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

PRELIMINARY OFFICIAL STATEMENT April 27, 2026

New Issue

S & P Global Ratings Rating: Requested

In the opinion of Kutak Rock LLP, Bond Counsel to the Issuer,, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming accuracy of certain representations and continuing compliance with certain covenants, interest to be paid on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Kutak Rock LLP 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. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "Taxability of Interest and Other Related Tax Considerations" herein.

$2,005,000
City of Jackson, Minnesota
General Obligation Bonds, Series 2026A

PURPOSE/AUTHORITY: The $2,005,000 General Obligation Bonds, Series 2026A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 444, 469, and 475 to finance the 2026 Street and Utility Reconstruction Project (the "Project"). The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition to tax levies, the City pledges tax abatements and revenues from its water, wastewater, and storm sewer utilities.

BID OPEN & AWARD: Tuesday, May 19, 2026; Open 11:30 A.M. CST; Award 6:00 P.M. CST.

DATED DATE: June 1, 2026

MATURITY: The Bonds will mature February 1 as follows:

Year	Amount	Year	Amount	Year	Amount
		2034	$ 85,000	2041	$ 110,000
2028	$ 70,000	2035	85,000	2042	120,000
2029	70,000	2036	90,000	2043	120,000
2030	75,000	2037	95,000	2044	125,000
2031	75,000	2038	100,000	2045	130,000
2032	80,000	2039	100,000	2046	135,000
2033	85,000	2040	110,000	2047	145,000

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

CALL DATE: February 1, 2033, and any day thereafter, to redeem Bonds due on or after February 1, 2034, at a price of par plus accrued interest

MINIMUM BID: $1,976,930.00 (98.6%)

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

TAX STATUS: Tax-exempt; bank-qualified

GOOD FAITH DEPOSIT: $40,100 payable to the City prior to 3:00 p.m. on day of sale

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

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

DDA
David Drown Associates, Inc.
Public Finance Advisors

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

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

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

PRELIMINARY OFFICIAL STATEMENT

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

REVIEW PERIOD

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

FINAL OFFICIAL STATEMENT

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

REPRESENTATIONS

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

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

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

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

Table of Contents

INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT **5**
TERMS OF OFFERING **6**
OFFICIAL STATEMENT **11**
Full Continuing Disclosure 11
Authority and Purpose 11
Sources and Uses 11
Payment and Security 12
Optional Redemption 12
Rating 12
Tax-Exempt Obligations 12
Other Federal Tax Considerations 14
Risk Factors 15
Details of Certain Terms 16
Term Bond Option 16
Maturity Adjustments 16
Bank-qualified Tax-Exempt Bonds 17
Book Entry System 17
Litigation 18
Future Financing 18
Legality 18
Municipal Advisor 19
Certification 19
VALUATIONS – COUNTY AUDITOR **20**
TRENDS IN VALUATIONS **20**
CASH AND INVESTMENTS **20**
CITY INDEBTEDNESS **21**
Legal Debt Limit and Margin 21
General Obligation Debt Supported by Tax Levies 21
General Obligation Debt Supported by Tax Increment 21
General Obligation Debt Supported by Revenues 21
Revenue Debt 22
Joint Powers Agreement Debt * 22
Summary of Direct Debt Including This Issue 22
Overlapping Debt 22
Debt Ratios 23
Annual Debt Service Payments 23
GENERAL INFORMATION **25**
Organization 25
City Services 25
Employee Pensions 25
Census Data 26
Employment Data 26
Major Employers 26
Commercial/Industrial Development 27
Building Permits 27
Financial Services 27
Healthcare 28
Transportation 28
Education 28
Utilities 28
Communications 28

Appendix A:	Jackson County Auditor's Certificate
Appendix B:	Proposed Form of Legal Opinion
Appendix C:	Proposed Form of (Full) Continuing Disclosure
Appendix D:	Summary of Tax Levies, Payment Provisions & Valuations
Appendix E:	2024 Financial Statement
Appendix F:	Continuing Disclosure Filings via EMMA

CITY OF JACKSON, MINNESOTA

City of Jackson City Council

Name	Position	Term Expires
Marcus Polz	Mayor	2026
Mark Titus	Council Member	2026
Nathan Peterson	Council Member	2026
Joe Pell	Council Member	2026
Shawn Foster	Council Member	2028
Mike Schwartz	Council Member	2028
John Weland	Council Member	2028

Administration

Bret Heitkamp	City Administrator	Appointed

Bond Counsel

Kutak Rock LLP
Minneapolis, MN

Municipal Advisor

David Drown Associates, Inc.
Minneapolis, MN

INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the $2,005,000 General Obligation Bonds, Series 2026A, of the City of Jackson, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.

Issuer:	City of Jackson, Minnesota
Sale Date & Time:	Tuesday, May 19, 2026, 11:30 A.M. Central
Award Date & Time:	Tuesday, May 19, 2026; 6:00 P.M. Central
Dated Date:	June 1, 2026
Interest Payments:	February 1, 2027, and each August 1 and February 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the "Record Date").
Principal Payments:	February 1 in the years and amounts as follows:

Year	Amount	Year	Amount	Year	Amount
		2034	$ 85,000	2041	$ 110,000
2028	$ 70,000	2035	85,000	2042	120,000
2029	70,000	2036	90,000	2043	120,000
2030	75,000	2037	95,000	2044	125,000
2031	75,000	2038	100,000	2045	130,000
2032	80,000	2039	100,000	2046	135,000
2033	85,000	2040	110,000	2047	145,000

Maturity Adjustment:	The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity.
Rating:	The City *has* requested an S & P Global Ratings rating on This Issue.
Continuing Disclosure:	Full continuing disclosure
Security:	General Obligation pledge of the full faith and credit of the City and pledge of tax levies, tax abatements and water, wastewater, and storm sewer revenues.
Purpose:	Proceeds will provide financing for the 2026 Street and Utility Reconstruction Project (the Project").
Authority:	Minnesota Statutes, Chapters 444, 469, and 475
Optional Redemption:	Bonds are callable on February 1, 2033, and any date thereafter, to redeem Bonds due on or after February 1, 2034 at a price of par plus accrued interest.
Tax Status:	Tax-exempt, bank-qualified
Legal Opinion:	Kutak Rock LLC, Minneapolis, Minnesota
Municipal Advisor:	David Drown Associates, Inc., Minneapolis, Minnesota
Closing/Delivery:	On or about June 1, 2026

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

TERMS OF OFFERING

City of Jackson, Minnesota

$2,005,000

General Obligation Bonds, Series 2026A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Tuesday, May 19, 2026 at 11:30 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, 55410 after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 6:00 P.M., Central Time, on that same date.

SUBMISSION OF PROPOSALS

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

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:30 a.m., local time on May 19, 2026. Bids may be submitted electronically via PARITY® pursuant to this Notice until 11:30 a.m., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact David Drown Associates, Inc. or PARITY® at (212) 806-8304.

Neither the City nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

DETAILS OF THE BONDS

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

Year	Amount	Year	Amount	Year	Amount
		2035	$ 85,000	2043	$ 120,000
2028	$ 70,000	2036	90,000	2044	125,000
2029	70,000	2037	95,000	2045	130,000
2030	75,000	2038	100,000	2046	135,000
2031	75,000	2039	100,000	2047	145,000
2032	80,000	2040	110,000		
2033	85,000	2041	110,000		
2034	85,000	2042	120,000		

MATURITY ADJUSTMENTS

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

TERM BOND OPTION

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

BOOK ENTRY SYSTEM

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

REGISTRAR

The City will name U.S. Bank Trust Company, National Association, St. Paul, MN, as registrar for the Bonds. U.S. Bank Trust Company, National Association shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 444, 469, and 475 and will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge tax levies, and revenues from the it's water, wastewater, and storm sewer utilities. The proceeds will be used to finance the 2026 Street and Utility Reconstruction Project (the "Project") located within the City.

TYPE OF PROPOSALS

Proposals shall be for not less than $1,976,390.00 (98.6%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of $40,100 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process

prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

AWARD

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

ISSUE PRICE DETERMINATION

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

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

i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;

ii. all bidders shall have an equal opportunity to submit a bid;

iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and

iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

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

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

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

BOND INSURANCE AT PURCHASER'S OPTION

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

CUSIP NUMBERS

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

SETTLEMENT

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

FULL CONTINUING DISCLOSURE

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

OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12.

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

Dated: April 21, 2026

BY ORDER OF THE CITY COUNCIL

/s/ Bret Heitkamp
City Administrator

The Balance of This Page Left Blank Intentionally

OFFICIAL STATEMENT

CITY OF JACKSON, MINNESOTA

$2,005,000 GENERAL OBLIGATION BONDS, SERIES 2026A

INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of, $2,005,000 General Obligation Bonds, Series 2023A (the “Bonds”) by the City of Jackson, Minnesota (the “City” – or “Issuer”). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Bonds authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Mr. Bret Heitkamp, City Administrator, City of Jackson; 80 West Ashley Street, City of Jackson, MN 56143-1669 or by telephoning (507) 847-4410.

Full Continuing Disclosure

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

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

Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444, 469, and 475 to provide financing for 2026 Street and Utility Reconstruction Project (the “Project”) located within the City.

Sources and Uses

Sources		Uses	
Par Amount of the Bonds	$ 2,005,000	Project Costs	$ 1,903,509
Construction Fund Earnings	2,639	Underwriter's Discount (1.40%)	28,070
		Issuance & Legal	45,100
		Capitalized Interest	30,960
Totals	$ 2,007,639		$ 2,007,639

Payment and Security

The Bonds are a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. In addition to a tax levy on all taxable property within the City, the City pledges tax abatements collected from certain property within the City and net revenues of the City's water, wastewater, and storm sewer utilities.

Optional Redemption

The City may elect on February 1, 2033 and on any day thereafter, to prepay Bonds due on or after February 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving at least 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

Rating

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

Tax-Exempt Obligations

General Matters

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bonds) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes and is not a specific preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Minnesota or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached as Exhibit B.

Original Issue Discount. The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is

reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Bank Qualified. The City has represented that it does not reasonably anticipate issuing greater than $10,000,000 of tax-exempt obligations in calendar year 2026 (excluding certain private activity and refunding bonds) and that it has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions' interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

Backup Withholding

An owner of Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. 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 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 or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The preceding is not a comprehensive list of all federal or State tax consequences which may arise from the receipt of accrual of interest on the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

Other Federal Tax Considerations

Federal Alternative Minimum Tax Interest on the Bonds is not subject to the federal individual alternative minimum tax because interest on the Bonds is not a preference item. Federal alternative minimum taxable income is calculated by adding preference items and making other adjustments to income subject to the regular income tax.

After all other adjustments and additions are made, a final adjustment will increase the alternative minimum taxable income otherwise calculated.

