditures were under budget by \$138,648 due to less snow removal and sanitation costs.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2022, amounts to \$50,477,108 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, structures, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 11.2 percent (a 13.0 percent increase for governmental activities and a 10.0 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- 2020 Street, Utility and Parking project capitalized at a total cost of \$5,676,264
- 2021 Chevrolet Life Line Superliner (Ambulance) costing \$200,114
- Sanitary Sewer Extension capitalized at a total cost of \$2,472,050
- Downtown Electric Project capitalized at a total cost of \$842,128
- Airport Runway Project current year costs totaling \$2,277,165
- 2022 Street Project was under way with costs of \$572,818

Additional information on the City's capital assets can be found in Note 3C starting on page 67 of this report.

City of Jackson Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 596,170	\$ 596,170	\$ -	\$ 988,336	\$ 988,336	\$ -
Land Improvements	-	-	-	19,609,519	15,577,084	4,032,435
Infrastructure/Plant	12,550,305	8,650,899	3,899,406	-	-	-
Buildings	3,089,327	3,182,368	(93,041)	5,813,478	6,020,768	(207,290)
Machinery and Equipment	802,053	747,963	54,090	1,512,802	1,518,452	(5,650)
Vehicles	795,049	894,545	(99,496)	-	-	-
Construction in Progress	295,637	2,999,917	(2,704,280)	4,424,432	6,970,852	(2,546,420)
Total	\$ 18,128,541	\$ 17,071,862	\$ 1,056,679	\$ 32,348,567	\$ 31,075,492	\$ 1,273,075

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,504,224. Of this amount \$435,000 is general obligation debt, \$4,590,950 is general obligation improvement debt and \$14,426,050 is revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Jackson Outstanding Debt

The City's total debt increased \$1,390,753, or 7.7 percent during the current fiscal year. The increase was due to bonds issued for the 2022 street project and final draw on the 2017 PFA loan.

The City's current bond rating from Moody is an "A2" rating for general obligation and revenue debt. This is an upgrade from the 2021 rating of A1. The Electric fund bond rating was A3 in 2022.

	Governmental Activities			Business-type Activities			Totals	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
General Obligation Bonds	\$ 435,000	\$ 567,000	\$ (132,000)	\$ -	\$ -	\$ -	\$ 435,000	\$ 567,000
G.O. Tax Increment bonds	-	240,000	(240,000)	-	-	-	-	240,000
General Obligation Improvement Bonds	4,590,950	4,220,000	370,950	-	-	-	4,590,950	4,220,000
General Obligation Revenue Bonds	-	-	-	14,426,050	13,034,247	1,391,803	14,426,050	13,034,247
Bond Premium	-	-	-	52,224	-	-	52,224	-
Total	\$ 5,025,950	\$ 5,027,000	\$ (1,050)	\$ 14,478,274	\$ 13,034,247	\$ 1,391,803	\$ 19,504,224	\$ 18,061,247

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$6,511,341 which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 70 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Jackson County is currently 2.6 percent, which is an increase from a rate of 2.3 percent a year ago. This compares favorably to the State's average unemployment rate of 3.0 percent and favorably to the national average rate of 3.3 percent.
- Property valuations within the City remain strong and consistent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2023 fiscal year.

Property taxes will increase in 2023 by approximately 7.5 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Deb Mitchell at City of Jackson, 80 W Ashley Street, Jackson, Minnesota 56143.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Jackson, Minnesota
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 9,066,800	\$ 10,829,292	\$ 19,896,092
Receivables			
Delinquent taxes	22,563	-	22,563
Interest	-	2,553	2,553
Accounts, net of allowance	22,709	759,692	782,401
Intergovernmental	8,478	237,166	245,644
Special assessments	22,698	201,674	224,372
Loans, net of allowance	1,796,328	-	1,796,328
Internal balances	(387,086)	387,086	-
Inventories	-	507,824	507,824
Land held for resale	515,025	-	515,025
Capital assets			
Capital assets not being depreciated	891,807	5,412,768	6,304,575
Capital assets (net of accumulated depreciation)	17,236,734	26,935,799	44,172,533
Total Assets	<u>29,196,056</u>	<u>45,273,854</u>	<u>74,469,910</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>263,773</u>	<u>189,723</u>	<u>453,496</u>
Liabilities			
Accounts and contracts payable	151,661	548,769	700,430
Due to other governments	4,634	64,094	68,728
Accrued salaries payable	3,891	571	4,462
Accrued interest payable	43,583	118,827	162,410
Deposits payable	-	64,470	64,470
Unearned revenue	295,124	1,927	297,051
Noncurrent liabilities			
Due within one year			
Other longterm liabilities	558,735	876,424	1,435,159
Due in more than one year			
Other longterm liabilities	4,636,551	13,644,097	18,280,648
Net pension liability	763,113	527,852	1,290,965
Total Liabilities	<u>6,457,292</u>	<u>15,847,031</u>	<u>22,304,323</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>10,159</u>	<u>31,556</u>	<u>41,715</u>
Net Position			
Net investment in capital assets	13,606,908	19,374,648	32,981,556
Restricted			
Restricted for sanitary sewer replacement	-	46,742	46,742
Debt service	887,010	-	887,010
Economic development loans	1,405,943	-	1,405,943
Tax increment financing	308,921	-	308,921
Capital projects	472,195	-	472,195
Unrestricted	<u>6,311,401</u>	<u>10,163,600</u>	<u>16,475,001</u>
Total Net Position	<u>\$ 22,992,378</u>	<u>\$ 29,584,990</u>	<u>\$ 52,577,368</u>

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

City of Jackson, Minnesota
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 1,009,104	\$ 136,980	\$ 3,351	\$ -
Public safety	1,180,875	41,532	102,660	3,025
Public works	1,128,806	185,934	52,304	2,516
Culture and recreation	525,730	2,542	-	-
Economic development	358,199	30,482	-	-
Miscellaneous	238,719	185	-	-
Interest and other costs	120,374	-	-	-
Total Governmental Activities	<u>4,561,807</u>	<u>397,655</u>	<u>158,315</u>	<u>5,541</u>
Business-type Activities				
Water utility	811,230	990,063	-	-
Sewer utility	667,957	807,366	-	7,512
Electric utility	4,391,808	5,737,790	-	-
Municipal liquor store	1,530,757	1,619,316	-	-
Airport	275,643	68,143	45,676	2,160,178
Ambulance	693,004	515,632	12,873	-
Total Business-type Activities	<u>8,370,399</u>	<u>9,738,310</u>	<u>58,549</u>	<u>2,167,690</u>
Total Primary Government	<u>\$ 12,932,206</u>	<u>\$ 10,135,965</u>	<u>\$ 216,864</u>	<u>\$ 2,173,231</u>

General Revenues

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Gain on sale of capital assets

Other revenues

Contribution of capital assets and debt

Transfers

Total General Revenues, Contributions and Transfers

Change in Net Position

Net Position, January 1

Prior period adjustment (Note 6)

Net Position, December 31

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

Net (Expense) Revenue and
Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (868,773)		\$ (868,773)
(1,033,658)		(1,033,658)
(888,052)		(888,052)
(523,188)		(523,188)
(327,717)		(327,717)
(238,534)		(238,534)
(120,374)		(120,374)
<u>(4,000,296)</u>		<u>(4,000,296)</u>
-	\$ 178,833	178,833
-	146,921	146,921
-	1,345,982	1,345,982
-	88,559	88,559
-	1,998,354	1,998,354
-	(164,499)	(164,499)
-	<u>3,594,150</u>	<u>3,594,150</u>
<u>(4,000,296)</u>	<u>3,594,150</u>	<u>(406,146)</u>
1,391,197	-	1,391,197
268,218	-	268,218
365,386	-	365,386
47,194	-	47,194
1,481,906	-	1,481,906
(214,763)	(371,108)	(585,871)
3,200	-	3,200
11,960	-	11,960
850,537	(850,537)	-
711,060	(711,060)	-
<u>4,915,895</u>	<u>(1,932,705)</u>	<u>2,983,190</u>
915,599	1,661,445	2,577,044
22,321,779	27,923,545	50,245,324
<u>(245,000)</u>	<u>-</u>	<u>(245,000)</u>
<u>\$ 22,992,378</u>	<u>\$ 29,584,990</u>	<u>\$ 52,577,368</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Jackson, Minnesota
Balance Sheet
Governmental Funds
December 31, 2022

	General	Debt Service	Other Governmental Funds	Total
Assets				
Cash and temporary investments	\$ 4,334,606	\$ 925,943	\$ 3,806,251	\$ 9,066,800
Receivables				
Delinquent taxes	17,593	4,650	320	22,563
Accounts	22,709	-	-	22,709
Intergovernmental	8,478	-	-	8,478
Special assessments	22,698	-	-	22,698
Loans, net of allowance	-	-	1,796,328	1,796,328
Due from other funds	451,830	-	-	451,830
Land held for resale	515,025	-	-	515,025
	<u>\$ 5,372,939</u>	<u>\$ 930,593</u>	<u>\$ 5,602,899</u>	<u>\$ 11,906,431</u>
Liabilities				
Accounts and contracts payable	\$ 44,971	\$ -	\$ 106,690	\$ 151,661
Due to other governments	4,634	-	-	4,634
Advances from other funds	-	-	838,916	838,916
Accrued salaries payable	3,891	-	-	3,891
Unearned revenue	20	-	295,104	295,124
Total Liabilities	<u>53,516</u>	<u>-</u>	<u>1,240,710</u>	<u>1,294,226</u>
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	17,593	4,650	320	22,563
Assessments	22,698	-	-	22,698
Total Deferred Inflows of Resources	<u>40,291</u>	<u>4,650</u>	<u>320</u>	<u>45,261</u>
Fund Balances				
Restricted				
Debt service	-	925,943	-	925,943
Tax increment financing	-	-	308,921	308,921
Capital projects	-	-	472,195	472,195
Economic development loans	-	-	1,405,943	1,405,943
Committed				
Economic development	-	-	250,687	250,687
Capital projects	-	-	380,935	380,935
Future capital improvements	-	-	1,543,188	1,543,188
Assigned				
Future capital projects	-	-	-	-
Unassigned	5,279,132	-	-	5,279,132
Total Fund Balances	<u>5,279,132</u>	<u>925,943</u>	<u>4,361,869</u>	<u>10,566,944</u>
	<u>\$ 5,372,939</u>	<u>\$ 930,593</u>	<u>\$ 5,602,899</u>	<u>\$ 11,906,431</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances				

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

City of Jackson, Minnesota
 Reconciliation of the Balance Sheet
 To the Statement of Net Position
 Governmental Funds
 December 31, 2022

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

Total Fund Balances - Governmental Funds	\$ 10,566,944
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	18,128,541
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Compensated absences payable	(169,336)
Net pension liability	(763,113)
Bonds payable	(5,025,950)
Long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Delinquent property taxes receivable	22,563
Special assessments receivable	22,698
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	263,773
Deferred inflows of pension resources	(10,159)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(43,583)</u>
Total Net Position - Governmental Activities	<u><u>\$ 22,992,378</u></u>

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

City of Jackson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Taxes	\$ 1,302,599	\$ 371,743	\$ 356,374	\$ 2,030,716
Special assessments	2,880	-	-	2,880
Licenses and permits	55,481	-	-	55,481
Intergovernmental	1,584,169	298	52,403	1,636,870
Charges for services	261,531	-	-	261,531
Fines and forfeits	8,661	-	-	8,661
Investment earnings (loss)	(291,623)	6,375	70,485	(214,763)
Miscellaneous	89,431	11,000	33,730	134,161
Total Revenues	<u>3,013,129</u>	<u>389,416</u>	<u>512,992</u>	<u>3,915,537</u>
Expenditures				
Current				
General government	861,522	-	-	861,522
Public safety	1,012,834	-	-	1,012,834
Public works	809,542	-	-	809,542
Culture and recreation	339,110	-	-	339,110
Economic development	3,896	-	354,303	358,199
Miscellaneous	55,188	-	-	55,188
Capital outlay				
General government	30,003	-	-	30,003
Public safety	41,502	-	-	41,502
Public works	66,373	-	659,583	725,956
Culture and recreation	72,795	-	48,894	121,689
Miscellaneous	-	-	183,531	183,531
Debt service				
Principal	-	502,000	240,000	742,000
Interest and other costs	-	81,065	31,922	112,987
Total Expenditures	<u>3,292,765</u>	<u>583,065</u>	<u>1,518,233</u>	<u>5,394,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(279,636)</u>	<u>(193,649)</u>	<u>(1,005,241)</u>	<u>(1,478,526)</u>
Other Financing Sources (Uses)				
Transfers in	506,000	262,377	568,842	1,337,219
Debt issued	-	10,010	730,940	740,950
Transfers out	(571,536)	-	(54,623)	(626,159)
Total Other Financing Sources (Uses)	<u>(65,536)</u>	<u>272,387</u>	<u>1,245,159</u>	<u>1,452,010</u>
Net Change in Fund Balances	(345,172)	78,738	239,918	(26,516)
Fund Balances, January 1	5,624,304	847,205	4,366,951	10,838,460
Prior Period Adjustment (Note 9)	-	-	(245,000)	(245,000)
Fund Balances, December 31	<u>\$ 5,279,132</u>	<u>\$ 925,943</u>	<u>\$ 4,361,869</u>	<u>\$ 10,566,944</u>

