PRELIMINARY OFFICIAL STATEMENT DATED APRIL 3, 2024

NEW ISSUE	**BOOK ENTRY ONLY**
BANK QUALIFIED	**S&P GLOBAL RATINGS RATING "AA"**

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 on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income 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 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 "Tax Exemption" herein for additional information.

CITY OF LORETTO, MINNESOTA
$2,170,000*
General Obligation Bonds, Series 2024A

Dated Date: Date of Delivery (Estimated to be May 8, 2024)

Interest Due: Each February 1 and August 1 Commencing February 1, 2025

Maturity*	Amount*	Rate	Yield	Price	Maturity*	Amount*	Rate	Yield	Price
2/1/2026	$105,000	_____%	_____%	_____	2/1/2036	$135,000	_____%	_____%	_____
2/1/2027	105,000	_____	_____	_____	2/1/2037	135,000	_____	_____	_____
2/1/2028	105,000	_____	_____	_____	2/1/2038	145,000	_____	_____	_____
2/1/2029	115,000	_____	_____	_____	2/1/2039	150,000	_____	_____	_____
2/1/2030	115,000	_____	_____	_____	2/1/2040	150,000	_____	_____	_____
2/1/2031	115,000	_____	_____	_____	2/1/2041	55,000	_____	_____	_____
2/1/2032	120,000	_____	_____	_____	2/1/2042	55,000	_____	_____	_____
2/1/2033	120,000	_____	_____	_____	2/1/2043	60,000	_____	_____	_____
2/1/2034	130,000	_____	_____	_____	2/1/2044	60,000	_____	_____	_____
2/1/2035	130,000	_____	_____	_____	2/1/2045	65,000	_____	_____	_____

The General Obligation Bonds, Series 2024A (the "Bonds" or the "Issue") are being issued by the City of Loretto, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapters 444 and 475, including Section 475.58 subdivision 3b, as amended. Proceeds of the Bonds will be used to finance the City's 2024 street reconstruction projects included in the street reconstruction plan approved on February 12, 2024, to finance various water projects, and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the City and are payable from net revenues of the City's water utility and ad valorem taxes. The full faith and credit of the City is pledged to the payment of the Bonds. In the event of any deficiency in the Debt Service Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See *Security/Sources and Uses of Funds* herein for additional information.

The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2026. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing February 1, 2025. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. The Paying Agent/Registrar will be Northland Trust Services Inc., Minneapolis, Minnesota.

Proposals: Tuesday, April 9, 2024 10:30 A.M., Central Time

Award: Tuesday, April 9, 2024 7:00 P.M., Central Time

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than $2,137,450 (98.50%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* A Good Faith Deposit (the "Deposit") in the amount of $43,400, in the form of a federal wire transfer payable to the order of the City, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

* Preliminary, subject to change.

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THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE BONDS BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE BONDS. CLOSING DATE IS ESTIMATED TO BE MAY 8, 2024.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERS MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITER(S). NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER(S).

WITHIN THE MEANING OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12, THE INFORMATION INCLUDED IN THE PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL BY THE ISSUER AS OF ITS DATE AND IS ACCURATE AND COMPLETE IN ALL MATERIAL RESPECTS, EXCEPT FOR THE OMISSION OF THE OFFERING PRICE(S), INTEREST RATE(S), SELLING COMPENSATION, AGGREGATE PRINCIPAL AMOUNT, PRINCIPAL AMOUNT PER MATURITY, DELIVERY DATE, RATING(S), OTHER TERMS OF THE ISSUE DEPENDING ON SUCH MATTERS, AND THE IDENTITY OF THE UNDERWRITER(S).

SUMMARY OF OFFERING

City of Loretto, Minnesota
$2,170,000 *
General Obligation Bonds, Series 2024A
(Book-Entry Only)

AMOUNT -	$2,170,000
ISSUER -	City of Loretto, Minnesota (the "City" or the "Issuer")
AWARD DATE -	April 9, 2024
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the "Municipal Advisor"), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920
TYPE OF ISSUE -	General Obligation Bonds, Series 2024A (the "Bonds" or the "Issue")
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Bonds, Series 2024A (the "Bonds") are being issued by the City of Loretto, Minnesota (the "City") pursuant to Minnesota Statutes, Chapters 444 and 475, including Section 475.58 subdivision 3b, as amended. Proceeds of the Bonds will be used to finance the City's 2024 street reconstruction projects included in the street reconstruction plan approved on February 12, 2024, to finance various water projects, and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from net revenues of the City's water utility and ad valorem taxes. The full faith and credit of the City is pledged to the payment of the Bonds. In the event of any deficiency in the Debt Service Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See *Authority and Purpose* as well as *Security/Sources and Uses of Funds* herein for additional information.
DATE OF ISSUE -	Date of Delivery (Estimated to be May 8, 2024)
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing February 1, 2025, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").

MATURITIES* -

2/1/2026	$105,000	2/1/2031	$115,000	2/1/2036	$135,000	2/1/2041	$55,000
2/1/2027	105,000	2/1/2032	120,000	2/1/2037	135,000	2/1/2042	55,000
2/1/2028	105,000	2/1/2033	120,000	2/1/2038	145,000	2/1/2043	60,000
2/1/2029	115,000	2/1/2034	130,000	2/1/2039	150,000	2/1/2044	60,000
2/1/2030	115,000	2/1/2035	130,000	2/1/2040	150,000	2/1/2045	65,000

REDEMPTION -	The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest. See *Description of the Bonds* herein for additional information.
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.
PAYING AGENT/REGISTRAR -	Northland Trust Services Inc., Minneapolis, Minnesota
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not "private activity bonds" as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). <u>Bank Qualified Tax-Exempt Obligations</u> - The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.
LEGAL OPINION -	Kennedy & Graven, Chartered, Minneapolis, Minnesota ("Bond Counsel")
BOND RATING -	The City received an underlying rating of "AA" from S&P Global Ratings ("S&P"). See *Bond Rating* herein for additional information.
CLOSING -	Estimated to be May 8, 2024
PRIMARY CONTACTS -	Mary K. Schneider, City Clerk Treasurer, City of Loretto, Minnesota 763-479-4305 Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964 Jessica Green, Managing Director, Northland Securities, Inc., 612-851-5930

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* Preliminary, subject to change.

CITY OF LORETTO, MINNESOTA

PRINCIPAL CITY OFFICIALS

Elected Officials	**City Council**	
Name	*Position*	*Term Expires*
Kent Koch	Mayor	12/31/2024
Brenda Daniels	Council Member	12/31/2026
Greg Elsen	Council Member	12/31/2024
Melissa Markham	Council Member	12/31/2024
Ben Scanlon	Council Member	12/31/2026

Primary Contacts

Mary Schneider	City Clerk Treasurer
Jack Brooksbank, Campbell Knutson	City Attorney

BOND COUNSEL

Kennedy & Graven, Chartered
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Northland Securities, Inc.
Minneapolis, Minnesota

NOTICE OF SALE

$2,170,000*
GENERAL OBLIGATION BONDS, SERIES 2024A

CITY OF LORETTO, MINNESOTA
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE:

Proposals (also referred to herein as "bids") will be opened by the City Clerk Treasurer, or designee, on Tuesday, April 9, 2024, at 10:30 A.M., CT, at the offices of Northland Securities, Inc. (the City's "Municipal Advisor"), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Tuesday, April 9, 2024 at 7:00 P.M., CT.

SUBMISSION OF PROPOSALS

Proposals may be:

a) submitted to the office of Northland Securities, Inc.,
b) faxed to Northland Securities, Inc. at 612-851-5918,
c) emailed to PublicSale@northlandsecurities.com
d) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-5915, or
e) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:30 A.M., CT, on Tuesday, April 9, 2024. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:30 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2nd floor, New York, NY 10018, telephone 212-849-5021.