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

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

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

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

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

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

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

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

Risk Factors

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

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

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

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

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

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

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

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

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

Details of Certain Terms

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

Term Bond Option

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

Maturity Adjustments

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

Bank-qualified Tax-Exempt Bonds

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

Book Entry System

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

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

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

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

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

time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

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

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, Issuer, or Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Litigation

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

Future Financing

The City is not currently planning on any additional financing in the next twelve (12) months.

Legality

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

Municipal Advisor

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

Certification

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

The Balance of This Page Left Blank Intentionally

VALUATIONS – COUNTY AUDITOR

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

TRENDS IN VALUATIONS

Trends in Valuations

Year	Economic Market Value	Estimated Market Value	Taxable Market Value	Adjusted Net Tax Capacity
2026/26	Not available	$ 307,788,700	$ 274,934,100	$ 3,346,850
2024/25	$ 305,777,082	285,109,100	252,654,500	3,007,948
2023/24	285,670,487	296,565,900	272,623,500	3,209,428
2022/23	277,465,484	262,902,700	237,813,000	2,858,593
2021/22	250,655,250	231,544,700	206,072,000	2,454,457
2020/21	240,352,681	230,763,900	205,165,700	2,444,451
2019/20	237,809,500	229,829,700	204,351,400	2,428,108

CASH AND INVESTMENTS

(as of March 31, 2026)

Fund	Cash/Investments
General	$ 2,882,206
Special	(57,814)
Debt Service	1,019,806
Housing Purchase Program	100,800
Capital Project	1,365,412
Enterprise	7,028,325
Revolving Loan	117,142
Total	$ 12,455,877

CITY INDEBTEDNESS

(as of 05/01/2026)

Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	$ 9,233,661
Less: Outstanding Debt Subject to Limit	2,805,000
Legal Debt Margin as of 05/01/2026	$ 6,428,661

General Obligation Debt Supported by Tax Levies

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
06/01/2026	$ 1,180,000	Tax Abatement Portion, This Issue	02/01/2047	$ 1,180,000
03/04/2025	250,000	Equipment Certificate	02/01/2036	250,000
11/22/2024	156,230	Taxable Tax Abatement	08/15/2029	156,230
12/12/2023	1,400,000	Tax Abatement Portion 2023A	02/01/2046	1,400,000
02/01/2022	520,000	Street Reconstruction Portion 2022A	02/01/2043	465,000
08/18/2020	2,625,000	Street Reconstruction Portion 2020A	02/01/2041	2,030,000
08/01/2013	250,000	Street Reconstruction Portion 2013B	02/01/2029	60,000
Total				$ 5,541,230

General Obligation Debt Supported by Tax Increment

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
07/16/2014	$ 240,000	Taxable TIF	08/15/2029	$ 240,000
Total				$ 240,000

General Obligation Debt Supported by Revenues

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
06/01/2026	$ 825,000	Utility Revenue Portion, This Issue	02/01/2047	$ 825,000
12/12/2023	1,085,000	Water Sewer Revenue Portion 2023A	02/01/2046	1,015,000
08/01/2022	2,455,000	Utility Revenue Portion 2022A	02/01/2043	2,195,000
08/18/2020	2,470,000	Utility Revenue Portion 2020A	02/01/2041	1,915,000
05/21/2019	2,210,000	Utility Revenue	02/01/2040	1,655,000
11/01/2018	2,115,000	Water Revenue	02/01/2039	1,505,000
06/26/2016	300,169	Sewer Revenue	08/20/2036	177,000
08/01/2013	875,000	Utility Portion 2013B	02/01/2029	200,000
11/28/2012	3,176,800	Utility Revenue	08/20/2032	966,000
Total				$ 10,483,000

Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
05/01/2013	$ 3,420,000	Electric Revenue Crossover Refunding	02/01/2027	$ 295,000
Total				$ 295,000

Joint Powers Agreement Debt *

Date of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding
02/1/2013	$ 4,278,000	Public Works Shop Note	02/01/2038	$ 2,262,000
Total				$ 2,262,000

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

Summary of Direct Debt Including This Issue

	Gross Debt	Less: Debt Funds	Net Direct Debt
GO Debt Supported by Tax Levies	$ 5,541,230	$ -	$ 5,541,230
GO Debt Supported by Tax Increment	240,000	-	240,000
GO Debt Supported by Revenues	10,483,000	-	10,483,000
Revenue Debt	295,000	-	295,000
Joint Powers Agreement Debt	2,262,000	-	2,262,000
Total	$ 18,821,230	$ -	$ 18,821,320

Overlapping Debt

Taxing Unit *	2025/26 Tax Capacity	% in City	Total G.O. Debt	City Share
Jackson County	$ 44,678,306	7.49%	$ 74,217,000	$ 5,559,592
ISD # 2895	29,390,131	11.39%	30,973,262	3,527,132
Total				$ 9,086,724

** Includes only those jurisdictions with General Obligation debt outstanding and debt amounts as of 12/31/25.*

Debt Ratios

	Net G.O. Debt	Debt/Economic Market Value $ 305,777,082	Debt per Capita 3,287
Net Direct G.O. Debt*	$ 5,781,230	1.89%	$ 1,759
Net Direct and Overlapping GO Debt	14,867,954	4.86%	4,523

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

Annual Debt Service Payments

	GO Debt Supported by Tax Levies			GO Debt Supported by Tax Increment		
Year	Principal	Payment	% Retired	Principal	Payment	% Retired
2026	$ -	$ 57,328	0%	-	$ 1,800	0%
2027	277,000	443,862	5%	-	3,600	0%
2028	328,000	481,265	11%	-	3,600	0%
2029	329,230	474,968	17%	$ 240,000	243,600	100%
2030	268,000	406,325	22%	-	-	
2031	279,000	410,413	27%	-	-	
2032	280,000	404,296	32%	-	-	
2033	292,000	408,757	37%	-	-	
2034	298,000	406,686	42%	-	-	
2035	304,000	404,253	48%	-	-	
2036	321,000	412,237	54%	-	-	
2037	295,000	377,404	59%	-	-	
2038	305,000	378,892	65%	-	-	
2039	310,000	375,021	70%	-	-	
2040	325,000	380,775	76%	-	-	
2041	335,000	381,051	82%	-	-	
2042	190,000	227,211	85%	-	-	
2043	195,000	224,389	89%	-	-	
2044	170,000	191,934	92%	-	-	
2045	175,000	189,809	95%	-	-	
2046	180,000	187,438	98%	-	-	
2047	85,000	86,849	100%	-	-	
Totals	$ 5,541,230	$ 7,311,162		$ 240,000	$ 252,600	

GO Debt
Supported by Revenues

Year	Principal	Payment	% Retired
2026	153,000	283,428	1%
2027	659,000	885,147	8%
2028	702,000	908,506	14%
2029	718,000	904,424	21%
2030	665,000	905,893	28%
2031	681,000	905,821	34%
2032	698,000	906,175	41%
2033	571,000	761,791	46%
2034	582,000	756,151	52%
2035	592,000	748,983	57%
2036	612,000	751,011	63%
2037	620,000	739,999	69%
2038	635,000	735,363	75%
2039	665,000	744,799	82%
2040	540,000	603,028	87%
2041	410,000	456,150	91%
2042	275,000	309,229	93%
2043	280,000	303,255	96%
2044	115,000	130,358	97%
2045	125,000	135,399	98%
2046	125,000	130,206	99%
2047	60,000	61,305	100%
Totals	$ 10,483,000	$ 13,066,419	

Revenue Debt

Year	Principal	Payment	% Retired
2026	$ -	$ 4,0567	0%
2027	295,000	299,056	100%
2028	-	-	
2029	-	-	
2030	-	-	
2031	-	-	
2032	-	-	
2033	-	-	
2034	-	-	
2035	-	-	
2036	-	-	
2037	-	-	
2038	-	-	
Totals	$ 295,000	$ 303,113	

Joint Powers Agreement Debt

Principal	Payment	% Retired
$ -	$ 54,184	0%
182,750	238,559	8%
185,750	237,904	16%
190,125	238,564	25%
193,250	237,669	33%
197,625	237,937	42%
202,125	238,011	51%
206,625	237,731	60%
212,500	238,461	69%
217,125	237,774	79%
224,375	238,599	89%
230,500	237,993	99%
19,250	19,828	100%
$ 2,262,000	$ 2,693,212	

GENERAL INFORMATION

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

Organization

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

Name	Position	Term Expires
Marcus Polz	Mayor	2026
Mark Titus	Council Member	2026
Nathan Peterson	Council Member	2026
Joe Pell	Council Member	2026
Shawn Foster	Council Member	2028
Mike Schwartz	Council Member	2028
John Weland	Council Member	2028

The City Administrator, Bret Heitkamp, is appointed by the City Council. The City currently employs 20 full-time, ten (10) part-time, and 4 seasonal persons. Employees work in administration, economic development (contracted through Community and Economic Development Associates), streets/parks maintenance, public works, and municipal liquor store. See below for public safety information.

City Services

The City's municipal water service has two (2) wells with a pumping capacity of 700 gallons per minute (each well). The wells are 303 and 310 feet deep. The average demand is 400,000 gallons per day with a peak demand of 650,000 gallons per day. The elevated storage capacity is 600,000 gallons and there are 1,642 connections to the system.

The City has a stabilization pond system with a treatment capacity of 813,000 gallons per day. The average demand is 530,000 gallons per day with a peak demand of 1,900,000 gallons per day (heavy rain events). There are 1,550 connections to the sanitary sewer system.

The Jackson Fire Department operates with 28 part-time, licensed firefighters. The Ambulance Department operates with five (5) full-time and 18 part-time employees. The City contracts with the Jackson County Sheriff's Office to provide police protection.

The City has five (5) parks – Ashley Park, Dumont Park, Central Park, Sunset Park, and Patterson park. All parks have extensive playground equipment for children.

The City also maintains a municipal liquor store.

Source: City Records

Employee Pensions

The City participates in the General Employees Plan (GERP), a pension plan administered by the Public Employees Retirement Association of Minnesota (PERA.) The City contributes to GERP for general employees and for ambulance employees. The City contribution to GERF for the year ended December 31, 2024 was $127,085. Please refer to the 2024 Financial Statement for detailed information.

Census Data

Population Trends

	Population
2010 U.S. Census	3,320
2020 U.S. Census	3,323
2024 U.S. Census Estimate	3,287

Source: U.S. Census Bureau

Income and Housing Statistics

	City of Jackson	Jackson County	State of Minnesota
2024 per Capita Income	$ 40,439	$ 43,301	$ 47,926
2024 Median Household Income	70,223	75,743	87,117
Percent Living in Poverty	11.8%	8.6%	9.3%
Median Value Owner-Occupied Housing	$ 128,500	$ 157,100	$ 344,600

Source: U.S. Census Bureau

The City has 1,284 single family homes and 415 multi-family homes. Five (5) of the single-family units and 51 multi-family units have been constructed during the past year.