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

City of Jackson, Minnesota
 Reconciliation of the Statement of
 Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2022

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

Net change in fund balances - governmental funds	\$ (26,516)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	797,899
Depreciation expense	(594,957)
Capital contributions to business-type activities	850,537
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>	
Book value of capital asset disposals	3,200
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Debt issued or incurred	(740,950)
Principal repayments	742,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(7,387)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Negative pension expense	(97,964)
Direct aid contributions	3,351
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(5,915)
Special assessments	(364)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(7,335)
Change in Net Position - Governmental Activities	\$ 915,599

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

City of Jackson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,306,400	\$ 1,306,400	\$ 1,302,599	\$ (3,801)
Special assessments	2,500	2,500	2,880	380
Licenses and permits	37,750	37,750	55,481	17,731
Intergovernmental	1,544,066	1,544,066	1,584,169	40,103
Charges for services	223,836	223,836	261,531	37,695
Fines and forfeits	9,100	9,100	8,661	(439)
Investment earnings	55,030	55,030	(291,623)	(346,653)
Miscellaneous	64,270	64,270	89,431	25,161
Total Revenues	<u>3,242,952</u>	<u>3,242,952</u>	<u>3,013,129</u>	<u>(229,823)</u>
Expenditures				
Current				
General government	888,189	888,189	861,522	26,667
Public safety	1,031,140	1,031,140	1,012,834	18,306
Streets and highways	883,914	883,914	809,542	74,372
Culture and recreation	342,370	342,370	339,110	3,260
Economic development	10,700	10,700	3,896	6,804
Miscellaneous	90,100	90,100	55,188	34,912
Capital outlay				
General government	18,000	18,000	30,003	(12,003)
Public safety	53,500	53,500	41,502	11,998
Streets and highways	57,500	57,500	66,373	(8,873)
Culture and recreation	36,000	36,000	72,795	(36,795)
Miscellaneous	20,000	20,000	-	20,000
Total Expenditures	<u>3,431,413</u>	<u>3,431,413</u>	<u>3,292,765</u>	<u>138,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,461)</u>	<u>(188,461)</u>	<u>(279,636)</u>	<u>(91,175)</u>
Other Financing Sources (Uses)				
Transfers in	506,000	506,000	506,000	-
Transfers out	(283,000)	(283,000)	(571,536)	(288,536)
Total Other Financing Sources (Uses)	<u>223,000</u>	<u>223,000</u>	<u>(65,536)</u>	<u>(288,536)</u>
Net Change in Fund Balances	34,539	34,539	(345,172)	(379,711)
Fund Balances, January 1	<u>5,624,304</u>	<u>5,624,304</u>	<u>5,624,304</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,658,843</u>	<u>\$ 5,658,843</u>	<u>\$ 5,279,132</u>	<u>\$ (379,711)</u>

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

City of Jackson, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds		
	601	602	604
	Water Utility	Sewer Utility	Electric Utility
Assets			
Current Assets			
Cash and temporary investments	\$ 1,788,062	\$ 2,031,410	\$ 5,998,076
Receivables			
Interest	-	-	-
Accounts, net of allowance	74,195	65,230	466,505
Intergovernmental	12,167	12,167	94,994
Special assessments	136	10,138	-
Advance to other funds - current portion	-	-	29,316
Inventories	-	-	276,498
Total Current Assets	<u>1,874,560</u>	<u>2,118,945</u>	<u>6,865,389</u>
Noncurrent Assets			
Special assessments	1,115	190,285	-
Advance to other funds - noncurrent portion	-	-	1,400,513
Capital assets			
Land	8,340	161,664	66,720
Buildings and structures	2,092,134	3,391,567	3,668,135
Infrastructure	6,488,818	10,369,545	10,010,546
Machinery and equipment	308,720	377,768	1,985,408
Construction in progress	517,243	347,515	-
Less accumulated depreciation	(3,825,298)	(5,054,761)	(5,288,287)
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,589,957</u>	<u>9,593,298</u>	<u>10,442,522</u>
Total Noncurrent Assets	<u>5,591,072</u>	<u>9,783,583</u>	<u>11,843,035</u>
Total Assets	<u>7,465,632</u>	<u>11,902,528</u>	<u>18,708,424</u>
Deferred Outflows of Resources			
Deferred pension resources	76,017	39,038	-
Liabilities			
Current Liabilities			
Accounts and contracts payable	12,119	17,874	329,560
Due to other governments	7,747	2,360	37,798
Due to other funds	-	-	-
Accrued salaries payable	327	74	-
Accrued interest payable	56,749	47,896	14,182
Advance from other funds - current portion	-	-	-
Deposits payable	-	-	64,470
Unearned revenue	-	-	-
Compensated absences payable - current portion	8,036	3,422	-
Bonds payable - current portion	167,350	298,750	393,400
Total Current Liabilities	<u>252,328</u>	<u>370,376</u>	<u>839,410</u>
Noncurrent Liabilities			
Compensated absences payable - noncurrent portion	6,889	15,183	-
Advance from other funds - noncurrent portion	-	-	-
Bonds payable - noncurrent portion	4,807,817	5,473,957	3,337,000
Net pension liability	219,923	112,941	-
Total Noncurrent Liabilities	<u>5,034,629</u>	<u>5,602,081</u>	<u>3,337,000</u>
Total Liabilities	<u>5,286,957</u>	<u>5,972,457</u>	<u>4,176,410</u>
Deferred Inflows of Resources			
Deferred pension resources	2,928	1,504	-
Net Position			
Net investment in capital assets	1,884,418	4,616,915	6,712,122
Restricted for sanitary sewer replacement	-	46,742	-
Unrestricted	367,346	1,303,948	7,819,892
Total Net Position	<u>\$ 2,251,764</u>	<u>\$ 5,967,605</u>	<u>\$ 14,532,014</u>

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

Business-type Activities -
Enterprise Funds

609	612	Nonmajor Enterprise 608	Total
Municipal Liquor Store	Airport	Ambulance	
\$ 216,434	\$ -	\$ 795,310	\$ 10,829,292
-	-	2,553	2,553
-	23,196	130,566	759,692
-	117,838	-	237,166
-	-	-	10,274
-	-	-	29,316
231,326	-	-	507,824
<u>447,760</u>	<u>141,034</u>	<u>928,429</u>	<u>12,376,117</u>
-	-	-	191,400
-	-	-	<u>1,400,513</u>
149,250	602,362	-	988,336
935,579	361,398	-	10,448,813
-	3,970,026	-	30,838,935
99,492	224,239	855,881	3,851,508
-	3,559,674	-	4,424,432
(98,550)	(3,277,430)	(659,131)	(18,203,457)
<u>1,085,771</u>	<u>5,440,269</u>	<u>196,750</u>	<u>32,348,567</u>
<u>1,085,771</u>	<u>5,440,269</u>	<u>196,750</u>	<u>33,940,480</u>
<u>1,533,531</u>	<u>5,581,303</u>	<u>1,125,179</u>	<u>46,316,597</u>
<u>53,710</u>	<u>-</u>	<u>20,958</u>	<u>189,723</u>
52,792	130,733	5,691	548,769
15,950	46	193	64,094
-	451,830	-	451,830
78	-	92	571
-	-	-	118,827
29,316	-	-	29,316
-	-	-	64,470
1,927	-	-	1,927
2,628	-	2,838	16,924
-	-	-	859,500
<u>102,691</u>	<u>582,609</u>	<u>8,814</u>	<u>2,156,228</u>
-	-	3,251	25,323
561,597	-	-	561,597
-	-	-	13,618,774
155,388	-	39,600	527,852
<u>716,985</u>	<u>-</u>	<u>42,851</u>	<u>14,733,546</u>
<u>819,676</u>	<u>582,609</u>	<u>51,665</u>	<u>16,889,774</u>
<u>2,069</u>	<u>-</u>	<u>25,055</u>	<u>31,556</u>
524,174	5,440,269	196,750	19,374,648
-	-	-	46,742
<u>241,322</u>	<u>(441,575)</u>	<u>872,667</u>	<u>10,163,600</u>
<u>\$ 765,496</u>	<u>\$ 4,998,694</u>	<u>\$ 1,069,417</u>	<u>\$ 29,584,990</u>

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

City of Jackson, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	601	602	604
	Water Utility	Sewer Utility	Electric Utility
Operating Revenues			
Charges for services	\$ 968,462	\$ 805,889	\$ 5,700,818
Other operating revenues	21,601	1,477	36,972
Sales	-	-	-
Cost of sales	-	-	-
Total Operating Revenues	<u>990,063</u>	<u>807,366</u>	<u>5,737,790</u>
Operating Expenses			
Purchased power	-	-	3,244,440
Personal services	280,230	137,632	-
Operating supplies and expenses	31,410	11,362	52,931
Professional services	-	-	-
Utilities	74,980	39,584	90,546
Repairs and maintenance	61,820	-	20,927
Other services and charges	63,256	64,058	466,659
Depreciation	177,720	306,078	418,200
Total Operating Expenses	<u>689,416</u>	<u>558,714</u>	<u>4,293,703</u>
Operating Income (Loss)	<u>300,647</u>	<u>248,652</u>	<u>1,444,087</u>
Nonoperating Revenues (Expenses)			
Intergovernmental revenue	-	-	-
Investment income (loss)	7,566	17,952	(411,565)
Contributions and donations	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Interest expense and other	(122,251)	(111,708)	(98,105)
Amortization of bond premiums	437	2,465	-
Total Nonoperating Revenues (Expenses)	<u>(114,248)</u>	<u>(91,291)</u>	<u>(509,670)</u>
Income (Loss) Before Contributions and Transfers	186,399	157,361	934,417
Capital Contributions			
Special Assessments	-	7,512	-
Capital Contributions from Other Governments	-	-	-
Capital Contributions from (to) Other Funds	-	(850,537)	-
Transfers In	13,925	87,207	-
Transfers Out	<u>(155,896)</u>	<u>(168,326)</u>	<u>(491,970)</u>
Change in Net Position	44,428	(766,783)	442,447
Net Position, January 1	<u>2,207,336</u>	<u>6,734,388</u>	<u>14,089,567</u>
Net Position, December 31	<u>\$ 2,251,764</u>	<u>\$ 5,967,605</u>	<u>\$ 14,532,014</u>

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

Business-type Activities -
Enterprise Funds

609	612	Nonmajor Enterprise 608	Total
Municipal Liquor Store	Airport	Ambulance	
\$ -	\$ 68,143	\$ 486,960	\$ 8,030,272
2,908	45,676	28,672	137,306
1,616,408	-	-	1,616,408
(1,177,854)	-	-	(1,177,854)
<u>441,462</u>	<u>113,819</u>	<u>515,632</u>	<u>8,606,132</u>
-	-	-	3,244,440
214,248	-	368,372	1,000,482
3,794	6,027	22,551	128,075
-	-	83,900	83,900
12,005	24,670	-	241,785
3,908	24,677	10,897	122,229
72,560	61,293	129,795	857,621
28,661	158,976	70,133	1,159,768
<u>335,176</u>	<u>275,643</u>	<u>685,648</u>	<u>6,838,300</u>
<u>106,286</u>	<u>(161,824)</u>	<u>(170,016)</u>	<u>1,767,832</u>
-	-	4,673	4,673
2,647	-	12,292	(371,108)
-	-	8,200	8,200
-	-	(7,356)	(7,356)
(17,727)	-	-	(349,791)
-	-	-	2,902
<u>(15,080)</u>	<u>-</u>	<u>17,809</u>	<u>(712,480)</u>
91,206	(161,824)	(152,207)	1,055,352
-	-	-	7,512
-	2,160,178	-	2,160,178
-	-	-	(850,537)
-	60,000	-	161,132
<u>(56,000)</u>	<u>-</u>	<u>-</u>	<u>(872,192)</u>
35,206	2,058,354	(152,207)	1,661,445
<u>730,290</u>	<u>2,940,340</u>	<u>1,221,624</u>	<u>27,923,545</u>
<u>\$ 765,496</u>	<u>\$ 4,998,694</u>	<u>\$ 1,069,417</u>	<u>\$ 29,584,990</u>