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

BOOK-ENTRY SYSTEM

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

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* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of $5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

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

DATE OF ORIGINAL ISSUE OF BONDS

Date of Delivery (Estimated to be May 8, 2024)

AUTHORITY/PURPOSE/SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475, including Section 475.58 subdivision 3b. Proceeds will be used to finance various street reconstruction projects included in the City's five year street reconstruction plan approved on February 12, 2024, various water projects within the City, and to pay costs of issuance of the Bonds. The Bonds are payable from net revenues of the City's water utility system and ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

INTEREST PAYMENTS

Interest is due semiannually on each February 1 and August 1, commencing February 1, 2025, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

MATURITIES

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

Year	Amount	Year	Amount	Year	Amount
2026	$105,000	2033	$120,000	2040	$150,000
2027	105,000	2034	130,000	2041	55,000
2028	105,000	2035	130,000	2042	55,000
2029	115,000	2036	135,000	2043	60,000
2030	115,000	2037	135,000	2044	60,000
2031	115,000	2038	145,000	2045	65,000
2032	120,000	2039	150,000		

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

INTEREST RATES

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

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

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

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

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

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

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

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

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

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

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

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

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

ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS

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

OPTIONAL REDEMPTION

Bonds maturing on February 1, 2033 through 2045 are subject to redemption and prepayment at the option of the City on February 1, 2032 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

CUSIP NUMBERS

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

DELIVERY

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

TYPE OF PROPOSAL

Proposals of not less than $2,137,450 (98.50%) and accrued interest on the principal sum of $2,170,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Mary K. Schneider, City Clerk Treasurer
P.O. Box 207
Loretto, Minnesota 55357

A good faith deposit (the “Deposit”) in the amount of $43,400 in the form of a federal wire transfer (payable to the order of the City) <u>is only required from the apparent winning bidder</u>, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

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

AWARD

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

INFORMATION FROM SUCCESSFUL BIDDER

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

OFFICIAL STATEMENT

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

LIMITED CONTINUING DISCLOSURE UNDERTAKING

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

BANK QUALIFICATION

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

BOND INSURANCE AT UNDERWRITER'S OPTION

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

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

Dated: February 12, 2024 BY ORDER OF THE LORETTO CITY COUNCIL

/s/ Mary K. Schneider
City Clerk Treasurer

Additional information may be obtained from:
Northland Securities, Inc.
150 South 5^{th} Street, Suite 3300
Minneapolis, Minnesota 55402
Telephone No.: 612-851-5900

EXHIBIT A

(ISSUE PRICE CERTIFICATE – COMPETITIVE SALE SATISFIED)

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the [“Purchaser”] [“Representative,” on behalf of itself and other underwriters listed below (collectively, the “Underwriting Group”))], with respect to the sale and issuance of the General Obligation Bonds, Series 2024A (the “Bonds”), issued by the City of Loretto, Minnesota (the “Issuer”), in the original aggregate principal amount of $____________, certifies as follows:

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the [Purchaser] [Underwriting Group] are the prices listed in EXHIBIT A attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices of the Maturities of the Bonds used by the [Purchaser] [Underwriting Group] in formulating its bid to purchase the Bonds. Attached hereto as EXHIBIT B is a true and correct copy of the bid provided by the [Purchaser] [Underwriting Group] to purchase the Bonds.

(b) The [Purchaser] [Underwriting Group] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the [Purchaser] [Underwriting Group] constituted a firm offer to purchase the Bonds.

(d) Capitalized terms that are used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Bonds for an aggregate purchase price of $_______________ (par amount of Bonds of $__________, plus original issue premium of $_______, less original issue discount of $________, less an underwriter’s discount of $________).

3. Receipt of Bonds. The undersigned hereby acknowledges receipt of $____________ in original aggregate principal amount of the Bonds from the Issuer, fully executed and authenticated. [The [Purchaser] [Representative] has paid to [NAME OF INSURER] the sum of $______________ as a premium for an insurance policy for the Bonds.]

4. Representations. The representations set forth in this Certificate of Purchaser (the “Certificate”) are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Bonds; and (ii) Kennedy & Graven, Chartered, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Information Return for Tax-Exempt Governmental Bonds, Form 8038-G (Rev. October 2021), and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

5. Defined Terms.

(a) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this Certificate means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 9, 2024.

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

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

[PURCHASER] [REPRESENTATIVE]

By ____

Name ____

Its ____

[Account Members:]

EXHIBIT A

EXPECTED OFFERING PRICES

Year of Maturity	Principal Amount	Interest Rate	Yield	Dollar Price

[**Only for Premium Bonds maturing after call date:** *These Bonds have been priced to the optional redemption date of February 1, 2032.]

EXHIBIT B

COPY OF PURCHASER'S BID

[Insert copy of bid]

(ISSUE PRICE CERTIFICATE – HOLD THE PRICE)

The undersigned, for and on behalf of [NAME OF PURCHASER/REPRESENTATIVE] (the ["Purchaser"] ["Representative," on behalf of itself and other underwriters listed below (collectively, the "Underwriting Group"))], with respect to the sale and issuance of the General Obligation Bonds, Series 2024A (the "Bonds"), by the City of Loretto, Minnesota (the "Issuer"), in the original aggregate principal amount of $____________, certifies as follows:

1. Initial Offering Price for the Bonds.

(a) The [Purchaser] [Underwriting Group] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in EXHIBIT A attached hereto (the "Initial Offering Prices"). A copy of the pricing wire or equivalent communication for the Bonds is attached hereto as EXHIBIT A. Capitalized terms used herein that are otherwise not defined shall have the meanings assigned to such terms in Section 5 hereof.

(b) As set forth in the Notice of Sale and the bid award, the [Purchaser has] [members of the Underwriting Group have] agreed in writing that, (i) for each Maturity of the Bonds, [it] [they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Pursuant to such agreement, no Underwriter has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. Purchase Price. The [Purchaser] [Representative] acknowledges that it is purchasing the Bonds for an aggregate purchase price of $_______________ (par amount of Bonds of $__________, plus original issue premium of $_______, less original issue discount of $________, less an underwriter's discount of $________).

3. Receipt of Bonds. The undersigned hereby acknowledges receipt of $_________ in original aggregate principal amount of the Bonds from the Issuer, fully executed and authenticated. [The [Purchaser] [Representative] has paid to [NAME OF INSURER] the sum of $______________ as a premium for an insurance policy for the Bonds.]

4. Representations. The representations set forth in this Certificate of Purchaser (the "Certificate") are limited to factual matters only. Nothing in this Certificate represents the interpretation by the [Purchaser] [Representative] of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The undersigned understands that the foregoing information will be relied upon by: (i) the Issuer with respect to certain of the representations set forth in a tax certificate of the Issuer executed on the date hereof with respect to compliance with the federal income tax rules affecting the Bonds; and (ii) Kennedy & Graven, Chartered, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Information Return for Tax-Exempt Governmental Bonds, Form 8038-G (Rev. October 2021), and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

5. Defined Terms.

(a) "Holding Period" means, with respect to each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the [Purchaser has] [Underwriters have] sold at least ten percent (10%) of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than fifty percent (50%) common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (ii) more than fifty percent (50%) common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than fifty percent (50%) common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 9, 2024.

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

IN WITNESS WHEREOF, the undersigned officer has executed this Certificate of Purchaser as of the date and year first written above.

[PURCHASER] [REPRESENTATIVE]

By ____

Name ____

Its ____

[Account Members:]

EXHIBIT A

INITIAL OFFERING PRICES OF THE BONDS AND PRICING WIRE OR EQUIVALENT COMMUNICATION

[Insert schedule and copy of pricing wire]

AUTHORITY AND PURPOSE

The General Obligation Bonds, Series 2024A (the "Bonds" or the "Issue") are being issued by the City of Loretto, Minnesota (the "City") pursuant to Minnesota Statutes, Chapters 444 and 475, including Section 475.58 subdivision 3b, as amended. Proceeds from issuance of the Bonds will be used to finance the City's 2024 street reconstruction projects included in the street reconstruction plan approved on February 12, 2024, to finance various water projects, and to pay costs associated with issuance of the Bonds.

SECURITY/SOURCES AND USES OF FUNDS

Security

The Bonds are valid and binding general obligations of the City and are payable from net revenues of the City's water utility and ad valorem taxes. The full faith and credit of the City is pledged to the payment of the Bonds. In the event of any deficiency in the Debt Service Fund established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount.