Employment Data

	Labor Force	Unemployment Rate	
	Jackson County	Jackson	Statewide
January, 2026	5,184	5.3%	5.3%
January, 2025	5,314	4.2%	3.9%

Source: MN Dept. of Employment & Economic Development

Major Employers

Employer	Product/Service	# of Employees
AGCO - Ag Chem Division	Machinery, equip. supplies	731
Jackson County Central	Public education	203
Technical Services - Electronics	Wholesale electronics	160
Ziegler	Equipment Sales/Repair	47
Hitch Doc	Fabrication	120
Jackson County	Government	*114
Good Samaritan Center	Nursing care facilities	100
Jackson Medical Center	General medical/surgical	60
Corteva	Agriculture	**63
Erickson Trucks 'n Parts	Motor vehicle body	25
New Fashion Pork	Hog/pig farming	65

**Does not include 9 seasonal/summer employees*
***Currently has 54 full-time with 9 part-time. In September they hire up to 25 additional part-time employees.*

Source: City Records

Commercial/Industrial Development

Name of Business	Product/Service	Type of Building	(estimated) Cost of Project
Midwest 911 Cars, Inc.	Equip Safety Vehicles	New	$ 476,000
Dollar General	Retail	Remodel	50,000
Jackson Collision	Shop	Remodel Interior	250,000
BCJB	Consulting Services	New	342,160
AGCO	Manufacturing	Showroom	500,000
AGCO	Manufacturing	Hospitality Space	1,800,000
C&B Operators	Ag Equipment	Roof	184,500
AGCO	Manufacturing	Roof	1,078,364
JCC Schools	Education	Roof	67,350
JCC Schools	Education	Roof	99,960
JEDC	MOA	Industrial	145,000
David Thon	Gymnastics	Barn	390,000
Tri-State General Contracting	Contractor	Cold Storage	325,000
Svoboda Excavating	Excavating	Storage	275,296
MN Dept of Transportation	Government/DOT	Remodel/Storage	722,550
Anytime Fitness	Gym	Roof	56,897
Hannah Brownlee DDS	Office	Remodel	266,000
Mary Gilmore	Add Heated Shop	Add Heated Shop	397,000
Hy Line North America	Agriculture	Addition	6,833,550
Circle K	Fuel	Roof	50,000
Food Dudes Delivery	Bar/Grill	Remodel	195,000

Source: City Records

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

Building Permits

Year	# of Commercial Industrial Permits	# of Residential Permits	# of Other Permits**	Total Value of Permits
2026*	3	8	0	$ 338,090
2025	18	71	3	14,865,432
2024	18	76	8	11,186,008
2023	13	121	4	5,144,996
2022	16	126	7	3,782,972
2021	6	91	12	7,574,392

*Source: * City Records as of 04/07/2026*

*** Other: includes sign permits.*

Financial Services

Bank Midwest, (based in Spirit Lake, Iowa) reported deposits of $131,355,000 as of June 30, 2025. Jackson Federal Savings & Loan Association reported deposits of $20,524,000 and the Security Bank Midwest Bank (based in Tyndall, South Dakota) reported deposits of $21,115,000 as of the same time period.

Source: FDIC Summary of Deposits

Healthcare

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

Source: www.city-data.com

Transportation

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

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

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

Education

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

Minnesota West Community and Technical College maintains a campus in Jackson. Minnesota State University – Mankato is the nearest public university. Located in Mankato, which is 62 miles away. Gustavus Adolphus College, located 71 miles away, in St. Peter, MN is the nearest private university.

Source: www.city-data.com and www.jccschools.com

Utilities

The City of Jackson is supplied natural gas by Minnesota Energy Resources. The City of Jackson and Missouri River Energy provide electric service in the area.

Source: City Records

Communications

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

Source: City Records

APPENDIX A

COUNTY AUDITOR'S CERTIFICATE

The following pages contain a copy of the Jackson County Auditor's Certificate for taxes payable in 2026.

JACKSON COUNTY

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

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

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

Property Type	Estimated Market Value	Taxable Market Value	Net Tax Capacity
Real Estate:			
Residential Homestead (Class 1a, 1b)		151,769,400	1,517,524
Agricultural (Class 1b, 1d, 2a, 2b)		8,944,500	84,117
Commercial & Industrial (Class 3a, 3b, 5(1)):			
Public Utility		6,232,800	123,906
Railroad Operating Property		260,300	5,206
All Other Commercial/Industrial		68,577,700	1,293,262
Residential Non-Homestead (Class 4a, 4b(1-4), 4bb, 4c(2-4, 6-9), 4d)		34,558,900	333,144
Seasonal Recreational-Residential (Class 1c, 4c(1), 4c(5), 4c(10))		183,600	1,842
Other (Class 5(2))			
Total Real Estate	303,381,800	270,527,200	3,359,001
Total Personal Property	4,406,900	4,406,900	64,047
Total Real & Personal Property	307,788,700	274,934,100	3,423,048
Subtract: Tax Increment Captured Tax Capacity			76,198
10% of Tax Capacity of 2000KV Powerlines built after 7/1/74			
Fiscal Disparity Contribution Value			
Local Tax Rate Determination Value			3,346,850
Add: Fiscal Disparity Distribution Value			
Total Adjusted Taxable Value			3,346,850
Total Manufactured Home			

Homestead Exclusions

Real Estate	Personal Property	Manufactured Home
28,269,400		

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

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power-Lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Hmstd Excl./ Adjusted TC
2025	285,109,100							28,565,100
	252,654,500	3,207,623	199,675			3,007,948		3,007,948
2024	296,565,900							20,887,700
	272,623,500	3,436,730	227,302			3,209,428		3,209,428
2023	262,902,700							22,233,900
	237,813,000	3,073,892	215,299			2,858,593		2,858,593
2022	231,544,700							23,084,200
	206,072,000	2,766,871	312,414			2,454,457		2,454,457
2021	230,763,900							23,220,400
	205,165,700	2,754,288	309,837			2,444,451		2,444,451
2020	229,829,700							23,509,400
	204,351,400	2,738,804	310,696			2,428,108		2,428,108

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

4. TAXING AUTHORITY AND RATE HISTORY

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

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

Governmental Unit	Tax Rate History (Levy Year/Collection Year)									
	2021/22		2022/23		2023/24		2024/25		2025/26	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
****** COUNTY ******										
JACKSON COUNTY	35.9150%		32.2720%		26.0420%		26.4890%		32.4200%	
****** MUNICIPALITY ******										
JACKSON CITY	67.4020%		62.2160%		62.3170%		66.4900%		65.2750%	
****** SCHOOL ******										
SCHOOL DISTRICT 2895	14.7130%	0.22362%	12.9450%	0.20306%	9.9240%	0.19146%	9.6820%	0.18612%	10.4710%	0.17546%
****** SPECIAL ******										
REGION 8 DEVELOPMENT	0.1580%		0.1310%		0.1060%		0.1040%		0.1200%	
STATE	52.5950%		45.3240%		39.9340%		38.8670%		37.5160%	

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

Governmental Unit	Taxable Net Tax Capacity of ENTIRE Govt Unit in County	Taxable Net Tax Cap. of Portion in TAXING DIST. in County	Bonded Debt as of 12/31/25	2025/26 Debt Service Tax Rate
****** COUNTY ******				
JACKSON COUNTY	44,678,306	3,346,850		
****** MUNICIPALITY ******				
JACKSON CITY	3,346,850	3,346,850		
****** SCHOOL ******				
SCHOOL DISTRICT 2895	29,390,131	3,346,850		
****** SPECIAL ******				
REGION 8 DEVELOPMENT	44,678,306	3,346,850		
STATE		1,225,466		

6. TAX LEVIES AND COLLECTIONS FOR YEAR: 2026

Levy/Coll Year	2021/22	2022/23	2023/24	2024/25	2025/26
Gross Tax Levy	1,654,353.12	1,778,502.27	2,000,018.83	1,999,984.64	2,184,656.49
Fiscal					
Market Values Levy					
Property Credits/Aids	491.64-	514.19-	581.17-	1,180.40-	603.24-
Net Tax Levy	1,653,861.48	1,777,988.08	1,999,437.66	1,998,804.24	2,184,053.25
Adjustments During Coll Year	174.08-	670.68	1,001.43-	278.59-	
Adjusted Tax Levy	1,653,687.40	1,778,658.76	1,998,436.23	1,998,525.65	2,184,053.25
Current Year Collections	1,637,724.39-	1,756,384.15-	1,971,408.45-	1,969,710.04-	
Year End Delinquency	15,963.01	22,274.61	27,027.78	28,815.61	2,184,053.25
Delinquent Adjustments as of 03/05/26	347.89-	53.32-			
Delinquent Collections as of 03/05/26	14,435.59-	19,222.83-	22,068.53-		
Amount Delinquent as of 03/05/26	1,179.53	2,998.46	4,959.25	28,815.61	2,184,053.25

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

Contact person	Kevin Nordquist
Telephone	(507) 847-3763

WITNESS My hand and official seal this 31st day of March, 2026.

JACKSON COUNTY AUDITOR

(SEAL)

Payable Year..... 2026
Taxpayer Rank based on..... 2
1. Estimated Market Value
2. Net Tax Capacity
3. Total Net Tax Payable
Authority (blank for all)..... 1 TOWNSHIP/CITY
Entity..... 0300 JACKSON CITY
Number of Taxpayers to print..... 10
Detail/Summary/Both (D/S/B)..... S

Payable Year: 2026 Authority: 01 TOWNSHIP/CITY Entity: 0300 JACKSON CITY

Rank	Taxpayer	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Payable	Property Classification(s)
1	AGCO CORPORATION	16,062,200	16,062,200	318,206	460,266.00	COMM LAND & BLDGS INDS LAND & BLDGS
2	CV-FCA COOPERATIVE	6,625,700	6,625,700	130,889	189,220.00	COMM LAND & BLDGS RESIDENTIAL RES 1-3 UNIMPR LAND
3	ITC MIDWEST LLC	5,709,200	5,709,200	113,800	165,140.00	COMM LAND & BLDGS PUB UT ATTH MCH LAND PUB UT BLD ATTH MACH
4	BLM JACKSON LLP	4,126,000	4,126,000	81,770	118,300.00	INDS LAND & BLDGS
5	PIONEER HI-BRED INTL INC	3,830,300	3,830,300	75,856	109,702.00	INDS LAND & BLDGS
6	R&M COMMERCIAL PROPERTIES LLC	2,376,500	2,376,500	46,780	67,432.92	PP BLDGS RURAL COMM COMM LAND & BLDGS
7	FIRST NATIONAL BANK	2,285,700	2,285,700	44,964	64,794.00	COMM LAND & BLDGS
8	ZIEGLER JACKSON LLC	2,146,000	2,146,000	42,170	60,732.00	INDS LAND & BLDGS
9	AMERICAN FABRICATION LLC	2,175,300	2,175,300	40,874	58,480.00	COMM LAND & BLDGS RESIDENTIAL
10	MINNESOTA ENERGY RESOURCE CORP	1,913,800	1,913,800	37,526	53,982.00	PP GAS UTIL PRF PP GAS UTIL PUB UT ATTH MCH LAND
	GRAND TOTAL	47,250,700	47,250,700	932,835	1,348,048.92	