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

City of Jackson, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	601	602	604
	Water Utility	Sewer Utility	Electric Utility
Cash Flows from Operating Activities			
Receipts from customers	\$ 984,124	\$ 807,419	\$ 5,717,819
Payments to suppliers and vendors	(230,169)	(104,468)	(4,005,599)
Payments to and on behalf of employees	(271,342)	(119,862)	-
Other receipts	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>482,613</u>	<u>583,089</u>	<u>1,712,220</u>
Cash Flows from Noncapital Financing Activities			
Grants received	-	-	-
Decrease (increase) in advance to (from) other funds	-	-	546,462
Transfer from other funds	13,925	87,207	-
Transfers to other funds	(155,896)	(168,326)	(491,970)
Increase (decrease) in due (from) to other funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(141,971)</u>	<u>(81,119)</u>	<u>54,492</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(361,635)	(444,911)	(191,374)
Proceeds from sale of capital assets	-	-	-
Proceeds from the issuance of bonds	1,374,800	888,002	-
Special assessment collections	130	22,531	-
Proceeds from capital contributions from other governments	-	-	-
Principal paid on long-term debt	(168,100)	(298,500)	(404,400)
Interest paid on long-term debt	(101,648)	(99,672)	(100,355)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>743,547</u>	<u>67,450</u>	<u>(696,129)</u>
Cash Flows from Investing Activities			
Interest received (paid) on cash and investments	<u>7,566</u>	<u>17,952</u>	<u>(411,565)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,091,755	587,372	659,018
Cash and Cash Equivalents, January 1	<u>696,307</u>	<u>1,444,038</u>	<u>5,339,058</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 1,788,062</u></u>	<u><u>\$ 2,031,410</u></u>	<u><u>\$ 5,998,076</u></u>

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

Business-type Activities -
Enterprise Funds

609	612	Nonmajor Enterprise 608	Total
Municipal Liquor Store	Airport	Ambulance	
\$ 1,619,314	\$ 58,360	\$ 469,236	\$ 9,656,272
(1,268,693)	(111,334)	(259,083)	(5,979,346)
(207,245)	-	(374,556)	(973,005)
-	45,676	8,200	53,876
<u>143,376</u>	<u>(7,298)</u>	<u>(156,203)</u>	<u>2,757,797</u>
-	-	4,673	4,673
(28,462)	-	-	518,000
-	60,000	-	161,132
(56,000)	-	-	(872,192)
-	87,650	-	87,650
<u>(84,462)</u>	<u>147,650</u>	<u>4,673</u>	<u>(100,737)</u>
-	(2,277,996)	(200,114)	(3,476,030)
-	-	35,600	35,600
-	-	-	2,262,802
-	-	-	22,661
-	2,137,644	-	2,137,644
-	-	-	(871,000)
(17,727)	-	-	(319,402)
<u>(17,727)</u>	<u>(140,352)</u>	<u>(164,514)</u>	<u>(207,725)</u>
<u>2,647</u>	<u>-</u>	<u>13,070</u>	<u>(370,330)</u>
43,834	-	(302,974)	2,079,005
<u>172,600</u>	<u>-</u>	<u>1,098,284</u>	<u>8,750,287</u>
<u>\$ 216,434</u>	<u>\$ -</u>	<u>\$ 795,310</u>	<u>\$ 10,829,292</u>

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

City of Jackson, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	601	602	604
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Electric Utility</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 300,647	\$ 248,652	\$ 1,444,087
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	177,720	306,078	418,200
Other income related to operations	-	-	-
(Increase) decrease in assets			
Accounts, net	(4,743)	1,249	(23,887)
Due from other governments	(1,196)	(1,196)	(9,569)
Inventories	-	-	(89,861)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	20,105	2,901	-
Increase (decrease) in liabilities			
Accounts and contracts payable	1,716	10,849	(40,485)
Due to other governments	(419)	(313)	250
Accrued salaries payable	237	21	-
Deposits payable	-	-	13,485
Unearned revenue	-	-	-
Compensated absences payable	1,504	3,290	-
Net pension liability	98,131	59,801	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(111,089)	(48,243)	-
Net Cash Provided by Operating Activities	<u>\$ 482,613</u>	<u>\$ 583,089</u>	<u>\$ 1,712,220</u>
Schedule of Noncash Investing, Capital and Financing Activities			
Book value of disposed/traded of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets acquired on account	<u>\$ 5,259</u>	<u>\$ 4,584</u>	<u>\$ -</u>
Capital assets/debt transferred (to) from other funds	<u>\$ -</u>	<u>\$ (850,537)</u>	<u>\$ -</u>
Amortization of bond (premium) discount	<u>\$ (437)</u>	<u>\$ (2,465)</u>	<u>\$ -</u>

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

Business-type Activities -
Enterprise Funds

<u>609</u>	<u>612</u>	<u>Nonmajor Enterprise 608</u>	<u>Total</u>
Municipal Liquor Store	Airport	Ambulance	
\$ 106,286	\$ (161,824)	\$ (170,016)	\$ 1,767,832
28,661	158,976	70,133	1,159,768
-	-	8,200	8,200
128	(9,783)	(46,396)	(83,432)
-	-	-	(11,961)
(4,587)	-	-	(94,448)
11,439	-	10,888	45,333
4,335	5,342	(12,133)	(30,376)
1,680	(9)	193	1,382
12	-	92	362
-	-	-	13,485
(130)	-	-	(130)
(2,080)	-	348	3,062
72,841	-	(3,104)	227,669
<u>(75,209)</u>	<u>-</u>	<u>(14,408)</u>	<u>(248,949)</u>
<u>\$ 143,376</u>	<u>\$ (7,298)</u>	<u>\$ (156,203)</u>	<u>\$ 2,757,797</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,956</u>	<u>\$ 42,956</u>
<u>\$ -</u>	<u>\$ 122,719</u>	<u>\$ -</u>	<u>\$ 132,562</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (850,537)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,902)</u>

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Jackson, Minnesota (the City) is a municipal corporation governed by a mayor and a six member council elected by eligible voters of the City. The City is the basic level of government which has oversight responsibility and control over all activities related to the government in the City's area. The City receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the GASB pronouncements, since the mayor and council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has no activity that meets the definition of a component unit.

Housing and Redevelopment Authority (HRA)

The Housing and Redevelopment Authority of Jackson, Minnesota (HRA) is an entity legally separate from the City. The HRA is responsible for administering affordable housing programs for eligible individuals and families in Jackson. The City's officials are responsible for appointing members to the HRA's board of commissioners, but the City's accountability for the HRA does not extend beyond making the appointments. Consequently, HRA is therefore not considered to be a part of the City's financial reporting entity. Audited financial statements are available upon request from the HRA offices located at 116 State Street, Jackson, MN 56143.

Economic Development Authority (EDA)

The EDA was created pursuant to Minnesota statutes 469.090 through 469.108 to primarily carry out housing development within the City in accordance with policies established by the City Council. The governing board is appointed by the City Council which also approves the EDA's tax levy. The EDA is governed by seven board members, two of which must City Council members. The EDA is presented as a governmental fund within the City. Separate financial statements for the EDA are not prepared.

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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (b) 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*.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, special assessments, franchise taxes, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

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 *Sewer Utility fund* accounts for the activities of the City's sewage system and to ensure that user charges are sufficient to pay for those costs.

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

The *Municipal Liquor fund* accounts for the operation of the municipal off-sale liquor store.

The *Airport fund* accounts for the costs associated with the City's airport.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payment in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

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

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

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

The City has the following recurring fair value measurements as of December 31, 2022:

- Negotiable certificates of deposits of \$11,263,571 are valued using a matrix pricing model (Level 2 inputs)

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.
- *Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than \$2,000,000 or 30 percent of the total portfolio. The City has no concentrations greater than their own requirements in any one issuer.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Property Taxes

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

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for 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 2022. All utility receivables are reported at their gross value, and if appropriate, reduced by the estimated portion that is expected to be uncollectible. Uncollectible utility accounts are periodically charged to operations on a direct write off method. The City has determined an allowance for uncollectible accounts of \$258,153 in the Ambulance fund for December 31, 2022

Special Assessments

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

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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."

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.

Inventories and Prepaid Items

Inventories of materials and supplies are recorded at cost, which approximates market, using the first-in, first out (FIFO) method. Inventories consist of expendable supplies held for consumption. 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 and are recorded as prepaid items. The City uses the consumption method to account for all prepaid items

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 initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such purchased assets are recorded at historical cost or estimated historical cost if historical cost is not available. Assets acquired prior to 1986 are recorded at estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
System Infrastructure	30 - 50
Swimming Pool	50
Buildings	20 - 50
Storm Sewer	30 - 50
Street Lights	30
Curb and Gutter	30
Streets/Alleys Concrete Pavement Surface	30
Portable Structures	25
Sidewalks	20
Streets/Alleys Asphalt Pavement Surface	20
Land Improvements	20
Furniture and Fixtures	20
Outdoor Equipment	20
Grounds and Maintenance Equipment	15
Machinery and Tools	15
Police and Fire Equipment	10
Office Equipment	10
Traffic Signals	10
Science & Engineering Equipment	10
Vehicles	7
Computer Equipment & Software	5
Land	Not Depreciated

Deferred Outflows of Resources

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

Compensated Absences

Vacation, sick leave and comp time are accrued as a liability and recorded as an expense of those funds as the benefits are earned by the employees. In accordance with the provisions of GASB Statement No. 16 Accounting for Compensated Absences an accrual for compensated absences should be made only to the extent it is probable that the benefits will result in termination payments. Upon termination, the City pays out all vacation and comp time to employees. The City also pays out unused sick leave to employees upon retirement. Sick leave payouts are prorated for years of service as follows: 50 percent after 10 years; 75 percent after 15 years; and 100 percent after 20 years. The General fund is typically used to liquidate governmental compensated absences.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

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.

Pensions

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

The City only participates in the GERP fund of PERA and the pension expense as follows:

	GERP
Pension Expense	\$ 224,127

Deferred Inflows of Resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

The City has adopted a policy to strive to maintain a minimum unassigned fund balance of six months of operating expenses. If resources from more than one fund balance classification could be spent, the City will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

Net Position

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

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

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

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for most governmental funds. All annual appropriations lapse at year end. The actual revenues, expenditures, and transfers for the year ended December 31, 2022, have been compared to the City's budget for the year where applicable. Variances which are in parentheses are unfavorable and indicate revenues are less than budgeted or expenditures are greater than budgeted. The budget is adopted through passage of a resolution. Administration can authorize transfer of budgeted amounts within any fund per state statutes. Any revisions that alter total expenditures of any fund must be approved by the City Council. There were no budget amendments in 2022.

By the end of the first week in August of each year, all agencies of the government submit requests for appropriation to the government's Administrator so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
EDA Revolving Loan Fund	\$ 159,300	\$ 241,860	\$ 82,560

These excess expenditures were due to paying off an outstanding bond. This excess came from available fund balance.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

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

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

At year end, the City's carrying amount of deposits was \$8,520,525 and the bank balance was \$8,776,664. Of the bank balance, \$6,207,876 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name, apart from monies held at Leading Edge Credit Union, which did not have sufficient collateral coverage.

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$1,083.

Investments

As of December 31, 2022, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 2
Pooled Investments at Amortized Costs				
Brokered Money Market Funds	N/A	Less than 1 year	\$ 110,913	
Non-pooled Investments at Fair Value				
Negotiable Certificates of Deposits	N/A	Less than 1 year	1,760,156	\$ 1,760,156
Negotiable Certificates of Deposits	N/A	1 to 5 years	8,772,525	8,772,525
Negotiable Certificates of Deposits	N/A	More than 5 years	730,890	730,890
Total Investments			<u>\$ 11,374,484</u>	<u>\$ 11,263,571</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

There were no Level 1 or Level 3 investments in the current year and therefore was not necessary to include.
N/A Indicates not applicable or available.