Sources and Uses of Funds

Following are the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds	
Par Amount of Bonds	$ 2,170,000*
Total Sources of Funds:	$ 2,170,000
Uses of Funds	
Deposit to Construction Fund	$ 2,059,211
Capitalized Interest	27,613
Costs of Issuance/Underwriter's Discount	83,070
Rounding Amount	106
Total Uses of Funds:	$ 2,170,000

BONDHOLDERS' RISKS

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

Secondary Market

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

* Preliminary, subject to change.

Ratings Loss

S&P Global Ratings has assigned a rating of "AA" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Tax Exemption, Bank Qualification and Loss of Tax Exemption

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") may result in the inclusion of interest on the Bonds in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

The Bonds are designated as "qualified tax-exempt obligations" under the exception provided in Section 265(b)(3) of the Code, and the Issuer has further covenanted to comply with certain other requirements, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code. Actions, or inactions, by the Issuer in violation of its covenants could affect the designation, which could also affect the pricing and marketability of the Bonds.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax-exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset.

Pending Federal and State Tax Legislation

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Factors Beyond Issuer's Control

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the Issuer, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

DESCRIPTION OF THE BONDS

Details of Certain Terms

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be May 8, 2024), and will be issued as fully registered Bonds in the denominations of $5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2026. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February

1, 2025. The Bonds when issued, will be registered in the name of Cede & Co. (the "Registered Holder"), as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder of the Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof ("Authorized Denominations"). Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").

Registration, Transfer and Exchange

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Bonds may be transferred upon surrender of the Bonds at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Bonds, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Bonds of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Bonds being exchanged. The Bond Registrar will require the payment by the Bond holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of a particular stated maturity for redemption in accordance with the provisions of the Bond resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Bonds or portion thereof selected for redemption.

Optional Redemption

The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the City. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

Book-Entry System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants

("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City of Loretto takes no responsibility for the accuracy thereof.

LIMITED CONTINUING DISCLOSURE

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

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

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

UNDERWRITER

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

MUNICIPAL ADVISOR

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

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

FUTURE FINANCING

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

BOND RATING

The City received an underlying rating of "AA" from S&P Global Ratings ("S&P"). No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of S&P and any explanation of the significance of this rating may be obtained only from S&P. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of S&P, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

LITIGATION

As of the date of this Official Statement, the City is not aware of any threatened or pending litigation that questions the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

CERTIFICATION

The City will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The City has always promptly met all payments of principal and interest on its indebtedness when due.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota ("Bond Counsel") as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

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

TAX EXEMPTION

General

On the date of issuance of the Bonds, Kennedy & Graven, Chartered, Minneapolis, Minnesota ("Bond Counsel"), will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, under federal and Minnesota laws, regulations, rulings and decisions in effect on the date of issuance of the Bonds (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Resolution, interest on the Bonds is not includable in gross income for federal income tax purposes and, to the same extent, is not includable in 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 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 corporations" 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(i) of the Code in one or more taxable years. Noncompliance with such requirements by the City may cause the interest on the Bonds to be includable in gross income for purposes of federal income taxation and, to the same extent, included in taxable net income for purposes of Minnesota income taxation, retroactive to the date of issuance of the Bonds, irrespective in some cases of the date on which such noncompliance is ascertained. No provision has been made for redemption of Bonds or for an increase in the interest rate on the Bonds in the event that interest on the Bonds becomes included in federal gross income or Minnesota taxable income. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

Other Federal and State Tax Considerations

Interest on the Bonds may be includable in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year. Section 86 of the Code requires recipients of certain Social Security and railroad retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Bonds.

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for a Subchapter S corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than a certain percentage of the gross receipts of such Subchapter S corporation is passive investment income. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of the holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b) of the Code).

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

Proposed Changes in Federal and State Tax Law

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

Qualified Tax-Exempt Obligations

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

CITY OF LORETTO, MINNESOTA

GENERAL INFORMATION

Location/Access/Transportation

Loretto, situated in northwestern Hennepin County, is part of the Minneapolis/St. Paul Metropolitan Area. The City is bordered by Medina and Corcoran located to the northeast of the City. Access to the City is provided via County Roads 19 and 24 as well as State Highway 55 approximately 1 mile to the north. The City covers 185.6 acres or 0.29 square miles.

Population

2000 Census	570	2020 Census	646
2010 Census	650	2023 City Estimate	637

Labor Force Data[1]

Comparative average labor force and unemployment rate figures for year-end 2023 and for year-end 2022 are listed below. Figures are not seasonally adjusted, and numbers of people are estimated by place of residence.

	2023		2022	
	Civilian Labor Force	*Unemployment Rate*	*Civilian Labor Force*	*Unemployment Rate*
Hennepin County	708,985	2.7%	703,572	2.5%
Minnesota	3,099,163	3.0	3,077,500	2.7

Income Data[2]

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

	Loretto	*State of Minnesota*	*United States*
Median Family Income	$140,250	$107,072	$92,646
Per Capita Income	56,360	44,947	41,261

City Government

Loretto is a Statutory City that follows Minnesota State Statute requirements for a Plan A city. It has a mayor elected at large for a two-year term and four council members also elected at large for four-year terms. The professional staff is council appointed and includes a City Clerk Treasurer, Public Works Director, Utility Clerk and three Public Works Maintenance staff.

Enterprise Services

Municipal enterprise services provided by the City include the water, wastewater, storm water and garbage systems.

The City contracts with the Medina Police Department for the enforcement of City ordinances and with the West Suburban Fire District for fire protection services.

[1] Source: Minnesota Department of Employment and Economic Development

[2] Source: 2018-2022 American Community Survey, U.S. Census Bureau.

Bargaining Units/Labor Contracts

There are no labor unions representing certain City employee groups.

Employee Pension Programs

The City employs six people, three full-time and three part-time and 0 seasonal. The pension plan covers five of the City's employees.

The City participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute and vest after three years of credited service. State Statute requires the City to fund current service pension cost as it accrues. Defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly "PERF") and PEPFF. That report may be obtained at www.mnpera.org, or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

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

Audited City contributions to GERF have been as follows:

Year	*Amount*
2022	$18,665
2021	17,991
2020	17,369
2019	17,082
2018	16,513

Postemployment Benefits Other Than Pensions (OPEB)

The City does not offer any other postemployment benefits to former or retired employees and has no liability with respect thereto.

Estimated Cash and Investment Balances as of December 31, 2023 (unaudited)

Fund Name	
General Fund	$547,540
Special Revenue Funds Street Improvement Project Fund	(307)
Debt Service Funds	116,243
Capital Projects Funds	505,757
Enterprise Funds	266,062
Total Estimated Cash/Investment Balances	$ 1,435,295

General Fund Budget Summary

	2023 Budget	2024 Budget
Revenues:		
Property Taxes	$533,400	$578,700
Licenses and Permits	24,000	25,500
Intergovernmental Revenue	91,415	121,600
Charges for Services	20,000	21,800
Fines and Forfeits	3,000	4,000
Interest on Investments	5,000	20,000
Miscellaneous	23,000	13,000
Transfers In	0	14,000
Total Revenues	$699,815	$798,600
Expenditures:		
General Government	$146,980	$200,080
Community Development	41,500	74,600
Public Safety	202,310	171,600
Recreation	82,740	125,110
Public Works	225,530	226,540
Miscellaneous/unallocated	755	670
Total Expenditures	$699,815	$798,600

Residential Development

There are approximately 222 single-family homes located within the City. In addition, there have been no single-family homes constructed within the past 12 months.

Building Permits

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

Valuation	*Commercial/ Industrial Number of Permits*	*Residential Number of Permits*	*Total Number of Permits*	*Total Valuation of Permits*
2024 (as of 2/2)	0	1	1	$20,000
2023	6	19	25	975,195
2022	7	44	51	768,759
2021	14	76	90	1,628,137
2020	12	168	180	4,584,874
2019	5	61	66	1,051,133

Financial Institutions

Banking and financial services are provided within the City by 21st Century Bank.

Education

The City is served by Independent School District #879, Delano.