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

County Auditors Report of Outstanding Indebtedness

County of Jackson	Bonds										Other Long-term Indebtedness (Identify)	State Aid and Tax Anticipation Certificates	Refunding Bonds Outstanding
					Bonds Outstanding - 12/31/2025								
	Outstanding Jan 1, 2025	Issued During 2025	Paid During 2025	Outstanding Dec 31, 2025	General Obligation	G. O. Tax Increment	G. O. Special Assessment	G. O. Revenue	Revenue	Other (Identify)			
COUNTY													
Jackson	76,634,000	0	2,417,000	74,217,000	38,980,000		22,180,000	6,462,000			6,595,000		
CITY													
Alpha	0	756,000	0	756,000				756,000					
Heron Lake	2,068,136	0	198,846	1,869,290	1,813,286	56,004							
Jackson	16,591,000	0	1,413,000	15,178,000	10,075,000			5,103,000					
Lakefield	13,442,000	0	578,732	12,863,268	12,863,268								0
Okabena (Beg. Balance Change)	194,000	0	8,000	186,000							42,174		
Wilder	0	0	0	0	0								
Total City	32,295,136	0	0	30,852,558	24,751,554	56,004	0	5,859,000	0	0	42,174	0	0
SCHOOL													
ISD # 2895	32,403,262	0	1,430,000	30,973,262	30,973,262								
ISD # 330	2,965,000	0	280,000	2,685,000	2,470,000					215,000			
Total School	35,368,262			33,658,262	33,443,262	0	0	0	0	215,000	0	0	0
TOWNSHIP													
Alba	0	0	0	0							0		
Belmont	0	0	0	0									
Christiania	0	0	0	0									
Delafield	0	0	0	0									
Des Moines	0	0	0	0									
Enterprise	0	0	0	0									
Ewington	0	0	0	0									
Heron Lake	0	0	0	0									
Hunter	0	0	0	0									
Kimball	0	0	0	0									
LaCrosse	61,620	0	23,779	37,841							37,841		
Middletown	0	0	0	0									
Minneota	0	243,075	0	243,075			243,075						
Petersburg	0	0	0	0									
Rost	0	0	0	0									
Round Lake	0	0	0	0									
Sioux Valley	0	0	0	0									
Weimer	0	0	0	0									
West Heron Lake	0	0	0	0							18,961		
Wisconsin	0	0	0	0									
Total Township	61620	243075	23779	280916	0	0	243075	0	0	0	56,802	0	0
OTHER													
Heron Lk Watershed Dist	0	0	0	0									
Southwest Regional Development Corp	0	0	0	0							80,000		
Total Other	0	0	0	0	0	0	0	0	0	0	80,000	0	0

KUTAKROCK

Kutak Rock LLP
60 South Sixth Street, Suite 3400, Minneapolis, MN 55402-4018
office 612.334.5000

$[par]
City of Jackson, Minnesota
General Obligation Bonds
Series 2026A

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

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

2. The principal of and interest on the Bonds are payable in part from tax abatement revenues, in part from ad valorem taxes levied by the Issuer, and in part from revenues of the water, wastewater and storm sewer systems of the Issuer 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 for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds 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 Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and 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 in taxable net income for Minnesota income tax purposes, retroactively to the date of issuance of the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations and such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

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

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

Dated _____, 2026 at Minneapolis, Minnesota.

$[par]
City of Jackson, Minnesota
General Obligation Bonds
Series 2026A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2026

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Jackson, Minnesota (the "Issuer") in connection with the issuance of its General Obligation Bonds, Series 2026A (the "Bonds") in the original aggregate principal amount of $[par]. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the "Resolutions"). The Bonds are being delivered to _____, _____, _____ [as syndicate manager] (the "Purchaser") on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

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

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

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

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

"Bonds" means the General Obligation Bonds, Series 2026A, issued by the Issuer in the original aggregate principal amount of $[par].

"Disclosure Certificate" means this Continuing Disclosure Certificate.

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

"Final Official Statement" means the Final Official Statement, dated _____, 2026, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

"Fiscal Year" means the fiscal year of the Issuer.

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

"GASB" means the Governmental Accounting Standards Board.

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

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

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

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

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

"Purchaser" means _____, _____, _____ [as syndicate manager].

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

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

"SEC" means the Securities and Exchange Commission, and any successor thereto.

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

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2025, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

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

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

1. City Property Values
2. City Indebtedness
3. City Tax Rates, Levies and Collections

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

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

Section 5. Reporting of Material Events.

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

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

CITY OF JACKSON, MINNESOTA

_____

Mayor

_____

City Administrator

Appendix D
Summary of Tax Levies, Payment Provisions & Valuations

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

Property Valuations (Chapter 273, Minnesota Statutes)

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

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

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

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

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

Property Tax Payments and Delinquencies

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

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

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

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

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

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

Property Tax Credits

(Chapter 273, Minnesota Statutes)

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

Debt Limitations

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

1. Obligations issued for improvements that are payable wholly or partially from the proceeds of special assessments levied upon benefited property.

2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.

4. Obligations issued to create or maintain a permanent improvement revolving fund.

5. Obligations issued for the acquisition and betterment of public waterworks systems, and public lighting, heating or power systems, and any combination thereof, or for any other public convenience from which revenue is or may be derived.

6. Certain debt service loans and capital loans made to school districts.

7. Certain obligations to repay loans.

8. Obligations specifically excluded under the provisions of law authorizing their issuance.

9. Certain obligations to pay pension fund liabilities.

10. Debt service funds for the payment of principal and interest on obligations other than those described above.

11. Obligations issued to pay judgments against the municipality.

12. All other obligations which Minnesota Statutes specifically indicate are not to be included in the computation of the net debt of the municipality.

Levies for General Obligation Debt

(Sections 475.61 and 475.74, Minnesota Statutes)

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

Metropolitan Revenue Distribution

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

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

Minnesota Property Class Rate Schedule

(current through taxes payable 2022)

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

[1] *Subject to the State General Property Tax.*

[2] *Exempt from referendum market value tax.*

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

APPENDIX E

FINANCIAL STATEMENT

The City's financial statements are audited annually. The following pages contain a copy of the 2024 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

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

ANNUAL FINANCIAL REPORT

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of Jackson, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended December 31, 2024

	Page No.
Introductory Section	
Elected and Appointed Officials	9
Financial Section	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	36
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	41
Proprietary Funds	
Statement of Net Position	42
Statement of Revenues, Expenses and Changes in Net Position	44
Statement of Cash Flows	46
Notes to the Financial Statements	51
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	82
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	82
Notes to the Required Supplementary Information - General Employees Retirement Fund	83
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Special Revenue Funds and Capital Project Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
General Fund	
Comparative Balance	90
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	91
Debt Service Funds	
Combining Balance Sheet	94
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	96
Summary Financial Report - Revenues and Expenditures for General Operations - Governmental Funds	98

THIS PAGE IS LEFT

BLANK INTENTIONALLY

	Page No.
Single Audit and Other Required Reports	
Independent Auditor's Report on Minnesota Legal Compliance	101
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	102
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance	104
Schedule of Expenditures of Federal Awards	106
Notes to the Schedule of Expenditures of Federal Awards	107
Schedule of Findings and Questioned Costs and Responses	108
Corrective Action Plans	111
Schedule of Prior Year Findings	113

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INTRODUCTORY SECTION

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of Jackson, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2024

ELECTED

Name	Title	Term Expires
Marcus Polz	Mayor	2026
Brandon Finck	Council	2024
Mark Titus	Council	2026
Chris Naumann	Council	2024
Nathan Peterson	Council	2026
Sara Mix	Council	2024
Joe Pell	Council	2026

ADMINISTRATION

James Langborg	City Administrator (March 2025 - current)
Rick Almich	Interim City Administrator (July 2024-February 2025)
Shelly Oltman	Interim City Administrator (April 2024-June 2024)
Matt Skaret	Interim City Administrator (January 2024-April 2024)
Gloria Pell	Office Accountant (Resigned January 2025)

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FINANCIAL SECTION

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Jackson, Minnesota

Report on the Financial Statements

Opinions

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

Basis for Qualified Opinions

The City has not adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the Volunteer Firefighters' Relief Association in the governmental activities, and, accordingly, has not shown activity related to this standard. Accounting principles generally accepted in the United States of America require fire relief pension balances be shown, which would report deferred outflows of resources, deferred inflows of resources and liabilities or assets, while changing the net position in the applicable statements.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinions", the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the City as of December 31, 2024, and the results of its operations for the year ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Change in Accounting Principle

As described in Note 6 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections and Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 82 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo
Mankato, Minnesota
March 30, 2025

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in operating grants and contributions and charges for services in the business-type activities continuing to outweigh expenses.

- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in grants not restricted to specific programs and operating grants. The total of unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.

- Unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.

Overview of the Financial Statements

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

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

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

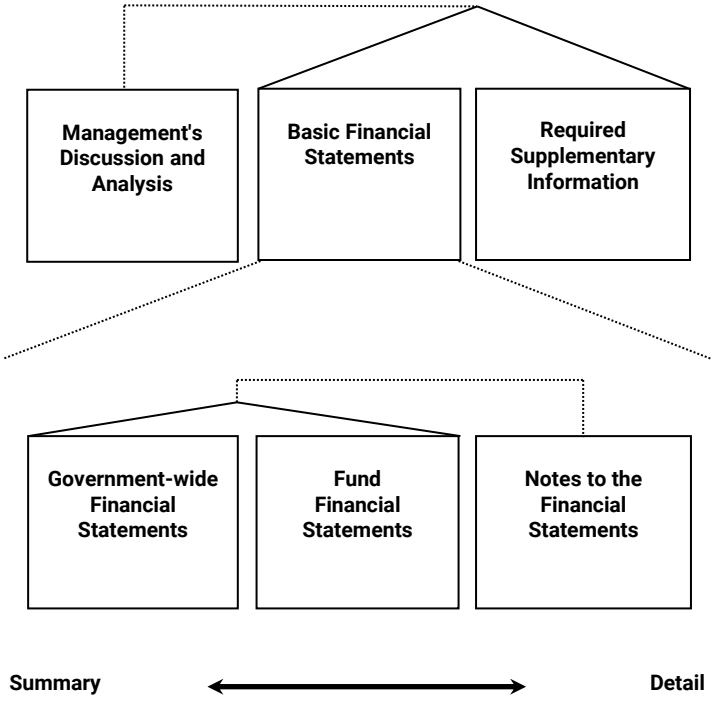


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

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

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

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

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

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

The City maintains 18 individual governmental funds, seven of which are Debt Service funds, which are considered one fund for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, which is considered to be a major fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 38 of this report.