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

	Primary Government
Deposits	\$ 8,520,525
Investments	11,374,484
Cash on Hand	1,083
Total	\$ 19,896,092

B. Loans Receivable

The City has made loans to local businesses and individuals that qualify for the Minnesota small cities development program. The businesses and individuals pay varying installments on the loans. The loan balances at year end totaled \$26,917, of which \$13,550 is offset with an allowance for forgivable portions.

The Economic Development Authority has loans receivable from businesses that made improvements that qualified for the industrial development loan program, Minnesota Investment fund, EDA Revolving fund and CARES. The businesses and individuals make monthly payments which carry an interest rate of zero to four percent. The balance at year end on the programs total \$1,724,953 of which several are secured by real estate. The loans include amounts loaned to the Jackson Economic Development Corporation that total \$838,922, which represents a significant concentration of credit risk if the Corporation is unable to repay the loans. The remaining amount of COVID loans is \$140,084. The remaining \$58,008 are other RLF loans.

The City also has a program to offer loans to businesses to improve the appearance of their buildings in order to stimulate private investment and revitalize Jackson businesses. The City pays up to \$10,000 in improvements forgivable between 2-5 years. The outstanding balance on these loans as of December 31, 2022 was \$54,935 all of which are offset with an allowance for forgivable portions.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the City government for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 596,170	\$ -	\$ -	\$ 596,170
Construction in progress	2,999,917	659,583	(3,363,863)	295,637
Total Capital Assets Not Being Depreciated	<u>3,596,087</u>	<u>659,583</u>	<u>(3,363,863)</u>	<u>891,807</u>
Capital Assets Being Depreciated				
Buildings	4,456,048	11,982	-	4,468,030
Infrastructure	11,158,577	4,220,946	-	15,379,523
Machinery and equipment	2,074,951	122,988	(35,200)	2,162,739
Vehicles	2,190,609	-	-	2,190,609
Total Capital Assets Being Depreciated	<u>19,880,185</u>	<u>4,355,916</u>	<u>(35,200)</u>	<u>24,200,901</u>
Less Accumulated Depreciation For				
Buildings	(1,273,680)	(105,023)	-	(1,378,703)
Infrastructure	(2,507,678)	(321,540)	-	(2,829,218)
Machinery and equipment	(1,326,988)	(68,898)	35,200	(1,360,686)
Vehicles	(1,296,064)	(99,496)	-	(1,395,560)
Total Accumulated Depreciation	<u>(6,404,410)</u>	<u>(594,957)</u>	<u>35,200</u>	<u>(6,964,167)</u>
Total Capital Assets Being Depreciated, Net	<u>13,475,775</u>	<u>3,760,959</u>	<u>-</u>	<u>17,236,734</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,071,862</u>	<u>\$ 4,420,542</u>	<u>\$ (3,363,863)</u>	<u>\$ 18,128,541</u>

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

Governmental Activities	
General government	\$ 59,905
Public safety	126,539
Streets and highways	234,081
Culture and recreation	<u>174,432</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 594,957</u>

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 988,336	\$ -	\$ -	\$ 988,336
Construction in progress	6,970,852	3,080,162	(5,626,582)	4,424,432
Total Capital Assets Not Being Depreciated	<u>7,959,188</u>	<u>3,080,162</u>	<u>(5,626,582)</u>	<u>5,412,768</u>
Capital Assets Being Depreciated				
Buildings	10,459,023	-	(10,210)	10,448,813
Machinery and equipment	3,789,434	246,172	(184,098)	3,851,508
Improvements other than buildings	26,062,888	4,776,047	-	30,838,935
Total Capital Assets Being Depreciated	<u>40,311,345</u>	<u>5,022,219</u>	<u>(194,308)</u>	<u>45,139,256</u>
Less Accumulated Depreciation For				
Buildings	(4,438,255)	(207,290)	10,210	(4,635,335)
Machinery and equipment	(2,270,982)	(208,866)	141,142	(2,338,706)
Improvements other than buildings	(10,485,804)	(743,612)	-	(11,229,416)
Total Accumulated Depreciation	<u>(17,195,041)</u>	<u>(1,159,768)</u>	<u>151,352</u>	<u>(18,203,457)</u>
Total Capital Assets Being Depreciated, Net	<u>23,116,304</u>	<u>3,862,451</u>	<u>(42,956)</u>	<u>26,935,799</u>
Business-type Activities Capital Assets, Net	<u>\$ 31,075,492</u>	<u>\$ 6,942,613</u>	<u>\$ (5,669,538)</u>	<u>\$ 32,348,567</u>

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

Business-Type Activities	
Water	\$ 177,720
Sewer Utility	306,078
Electric Utility	418,200
Municipal	28,661
Airport	158,976
Ambulance Service	<u>70,133</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,159,768</u>

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2022. The projects include improvements and infrastructure improvements. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2020 Street, Utility and Parking Project	\$ 4,720,628	\$ 617,299
2022 Street, Utility and Parking Project	342,894	2,463,992
Airport Project	2,108,539	3,209,653
Total	\$ 7,172,061	\$ 6,290,944

D. Interfund Receivables, Payables and Transfers

Interfund Receivables/Payables

The composition of advances from/to other funds at December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Utility	Municipal Liquor	3.00 %	12/31/18	12/31/38	\$ 590,913
	EDA Revolving Loan	0.55	12/28/12	12/28/22	838,916
Total					\$ 1,429,829

In 2018, the City made an interfund loan of \$635,000 from the Electric fund to the Liquor Store fund to help pay for the construction of a new municipal liquor store fund. In 2019, the City issued an additional \$65,000 to this loan. The current outstanding balance is \$590,913.

The Electric Utility fund made an interfund loan to the EDA Revolving Loan fund to provide a promissory note to the Jackson Economic Development Corporation for the purchase of land for a development park. The remaining balance is \$838,916.

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport	\$ 451,830

The General fund is owed \$451,830 from the Airport fund to cover the fund's cash deficit.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

Transfers made for the year ended December 31, 2022 are as follows:

Fund	Transfer in						Total
	General	Debt Service	Nonmajor Governmental	Water	Sewer	Nonmajor Enterprise	
Transfer Out							
General	\$ -	\$ -	\$ 511,536	\$ -	\$ -	\$ 60,000	\$ 571,536
Nonmajor governmental	-	-	22,822	4,762	27,039	-	54,623
Water Utility	50,000	71,412	34,484	-	-	-	155,896
Sewer Utility	50,000	118,326	-	-	-	-	168,326
Electric Utility	350,000	72,639	-	9,163	60,168	-	491,970
Municipal Liquor	56,000	-	-	-	-	-	56,000
Total	\$ 506,000	\$ 262,377	\$ 568,842	\$ 13,925	\$ 87,207	\$ 60,000	\$ 1,498,351

During the year, the following transfers were made:

- From the Municipal Liquor fund and the Electric, Water, and Sewer Utility funds into the General fund in lieu of taxes
- From the Water, Sewer and Electric Utility funds to the Debt Service funds for their portion of the bond payments
- There were several transfers made from the General fund to nonmajor governmental funds for various capital needs.

E. Long-term Debt

The City issues general obligation bonds and equipment certificates to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

General Obligation Bonds

The following bonds are direct obligations and pledge the full faith and credit of the City. These bond issues will be repaid primarily from ad valorem taxes.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bond of 2017A	\$ 1,092,000	2.00 - 2.35 %	05/24/17	02/01/25	<u>\$ 435,000</u>

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 140,000	\$ 8,030	\$ 148,030
2024	144,000	4,906	148,906
2025	151,000	1,661	152,661
Total	<u>\$ 435,000</u>	<u>\$ 14,597</u>	<u>\$ 449,597</u>

General Obligation Improvement Bonds

The following bonds will be repaid from assessments levied against benefiting properties and future tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Street and Utility 2012A Bond	\$ 2,245,000	2.00 - 2.20 %	10/01/12	02/01/26	\$ 770,000
G.O. Street and Utility 2013B Bond	1,125,000	2.00 - 3.60	08/01/13	02/01/29	570,000
G.O. Street and Utility 2020A Bond	2,625,000	1.00 - 1.75	08/18/20	02/01/41	2,510,000
G.O. Street and Utility 2022A Bond	740,950	3.85	08/01/22	02/01/43	<u>740,950</u>
Total General Obligation Improvement Bonds					<u>\$ 4,590,950</u>

The annual service requirements to maturity for the general obligation improvement bonds are as follows:

Year Ending December 31	General Obligation Improvement Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 380,000	\$ 92,148	\$ 472,148
2024	407,650	84,569	492,219
2025	422,650	75,953	498,603
2026	428,100	66,754	494,854
2027	233,550	59,500	293,050
2028 - 2032	972,700	229,031	1,201,731
2033 - 2037	871,700	151,945	1,023,645
2038 - 2042	824,300	57,762	882,062
2043	50,300	970	51,270
Total	<u>\$ 4,590,950</u>	<u>\$ 818,632</u>	<u>\$ 5,409,582</u>

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds and Notes

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Minnesota Public Facilities Authority Note 2012	\$ 2,728,116	1.00 %	10/02/12	08/20/32	\$ 1,402,000
Minnesota Public Facilities Authority Note 2017	300,169 *	1.00	12/06/16	02/20/35	222,000
G.O. Improvement Bonds 2013A	3,420,000	2.00 - 2.75	05/01/13	02/01/27	1,400,000
G.O. Water Revenue Bonds 2018A	2,115,000	3.00 - 3.60	10/02/18	02/01/39	1,865,000
G.O. Water and Sewer Utility Revenue Bonds 2019A	2,210,000	3.00	05/21/19	02/01/40	2,030,000
G.O. Water and Sewer Utility Revenue Bonds 2020A	2,625,000	1.00 - 1.75	08/18/20	02/01/41	2,360,000
County Public Works Shop Note	4,278,000	2.80 - 3.13	02/01/13	02/01/38	2,913,000
G.O. Water and Sewer Utility Revenue Bonds 2022A	2,234,050	3.85	08/01/22	02/01/43	<u>2,234,050</u>
Total G.O. Revenue Bonds and Notes					<u><u>\$ 14,426,050</u></u>

* Includes undrawn note proceeds of \$28,753

The annual debt service requirements to maturity for G.O. revenue bonds and notes are as follows:

Year Ending December 31	G.O. Revenue Bonds and Notes Business-type Activities		
	Principal	Interest	Total
2023	\$ 859,500	\$ 371,554	\$ 1,231,054
2024	962,350	351,185	1,313,535
2025	972,350	328,689	1,301,039
2026	997,400	305,451	1,302,851
2027	1,022,450	280,961	1,303,411
2028 - 2032	3,893,800	1,111,608	5,005,408
2033 - 2037	3,579,048	618,057	4,197,105
2038 - 2042	1,967,452	152,026	2,119,478
2043	<u>171,700</u>	<u>2,978</u>	<u>174,678</u>
Total	<u><u>\$ 14,426,050</u></u>	<u><u>\$ 3,522,509</u></u>	<u><u>\$ 17,948,559</u></u>

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water Utility	Sewer Utility	Electric Utility
Revenues	\$ 990,063	\$ 807,366	\$ 5,737,790
Principal and Interest	269,748	398,172	504,755
Percentage of Revenues	27.2%	49.3%	8.8%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 567,000	\$ -	\$ (132,000)	\$ 435,000	\$ 140,000
General obligation tax increment bonds	240,000	-	(240,000)	-	-
General obligation improvement bonds	4,220,000	740,950	(370,000)	4,590,950	380,000
Bond premium	-	-	-	-	-
Total Bonds Payable	5,027,000	740,950	(742,000)	5,025,950	520,000
Compensated Absences Payable	162,001	68,254	(60,919)	169,336	38,735
Governmental Activity Long-term Liabilities	\$ 5,189,001	\$ 809,204	\$ (802,919)	\$ 5,195,286	\$ 558,735
Business-type Activities					
Bonds Payable					
General obligation revenue bonds and notes	\$ 13,034,247	\$ 2,262,803	\$ (871,000)	\$ 14,426,050	\$ 859,500
Bond premium	55,126	-	(2,902)	52,224	-
Total Bonds Payable	13,089,373	2,262,803	(873,902)	14,478,274	859,500
Compensated Absences Payable	39,185	48,810	(45,748)	42,247	16,924
Business-type Activity Long-term Liabilities	\$ 13,128,558	\$ 2,311,613	\$ (919,650)	\$ 14,520,521	\$ 876,424

Note 4: Defined Benefit Pension Plan - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 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. 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. For 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. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in the fiscal year 2022 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 ending December 31, 2022, 2021 and 2020 were \$95,244, \$82,611 and \$76,619, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

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

Ambulance - General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in the fiscal year 2022 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 ending December 31, 2022, 2021 and 2020 were \$4,553, \$5,627 and \$4,996, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$1,251,365 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 \$36,769. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0158 percent which was an increase of 0.0013 percent from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 1,251,365
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	36,769
Total	\$ 1,288,134

For the year ended December 31, 2022, the City recognized pension expense of \$220,535 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$5,494 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 10,452	\$ 12,215
Changes in Actuarial Assumptions	260,609	4,445
Net Difference Between Projected and Actual Earnings on Plan Investments	54,958	-
Changes in Proportion	58,413	-
Contributions to PERA Subsequent to the Measurement Date	48,106	-
Total	\$ 432,538	\$ 16,660

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

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

The \$48,106 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$	153,825
2024		127,545
2025		(26,765)
2026		113,167

Ambulance – General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$39,600 for its proportionate share of the General Employees Fund's net pension liability related to the Ambulance function. 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's Ambulance function totaled \$1,128. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share related to the Ambulance function was 0.0005 percent which was a decrease of .0005 percent from its proportion measured as of June 30, 2021.