Major Employers[1]

Following are some of the largest employers within the City of Loretto and surrounding Cities of Hamel and Medina:

Name	*Product/Service*	*Number of Employees*
Open Systems International (Medina)	Data Warehousing	600
Rockler COS., Inc (Medina)	Woodworking Equipment	500
Loram Maintenance of Way, Inc. (Hamel)	Railroad Equipment Supplier	400
Polaris Industries (Medina)	Snowmobiles	400
Tolomatic, Inc (Hamel)	Actuator and Cylinder Supplier	200
Graphic Packaging International, Inc. (Medina)	Packaging	200
Airheart Brake (Hamel)	Manufacturer	140
Target (Medina)	Retail	135
Medina Entertainment Center (Medina)	Restaurants	120
Dobiszenski & Sons Inc.	Excavating Contractors	100
Vinland National Center	Addiction Treatment Center	50
Ess Brothers & Sons	Manufacturers	48
Ebert Construction	General Contractors	40
Lake Country Industries	Buses – School Transportation	40
Professional Economics Bureau	Computer Software	40

Largest Taxpayers[2]

Following are ten of the largest taxpayers within the City:

Name	*Classification*	*2022/2023 Tax Capacity*	*Percent of Total Tax Capacity ($1,055,772)*[3]
Loretto Building LLC	Industrial	$ 41,710	3.95%
Individuals	Industrial	27,590	2.62
Loretto Office Park Investment Co.	Commercial	21,250	2.01
Individual	Commercial	19,850	1.88
Loretto Partners	Industrial	16,650	1.58
Hillcrest Apartments	Commercial	15,343	1.45
Koecheler Rental LLP	Industrial	14,790	1.40
Baugus Holdings LLC	Commercial	14,550	1.38
Benzinger Investment Loretto LLC	Commercial	14,250	1.35
Individual	Industrial	12,450	1.18
		$ 198,443	18.80%

1 Sources: Data Axle Reference Solutions and the City.

2 As reported by Hennepin County.

3 Before tax increment adjustment.

MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value

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

Taxable Market Value

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

Market Value Exclusion

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For a homestead valued at $76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of $30,400 at $76,000 of market value. For a homestead valued between $76,000 and $413,800, the exclusion is $30,400 minus nine percent of the valuation over $76,000. For a homestead valued at $413,800 or more, there is no valuation exclusion.

Sales Ratio

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

Economic and Indicated Market Value

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

Net Tax Capacity

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

Tax Cycle

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

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

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

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

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

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

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

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

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

Levy Limits

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

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The following is a partial summary of these factors:

Property Tax Classifications

Class	Type of Property	2020/ 2021	2021/ 2022	2022/ 2023
		Class Rate Schedule		
1a	Residential Homestead: First $500,000	1.00%	1.00%	1.00%
	Over $500,000	1.25	1.25	1.25
1c	Commercial seasonal-residential recreational- under 250 days and includes homestead			
	First $600,000	.50	.50	.50
	$600,001-2,300,000	1.00	1.00	1.00
	Over $2,300,000†	1.25	1.25	1.25
2a	Agricultural Homestead – House, Garage, One Acre:			
	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First $1,880,000			
	Over $1,880,000			
	First $1,890,000		0.50	0.50
	Over $1,890,000		1.00	1.00
	First $1,900,000	0.50		
	Over $1,900,000	1.00		
	Agricultural Homestead Land[1]	1.00	1.00	1.00
2a	Non-Homestead Agricultural Productive Land*	1.00	1.00	1.00
2b	Non-Homestead Rural Vacant Land[2]	1.00	1.00	1.00
3a	Commercial/Industrial and Public Utility			
	First $150,000†	1.50	1.50	1.50
	Over $150,000†	2.00	2.00	2.00
4a	Apartment (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
	Residential Non-Homestead (Single Unit)			
4bb(1)	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(1)	Seasonal Residential Recreational/Commercial†			
	(Resort): First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(12)	Seasonal Residential Recreational†			
	Non-Commercial (Cabin): First $500,000*	1.00	1.00	1.00
	Over $500,000*	1.25	1.25	1.25
4d	Qualifying Low-Income Rental Housing			
	First $100,000			.75
	Over $100,000			.25
	First $162,000	.75		
	Over $162,000	.25		
	First $174,000		.75	
	Over $174,000		.25	

† Subject to the state general property tax.

* Exempt from referendum market value-based taxes.

1 Homestead remainder & non-homestead; includes structures.

2 Homestead remainder & non-homestead; includes minor ancillary structures.

CITY OF LORETTO, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION[1]

Valuations

	Estimated Market Value 2022/2023	Net Tax Capacity 2022/2023
Real Property	$ 94,233,300	$ 1,051,442
Personal Property	217,500	4,350
Fiscal Disparities[2]		
(Contribution to Pool)	- - -	(100,908)
Distribution from Pool	- - -	118,192
Total Adjusted Valuation	$ 94,450,800	$ 1,073,056

Valuation Trends (Real and Personal Property)

Levy Year/ Collection Year	*Economic Market Value*	*Sales Ratio*	*Estimated Market Value*	*Taxable Market Value*	*Tax Capacity Before Fiscal Disparities*	*Tax Capacity After Fiscal Disparities*
2022/2023	$100,103,160	94.59%	$94,450,800	$91,821,340	$1,055,772	$1,073,056
2021/2022	87,228,178	91.48	79,658,400	76,133,950	902,558	905,053
2020/2021	81,051,991	94.36	76,303,900	72,542,065	859,667	872,216
2019/2020	75,058,600	98.86	73,932,500	70,488,763	833,213	833,813
2018/2019	74,290,457	92.73	68,778,900	65,214,640	768,314	763,668

Breakdown of Valuations

2022/2023 Tax Capacity, Real and Personal Property (before fiscal disparities adjustments):

Residential Homestead	$ 731,421	69.28%
Commercial & Industrial	275,815	26.12
Railroad	9,780	0.93
Residential Non-Homestead	34,406	3.26
Personal Property	4,350	0.41
Totals:	$ 1,055,772	100.00%

---

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

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

Tax Capacity Rates

Tax capacity rates for a City resident for the past five-assessable/collection years have been as follows:

Levy Year/ Collection Year	*2018/19 Tax Capacity Rates*	*2019/20 Tax Capacity Rates*	*2020/21 Tax Capacity Rates*	*2021/22 Tax Capacity Rates*	*2022/23 Tax Capacity Rates*
Hennepin County	41.861%	41.084%	38.210%	38.535%	34.542%
City of Loretto	54.135	51.402	52.059	63.680	53.792
ISD No. 879, Delano	39.826	36.805	36.122	34.702	28.461
Metro Mosquito	0.427	0.412	0.381	0.377	0.331
Metro Council	0.659	0.616	0.631	0.659	0.576
Three Rivers Park District	2.961	2.859	2.793	2.787	2.473
Park Museum	0.705	0.710	0.707	0.722	0.647
HCRRA	1.807	1.388	1.323	1.329	1.188
Hennepin HRA	0.535	0.801	0.722	0.771	0.663
Totals:	142.916%	136.077%	132.948%	143.562%	122.673%

Market Value Rates:	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*2022/2023*
ISD No. 879 (Delano)	0.20784%	0.19145%	0.17279%	0.17507%	0.17746%

Tax Levies and Collections[1]

		Collected During Collection Year		Collected and/or Abated as of 1/1/23	
Levy/Collect	Net Levy	Amount	Percent	Amount	Percent
2022/2023	$588,907	In Process of Collection			
2021/2022	559,652	$557,755	99.66%	$557,755	99.66%
2020/2021	453,303	444,985	98.17	453,294	99.99
2019/2020	430,074	419,439	97.53	430,074	100.00
2018/2019	410,368	404,815	98.65	410,365	99.99

[1] 2022/2023 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Hennepin County.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit[1] [2]

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

Computation of Legal Debt Margin as of April 2, 2024:

2022/2023 Estimated Market Value	$ 94,450,800
Multiplied by 3%	x .03
Statutory Debt Limit	$ 2,833,524
Less outstanding debt applicable to debt limit:	
$2,170 ,000 General Obligation Bonds, Series 2024A (Portion of This Issue)	$ 1,240,000
Total Debt applicable to debt limit:	$ 1,240,000
Legal debt margin	$ 1,593,524

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

[2] Pursuant to Minnesota Statutes Section 475.521, capital improvement bonds are not subject to the statutory debt limit established in Section 475.53 if the issuer's population is less than 2,500.