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

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

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

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

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jackson' share of net pension liabilities and schedules of contributions. Required supplementary information can be found starting on page 82 of this report.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources as shown in the table below at the close of the most recent fiscal year.

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

City of Jackson' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Current and Other Assets	$ 9,060,720	$ 10,368,873	$ (1,308,153)	$ 9,884,934	$ 11,105,457	$ (1,220,523)
Capital Assets	22,152,284	22,010,190	142,094	42,187,616	40,563,242	1,624,374
Total Assets	31,213,004	32,379,063	(1,166,059)	52,072,550	51,668,699	403,851
Deferred Outflows of Resources	86,910	151,655	(64,745)	119,873	190,394	(70,521)
Long-term Liabilities Outstanding	5,808,251	6,545,162	(736,911)	14,213,815	15,279,843	(1,066,028)
Other Liabilities	616,403	2,041,596	(1,425,193)	1,050,197	1,078,698	(28,501)
Total Liabilities	6,424,654	8,586,758	(2,162,104)	15,264,012	16,358,541	(1,094,529)
Deferred Inflows of Resources	201,615	141,276	60,339	268,966	209,108	59,858
Net Position						
Net investment in capital assets	16,783,931	16,090,187	693,744	27,725,266	26,031,535	1,693,731
Restricted	3,031,435	3,127,388	(95,953)	93,494	93,494	-
Unrestricted	4,858,279	4,585,109	273,170	8,840,685	9,166,415	(325,730)
Total Net Position	$ 24,673,645	$ 23,802,684	$ 870,961	$ 36,659,445	$ 35,291,444	$ 1,368,001
Net Position as a Percent of Total						
Net investment in capital assets	68.0 %	67.6 %		75.6 %	73.7 %	
Restricted	12.3	13.1		0.3	0.3	
Unrestricted	19.7	19.3		24.1	26.0	
	100.0 %	100.0 %		100.0 %	100.0 %	

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

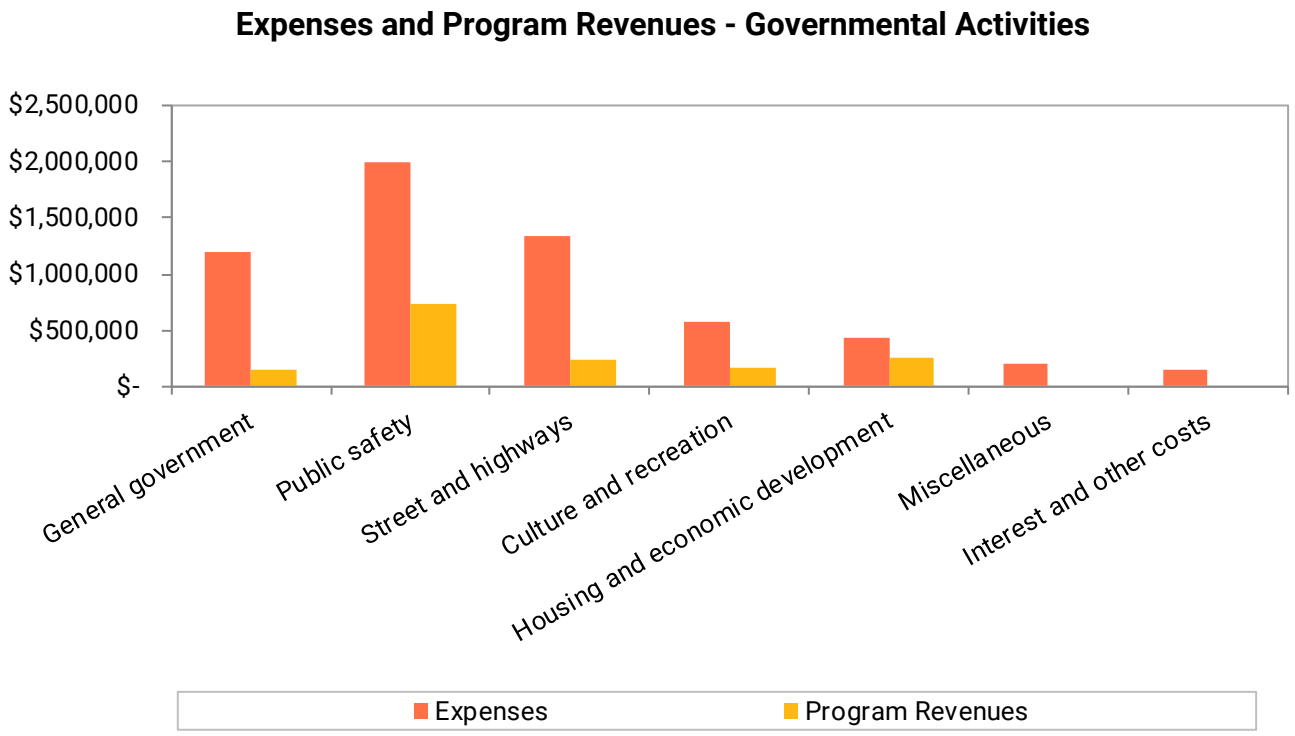
At the end of the current fiscal year, the City is able to report positive balances in net position as shown in the table above.

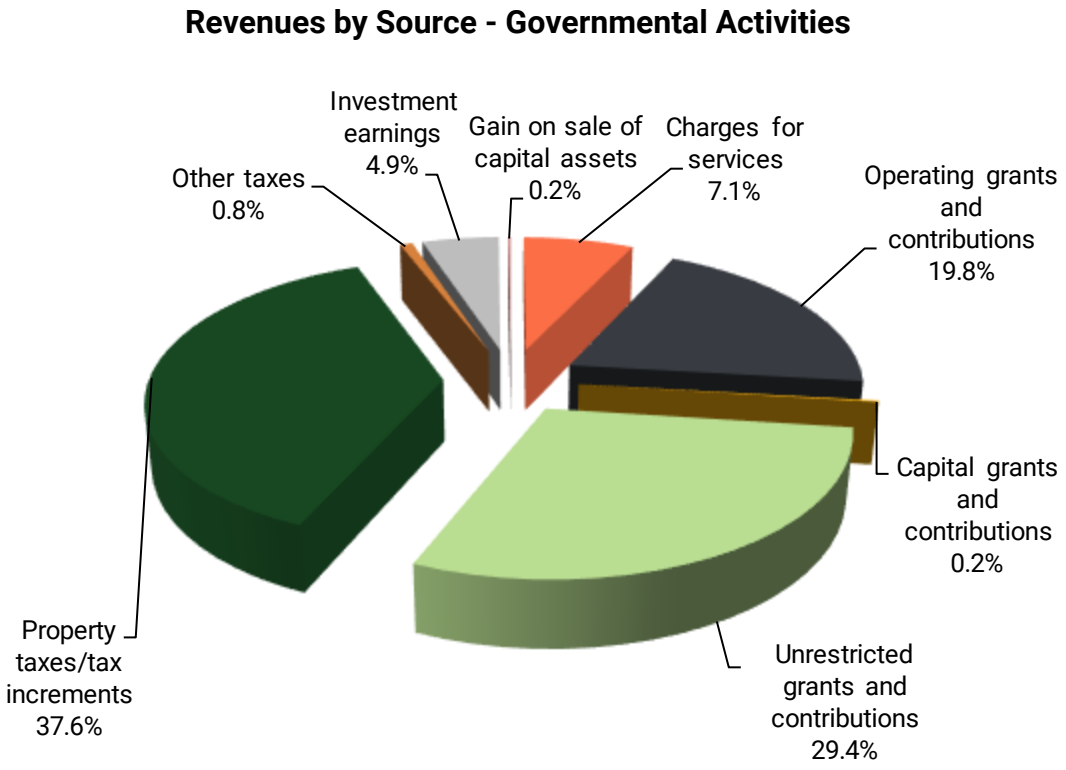
Governmental Activities. Governmental activities increased the City's net position, as shown below. This increase was mainly due to an increase in operating and capital grants and contributions. Key elements of this increase are as follows:

City of Jackson' Changes in Net Position

	Governmental Activities			Business-type Activities			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
Revenues								
Program Revenues								
Charges for services	$ 410,423	$ 395,199	$ 15,224	$ 9,283,326	$ 9,867,232	$ (583,906)	$ 9,693,749	$ 10,262,431
Operating grants and contributions	1,149,795	610,051	539,744	164,753	24,237	140,516	1,314,548	634,288
Capital grants and contributions	9,692	13,941	(4,249)	1,636,145	5,301,073	(3,664,928)	1,645,837	5,315,014
General Revenues								
Property taxes/tax increments	2,189,724	2,060,340	129,384	49,287	-	49,287	2,239,011	2,060,340
Other taxes	46,430	46,481	(51)	-	-	-	46,430	46,481
Grants and contributions not restricted to specific programs	1,707,575	1,506,781	200,794	-	-	-	1,707,575	1,506,781
Unrestricted investment earnings	285,166	280,870	4,296	358,663	312,582	46,081	643,829	593,452
Other revenues	6,977	1,431	5,546	-	-	-	6,977	1,431
Gain on sale of capital assets	10,271	147,219	(136,948)	-	-	-	10,271	147,219
Total Revenues	5,816,053	5,062,313	753,740	11,492,174	15,505,124	(4,012,950)	17,308,227	20,567,437
Expenses								
General government	1,193,060	1,086,280	106,780	-	-	-	1,193,060	1,086,280
Public safety	1,999,722	1,298,508	701,214	-	-	-	1,999,722	1,298,508
Streets and highways	1,343,970	1,518,716	(174,746)	-	-	-	1,343,970	1,518,716
Culture and recreation	576,858	602,337	(25,479)	-	-	-	576,858	602,337
Economic development	440,039	334,103	105,936	-	-	-	440,039	334,103
Miscellaneous	200,118	157,446	42,672	-	-	-	200,118	157,446
Interest and other costs	157,897	87,626	70,271	-	-	-	157,897	87,626
Municipal liquor store	-	-	-	1,578,352	1,582,369	(4,017)	1,578,352	1,582,369
Sewer utility	-	-	-	839,910	746,408	93,502	839,910	746,408
Airport	-	-	-	235,865	256,378	(20,513)	235,865	256,378
Electric utility	-	-	-	4,726,581	4,717,610	8,971	4,726,581	4,717,610
Water utility	-	-	-	958,107	869,275	88,832	958,107	869,275
Ambulance	-	-	-	818,786	793,621	25,165	818,786	793,621
Total Expenses	5,911,664	5,085,016	826,648	9,157,601	8,965,661	191,940	15,069,265	14,050,677
Increase (Decrease) in Net Position Before Contributions and Transfers	(95,611)	(22,703)	(72,908)	2,334,573	6,539,463	(4,204,890)	2,238,962	6,516,760
Transfers	966,572	833,009	133,563	(966,572)	(833,009)	(133,563)	-	-
Change in Net Position	870,961	810,306	60,655	1,368,001	5,706,454	(4,338,453)	2,238,962	6,516,760
Net Position January 1	23,802,684	22,992,378	810,306	35,291,444	29,584,990	5,706,454	59,094,128	52,577,368
Net Position - December 31	$ 24,673,645	$ 23,802,684	$ 870,961	$ 36,659,445	$ 35,291,444	$ 1,368,001	$ 61,333,090	$ 59,094,128