Ambulance's Proportionate Share of the Net Pension Liability	\$	39,600
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Ambulance		1,128
Total		\$ 40,728

For the year ended December 31, 2022, the City recognized negative pension expense of \$2,071 for its proportionate share of the General Employees Plan's pension expense related the Ambulance function. In addition, the City recognized \$169 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 331	\$ 839
Changes in Actuarial Assumptions	17,654	290
Net Difference Between Projected and Actual Earnings on Plan Investments	-	13,250
Changes in Proportion	1,499	10,676
Contributions to PERA Subsequent to the Measurement Date	1,474	-
Total	\$ 20,958	\$ 25,055

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

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

The \$1,473 reported as deferred outflows of resources related to pensions resulting from the City's contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$	(813)
2024		(2,034)
2025		(6,306)
2026		3,582

E. Long -Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.00 %	

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.5%)	Current (6.5%)	1 Percent Increase (7.5%)
General Employee Fund	\$ 1,976,597	\$ 1,251,365	\$ 656,563
Ambulance General Employee Fund	62,551	39,600	20,777

I. Pension Plan Fiduciary Net Position

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

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: 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. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the prior three 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

The City participates in a number of federal and state programs that are either partially or fully funded by grants or aids received from these agencies or other governmental units. Such programs are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the City believes that any disallowed costs as a result of such audits will be immaterial.

C. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2022, the City is under the legal debt margin.

D. Tax Increment Districts

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

E. Tax Abatements

As of December 31, 2022, the City has 10 agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement in 2011 with a local organization in which costs were incurred to create new jobs. In return, the City agreed to a tax abatement program with the organization. The agreement has a maximum return to the organization of \$1,304,385 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and will end in 2027. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on August 5, 2014 with a local company in which costs were incurred to construct a new pharmacy. In return, the City agreed to a tax abatement program with the company. The agreement has a maximum return to the organization of \$50,175 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and will end in 2030. The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Other Information (Continued)

The City entered into a tax abatement agreement on May 24, 2016 with a local company in which costs were incurred to construct a new building. In return, the City agreed to a tax abatement program with the company. The agreement has a maximum return to the organization of \$36,630 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and will end in 2026. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on September 21, 2017 with a local company in which costs were incurred to reopen and operate a lumberyard. In return, the City agreed to a tax abatement program with the company. The agreement has a maximum return to the organization of \$33,885 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and will end in 2022. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #1-3) with a developer in which the developer incurred costs for a redevelopment. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota Statute 469.124-469.134). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #3-5) on January, 3, 2012 with a local organization in which costs were incurred for the construction of new product storage and handling facilities. The agreement was amended on May 1, 2012 and again on November 7, 2012 for additional costs for the expansion of fertilizer distribution facilities and the expansion of several manufacturing facilities. In return, the City will reimburse the organizations for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the organizations of \$1,642,552 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179) and has a maximum duration to 2/1/2023. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #3-6) on December 4, 2012 with a local organization in which costs were incurred for the expansion of storage facilities. In return, the City will reimburse the organization for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the organization of \$670,263 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179) and has a maximum duration to 2/1/2024. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #3-7) on March 4, 2014 with a developer in which costs were incurred to develop a 48-unit multi-family residential project. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$944,551 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179) and has a maximum duration to 2/1/2043. The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 5: Other Information (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2022, was as follows:

	<u>City Tax Rate (Year of Establishment)</u>	<u>Captured Tax Capacity</u>	<u>Amount of Taxes Abated During the Year</u>
Tax Abatement Agreements			
AgCo			\$ 53,182
TP Holdings			3,257
Tri-State Contracting			4,070
Boekett Building Supply			3,765
Palmer Jackson Bus Service			3,725
SS Electric, Inc.			2,214
Tax Increment Districts (PAYGO)			
TIF District #3-5	82.06 %	\$ 128,918	105,784
TIF District #3-6	88.06	35,760	<u>31,490</u>
Total			<u>\$ 207,487</u>

F. Joint Powers Agreement

The City has a joint powers agreement with Jackson County for the purpose of the construction and operation of a public works facility. The joint facility board is comprised of two members appointed by the county and one member appointed by the City council. The City is responsible for 33% of all operating expenses of the facility and 30% of the debt issued by the County to finance the construction (see long-term debt section). The City has title to 30% of the facility. The City has allocated the facility to the Water, Sewer, and Electric enterprise funds 10%, 10%, and 80%, respectively, based on the estimated benefit each fund will receive. The agreement has no set ending date but either the county or the City may terminate this agreement for any reason with a written notice on or before the last day of a budget year.

The City has a joint powers agreement with Jackson County Central school district for the purpose of the construction and operation of splash pad. The joint facility board is comprised of two members appointed by the county and one member appointed by the City council. The City has title and is responsible for 100% of all operating expenses of the facility once operational. The agreement has no set ending date but either the school district or the City may terminate this agreement for any reason with a written notice on or before the last day of a budget year.

G. Concentrations

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2022 was \$1,452,556 which accounted for 48.2 percent of General fund revenue.

City of Jackson, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Prior Period Adjustment

A prior period adjustment was needed to account for a portion of loans forgiven in 2021 that was not applied to the receivable account in 2021.

Fund	Net Position December 31, 2021 as Previously Reported	Prior Period Adjustment	Net Position January 1, 2022 as Restated
Governmental activities	\$ 22,321,779	\$ (245,000)	\$ 22,076,779
Governmental funds			
Economic Development Revolving Fund	\$ 1,847,604	\$ (245,000)	\$ 1,602,604

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Jackson, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

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

City

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0158 %	\$ 1,251,365	\$ 36,769	\$ 1,288,134	\$ 1,242,346	100.7 %	76.7 %
06/30/21	0.0145	619,215	18,855	638,070	1,041,447	59.5	87.0
06/29/20	0.0138	827,373	25,467	852,840	985,669	83.9	79.0
06/30/19	0.0125	691,097	21,499	712,596	887,074	77.9	80.2
06/30/18	0.0131	726,734	23,786	750,520	881,820	82.4	79.5
06/30/17	0.0161	1,027,813	-	1,027,813	1,011,164	101.6	75.9
06/29/16	0.0165	1,339,718	-	1,339,718	1,156,993	115.8	68.9
06/30/15	0.0167	865,481	-	865,481	1,013,491	85.4	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Ambulance

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0005 %	\$ 39,600	\$ 1,128	\$ 40,728	\$ 74,889	52.9 %	76.7 %
06/30/21	0.0010	42,704	1,265	43,969	71,363	59.8	87.0
06/29/20	0.0009	53,959	1,793	55,752	122,491	44.1	79.0
06/30/19	0.0009	49,759	1,500	51,259	168,727	29.5	80.2
06/30/18	0.0009	49,928	1,586	51,514	161,745	30.9	79.5
06/30/17	0.0009	57,455	-	57,455	142,160	40.4	75.9
06/29/16	0.0006	48,717	-	48,717	133,225	36.6	68.9
06/30/15	0.0007	36,278	-	36,278	101,670	35.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Jackson, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2022

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

City

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 95,244	\$ 95,244	\$ -	\$ 1,269,924	7.5 %
12/31/21	82,611	82,611	-	1,101,481	7.5
12/30/20	76,619	76,619	-	1,021,587	7.5
12/31/19	71,390	71,390	-	951,860	7.5
12/31/18	66,192	66,192	-	882,555	7.5
12/31/17	77,147	77,147	-	956,632	8.1
12/30/16	76,045	76,045	-	1,065,695	7.1
12/31/15	75,760	75,760	-	1,100,251	6.9

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Ambulance

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 4,553	\$ 4,553	\$ -	\$ 60,706	7.5 %
12/31/21	5,627	5,627	-	75,027	7.5
12/30/20	4,996	4,996	-	66,614	7.5
12/31/19	12,667	12,667	-	168,895	7.5
12/31/18	11,975	11,975	-	159,670	7.5
12/31/17	11,411	11,411	-	152,147	7.5
12/30/16	9,913	9,913	-	132,173	7.5
12/31/15	7,625	7,625	-	134,278	5.7

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Jackson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund (City and Ambulance)

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Jackson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund (City and Ambulance) (Continued)

Changes in Plan Provisions

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

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

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

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

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

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

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

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Jackson, Minnesota
 Nonmajor Special Revenue and Capital Project Funds
 Combining Balance Sheet
 December 31, 2022

	Special Revenue					
	223	224	226	227	228	
	Coop/TSE TIF	SWMNHP Housing TIF	COOP/TSE TIF	Westridge/ Sunset TIF	FCA Bin TIF	Ashley Estate TIF
Assets						
Cash and temporary investments	\$ 51,880	\$ 11,970	\$ 11,943	\$ 133,946	\$ 22,739	\$ 89,729
Receivables						
Delinquent taxes	-	-	-	-	-	-
Loans, net of allowance	-	-	-	-	-	-
Total Assets	<u>\$ 51,880</u>	<u>\$ 11,970</u>	<u>\$ 11,943</u>	<u>\$ 133,946</u>	<u>\$ 22,739</u>	<u>\$ 89,729</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,286
Advances from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,286</u>
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	-	-	-	-	-	-
Fund Balances						
Restricted						
Tax increment financing	51,880	11,970	11,943	133,946	22,739	76,443
Capital projects	-	-	-	-	-	-
Economic development loans	-	-	-	-	-	-
Committed						
Economic development	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Future capital improvements	-	-	-	-	-	-
Total Fund Balances	<u>51,880</u>	<u>11,970</u>	<u>11,943</u>	<u>133,946</u>	<u>22,739</u>	<u>76,443</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 51,880</u>	<u>\$ 11,970</u>	<u>\$ 11,943</u>	<u>\$ 133,946</u>	<u>\$ 22,739</u>	<u>\$ 89,729</u>