CITY OF LORETTO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES
(As of April 2, 2024, Plus a Portion of This Issue)

	Portion of This Issue			
Purpose:	**G.O. Bonds, Series 2024A**			
Dated:	05/08/24			
Original Amount:	$1,240,000			
Maturity:	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:		**PRINCIPAL:**	**PRIN & INT:**	
2024	$0	$0	$0	2024
2025	0	0	46,512	2025
2026	70,000	70,000	106,748	2026
2027	70,000	70,000	104,718	2027
2028	70,000	70,000	102,793	2028
2029	75,000	75,000	105,854	2029
2030	75,000	75,000	103,866	2030
2031	75,000	75,000	101,879	2031
2032	80,000	80,000	104,785	2032
2033	80,000	80,000	102,525	2033
2034	85,000	85,000	105,090	2034
2035	85,000	85,000	102,498	2035
2036	90,000	90,000	104,740	2036
2037	90,000	90,000	101,815	2037
2038	95,000	95,000	103,715	2038
2039	100,000	100,000	105,350	2039
2040	100,000	100,000	101,800	2040
	$1,240,000 (1)	$1,240,000	$1,604,686	

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

(1) These bonds are a portion of the $2,170,000 G.O. Bonds, Series 2024A, dated May 8, 2024, representing $1,240,000 secured by taxes and $930,000 secured by water revenues.

CITY OF LORETTO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS
(As of April 2, 2024)

Purpose:	**G.O. Bonds, Series 2021A**			
Dated:	08/05/21			
Original Amount:	$920,000			
Maturity:	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	0.50-2.00%	**PRINCIPAL:**	**PRIN & INT:**	
2024	$0	$0	$6,703	2024
2025	55,000	55,000	68,268	2025
2026	60,000	60,000	72,875	2026
2027	60,000	60,000	72,365	2027
2028	60,000	60,000	71,855	2028
2029	60,000	60,000	71,000	2029
2030	60,000	60,000	69,800	2030
2031	60,000	60,000	68,600	2031
2032	65,000	65,000	72,350	2032
2033	65,000	65,000	71,050	2033
2034	65,000	65,000	69,750	2034
2035	65,000	65,000	68,450	2035
2036	70,000	70,000	72,100	2036
2037	70,000	70,000	70,700	2037
	$815,000 (1)	$815,000	$925,865	

NOTE: 67% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds are a portion of the $1,495,000 G.O. Bonds, Series 2021A, dated August 5, 2021, representing $920,000 secured by special assessments and $575,000 secured by sewer and water revenues.

CITY OF LORETTO, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of April 2, 2024, Plus a Portion of This Issue)

			Portion of This Issue			
Purpose:	**G.O. Water Revenue Bonds, Series 2006**	**G.O. Bonds, Series 2021A**	**G.O. Bonds, Series 2024A**			
Dated:	05/09/06	08/05/21	05/08/24			
Original Amount:	$775,000	$575,000	$930,000			
Maturity:	20-Aug	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	2.31%	0.50-2.00%		**PRINCIPAL:**	**PRIN & INT:**	
2024	$49,000	$0	$0	$49,000	$55,998	2024
2025	50,000	20,000	0	70,000	118,161	2025
2026	0	25,000	35,000	60,000	99,274	2026
2027	0	30,000	35,000	65,000	103,025	2027
2028	0	30,000	35,000	65,000	101,808	2028
2029	0	30,000	40,000	70,000	105,378	2029
2030	0	30,000	40,000	70,000	103,718	2030
2031	0	30,000	40,000	70,000	102,058	2031
2032	0	30,000	40,000	70,000	100,378	2032
2033	0	30,000	40,000	70,000	98,648	2033
2034	0	30,000	45,000	75,000	101,793	2034
2035	0	30,000	45,000	75,000	99,820	2035
2036	0	30,000	45,000	75,000	97,803	2036
2037	0	30,000	45,000	75,000	95,740	2037
2038	0	30,000	50,000	80,000	98,548	2038
2039	0	30,000	50,000	80,000	96,223	2039
2040	0	30,000	50,000	80,000	93,848	2040
2041	0	35,000	55,000	90,000	101,266	2041
2042	0	35,000	55,000	90,000	98,504	2042
2043	0	0	60,000	60,000	65,968	2043
2044	0	0	60,000	60,000	63,658	2044
2045	0	0	65,000	65,000	66,251	2045
	$99,000	$535,000	$930,000	$1,564,000	$2,067,862	
	(1) (2)	(3) (4)	(1) (5)			

NOTE: 42% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds are payable from the net revenues of the City's water fund.

(2) These bonds were issued through the Minnesota Public Facilities Authority.

(3) These bonds are payable from the net revenues of the City's sewer and water funds.

(4) These bonds are a portion of the $1,495,000 G.O. Bonds, Series 2021A, dated August 5, 2021, representing $920,000 secured by special assessments and $575,000 secured by sewer and water revenues.

(5) These bonds are a portion of the $2,170,000 G.O. Bonds, Series 2024A, dated May 8, 2024, representing $1,240,000 secured by taxes and $930,000 secured by water revenues.

Indirect Debt*

Issuer	*2022/2023 Tax Capacity Value*[(1)]	*2022/2023 Tax Capacity Value in City*[(1)]	*Percentage Applicable in City*	*Outstanding General Obligation Debt*[(2)]	*Taxpayers' Share of Debt*
Hennepin County	$ 2,672,668,521	$1,073,056	0.04%	$1,071,970,000	$ 428,788
ISD No. 879, Delano	24,181,363	1,073,056	4.44	54,625,000	2,425,350
Metropolitan Council	5,878,109,833	1,073,056	.02	4,535,000[(3)]	907
Metro Transit	5,162,508,144	1,073,056	.02	213,985,000 [(4)]	42,797
				Total Indirect Debt:	$ 2,897,842

(Remainder of page intentionally left blank)

* Only those taxing jurisdictions with general obligation debt outstanding that is not payable from revenues are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, general obligation debt payable from revenues, or general obligation tax/aid anticipation certificates of indebtedness.

(1) Tax Capacity Value is after tax increment deduction and fiscal disparity adjustments.

(2) As of April 2, 2024, unless noted otherwise.

(3) Metropolitan Council has $ 4,535,000 of general obligation debt outstanding as of December 31, 2022. This debt is payable from ad valorem taxes levied on all taxable property within the Metropolitan Taxing District. This amount excludes $1,176,301,171 of general obligation debt payable from wastewater and sewer revenues, and lease agreements.

(4) Metropolitan Transit has $213,985,000 of property tax supported general obligation debt outstanding as of December 31, 2022. Transit debt is issued by the Metropolitan Council for public transit operations and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District. This amount excludes $322,365,000 of general obligation debt payable from revenues.

General Obligation Debt

Bonds secured by special assessments	$ 815,000
Bonds secured by water/sewer revenues (includes a portion of this Issue)	1,564,000
Bonds secured by taxes (includes a portion of this Issue)	1,240,000
Subtotal	$ 3,619,000
Less bonds secured by water/sewer revenues	(1,564,000)
Direct General Obligation Debt	2,055,000
Add taxpayers' share of indirect debt	2,897,842
Direct and Indirect Debt	$ 4,952,842

Facts for Ratio Computations

2022/2023 Economic Market Value (real and personal property)	$100,103,160
Population (2020 estimate)	637

Debt Ratios Excluding Revenue-Supported Debt

	Direct Debt	*Indirect Debt*	*Direct and Indirect Debt*
To Economic Market Value	2.05%	2.89%	4.94%
Per Capita	$3,226	$4,549	$7,775

APPENDIX A

Form of Legal Opinion

Kennedy & Graven CHARTERED
Fifth Street Towers
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

$__________
City of Loretto, Minnesota
General Obligation Bonds
Series 2024A

We have acted as bond counsel to the City of Loretto, Minnesota (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2024A (the "Bonds"), originally dated May 8, 2024, 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 net revenues of the water system of the Issuer and 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 May ___, 2024 at Minneapolis, Minnesota.