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

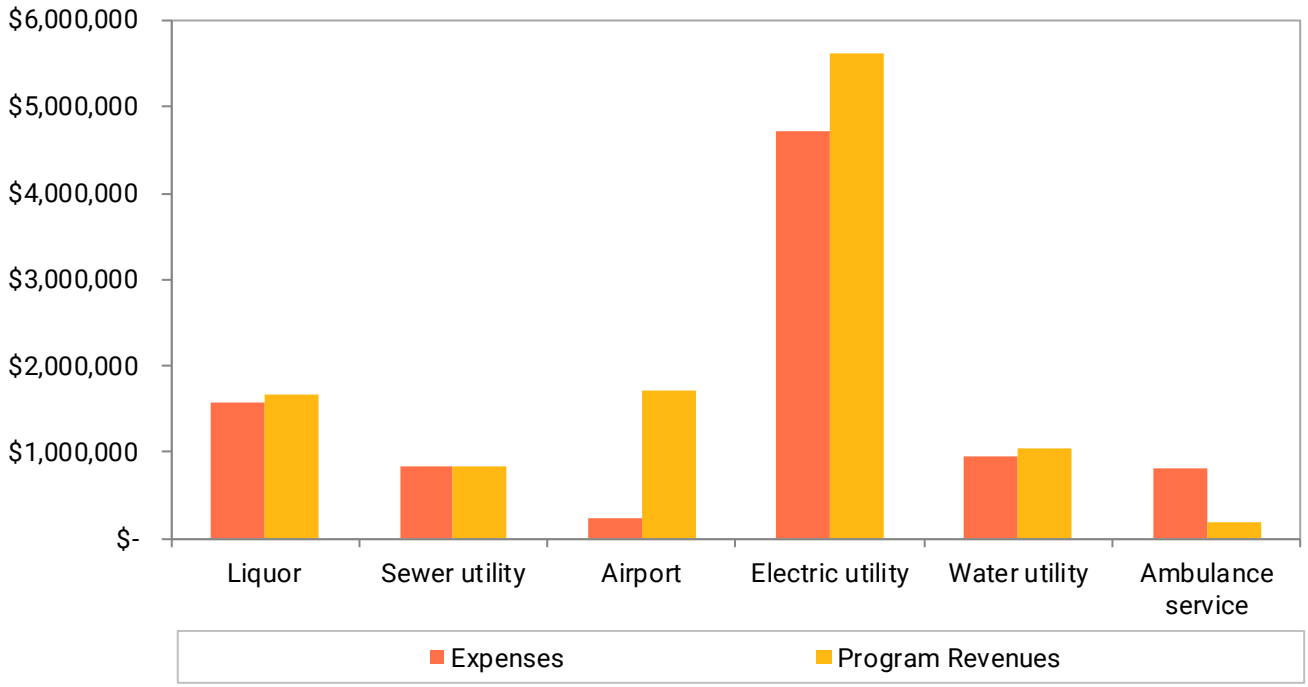




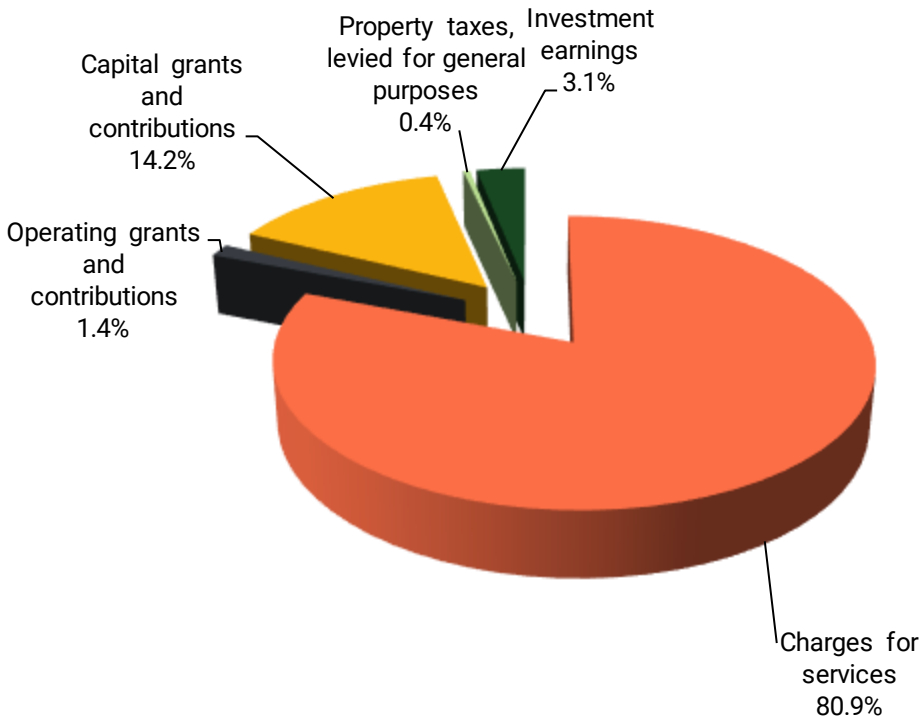
Business-type Activities. Business-type activities increased the City's net position, as shown in the changes in net position table.

- Capital contributions from the State of Minnesota and Federal government increased/decreased due to airport capital funding.
- Water, Electric, Sewer and Municipal Liquor Store funds all had operating income from operations during the year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2024.

	General Fund	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances					
Restricted	$ -	$ 3,079,613	$ 3,079,613	$ 3,162,900	$ (83,287)
Committed	-	1,363,459	1,363,459	1,121,253	242,206
Unassigned	4,657,677	(663,530)	3,994,147	4,031,920	(37,773)
	$ 4,657,677	$ 3,779,542	$ 8,437,219	$ 8,316,073	$ 121,146

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 59 of this report.

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Unassigned	$ 4,657,677	$ 4,297,257	$ 360,420
General Fund expenditures	$ 4,631,078	$ 4,024,051	
Unassigned as a percent of expenditures	100.6%	106.8%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to an increase in transfers from enterprise funds during the year.

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

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Water Utility	$ 2,664,692	$ 2,638,701	$ 25,991
The increase primarily is attributed to the collection of charges for services and transfer in amounts during the year.			
Sewer Utility	$ 5,927,127	$ 5,972,647	$ (45,520)
The decrease primarily is attributed to the increase in interest and other expenses during the year.			
Electric Utility	$ 14,924,857	$ 14,505,429	$ 419,428
The increase primarily is attributed to the increase in other operating revenues during the year.			
Municipal Liquor Store	$ 866,558	$ 816,723	$ 49,835
The increase primarily is attributed to increase in investment income and decrease in cost of sales during the year.			
Airport	$ 11,864,999	$ 10,378,599	$ 1,486,400
The increase relates mainly to capital contributions incurred during the year.			
Ambulance	$ 411,212	$ 979,345	$ (568,133)
The decrease primarily is attributed to the collection of charges for services during the year being insufficient to cover expenses and charges unable to be collected.			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	$ 3,555,805	$ 3,555,805	$ 4,542,000	$ 986,195
Expenditures	4,042,972	4,042,972	4,631,078	(588,106)
Excess of Revenues Over Expenditures	(487,167)	(487,167)	(89,078)	398,089
Other Financing Sources (Uses)				
Sale of capital assets	-	-	5,000	5,000
Transfers in	644,917	644,917	664,843	19,926
Transfers out	(153,000)	(153,000)	(220,345)	(67,345)
Total Other Financing Sources (Uses)	491,917	491,917	449,498	(42,419)
Net Change in Fund Balances	4,750	4,750	360,420	355,670
Fund Balances, January 1	4,297,257	4,297,257	4,297,257	-
Fund Balances, December 31	$ 4,302,007	$ 4,302,007	$ 4,657,677	$ 355,670

The City's General fund budget was not amended during the year. Revenues were received over budget as shown above. The expenditures were under budget as shown above. The revenues were over budget due to FEMA grant received in current year for covering related flood expenses.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2024, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, land improvements, construction in progress, structures, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to a purchase of land and projects that were started during the year.

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

- Completed 2022 Street and Utility Project for a total of $3,414,363
- 2024 Electric Project for a total of $176,225
- Downtown Electric Project for a total of $926,801
- Liquor Store Sign $43,167
- Various ongoing projects include the 2023 Street and Utility Project, Filter Media Pilot Project, and various Airport Projects

Additional information on the City's capital assets can be found in Note 3C starting on page 63 of this report.

City of Jackson Capital Assets
(Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	$ 614,170	$ 614,170	$ -	$ 988,336	$ 988,336	$ -
Land Improvements	-	-	-	21,418,095	19,411,705	2,006,390
Infrastructure/Plant	13,685,347	12,170,985	1,514,362	-	-	-
Buildings	2,912,767	3,013,700	(100,933)	5,400,599	5,606,188	(205,589)
Machinery and Equipment	1,221,861	1,005,286	216,575	1,460,265	1,601,520	(141,255)
Vehicles	1,839,847	2,016,063	(176,216)	-	-	-
Construction in Progress	1,878,292	3,189,986	(1,311,694)	12,920,321	12,955,493	(35,172)
Total	$ 22,152,284	$ 22,010,190	$ 142,094	$ 42,187,616	$ 40,563,242	$ 1,624,374
Percent increase (decrease)			0.6%			4.0%

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

City of Jackson Outstanding Debt

The City's total debt increased during the current fiscal year as shown in the table below. The increase was due to bonds issued for the Belmont Heights project.

The City's current bond rating from Moody is an "A1" rating for general obligation and revenue debt. This is an upgrade from the 2022 rating of "A2". The Electric fund bond rating was "A2" in 2023, an upgrade from "A3" in 2022.