Special Revenue			Capital Project				Total
616 Economic Development Authority	618 American Rescue Plan	801 EDA Revolving Loan	222 Capital Reserve	419 2019 Capital Projects	420 2020 Capital Projects	421 2021 Capital Projects	
\$ 257,479	\$ 307,072	\$ 448,531	\$ 1,540,025	\$ -	\$ 428,856	\$ 502,081	\$ 3,806,251
320	-	-	-	-	-	-	320
-	-	1,796,328	-	-	-	-	1,796,328
<u>\$ 257,799</u>	<u>\$ 307,072</u>	<u>\$ 2,244,859</u>	<u>\$ 1,540,025</u>	<u>\$ -</u>	<u>\$ 428,856</u>	<u>\$ 502,081</u>	<u>\$ 5,602,899</u>
\$ 6,792	\$ 8,805	\$ -	\$ -	\$ -	\$ 47,921	\$ 29,886	\$ 106,690
-	-	838,916	-	-	-	-	838,916
-	295,104	-	-	-	-	-	295,104
<u>6,792</u>	<u>303,909</u>	<u>838,916</u>	<u>-</u>	<u>-</u>	<u>47,921</u>	<u>29,886</u>	<u>1,240,710</u>
	2						
320	-	-	-	-	-	-	320
-	-	-	-	-	-	-	308,921
-	-	-	-	-	-	472,195	472,195
-	-	1,405,943	-	-	-	-	1,405,943
250,687	-	-	-	-	-	-	250,687
-	-	-	-	-	380,935	-	380,935
-	3,163	-	1,540,025	-	-	-	1,543,188
<u>250,687</u>	<u>3,163</u>	<u>1,405,943</u>	<u>1,540,025</u>	<u>-</u>	<u>380,935</u>	<u>472,195</u>	<u>4,361,869</u>
<u>\$ 257,799</u>	<u>\$ 307,072</u>	<u>\$ 2,244,859</u>	<u>\$ 1,540,025</u>	<u>\$ -</u>	<u>\$ 428,856</u>	<u>\$ 502,081</u>	<u>\$ 5,602,899</u>

City of Jackson, Minnesota
 Nonmajor Special Revenue and Capital Project Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2022

	Special Revenue					
	223	224	226	227	228	229
	Coop/TSE TIF	SWMNHP Housing TIF	COOP/TSE TIF	Westridge/ Sunset TIF	FCA Bin TIF	Ashley Estate TIF
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	149,106	31,710	5,001	11,053	36,796	29,524
Intergovernmental						
Federal	-	-	-	-	-	-
State	-	-	-	-	-	-
Investment earnings	1,270	129	103	1,685	268	1,042
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>150,376</u>	<u>31,839</u>	<u>5,104</u>	<u>12,738</u>	<u>37,064</u>	<u>30,566</u>
Expenditures						
Current						
Economic development	143,390	28,539	-	-	33,117	42,473
Capital outlay						
Streets and highways	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other costs	-	-	-	-	-	-
Total Expenditures	<u>143,390</u>	<u>28,539</u>	<u>-</u>	<u>-</u>	<u>33,117</u>	<u>42,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,986</u>	<u>3,300</u>	<u>5,104</u>	<u>12,738</u>	<u>3,947</u>	<u>(11,907)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(8,822)	-	-	-	-	-
Debt issued	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(8,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,836)	3,300	5,104	12,738	3,947	(11,907)
Fund Balances, January 1	53,716	8,670	6,839	121,208	18,792	88,350
Prior Period Adjustment (Note 6)	-	-	-	-	-	-
Fund Balances, December 31	<u>\$ 51,880</u>	<u>\$ 11,970</u>	<u>\$ 11,943</u>	<u>\$ 133,946</u>	<u>\$ 22,739</u>	<u>\$ 76,443</u>

Special Revenue			Capital Project				Total
616 Economic Development Authority	618 American Rescue Plan	801 EDA Revolving Loan	222 Capital Reserve	419 2019 Capital Projects	420 2020 Capital Projects	421 2021 Capital Projects	
\$ 93,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,184
-	-	-	-	-	-	-	263,190
-	52,304	-	-	-	-	-	52,304
99	-	-	-	-	-	-	99
3,429	3,163	18,317	18,915	422	7,044	14,698	70,485
-	-	-	3,025	-	-	-	3,025
-	-	-	38	-	-	-	38
3,600	-	26,882	185	-	-	-	30,667
<u>100,312</u>	<u>55,467</u>	<u>45,199</u>	<u>22,163</u>	<u>422</u>	<u>7,044</u>	<u>14,698</u>	<u>512,992</u>
106,738	-	46	-	-	-	-	354,303
-	52,304	-	-	-	380,656	226,623	659,583
-	-	-	48,894	-	-	-	48,894
-	-	-	183,531	-	-	-	183,531
-	-	240,000	-	-	-	-	240,000
-	-	1,814	-	-	-	30,108	31,922
<u>106,738</u>	<u>52,304</u>	<u>241,860</u>	<u>232,425</u>	<u>-</u>	<u>380,656</u>	<u>256,731</u>	<u>1,518,233</u>
(6,426)	3,163	(196,661)	(210,262)	422	(373,612)	(242,033)	(1,005,241)
8,822	-	-	430,800	-	129,220	-	568,842
-	-	-	(14,000)	(31,801)	-	-	(54,623)
-	-	-	-	-	-	730,940	730,940
<u>8,822</u>	<u>-</u>	<u>-</u>	<u>416,800</u>	<u>(31,801)</u>	<u>129,220</u>	<u>730,940</u>	<u>1,245,159</u>
2,396	3,163	(196,661)	206,538	(31,379)	(244,392)	488,907	239,918
248,291	-	1,847,604	1,333,487	31,379	625,327	(16,712)	4,366,951
-	-	(245,000)	-	-	-	-	(245,000)
<u>\$ 250,687</u>	<u>\$ 3,163</u>	<u>\$ 1,405,943</u>	<u>\$ 1,540,025</u>	<u>\$ -</u>	<u>\$ 380,935</u>	<u>\$ 472,195</u>	<u>\$ 4,361,869</u>

City of Jackson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
EDA Revolving Loan
For the Year Ended December 31, 2022

	EDA Revolving Loan			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Investment earnings	42,600	42,600	18,317	(24,283)
Miscellaneous	154,621	154,621	26,882	(127,739)
Total Revenues	<u>222,221</u>	<u>222,221</u>	<u>45,199</u>	<u>(177,022)</u>
Expenditures				
Current				
Economic development	155,700	155,700	46	155,654
Debt service				
Principal	-	-	240,000	(240,000)
Interest and other costs	3,600	3,600	1,814	1,786
Total Expenditures	<u>159,300</u>	<u>159,300</u>	<u>241,860</u>	<u>(82,560)</u>
Net Change in Fund Balances	62,921	62,921	(196,661)	(259,582)
Fund Balances, January 1	1,847,604	1,847,604	1,847,604	-
Prior Period Adjustment (Note 6)	-	-	(245,000)	(245,000)
Fund Balances, December 31	<u>\$ 1,910,525</u>	<u>\$ 1,910,525</u>	<u>\$ 1,405,943</u>	<u>\$ (504,582)</u>

City of Jackson, Minnesota
 General Fund
 Comparative Balance Sheets
 For the Year Ended December 31, 2022

	2022	2021
Assets		
Cash and temporary investments	\$ 4,334,606	\$ 5,283,640
Escrowed funds	-	34
Receivables		
Delinquent taxes	17,593	22,083
Accounts	22,709	19,178
Special assessments	22,698	23,062
Intergovernmental	8,478	7,081
Due from other funds	451,830	364,180
Land held for resale	515,025	-
Total Assets	\$ 5,372,939	\$ 5,719,258
Liabilities		
Accounts payable	\$ 44,971	\$ 34,308
Due to other governments	4,634	11,856
Accrued salaries payable	3,891	3,611
Deposits payable	-	34
Unearned revenue	20	-
Total Liabilities	53,516	49,809
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	17,593	22,083
Assessments	22,698	23,062
Total Deferred Inflows of Resources	40,291	45,145
Fund Balances		
Assigned		
Future capital projects	-	74,897
Unassigned	5,279,132	5,549,407
Total Fund Balances	5,279,132	5,624,304
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,372,939	\$ 5,719,258

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City of Jackson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Taxes					
Property taxes	\$ 1,306,400	\$ 1,306,400	\$ 1,302,599	\$ (3,801)	\$ 1,247,047
Special assessments	2,500	2,500	2,880	380	10,137
Licenses and permits					
Business	14,000	14,000	18,575	4,575	19,863
Nonbusiness	23,750	23,750	36,906	13,156	58,734
Total Licenses and Permits	<u>37,750</u>	<u>37,750</u>	<u>55,481</u>	<u>17,731</u>	<u>78,597</u>
Intergovernmental					
Federal					
FEMA	-	-	-	-	3,286
Other	-	-	5,000	5,000	-
Total Federal	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>3,286</u>
State					
Local government aid	1,452,556	1,452,556	1,452,556	-	1,435,198
Property tax credits and aids	-	-	444	444	489
Police aid	50,799	50,799	56,092	5,293	59,200
Fire aid	40,711	40,711	41,568	857	40,711
Other state aids	-	-	28,509	28,509	21,724
Total State	<u>1,544,066</u>	<u>1,544,066</u>	<u>1,579,169</u>	<u>35,103</u>	<u>1,557,322</u>
Total Intergovernmental	<u>1,544,066</u>	<u>1,544,066</u>	<u>1,584,169</u>	<u>40,103</u>	<u>1,560,608</u>
Charges for services					
General government	3,300	3,300	4,401	1,101	5,241
Public safety	50,000	50,000	68,914	18,914	62,918
Public works	169,286	169,286	186,351	17,065	189,589
Culture and recreation	1,250	1,250	1,865	615	1,795
Total Charges for Services	<u>223,836</u>	<u>223,836</u>	<u>261,531</u>	<u>37,695</u>	<u>259,543</u>
Fines and forfeits	9,100	9,100	8,661	(439)	10,623
Investment earnings (loss)	55,030	55,030	(291,623)	(346,653)	(65,706)
Miscellaneous					
Refunds and reimbursements	5,000	5,000	15,492	10,492	11,825
Contributions and donations	47,000	47,000	48,300	1,300	47,967
Other	12,270	12,270	25,639	13,369	13,942
Total Miscellaneous	<u>64,270</u>	<u>64,270</u>	<u>89,431</u>	<u>25,161</u>	<u>73,734</u>
Total Revenues	<u>3,242,952</u>	<u>3,242,952</u>	<u>3,013,129</u>	<u>(229,823)</u>	<u>3,174,583</u>

City of Jackson, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Continued)
 For the Year Ended December 31, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 34,248	\$ 34,248	\$ 33,128	\$ 1,120	\$ 33,133
Supplies	400	400	26	374	100
Other services and charges	26,068	26,068	22,032	4,036	22,310
Total Mayor and Council	<u>60,716</u>	<u>60,716</u>	<u>55,186</u>	<u>5,530</u>	<u>55,543</u>
Administration					
Personal services	463,776	463,776	463,412	364	434,419
Supplies	7,850	7,850	6,364	1,486	7,447
Other services and charges	38,224	38,224	33,945	4,279	29,477
Total Administration	<u>509,850</u>	<u>509,850</u>	<u>503,721</u>	<u>6,129</u>	<u>471,343</u>
Elections					
Personal services	4,000	4,000	6,461	(2,461)	-
Other services and charges	3,200	3,200	4,874	(1,674)	3,388
Total Elections	<u>7,200</u>	<u>7,200</u>	<u>11,335</u>	<u>(4,135)</u>	<u>3,388</u>
Assessor					
Other services and charges	<u>24,000</u>	<u>24,000</u>	<u>23,468</u>	<u>532</u>	<u>23,356</u>
General government building					
Supplies	5,100	5,100	4,094	1,006	4,846
Other services and charges	281,323	281,323	263,718	17,605	264,791
Total General Government Building	<u>286,423</u>	<u>286,423</u>	<u>267,812</u>	<u>18,611</u>	<u>269,637</u>
Total General Government	<u>888,189</u>	<u>888,189</u>	<u>861,522</u>	<u>26,667</u>	<u>823,267</u>
Public safety					
Police protection					
Other services and charges	<u>835,096</u>	<u>835,096</u>	<u>835,096</u>	<u>-</u>	<u>793,548</u>
Fire protection					
Personal services	106,132	106,132	98,649	7,483	98,360
Supplies	8,000	8,000	6,641	1,359	4,583
Other services and charges	60,562	60,562	56,023	4,539	53,227
Total Fire Protection	<u>174,694</u>	<u>174,694</u>	<u>161,313</u>	<u>13,381</u>	<u>156,170</u>
Building inspection					
Supplies	<u>250</u>	<u>250</u>	<u>108</u>	<u>142</u>	<u>-</u>
Animal control					
Supplies	100	100	70	30	79
Other services and charges	2,000	2,000	2,000	-	2,000
Total Animal Control	<u>2,100</u>	<u>2,100</u>	<u>2,070</u>	<u>30</u>	<u>2,079</u>
Civil defense					
Other services and charges	<u>19,000</u>	<u>19,000</u>	<u>14,247</u>	<u>4,753</u>	<u>20,830</u>
Total Public Safety	<u>1,031,140</u>	<u>1,031,140</u>	<u>1,012,834</u>	<u>18,306</u>	<u>972,627</u>