APPENDIX B

Form of Continuing Disclosure Certificate

$____________
City of Loretto, Minnesota
General Obligation Bonds
Series 2024A

CONTINUING DISCLOSURE CERTIFICATE

May ___, 2024

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Loretto, Minnesota (the "Issuer") in connection with the issuance of its General Obligation Bonds, Series 2024A (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. In addition, 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 assist the Participating Underwriters (as defined herein) in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). 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 the Issuer's Audited Financial Statements.

"Audited Financial Statements" means the financial statements of the Issuer, audited annually by an independent certified public accounting firm, and prepared in accordance with GAAP as prescribed by GASB or as otherwise required by Minnesota law for the preceding Fiscal Year, including a balance sheet and statement of revenues, expenditures and changes in fund balances.

"Bonds" means the General Obligation Bonds, Series 2024A, issued by the Issuer in the original aggregate principal amount of $_____________.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"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 Loretto, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 4(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.

"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.

Section 3. Provision of Annual Report. To the extent such information is customarily prepared by the Issuer and is publicly available, the Issuer shall provide the Annual Report to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2023. The Annual Report 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.

The Annual Report may be submitted as a single document or as separate documents comprising a package.

Section 4. Reporting of Material Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events if material 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 5. 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 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of the Bonds or payment in full of the Bonds.

Section 7. 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 8. Amendment; Waiver. Notwithstanding any other provision of the Resolutions and 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. 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 require the Resolutions and this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions 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 of the Resolutions and this Disclosure Certificate and by the Issuer with the Rule.

Section 9. 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 10. 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 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and 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 LORETTO, MINNESOTA

____
Mayor

____
City Clerk Treasurer

APPENDIX C

City’s Financial Statement

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2022. The complete financial report for the year 2022 and the prior two years are available for inspection at the Loretto City Hall and the office of Northland Securities. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Loretto, Minnesota

Opinions

We have audited the accompanying financial statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of Loretto, 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements of the governmental funds referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the City, as of December 31, 2022, and their respective cash receipts and disbursements, for the year then ended, on the basis of the financial reporting provisions the Minnesota Office of the State Auditor as described in Note 1B. Also, in our opinion, the financial statements of the proprietary funds referred to in the first paragraph present fairly, in all material respects, the respective financial position of each fund of the City as of December 31, 2022, and the respective changes in financial position and cash flows, for the year then ended, on the basis of the financial reporting provisions the Minnesota Office of the State Auditor as described in Note 1B.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2022, the changes in its financial position for the year then ended.

Basis for Opinions

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B, the financial statements are prepared by the City on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Minnesota Office of the State Auditor. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State auditor, as described in Note 1B. Management is also responsible for 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Shares of the Net Pension Liability and the Schedule of Employer's Contributions and the related note disclosures for defined benefit plans starting on page 40 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 opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section and supplementary information-unaudited 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 9, 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.

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Minneapolis, Minnesota
March 9, 2023

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FINANCIAL STATEMENTS - REGULATORY BASIS

CITY OF LORETTO
LORETTO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Loretto, Minnesota
Statement of Balances Arising from Cash Transactions
Governmental Funds
December 31, 2022

	General	Capital Improvements	Other Governmental Funds	Totals Governmental Funds
Assets				
Cash and temporary investments	$ 591,554	$ 317,892	$ 89,942	$ 999,388
Liabilities				
Due to other funds	$ -	$ 30,000	$ -	$ 30,000
Cash Fund Balances				
Restricted for				
Pandemic response	69,064	-	-	69,064
Quite zone improvements	-	29,490	-	29,490
Debt service	-	-	89,942	89,942
Assigned for capital purchases	-	258,402	-	258,402
Unassigned	522,490	-	-	522,490
Total Cash Fund Balances	591,554	287,892	89,942	969,388
Total Liabilities and Cash Fund Balances	$ 591,554	$ 317,892	$ 89,942	$ 999,388

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

City of Loretto, Minnesota
Statement of Receipts, Disbursements and Changes in Cash Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Capital Improvements	Other Governmental Funds	Totals Governmental Funds
Receipts				
Taxes	$ 514,675	$ -	$ 57,333	$ 572,008
Licenses and permits	24,991	-	-	24,991
Intergovernmental	167,546	350,000	-	517,546
Charges for services	12,364	-	-	12,364
Fines and forfeitures	2,762	-	-	2,762
Special assessments	-	-	46,202	46,202
Interest on investments	7,851	6,404	1,013	15,268
Miscellaneous	55,595	57	5,149	60,801
Total Receipts	785,784	356,461	109,697	1,251,942
Disbursements				
Current				
General government	132,067	-	-	132,067
Public safety	204,688	-	-	204,688
Streets and highways	221,975	-	-	221,975
Culture and recreation	92,122	-	-	92,122
Miscellaneous	1,260	-	-	1,260
Capital outlay				
General government	1,800	-	-	1,800
Streets and highways	5,000	323,951	39,969	368,920
Culture and recreation	56,835	4,827	-	61,662
Debt service				
Interest and other fiscal charges	-	-	14,517	14,517
Total Disbursements	715,747	328,778	54,486	1,099,011
Excess of Receipts over Disbursements	70,037	27,683	55,211	152,931
Other Financing Sources (Uses)				
Transfers in	-	79,500	-	79,500
Transfers out	(90,500)	-	-	(90,500)
Total Other Financing Sources (Uses)	(90,500)	79,500	-	(11,000)
Net Change in Cash Fund Balances	(20,463)	107,183	55,211	141,931
Cash Fund Balances, January 1	612,017	180,709	34,731	827,457
Cash Fund Balances, December 31	$ 591,554	$ 287,892	$ 89,942	$ 969,388

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

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

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise	
	Water	Wastewater	Storm Water	Garbage	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 228,663	$ 316,324	$ 159,644	$ 4,027	$ 708,658
Receivables					
Accounts	19,619	18,101	8,569	5,724	52,013
Special assessments	39,436	26,776	-	-	66,212
Due from other funds	30,000	-	-	-	30,000
Total Current Assets	317,718	361,201	168,213	9,751	856,883
Noncurrent Assets					
Capital assets					
Machinery and equipment	73,909	86,478	21,488	-	181,875
Infrastructure	1,279,872	1,317,589	21,710	-	2,619,171
Less accumulated depreciation	(368,378)	(116,331)	(29,027)	-	(513,736)
Net Capital Assets	985,403	1,287,736	14,171	-	2,287,310
Total Assets	1,303,121	1,648,937	182,384	9,751	3,144,193
Deferred Outflows of Resources					
Deferred pension resources	12,913	18,073	4,086	2,202	37,274
Liabilities					
Current Liabilities					
Accounts payable	64,356	3,244	69	4,780	72,449
Salaries and wages payable	655	925	204	97	1,881
Accrued interest payable	3,931	1,335	-	-	5,266
Compensated absences - current	2,274	3,239	621	153	6,287
Bonds payable - current	63,000	5,000	-	-	68,000
Total Current Liabilities	134,216	13,743	894	5,030	153,883
Noncurrent Liabilities					
Bonds payable	479,383	182,709	-	-	662,092
Net pension liability	41,937	58,698	13,270	7,153	121,058
Total Noncurrent Liabilities	521,320	241,407	13,270	7,153	783,150
Total Liabilities	655,536	255,150	14,164	12,183	937,033
Deferred Inflows Of Resources					
Deferred pension resources	588	823	186	100	1,697
Net Position					
Net investment in capital assets	443,020	1,106,172	14,171	-	1,563,363
Unrestricted	216,890	304,865	157,949	(330)	679,374
Total Net Position	$ 659,910	$ 1,411,037	$ 172,120	$ (330)	$ 2,242,737