	Governmental Activities			Business-type Activities			Totals	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
General Obligation Bonds	$ 151,000	$ 295,000	$ (144,000)	$ -	$ -	$ -	$ 151,000	$ 295,000
G.O. Tax Increment bonds	1,400,000	1,400,000	-	-	-	-	1,400,000	1,400,000
General Obligation Improvement Bonds	3,803,300	4,210,950	(407,650)	-	-	-	3,803,300	4,210,950
General Obligation Revenue Bonds	-	-	-	13,671,145	14,641,050	(969,905)	13,671,145	14,641,050
Bond Premium	14,053	14,053	-	58,129	61,032	(2,903)	72,182	75,085
Total	$ 5,368,353	$ 5,920,003	$ (551,650)	$ 13,729,274	$ 14,702,082	$ (972,808)	$ 19,097,627	$ 20,622,085
Percent increase (decrease)			-9.3%			-6.6%		

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes.

Taxable Market Value	3 percent	Net Debt Applicable to Limit	Over/ (Under) Limit
$ 296,565,900	$ 8,896,977	$ 3,954,300	$ 4,942,677

Additional information on the City's long-term debt can be found in Note 3E starting on page 66 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Jackson County is currently 2.3 percent, which is a decrease from a rate of 2.4 percent a year ago. This compares favorably to the State's average unemployment rate of 2.6 percent and favorably to the national average rate of 3.8 percent.
- Property valuations within the City remain strong and consistent.
- Inflationary trends in the region compare favorably to national indices.

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

Property taxes will remain the same in 2025.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of Jackson, Minnesota
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	$ 4,519,385	$ 8,298,511	$ 12,817,896
Receivables			
Delinquent taxes	39,218	-	39,218
Accounts	24,305	776,521	800,826
Intergovernmental	660,469	895,999	1,556,468
Special assessments	25,877	162,010	187,887
Loans, net of allowance	2,449,218	-	2,449,218
Internal balances	773,623	(773,623)	-
Inventories	-	525,516	525,516
Land held for resale	568,625	-	568,625
Capital assets			
Capital assets not being depreciated	2,492,462	13,908,657	16,401,119
Capital assets (net of accumulated depreciation)	19,659,822	28,278,959	47,938,781
Total Assets	31,213,004	52,072,550	83,285,554
Deferred Outflows of Resources			
Deferred pension resources	86,910	119,873	206,783
Liabilities			
Accounts and contracts payable	394,523	800,796	1,195,319
Due to other governments	16,239	37,060	53,299
Accrued salaries payable	4,960	16,980	21,940
Accrued interest payable	57,997	124,069	182,066
Deposits payable	138,717	68,346	207,063
Unearned revenue	3,967	2,946	6,913
Noncurrent liabilities			
Due within one year			
Other longterm liabilities	616,389	1,043,790	1,660,179
Due in more than one year			
Other longterm liabilities	4,886,138	12,789,389	17,675,527
Net pension liability	305,724	380,636	686,360
Total Liabilities	6,424,654	15,264,012	21,688,666
Deferred Inflows of Resources			
Deferred pension resources	201,615	268,966	470,581
Net Position			
Net investment in capital assets	16,783,931	27,725,266	44,509,197
Restricted			
Restricted for sanitary sewer replacement	-	93,494	93,494
Debt service	1,231,736	-	1,231,736
Tax increment financing	304,223	-	304,223
Economic development loans	1,495,476	-	1,495,476
Unrestricted	4,858,279	8,840,685	13,698,964
Total Net Position	$ 24,673,645	$ 36,659,445	$ 61,333,090

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

City of Jackson, Minnesota
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 1,193,060	$ 137,616	$ 13,942	$ -
Public safety	1,999,722	78,791	663,171	-
Public works	1,343,970	188,410	46,489	9,692
Culture and recreation	576,858	980	167,370	-
Economic development	440,039	4,626	258,823	-
Miscellaneous	200,118	-	-	-
Interest and other costs	157,897	-	-	-
Total Governmental Activities	5,911,664	410,423	1,149,795	9,692
Business-type Activities				
Water utility	958,107	1,052,864	-	-
Sewer utility	839,910	830,255	-	6,925
Electric utility	4,726,581	5,613,686	-	-
Municipal liquor store	1,578,352	1,673,472	-	-
Airport	235,865	67,983	25,062	1,629,220
Ambulance	818,786	45,066	139,691	-
Total Business-type Activities	9,157,601	9,283,326	164,753	1,636,145
Total Primary Government	$ 15,069,265	$ 9,693,749	$ 1,314,548	$ 1,645,837
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Tax increments				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, January 1				
Net Position, December 31				

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (1,041,502)	$ -	$ (1,041,502)
(1,257,760)	-	(1,257,760)
(1,099,379)	-	(1,099,379)
(408,508)	-	(408,508)
(176,590)	-	(176,590)
(200,118)	-	(200,118)
(157,897)	-	(157,897)
(4,341,754)	-	(4,341,754)
-	$ 94,757	94,757
-	(2,730)	(2,730)
-	887,105	887,105
-	95,120	95,120
-	1,486,400	1,486,400
-	(634,029)	(634,029)
-	1,926,623	1,926,623
(4,341,754)	1,926,623	(2,415,131)
1,638,720	49,287	1,688,007
318,565	-	318,565
232,439	-	232,439
46,430	-	46,430
1,707,575	-	1,707,575
285,166	358,663	643,829
10,271	-	10,271
6,977	-	6,977
966,572	(966,572)	-
5,212,715	(558,622)	4,654,093
870,961	1,368,001	2,238,962
23,802,684	35,291,444	59,094,128
$ 24,673,645	$ 36,659,445	$ 61,333,090

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Jackson, Minnesota
Balance Sheet
Governmental Funds
December 31, 2024

	General	Other Governmental Funds	Total
Assets			
Cash and temporary investments	$ 2,253,579	$ 2,265,806	$ 4,519,385
Receivables			
Delinquent taxes	28,949	10,269	39,218
Accounts	24,305	-	24,305
Intergovernmental	631,133	29,336	660,469
Special assessments	25,877	-	25,877
Loans, net of allowance	-	2,449,218	2,449,218
Due from other funds	1,574,264	-	1,574,264
Land held for resale	473,625	95,000	568,625
Total Assets	$ 5,011,732	$ 4,849,629	$ 9,861,361
Liabilities			
Accounts and contracts payable	$ 139,193	$ 255,330	$ 394,523
Due to other governments	16,239	-	16,239
Due to other funds	-	12,575	12,575
Advances from other funds	-	788,066	788,066
Accrued salaries payable	4,960	-	4,960
Deposits payable	138,717	-	138,717
Unearned revenue	120	3,847	3,967
Total Liabilities	299,229	1,059,818	1,359,047
Deferred Inflows of Resources			
Unavailable revenue			
Taxes	28,949	10,269	39,218
Assessments	25,877	-	25,877
Total Deferred Inflows of Resources	54,826	10,269	65,095
Fund Balances			
Restricted			
Debt service	-	1,279,914	1,279,914
Tax increment financing	-	304,223	304,223
Economic development loans	-	1,495,476	1,495,476
Committed			
Economic development	-	250,248	250,248
Future capital improvements	-	1,113,211	1,113,211
Unassigned	4,657,677	(663,530)	3,994,147
Total Fund Balances	4,657,677	3,779,542	8,437,219
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,011,732	$ 4,849,629	$ 9,861,361

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

City of Jackson, Minnesota
Reconciliation of the Balance Sheet
To the Statement of Net Position
Governmental Funds
December 31, 2024

Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	$ 8,437,219
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	22,152,284
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Compensated absences payable	(134,174)
Net pension liability	(305,724)
Bonds payable	(5,354,300)
Bond premium, net of accumulated amortization	(14,053)
Long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Delinquent property taxes receivable	39,218
Special assessments receivable	25,877
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	86,910
Deferred inflows of pension resources	(201,615)
Governmental funds do not report a liability for accrued interest until due and payable.	(57,997)
Total Net Position - Governmental Activities	$ 24,673,645

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

City of Jackson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Formerly Major Fund Capital Reserve	Formerly Major Fund DBS Housing Project	Formerly Major Fund 2022 Street Riverside/Emily Project	Other Governmental Funds	Total
Revenues						
Taxes	$ 1,376,792	$ -	$ -	$ -	$ 804,458	$ 2,181,250
Special assessments	6,513	-	-	-	-	6,513
Licenses and permits	117,189	-	-	-	-	117,189
Intergovernmental	2,581,645	-	-	-	259,524	2,841,169
Charges for services	263,149	-	-	-	-	263,149
Fines and forfeits	8,345	-	-	-	-	8,345
Investment earnings (loss)	118,687	-	-	-	166,479	285,166
Miscellaneous	69,680	-	-	-	7,726	77,406
Total Revenues	4,542,000	-	-	-	1,238,187	5,780,187
Expenditures						
Current						
General government	1,153,160	-	-	-	-	1,153,160
Public safety	1,802,202	-	-	-	-	1,802,202
Public works	944,335	-	-	-	-	944,335
Culture and recreation	362,767	-	-	-	-	362,767
Economic development	8,949	-	-	-	437,259	446,208
Miscellaneous	71,123	-	-	-	-	71,123
Capital outlay						
General government	20,078	-	-	-	-	20,078
Public safety	84,086	-	-	-	143,139	227,225
Public works	154,336	-	-	-	647,192	801,528
Culture and recreation	30,042	-	-	-	-	30,042
Miscellaneous	-	-	-	-	128,995	128,995
Debt service						
Principal	-	-	-	-	551,650	551,650
Interest and other costs	-	-	-	-	142,138	142,138
Total Expenditures	4,631,078	-	-	-	2,050,373	6,681,451
Excess (Deficiency) of Revenues Over (Under) Expenditures	(89,078)	-	-	-	(812,186)	(901,264)
Other Financing Sources (Uses)						
Sale of capital assets	5,000	-	-	-	50,838	55,838
Transfers in	664,843	-	-	-	619,875	1,284,718
Transfers out	(220,345)	-	-	-	(97,801)	(318,146)
Total Other Financing Sources (Uses)	449,498	-	-	-	572,912	1,022,410
Net Change in Fund Balances	360,420	-	-	-	(239,274)	121,146
Fund Balances, January 1 as Previously Reported	4,297,257	1,027,250	114,386	(265,337)	3,142,517	8,316,073
Change within Financial Reporting Entity (Note 6)						
Change from major to nonmajor fund	-	(1,027,250)	(114,386)	265,337	876,299	-
Fund balances, January 1 as Restated	4,297,257	-	-	-	4,018,816	8,316,073
Fund Balances, December 31	$ 4,657,677	$ -	$ -	$ -	$ 3,779,542	$ 8,437,219

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

City of Jackson, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2024

Amounts reported for governmental activities in the statement of activities are different because		
Net change in fund balances - governmental funds	$	121,146
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.		
Capital outlay		925,874
Depreciation expense		(738,213)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Book value of capital asset disposals		(45,567)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal repayments		551,650
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(15,759)
Long-term pension activity is not reported in governmental funds.		
Negative pension expense		25,291
Direct aid contributions		13,942
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.		
Property taxes		8,474
Special assessments		3,179
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		20,944
Change in Net Position - Governmental Activities	$	870,961