City of Jackson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Public works					
Streets and highways					
Personal services	\$ 374,684	\$ 374,684	\$ 357,691	\$ 16,993	\$ 337,686
Supplies	125,450	125,450	137,501	(12,051)	98,152
Other services and charges	149,843	149,843	127,237	22,606	147,736
Total Streets and Highways	<u>649,977</u>	<u>649,977</u>	<u>622,429</u>	<u>27,548</u>	<u>583,574</u>
Snow removal					
Other services and charges	65,371	65,371	28,870	36,501	53,462
Sanitation					
Other services and charges	<u>168,566</u>	<u>168,566</u>	<u>158,243</u>	<u>10,323</u>	<u>156,964</u>
Total Public Works	<u>883,914</u>	<u>883,914</u>	<u>809,542</u>	<u>74,372</u>	<u>794,000</u>
Culture and recreation					
Parks					
Personal services	113,925	113,925	102,218	11,707	97,880
Supplies	14,725	14,725	9,355	5,370	10,189
Other services and charges	161,837	161,837	150,954	10,883	151,622
Total Parks	<u>290,487</u>	<u>290,487</u>	<u>262,527</u>	<u>27,960</u>	<u>259,691</u>
Library					
Supplies	<u>51,883</u>	<u>51,883</u>	<u>76,583</u>	<u>(24,700)</u>	<u>48,780</u>
Total Culture and Recreation	<u>342,370</u>	<u>342,370</u>	<u>339,110</u>	<u>3,260</u>	<u>308,471</u>
Economic development					
Other services and charges	<u>10,700</u>	<u>10,700</u>	<u>3,896</u>	<u>6,804</u>	<u>5,980</u>
Miscellaneous					
Other services and charges	<u>90,100</u>	<u>90,100</u>	<u>55,188</u>	<u>34,912</u>	<u>68,789</u>
Total Current	<u>3,246,413</u>	<u>3,246,413</u>	<u>3,082,092</u>	<u>164,321</u>	<u>2,973,134</u>
Capital outlay					
General government	18,000	18,000	30,003	(12,003)	7,335
Public safety	53,500	53,500	41,502	11,998	44,405
Streets and highways	57,500	57,500	66,373	(8,873)	40,405
Culture and recreation	36,000	36,000	72,795	(36,795)	6,304
Miscellaneous	20,000	20,000	-	20,000	6,605
Total Capital Outlay	<u>185,000</u>	<u>185,000</u>	<u>210,673</u>	<u>(25,673)</u>	<u>105,054</u>
Total Expenditures	<u>3,431,413</u>	<u>3,431,413</u>	<u>3,292,765</u>	<u>138,648</u>	<u>3,078,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,461)</u>	<u>(188,461)</u>	<u>(279,636)</u>	<u>(91,175)</u>	<u>96,395</u>
Other Financing Sources (Uses)					
Transfers in	506,000	506,000	506,000	-	459,829
Transfers out	<u>(283,000)</u>	<u>(283,000)</u>	<u>(571,536)</u>	<u>(288,536)</u>	<u>(1,114,212)</u>
Total Other Financing Sources (Uses)	<u>223,000</u>	<u>223,000</u>	<u>(65,536)</u>	<u>(288,536)</u>	<u>(654,383)</u>
Net Change in Fund Balances	34,539	34,539	(345,172)	(379,711)	(557,988)
Fund Balances, January 1	<u>5,624,304</u>	<u>5,624,304</u>	<u>5,624,304</u>	<u>-</u>	<u>6,182,292</u>
Fund Balances, December 31	<u>\$ 5,658,843</u>	<u>\$ 5,658,843</u>	<u>\$ 5,279,132</u>	<u>\$ (379,711)</u>	<u>\$ 5,624,304</u>

City of Jackson, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2022

	308	311	312
	Sunset View Debt Service	State Street Debt Service	2013 Street Reconstruction Bonds
Assets			
Cash and temporary investments	\$ 333,844	\$ (144,391)	\$ 278,315
Receivables			
Delinquent taxes	22	1,185	287
Total Assets	<u>\$ 333,866</u>	<u>\$ (143,206)</u>	<u>\$ 278,602</u>
Deferred Inflows of Resources			
Unavailable revenue			
Taxes	\$ 22	\$ 1,185	\$ 287
Fund Balances			
Restricted			
Debt service	333,844	-	278,315
Unassigned	-	(144,391)	-
Total Fund Balance	<u>333,844</u>	<u>(144,391)</u>	<u>278,315</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 333,866</u>	<u>\$ (143,206)</u>	<u>\$ 278,602</u>

313 2017A GO Refunding Bonds	316 2020A Street Reconstruction Bonds	317 2022A Street Reconstruction Bonds	Total
\$ 289,139	\$ 159,026	\$ 10,010	\$ 925,943
2,212	944	-	4,650
<u>\$ 291,351</u>	<u>\$ 159,970</u>	<u>\$ 10,010</u>	<u>\$ 930,593</u>
\$ 2,212	\$ 944	\$ -	\$ 4,650
289,139	159,026	10,010	1,070,334
-	-	-	(144,391)
<u>289,139</u>	<u>159,026</u>	<u>10,010</u>	<u>925,943</u>
<u>\$ 291,351</u>	<u>\$ 159,970</u>	<u>\$ 10,010</u>	<u>\$ 930,593</u>

City of Jackson, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	308 Sunset View Debt Service	311 State Street Debt Service	312 2013 Street Reconstruction Bonds
Revenues			
Taxes			
Property taxes	\$ 34	\$ 86,113	\$ 20,380
Tax increments	71,910	-	-
Intergovernmental			
State	298	-	-
Investment earnings	408	-	3,519
Miscellaneous	-	-	-
Total Revenues	<u>72,650</u>	<u>86,113</u>	<u>23,899</u>
Expenditures			
Debt service			
Principal	-	180,000	75,000
Interest and other costs	-	13,599	13,292
Total Expenditures	<u>-</u>	<u>193,599</u>	<u>88,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>72,650</u>	<u>(107,486)</u>	<u>(64,393)</u>
Other Financing Sources (Uses)			
Transfers in	-	120,479	69,259
Bonds issued	-	-	-
Transfers out	(66,587)	-	-
Total Other Financing Sources (Uses)	<u>(66,587)</u>	<u>120,479</u>	<u>69,259</u>
Net Change in Fund Balances	6,063	12,993	4,866
Fund Balances, January 1	<u>327,781</u>	<u>(157,384)</u>	<u>273,449</u>
Fund Balances, December 31	<u>\$ 333,844</u>	<u>\$ (144,391)</u>	<u>\$ 278,315</u>

313 2017A GO Refunding Bonds	316 2020A Street Reconstruction Bonds	317 2022A Street Reconstruction Bonds	Total
\$ 78,549	\$ 84,471	\$ -	\$ 269,547
30,286	-	-	102,196
-	-	-	298
2,448	-	-	6,375
11,000	-	-	11,000
<u>122,283</u>	<u>84,471</u>	<u>-</u>	<u>389,416</u>
132,000	115,000	-	502,000
12,384	41,790	-	81,065
<u>144,384</u>	<u>156,790</u>	<u>-</u>	<u>583,065</u>
<u>(22,101)</u>	<u>(72,319)</u>	<u>-</u>	<u>(193,649)</u>
66,587	72,639	-	328,964
-	-	10,010	10,010
-	-	-	(66,587)
<u>66,587</u>	<u>72,639</u>	<u>10,010</u>	<u>272,387</u>
44,486	320	10,010	78,738
244,653	158,706	-	847,205
<u>\$ 289,139</u>	<u>\$ 159,026</u>	<u>\$ 10,010</u>	<u>\$ 925,943</u>

City of Jackson, Minnesota
 Summary Financial Report
 Revenues and Expenditures for General Operations
 Governmental Funds
 For the Years Ended December 31, 2022 and 2021

	Total		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 2,030,716	\$ 1,962,279	3.5 %
Special assessments	2,880	10,137	(71.6)
Licenses and permits	55,481	78,597	(29.4)
Intergovernmental	1,636,870	1,804,961	(9.3)
Charges for services	261,531	259,543	0.8
Fines and forfeits	8,661	10,623	(18.5)
Investment earnings (loss)	(214,763)	(12,578)	(1,607.5)
Miscellaneous	134,161	142,265	(5.7)
	<u>\$ 3,915,537</u>	<u>\$ 4,255,827</u>	(8.0) %
Total Revenues	<u>\$ 3,915,537</u>	<u>\$ 4,255,827</u>	(8.0) %
Per Capita	\$ 1,177	\$ 1,281	(8.1) %
Expenditures			
Current			
General government	\$ 861,522	\$ 823,267	4.7 %
Public safety	1,012,834	972,627	4.1
Public works	809,542	794,000	2.0
Culture and recreation	339,110	308,471	9.9
Economic development	358,199	624,834	(42.7)
Miscellaneous	55,188	68,789	(19.8)
Capital outlay			
General government	30,003	7,335	309.0
Public safety	41,502	44,405	(6.5)
Streets and highways	725,956	2,414,628	(69.9)
Culture and recreation	121,689	48,892	148.9
Miscellaneous	183,531	78,371	134.2
Debt service			
Principal	742,000	385,000	92.7
Interest and other charges	112,987	70,060	61.3
	<u>\$ 5,394,063</u>	<u>\$ 6,640,679</u>	(18.8) %
Total Expenditures	<u>\$ 5,394,063</u>	<u>\$ 6,640,679</u>	(18.8) %
Per Capita	\$ 1,621	\$ 1,998	(18.9) %
Total Long-term Indebtedness	\$ 5,025,950	\$ 5,027,000	(0.0) %
Per Capita	\$ 1,510	\$ 1,513	(0.2)
General Fund Balance - December 31	\$ 5,279,132	\$ 5,624,304	(6.1) %
Per Capita	\$ 1,586	\$ 1,693	(6.3)

The purpose of this report is to provide a summary of financial information concerning the City of Jackson to interested citizens. The complete financial statements may be examined at City Hall, 80 West Ashley Street, Jackson, MN, 56143. Questions about this report should be directed to Deb Mitchell at (507) 847-4410.

SINGLE AUDIT AND
OTHER REQUIRED REPORTS

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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

Honorable Mayor and City Council
City of Jackson, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jackson, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65 except as described in the Schedule of Findings, Responses and Questioned Costs as item 2022-004. 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.

The City's response to the finding in our audit is described in the accompanying Schedule of Findings, Responses and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Mankato, Minnesota
March 23, 2023

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 City Council
City of Jackson, 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 and the business-type activities, each major fund and the aggregate remaining fund information of the City of Jackson, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings, Responses and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings, Responses and Questioned costs as item 2022-004.

Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings, Responses and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Mankato, Minnesota
March 23, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Jackson, Minnesota

Opinion on Each Major Federal Program

We have audited the City of Jackson, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of Findings, Responses and Questioned Costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Mankato, Minnesota
March 23, 2023



City of Jackson, Minnesota
Schedule of Expenditure of Federal Award Programs
For the Year Ended December 31, 2022

Federal Funding Source	Administering Department/Entity	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus Relief Fund	21.019C		\$ 52,304
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	MnDOT Grant #1032173 MnDOT Grant #1044914 MnDOT Grant #1048621 MnDOT Grant #1051430	2,035,834
U.S. Department of Agriculture	Minnesota Department of Revenue	Cooperative Forestry Assistance	10.664		<u>5,000</u>
Total Federal Expenditures					<u>\$ 2,093,138</u>

City of Jackson, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Jackson, Minnesota (the City) for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2022, the City did not elect to use the 10% de minimis indirect cost rate.

City of Jackson, Minnesota
 Schedule of Findings, Responses and Questioned Costs
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Modified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	Yes

Identification of Major Programs/Clusters

	CFDA No.
Airport Improvement Program	20.106
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

Three significant deficiencies (findings 2022-001, 2022-003 and 2022-004) and one material weakness (2022-002) relating to the audit of the financial statements are reported in the Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Section III - Major Federal Award Findings and Questioned Costs

There is are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance. Finding 2022-003 is reported but does not qualify as an instance of material noncompliance.

Section IV - Corrective Action Plans

Corrective Action Plans are attached as required to be reported under the Federal Single Audit Act.

Section V - Schedule of Prior Year Audit Findings

There were prior year audit findings and they are included in the Schedule of Prior Year Audit Findings.