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

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

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise	
	Water	Wastewater	Storm Water	Garbage	Total
Operating Revenues					
Charges for services	$ 246,396	$ 186,142	$ 82,114	$ 58,711	$ 573,363
Operating Expenses					
Personal services	53,349	74,401	16,825	8,988	153,563
Supplies	13,416	7,095	2,981	653	24,145
Other charges	58,523	113,060	27,809	51,114	250,506
Depreciation	28,268	52,598	4,200	-	85,066
Total Operating Expenses	153,556	247,154	51,815	60,755	513,280
Operating Income (Loss)	92,840	(61,012)	30,299	(2,044)	60,083
Nonoperating Revenues (Expenses)					
Grants	-	-	-	2,941	2,941
Other revenue	-	51,995	-	-	51,995
Interest on investments	3,320	5,703	2,469	51	11,543
Interest and other fiscal charges	(10,051)	(2,871)	-	-	(12,922)
Total Nonoperating Revenues (Expenses)	(6,731)	54,827	2,469	2,992	53,557
Income Before Capital Grants and Transfers	86,109	(6,185)	32,768	948	113,640
Capital Grants	-	12,767	-	-	12,767
Capital Contributions	49,295	33,470	-	-	82,765
Transfers In	-	-	11,000	-	11,000
Change in Net Position	135,404	40,052	43,768	948	220,172
Net Position, January 1	524,506	1,370,985	128,352	(1,278)	2,022,565
Net Position, December 31	$ 659,910	$ 1,411,037	$ 172,120	$ (330)	$ 2,242,737

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

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

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise	
	Water	Wastewater	Storm Water	Garbage	Total
Cash Flows from Operating Activities					
Receipts from customers	$ 245,558	$ 183,162	$ 81,695	$ 58,049	$ 568,464
Other receipts	-	51,995	-	2,941	54,936
Payments to suppliers	(72,727)	(122,427)	(35,044)	(52,128)	(282,326)
Payments to employees	(49,428)	(69,109)	(15,489)	(8,077)	(142,103)
Net Cash Provided (Used) by Operating Activities	123,403	43,621	31,162	785	198,971
Cash Flows from Noncapital Financing Activities					
Cash received related to loans with other funds	10,000	-	-	-	10,000
Transfers in	-	-	11,000	-	11,000
Net Cash Provided Non Capital Financing Activities	10,000	-	11,000	-	21,000
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(14,528)	(49,386)	-	-	(63,914)
Grants received	-	12,767	-	-	12,767
Special assessments received	9,859	6,694	-	-	16,553
Principal paid on bonds	(47,000)	-	-	-	(47,000)
Interest paid on bonds	(11,218)	(3,263)	-	-	(14,481)
Net Cash Provided (Used) by Capital and Related Financing Activities	(62,887)	(33,188)	-	-	(96,075)
Cash Flows from Investing Activities					
Interest on investments	3,320	5,703	2,469	51	11,543
Net Increase (Decrease) in Cash and Cash Equivalents	73,836	16,136	44,631	836	135,439
Cash and Cash Equivalents, January 1	154,827	300,188	115,013	3,191	573,219
Cash and Cash Equivalents, December 31	$ 228,663	$ 316,324	$ 159,644	$ 4,027	$ 708,658
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 92,840	$ (61,012)	$ 30,299	$ (2,044)	$ 60,083
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	28,268	52,598	4,200	-	85,066
Other receipts	-	51,995	-	2,941	54,936
(Increase) decrease in assets/deferred outflows					
Accounts receivable	(838)	(2,980)	(419)	(662)	(4,899)
Deferred pension resources	3,376	4,844	999	406	9,625
Increase (decrease) in liabilities/deferred inflows					
Accounts payable	(788)	(2,272)	(4,254)	(361)	(7,675)
Salaries and wages payable	(128)	(174)	(45)	(38)	(385)
Compensated absences payable	35	32	2	(1)	68
Net pension liability	20,103	27,979	6,454	3,656	58,192
Deferred pension resources	(19,465)	(27,389)	(6,074)	(3,112)	(56,040)
Net Cash Provided (Used) by Operating Activities	$ 123,403	$ 43,621	$ 31,162	$ 785	$ 198,971
Noncash Capital and Related Financing Activities					
Purchase of capital assets on account	$ 62,400	$ -	$ -	$ -	$ 62,400
Amortization of bond premium	$ 283	$ 142	$ -	$ -	$ 425

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Loretto, Minnesota (the City), operates under "Optional Plan A" as defined in the Minnesota statutes. The City is governed by an elected Mayor and a four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has no component units that meet the GASB criteria.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared using the regulatory basis of accounting as described in the Minnesota Office of the State Auditor's Reporting and Publishing Requirements for Cities fewer than 2,500 in population published in February 2016. Under that basis, governmental receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles in the United States of America (GAAP) primarily because the City has not included a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities and the City does not recognize governmental revenue and expenditures in accordance with the modified accrual basis of accounting.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

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.

Governmental funds are used to account for the City's general government activities and are accounted for using the regulatory basis of accounting. Their receipts are recognized when received in cash and disbursements are recognized when paid in cash. The regulatory basis of accounting is a special purpose framework other than GAAP. Under GAAP, governmental funds use the modified accrual method of accounting. The difference between the regulatory basis and modified accrual basis of accounting is that under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Note 1: Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On the regulatory basis, receipts from property taxes are recognized in the year the tax is collected. Receipts from grants, entitlements and donations are recognized in the year in which they are collected. For proprietary funds, 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.

Preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City has the following major governmental funds:

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

The *Capital Improvements fund* accounts for resources accumulated and payments made for improvements projects.

The City reports the following major proprietary funds:

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

The *Wastewater fund* accounts for the activities of the City's wastewater collection operations.

The *Stormwater fund* accounts for the activities of the City's wastewater collection operations.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

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

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

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and 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.

Note 1: Summary of Significant Accounting Policies (Continued)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Property Taxes

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

Accounts Receivable

Accounts receivable in the enterprise funds include amounts billed for services provided before year end. The City can annually certify delinquent water and sewer accounts to the County for collection. As a result, there is no allowance for uncollectible accounts.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. In the proprietary funds, these assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue upon receipt in the governmental funds.

Capital Assets

Under the regulatory basis, the City does not account for capital assets used in the governmental funds.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. 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. Property, plant and equipment donated to these proprietary fund type operations are recorded at estimated acquisition value at the date of donation.

Capital assets in the proprietary funds prior to 2005 are considered fully depreciated and not shown on the financial statements.

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

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 in the proprietary funds.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assets	Useful Lives in Years
Land Improvements	10 - 20
Buildings and Improvements	10 - 50
Office Furniture and Fixtures	5 - 15
Machinery and Equipment	5 - 20
Automotive Equipment	5 - 10

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Compensated Absences

It is the City's policy to permit employees to accumulate a portion of earned but unused vacation and sick pay benefits. Accumulated vacation and sick pay are accrued when incurred in the proprietary fund financial statements. In governmental funds, in the case of an employee leaving, the General fund would be responsible for liquidation of the liability.

Long-term Obligations

In the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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 funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service disbursements.

Pensions

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item which qualifies for reporting in this category on the statement of net position. The item, deferred pension resources, is reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

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 City Clerk.

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating disbursements for cash-flow timing needs.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

c. Unrestricted net position - All other net 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.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the regulatory basis, which is a comprehensive basis other than GAAP for the General fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

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

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. There were no budget amendments in 2022.

B. Excess of Disbursements over Appropriations

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

Fund	Budget	Actual	Excess of Disbursements Over Appropriations
General	$ 654,090	$ 715,747	$ 61,657

The excess disbursements were funded by receipts in excess of expectations and available fund balance.

Note 3: Detailed Notes on Accounts

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was $1,654,558 and the bank balance was $1,778,189. Of the bank balance $1,778,189 was covered by Federal depository insurance.

Note 3: Detailed Notes on Accounts (Continued)

Investments

At year end, the City's investments balances were as follows:

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Pooled Investments at Amortized Costs			
Minnesota Municipal Money Market fund	N/A	less than 6 months	$ 53,438

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

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 limit the City's investments to the list on page 23 of the notes.

- *Custodial Credit Risk*. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

- *Concentration of Credit Risk*. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The investment in the Minnesota Municipal Money Market Mutual Fund is not subject to the custodial credit risk classifications as noted in paragraph 9 of GASB Statement No. 40. The City does not have an investment policy that addresses the risks described above.