City of Jackson, Minnesota
Schedule of Findings, Responses and Questioned (Continued)
Costs For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-001	Financial Report Preparation
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept the degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

City of Jackson, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

2022-002 **Material Audit Adjustments**

Condition: During our audit, adjustments were needed to record various material transactions and to correct coding and reclassify amounts to correct funds.

Criteria: Such adjustments should be detected and made by the City's personnel.

Cause: City staff has not prepared a year-end trial balance reflecting all necessary accruals and year-end adjustments without auditor assistance.

Effect: It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.

Recommendation: We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

The City will review all adjusting entries posted this year and make all such necessary adjustments in the future. The Accountant will continue to monitor all financial activity and adjust account balances as needed throughout the year and at year end to prevent material misstatements from occurring.

2022-003 **Uniform Guidance Written Policies and Procedures**

Condition: During our audit, we discovered that the City has no developed written procedures required by the Uniform Guidance.

Criteria: The City must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the City is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Awards.

Cause: The City did not have written policies and procedures in place sufficient to comply with the Uniform Guidance requirements.

Effect: The City was out of compliance with this requirement.

Recommendation: The City should implement written policies and procedures to adhere to the above mentioned Uniform Guidance requirements.

Management Response:

The City will establish policies and procedures to ensure future compliance with the Uniform Guidance requirements.

City of Jackson, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-004	Collateral Coverage
<i>Condition:</i>	Auditing of legal compliance requires a review of the City's deposits and investments. Our study indicated an instance of non-compliance that we believe is required to be remedied.
<i>Criteria:</i>	In accordance with Minnesota Statute, section 118A.03, the City is required to have pledged collateral equal to 110 percent of the deposit not covered with insurance.
<i>Cause:</i>	The City had \$431,216 of deposits uncollateralized on December 31, 2022 due to large incoming investments late in the year. The bank had indicated collateral would be sufficient, however, this was inaccurate.
<i>Effect:</i>	At year end, the City did not have sufficient collateral pledged and therefore was not in compliance with state statute.
<i>Recommendation:</i>	We recommend the City establish a more specific understanding with the bank for the needed collateral. Ultimately, it is the City's responsibility to have adequate coverage regardless of the bank's process.

Management Response:

The Office Manager has taken the appropriate action to ensure that City's deposits are sufficiently covered by collateral throughout the entire month.

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2022-001 Preparation of Financial Statements

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The City Council will continue to monitor as a compensating control.

3. Official Responsible for Ensuring CAP:

Matt Skaret, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

Ongoing.

5. Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

Sincerely,

Matt Skaret
City Administrator



2022-002 Material Audit Adjustments

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

Management will continue to thoroughly review journal entries to prepare for the audit and ask questions throughout the year in an attempt to eliminate as many adjusting entries as possible.

3. Official Responsible for Ensuring CAP:

Matt Skaret, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

Ongoing.

5. Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

Sincerely,

Matt Skaret
City Administrator



2022-003 Uniform Guidance Written Policies and Procedures

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The City Council will establish written policies and procedures for Uniform Guidance.

3. Official Responsible for Ensuring CAP:

Matt Skaret, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

December 31, 2023.

5. Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

Sincerely,

Matt Skaret
City Administrator

City of Jackson, Minnesota
Schedule of Prior Year Findings
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2021-001	Financial Report Preparation
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept the degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.
<i>Updated Progress from Prior Year:</i>	
	No progress has been made in addressing this finding in the current year.

City of Jackson, Minnesota
Schedule of Prior Year Findings (Continued)
For The Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2021-002	Utility Billing Rate Updates in Software
<i>Condition:</i>	During our audit we found that one category of utility rates had not been updated in the City software for several years.
<i>Criteria:</i>	The Utility Clerk should update the billing software when there is change in rates approved by Council.
<i>Effect:</i>	The City could be billing less than the approved utility rates.
<i>Cause:</i>	As a result, the City received less revenue for this category of utility. The aggregate amount was not material to the City, but similar errors could be material if made in the future.
<i>Recommendation:</i>	We recommend that after rate changes are approved, the utility clerk updates the software, and the City Administrator or Finance Director review the updates.
<i>Management Response:</i>	
	The City is aware and will take measures to ensure utility rates are updated.
<i>Updated Progress from Prior Year:</i>	
	This finding was corrected in the current year.
2021-003	Material Audit Adjustments
<i>Condition:</i>	During our audit, adjustments were needed to record various material transactions and to correct coding and reclassify amounts to correct funds.
<i>Criteria:</i>	Such adjustments should be detected and made by the City's personnel.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accruals and year-end adjustments without auditor assistance.
<i>Effect:</i>	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.
<i>Management Response:</i>	
	The City will review all adjusting entries posted this year and make all such necessary adjustments in the future. The Finance Director will continue to monitor all financial activity and adjust account balances as needed throughout the year and at year end to prevent material misstatements from occurring.
<i>Updated Progress from Prior Year:</i>	
	No progress has been made in addressing this finding in the current year.

City of Jackson, Minnesota
Schedule of Prior Year Findings (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2021-004	Claims Approval
<i>Condition:</i>	We conducted an audit under the provisions of the Minnesota Legal Compliance Audit Guide for Cities. This audit for legal compliance requires a review of the City's claims and disbursements. Our study indicated an instance of non-compliance that we believe should be remedied.
<i>Criteria:</i>	Minnesota Statute § 412.271, subd. 1 directs all claims be audited and allowed by the City Council. Meaning all claims paid by the City are required to be approved by the City Council at the City's monthly meetings. We noted that ambulance checks are not being approved by Council.
<i>Cause:</i>	The ambulance fund accounting is done by an outsourced vendor. The City Council has not been receiving the check reports for ambulance disbursements.
<i>Effect:</i>	This City Council does not have sufficient oversight of all disbursements.
<i>Recommendation:</i>	Because the ambulance fund will now be accounted for by the City office, we believe this finding will be remedied in 2022.
<i>Management Response:</i>	
	The City has taken over accounting for the ambulance fund and will include those disbursements in the listing Council approves.
<i>Updated Progress from Prior Year:</i>	
	This finding was corrected in the current year.

City of Jackson, Minnesota
Schedule of Prior Year Findings (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2021-005	Uniform Guidance Written Policies and Procedures
<i>Condition:</i>	During our audit, we discovered that the City has no developed written procedures required by the Uniform Guidance.
<i>Criteria:</i>	The City must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the City is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal Awards.
<i>Cause:</i>	The City did not have written policies and procedures in place sufficient to comply with the Uniform Guidance requirements.
<i>Effect:</i>	The City was out of compliance with this requirement.
<i>Recommendation:</i>	The City should implement written policies and procedures to adhere to the above mentioned Uniform Guidance requirements.
<i>Management Response:</i>	
	The City will establish policies and procedures to ensure future compliance with the Uniform Guidance requirements.
<i>Updated Progress from Prior Year:</i>	
	No progress has been made in addressing this finding in the current year.

**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 JACKSON MINNESOTA GENERAL OBLIGATION STREET RECONSTRUCTION & UTILITY REVENUE SERIES 2013B (MN) JACKSON MINN GO REV BDS 2013B (MN)*

Dated Date: 08/01/2013
Underwriting Spread Amount: 1.228889 %

Closing Date: 08/01/2013
Time of Formal Award: 07/16/2013 08:00 PM
Time of First Execution: 07/17/2013 02:00 PM

[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 Collapse ▲

Most Recent [CD Report - GO Bonds Year end 2022 - Jackson MN for the year ended 12/31/2022 posted 09/25/2023 \(677 KB\)](#) [details](#)
[2022 Audit - Jackson, MN for the year ended 12/31/2022 posted 09/25/2023 \(1.6 MB\)](#) [details](#)

Annual Financial Information and Operating Data

[CD Report - GO Bonds Year end 2022 - Jackson MN for the year ended 12/31/2022 posted 09/25/2023 \(677 KB\)](#) [details](#)
[CD Report - GO Bonds Year end 2021 - Jackson MN for the year ended 12/31/2021 posted 09/12/2022 \(259 KB\)](#) [details](#)
[CD Report - GO Bonds Year end 2020 - Jackson MN for the year ended 12/31/2020 posted 11/09/2021 \(665 KB\)](#) [details](#)
[CD Report - GO Bonds - Year end 2019 - Jackson MN for the year ended 12/31/2019 posted 08/13/2020 \(2.8 MB\)](#) [details](#)
[CD Report - GO Bonds Year End 2018 - Jackson MN for the year ended 12/31/2018 posted 09/26/2019 \(1.7 MB\)](#) [details](#)
[CD Report - GO Bonds Year End 2017 - Jackson MN for the year ended 12/31/2017 posted 10/03/2018 \(1.4 MB\)](#) [details](#)
[CD Report - GO Bonds Year end 2016 - Jackson MN for the year ended 12/31/2016 posted 12/11/2017 \(374 KB\)](#) [details](#)
[CD Report - Year End 2016 - GO Bonds - Jackson MN for the year ended 12/31/2016 posted 11/29/2017 \(374 KB\)](#) [details](#)
[CD Report - Year-end 2015 - G.O. Bonds - Jackson MN for the year ended 12/31/2015 posted 10/24/2016 \(846 KB\)](#) [details](#)
[CD Report - Year End 2014 - City of Jackson MN for the year ended 12/31/2014 posted 09/15/2015 \(641 KB\)](#) [details](#)
[Continuing Disclosure Report - Year End 2013 for the year ended 12/31/2013 Document1 posted 10/23/2014 \(276 KB\)](#) [details](#)
[Continuing Disclosure Report - Year End 2013 for the year ended 12/31/2013 Document2 posted 10/23/2014 \(208 KB\)](#) [details](#)
[Continuing Disclosure Report -Year Ending Dec. 31, 2012 for the year ended 12/31/2012 Document2 posted 08/12/2013 \(273 KB\)](#) [details](#)
[Continuing Disclosure Report -Year Ending Dec. 31, 2012 for the year ended 12/31/2012 Document1 posted 08/12/2013 \(47 KB\)](#) [details](#)

Audited Financial Statements or ACFR

[2022 Audit - Jackson, MN for the year ended 12/31/2022 posted 09/25/2023 \(1.6 MB\)](#) [details](#)
[2021 Audit - Jackson MN for the year ended 12/31/2021 posted 09/12/2022 \(1.9 MB\)](#) [details](#)
[2020 Audit - Jackson MN for the year ended 12/31/2020 posted 06/24/2021 \(1.6 MB\)](#) [details](#)
[2019 Audit - Jackson MN for the year ended 12/31/2019 posted 05/30/2020 \(1.4 MB\)](#) [details](#)
[2018 Audit - Jackson MN for the year ended 12/31/2018 posted 09/26/2019 \(1.8 MB\)](#) [details](#)
[2017 Audit - Jackson MN for the year ended 12/31/2017 posted 10/03/2018 \(484 KB\)](#) [details](#)
[2016 Audit - Jackson MN for the year ended 12/31/2016 posted 12/11/2017 \(405 KB\)](#) [details](#)
[2016 Audit - Jackson MN for the year ended 12/31/2016 posted 11/29/2017 \(405 KB\)](#) [details](#)
[2015 Audit - Jackson MN for the year ended 12/31/2015 posted 10/24/2016 \(238 KB\)](#) [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](#)
[ICE Data Services](#) (formerly Interactive Data Pricing and Reference Data)
[Standard & Poor's](#)

[2014 Audit - Jackson MN for the year ended 12/31/2014 posted 09/15/2015 \(226 KB\)](#) [details](#)

[2013 Audited Financial Statement for the year ended 12/31/2013 posted 10/23/2014 \(276 KB\)](#) [details](#)

[2013 Audited Financial Statement for the year ended 12/31/2013 posted 10/23/2014 \(208 KB\)](#) [details](#)

[Audited Financial Statement for the year ended 12/31/2012 posted 08/12/2013 \(273 KB\)](#) [details](#)

[Audited Financial Statement for the year ended 12/31/2012 posted 08/12/2013 \(47 KB\)](#) [details](#)

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Rating Change

[Moody's Rating Upgrade - January 2023 - Jackson MN dated 01/11/2023 posted 01/12/2023 \(412 KB\)](#) [details](#)

[S & P Ratings Direct - Downgraded Rating dated 07/23/2020 posted 07/23/2020 \(354 KB\)](#) [details](#)

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