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

Carrying Amount of Deposits	$ 1,654,558
Investments	53,438
Cash on Hand	50
Total	$ 1,708,046
Governmental Funds	$ 999,388
Business-type Funds	708,658
Total	$ 1,708,046

Note 3: Detailed Notes on Accounts (Continued)

B. Capital Assets

A summary of changes in business-type capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Construction in progress	$ 570,185	$ 22,390	$ (592,575)	$ -
Capital Assets being Depreciated				
Infrastructure	2,026,596	592,575	-	2,619,171
Machinery and Equipment	181,875	-	-	181,875
Total Capital Assets being Depreciated	2,208,471	592,575	-	2,801,046
Less Accumulated Depreciation for				
Infrastructure	(279,468)	(70,035)	-	(349,503)
Machinery and Equipment	(149,202)	(15,031)	-	(164,233)
Total Accumulated Depreciation	(428,670)	(85,066)	-	(513,736)
Total Capital Assets being Depreciated, Net	1,779,801	507,509	-	2,287,310
Business-type Activities Capital Assets, Net	$ 2,349,986	$ 507,509	$ -	$ 2,287,310

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

Business-type Activities	
Water	$ 28,268
Wastewater	52,598
Storm Water	4,200
Total Depreciation Expense - Business-type Activities	$ 85,066

C. Interfund Receivables, Payables and Transfers

Interfund Receivable/Payable

The composition of interfund balances at December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Water	Street Improvement	To finance the Lions Park Improvement Project	$ 30,000

Note 3: Detailed Notes on Accounts (Continued)

Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2022 is as follows:

Fund	Transfers in: Capital Improvement	Transfers in: Storm Water	Total
Transfer out			
General	$ 79,500	$ 11,000	$ 90,500

The General fund transferred $79,500 to the capital improvement fund for current and future capital projects. The General fund transferred $11,000 to support operations and future capital needs.

D. Long-term Debt

General Obligation Bonds

A general obligation bond has been issued for both general government and proprietary activities. The following bond was issued to finance the 2021 Street Improvement Project. It will be repaid from future tax levies and special assessment revenue and is backed by the taxing power of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bond, Series 2021A	$ 1,495,000	0.5 - 2.0 %	08/05/21	02/01/42	$ 1,495,000

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

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	$ 50,000	$ 14,180	$ 64,180	$ 20,000	$ 9,723	$ 29,723
2024	55,000	13,543	68,543	20,000	9,473	29,473
2025	55,000	13,268	68,268	20,000	9,373	29,373
2026	60,000	12,875	72,875	25,000	9,216	34,216
2027	60,000	12,365	72,365	30,000	8,983	38,983
2028 - 2032	305,000	48,605	353,605	150,000	38,328	188,328
2033 - 2037	335,000	17,050	352,050	150,000	23,500	173,500
2038 - 2042	-	-	-	160,000	8,300	168,300
Total	$ 920,000	$ 131,886	$ 1,051,886	$ 575,000	$ 116,896	$ 691,896

Note 3: Detailed Notes on Accounts (Continued)

General Obligation Revenue Bonds

The following bond was issued to finance capital improvements in the Water fund. It will be repaid from future revenues pledged from the Water fund and is backed by the taxing power of the City. Annual principal and interest payments on the bond are expected to require approximately 20% of revenues from the Water fund. For 2022, principal and interest paid and total customer revenues for the Water fund were $48,772 and $246,212, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Note of 2006	$ 775,000	2.31 %	05/09/06	08/20/25	$ 147,000

The annual requirements to amortize general obligation revenue bonds as of December 31, 2022 are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2023	$ 48,000	$ 3,396	$ 51,396
2024	49,000	2,287	51,287
2025	50,000	1,115	51,115
Total	$ 147,000	$ 6,798	$ 153,798

Changes in Long-term Liabilities

During the year ended December 31, 2022, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	$ 920,000	$ -	$ -	$ 920,000	$ 50,000
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	$ 194,000	$ -	$ (47,000)	$ 147,000	$ 48,000
General obligation bonds	575,000	-	-	575,000	20,000
Unamortized premium on bonds	8,517	-	(425)	8,092	-
Compensated Absences Payable	6,219	15,668	(15,600)	6,287	6,287
Total	$ 783,736	$ 15,668	$ (63,025)	$ 736,379	$ 74,287

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, other than teachers, are covered by the General Employees Retirement 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. 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. The rates are 2.2 percent and 2.7 percent, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service, and 2.7 percent for Basic members. The accrual rates for former MERF members is 2.0 percent for each of the first 10 years of service and 2.5 percent for each additional year. 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. Beginning in 2019, 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 fiscal year 2022. The City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were $18,665, $17,991, and $17,369, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of $269,281 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 $7,895. 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. At June 30, 2022, the City's proportion was 0.0034 percent, which was an increase of .0001 from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	$ 269,281
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	7,895
Total	$ 277,176

For the year ended December 31, 2022, the City recognized pension expense of $43,587 for its proportionate share of General Employees Fund's pension expense. In addition, the City recognized an additional $1,180 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 General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 2,249	$ 2,777
Changes in Actuarial Assumptions	59,205	999
Net Difference between Projected and Actual Earnings on Plan Investments	6,802	-
Changes in Proportion	5,133	-
Contributions to PERA Subsequent to the Measurement Date	9,528	-
Total	$ 82,917	$ 3,776

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

Deferred outflows of resources totaling $9,528 related to pensions resulting from the City's contributions to General Employees Fund's 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 General Employees Fund pensions will be recognized in pension expense as follows:

For the year ended December 31,	Pension Expense
2023	$ 27,437
2024	25,396
2025	(7,573)
2026	24,353

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 %
Alternative Assets (Private Markets)	16.5	5.30
Bonds (Fixed Income)	25.0	0.75
International Equity	25.0	5.90
Total	100.0 %	

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.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

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.

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

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 most recent four-year experience study for the Police and Fire Plan was completed in 2020. 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.

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

General Employees Plan

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 Plan 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 (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	$ 425,344	$ 269,281	$ 141,286

I. Pension Plan Fiduciary Net Position

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

Note 5: Other Information

A. Risk Management

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

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

B. Legal Debt Margin

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

PROPOSAL FORM

TO: City of Loretto, Minnesota
C/O Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, Minnesota 55402
Phone: 612-851-5900, Fax: 612-851-5918
Email: PublicSale@northlandsecurities.com

Sale Date: April 9, 2024

For all or none of the $2,170,000* General Obligation Bonds, Series 2024A, in accordance with the Notice of Sale, we will pay you $___________________________, (not less than $2,137,450) plus accrued interest, if any, to date of delivery (estimated to be May 8, 2024) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

Year	Interest Rate	Yield	Year	Interest Rate	Yield	Year	Interest Rate	Yield
2026	____%	____%	2033	____%	____%	2040	____%	____%
2027	____%	____%	2034	____%	____%	2041	____%	____%
2028	____%	____%	2035	____%	____%	2042	____%	____%
2029	____%	____%	2036	____%	____%	2043	____%	____%
2030	____%	____%	2037	____%	____%	2044	____%	____%
2031	____%	____%	2038	____%	____%	2045	____%	____%
2032	____%	____%	2039	____%	____%			

True interest percentage:_______________________%   Net interest cost: $___________________________

Term Bond Option: Bonds maturing in the years:	To be accumulated into a Term Bond maturing in year:
________ through ________	________.
________ through ________	________.
________ through ________	________.
________ through ________	________.
________ through ________	________.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The City may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

A Good Faith Deposit in the amount as stated in the Notice of Sale in the form of a federal wire transfer payable to the order of the City will only be required from the apparent winning bidder, and must be received within two hours after the receipt of the bids. Award of the Bonds will be on the basis of True Interest Cost (TIC).

Account Members:

Account Manager: ______________________________ By: ___________________________________

The foregoing proposal is hereby duly accepted by and on behalf of the City of Loretto, Minnesota at 7:00 PM on April 9, 2024.

______________________________________   ______________________________________

Clerk-Treasurer   Mayor

* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of $5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.