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of Jackson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2024

	General			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,300,886	$ 1,300,886	$ 1,376,792	$ 75,906
Special assessments	2,000	2,000	6,513	4,513
Licenses and permits	44,400	44,400	117,189	72,789
Intergovernmental	1,803,534	1,803,534	2,581,645	778,111
Charges for services	261,115	261,115	263,149	2,034
Fines and forfeits	9,100	9,100	8,345	(755)
Investment earnings	66,000	66,000	118,687	52,687
Miscellaneous	68,770	68,770	69,680	910
Total Revenues	3,555,805	3,555,805	4,542,000	986,195
Expenditures				
Current				
General government	959,967	959,967	1,153,160	(193,193)
Public safety	1,278,125	1,278,125	1,802,202	(524,077)
Streets and highways	1,017,278	1,017,278	944,335	72,943
Culture and recreation	392,218	392,218	362,767	29,451
Economic development	11,284	11,284	8,949	2,335
Miscellaneous	106,600	106,600	71,123	35,477
Capital outlay				
General government	4,000	4,000	20,078	(16,078)
Public safety	39,000	39,000	84,086	(45,086)
Streets and highways	146,500	146,500	154,336	(7,836)
Culture and recreation	88,000	88,000	30,042	57,958
Total Expenditures	4,042,972	4,042,972	4,631,078	(588,106)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(487,167)	(487,167)	(89,078)	398,089
Other Financing Sources (Uses)				
Sale of capital assets	-	-	5,000	5,000
Transfers in	644,917	644,917	664,843	19,926
Transfers out	(153,000)	(153,000)	(220,345)	(67,345)
Total Other Financing Sources (Uses)	491,917	491,917	449,498	(42,419)
Net Change in Fund Balances	4,750	4,750	360,420	355,670
Fund Balances, January 1	4,297,257	4,297,257	4,297,257	-
Fund Balances, December 31	$ 4,302,007	$ 4,302,007	$ 4,657,677	$ 355,670

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

City of Jackson, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities - Enterprise Funds		
	601	**602**	**604**
	Water Utility	Sewer Utility	Electric Utility
Assets			
Current Assets			
Cash and temporary investments	$ 725,079	$ 1,679,901	$ 5,302,858
Receivables			
Accounts	78,748	65,805	458,652
Intergovernmental	14,529	15,040	114,698
Special assessments	-	9,450	-
Advance to other funds - current portion	-	-	31,101
Inventories	-	-	254,949
Total Current Assets	818,356	1,770,196	6,162,258
Noncurrent Assets			
Special assessments	974	151,586	-
Advance to other funds - noncurrent portion	-	-	1,288,367
Capital assets			
Land	8,340	161,664	66,720
Buildings and structures	2,092,134	3,391,567	3,668,135
Infrastructure	7,631,581	11,330,143	11,353,092
Machinery and equipment	402,457	407,066	1,985,408
Construction in progress	1,463,607	319,708	-
Less accumulated depreciation	(4,193,886)	(5,736,586)	(6,170,985)
Total Capital Assets (Net of Accumulated Depreciation)	7,404,233	9,873,562	10,902,370
Total Noncurrent Assets	7,405,207	10,025,148	12,190,737
Total Assets	8,223,563	11,795,344	18,352,995
Deferred Outflows of Resources			
Deferred pension resources	24,081	13,322	-
Liabilities			
Current Liabilities			
Accounts and contracts payable	145,230	75,305	408,351
Due to other governments	7,506	2,662	25,750
Due to other funds	-	-	-
Accrued salaries payable	4,134	2,708	-
Accrued interest payable	62,595	52,354	9,120
Advance from other funds - current portion	-	-	-
Deposits payable	-	-	68,346
Unearned revenue	-	-	-
Compensated absences payable - current portion	19,187	5,787	-
Bonds payable - current portion	240,000	352,950	414,400
Total Current Liabilities	478,652	491,766	925,967
Noncurrent Liabilities			
Compensated absences payable - noncurrent portion	38,993	16,984	-
Advance from other funds - noncurrent portion	-	-	-
Bonds payable - noncurrent portion	4,924,735	5,295,018	2,502,171
Net pension liability	84,709	46,865	-
Total Noncurrent Liabilities	5,048,437	5,358,867	2,502,171
Total Liabilities	5,527,089	5,850,633	3,428,138
Deferred Inflows of Resources			
Deferred pension resources	55,863	30,906	-
Net Position			
Net investment in capital assets	2,110,626	4,179,582	7,985,799
Restricted for sanitary sewer replacement	-	93,494	-
Unrestricted	554,066	1,654,051	6,939,058
Total Net Position	$ 2,664,692	$ 5,927,127	$ 14,924,857

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

	Business-type Activities - Enterprise Funds		
609 Municipal Liquor Store	**612** Airport	Nonmajor Enterprise **608** Ambulance	Total
$ 261,144	$ -	$ 329,529	$ 8,298,511
81	15,788	157,447	776,521
-	751,366	366	895,999
-	-	-	9,450
-	-	-	31,101
270,567	-	-	525,516
531,792	767,154	487,342	10,537,098
-	-	-	152,560
-	-	-	1,288,367
149,250	602,362	-	988,336
935,579	361,398	-	10,448,813
-	3,970,026	-	34,284,842
150,634	166,180	843,935	3,955,680
-	11,137,006	-	12,920,321
(157,741)	(3,512,341)	(638,837)	(20,410,376)
1,077,722	12,724,631	205,098	42,187,616
1,077,722	12,724,631	205,098	43,628,543
1,609,514	13,491,785	692,440	54,165,641
22,432	-	60,038	119,873
89,157	64,516	18,237	800,796
769	55	318	37,060
-	1,561,689	-	1,561,689
2,290	-	7,848	16,980
-	-	-	124,069
31,101	-	-	31,101
-	-	-	68,346
2,420	526	-	2,946
6,678	-	4,788	36,440
-	-	-	1,007,350
132,415	1,626,786	31,191	3,686,777
1,721	-	9,767	67,465
500,301	-	-	500,301
-	-	-	12,721,924
78,911	-	170,151	380,636
580,933	-	179,918	13,670,326
713,348	1,626,786	211,109	17,357,103
52,040	-	130,157	268,966
577,421	12,666,740	205,098	27,725,266
-	-	-	93,494
289,137	(801,741)	206,114	8,840,685
$ 866,558	$ 11,864,999	$ 411,212	$ 36,659,445

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

City of Jackson, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	601	**602**	**604**
	Water Utility	Sewer Utility	Electric Utility
Operating Revenues			
Taxes	$ -	$ -	$ -
Charges for services	1,039,327	827,973	5,511,913
Other operating revenues	13,537	2,282	98,162
Sales	-	-	-
Cost of sales	-	-	-
Total Operating Revenues	1,052,864	830,255	5,610,075
Operating Expenses			
Purchased power	-	-	3,257,467
Personal services	324,090	146,694	-
Operating supplies and expenses	65,026	5,708	78,724
Professional services	-	-	-
Utilities	88,714	46,020	87,378
Repairs and maintenance	8	-	155,590
Other services and charges	93,953	145,883	620,105
Depreciation	201,393	345,069	451,421
Total Operating Expenses	773,184	689,374	4,650,685
Operating Income (Loss)	279,680	140,881	959,390
Nonoperating Revenues (Expenses)			
Intergovernmental revenue	-	-	-
Investment income	48,706	73,403	209,230
Contributions and donations	-	-	-
Gain (loss) on sale of capital assets	-	-	3,611
Interest expense and other	(185,360)	(153,002)	(75,896)
Amortization of bond premiums	437	2,466	-
Total Nonoperating Revenues (Expenses)	(136,217)	(77,133)	136,945
Income (Loss) Before Contributions and Transfers	143,463	63,748	1,096,335
Capital Contributions			
Special Assessments	-	6,925	-
Capital Contributions from Other Governments	-	-	-
Transfers In	8,039	58,950	-
Transfers Out	(125,511)	(175,143)	(676,907)
Change in Net Position	25,991	(45,520)	419,428
Net Position, January 1	2,638,701	5,972,647	14,505,429
Net Position, December 31	$ 2,664,692	$ 5,927,127	$ 14,924,857

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

Business-type Activities - Enterprise Funds			
609 Municipal Liquor Store	**612** Airport	Nonmajor Enterprise **608** Ambulance	Total
$ -	$ -	$ 49,287	$ 49,287
-	67,983	469,769	7,916,965
3,688	25,062	62,423	205,154
1,669,784	-	-	1,669,784
(1,208,155)	-	-	(1,208,155)
465,317	93,045	581,479	8,633,035
-	-	-	3,257,467
239,715	-	571,162	1,281,661
4,378	2,043	24,714	180,593
-	-	114,649	114,649
12,741	19,109	-	253,962
18,850	7,022	12,272	193,742
64,515	67,536	487,505	1,479,497
29,998	140,155	76,373	1,244,409
370,197	235,865	1,286,675	8,005,980
95,120	(142,820)	(705,196)	627,055
-	-	117,654	117,654
10,715	-	16,609	358,663
-	-	2,000	2,000
-	-	800	4,411
-	-	-	(414,258)
-	-	-	2,903
10,715	-	137,063	71,373
105,835	(142,820)	(568,133)	698,428
-	-	-	6,925
-	1,629,220	-	1,629,220
-	-	-	66,989
(56,000)	-	-	(1,033,561)
49,835	1,486,400	(568,133)	1,368,001
816,723	10,378,599	979,345	35,291,444
$ 866,558	$ 11,864,999	$ 411,212	$ 36,659,445

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

City of Jackson, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	601	**602**	**604**
	Water Utility	Sewer Utility	Electric Utility
Cash Flows from Operating Activities			
Receipts from customers	$ 1,055,682	$ 832,257	$ 5,590,834
Payments to suppliers and vendors	(310,838)	(207,829)	(4,234,873)
Payments to and on behalf of employees	(295,221)	(143,497)	-
Other receipts	-	-	-
Net Cash Provided (Used) by Operating Activities	449,623	480,931	1,355,961
Cash Flows from Noncapital Financing Activities			
Grants received	-	-	-
Decrease (increase) in advance to (from) other funds	-	-	81,045
Transfer from other funds	8,039	58,950	-
Transfers to other funds	(125,511)	(175,143)	(676,907)
Increase (decrease) in due (from) to other funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(117,472)	(116,193)	(595,862)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(803,534)	(124,595)	(172,176)
Proceeds from sale of capital assets	-	-	3,611
Special assessment collections	141	34,148	-
Proceeds from capital contributions from other governments	-	-	-
Principal paid on long-term debt	(222,413)	(335,463)	(412,029)
Interest paid on long-term debt	(179,229)	(147,825)	(78,474)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,205,035)	(573,735)	(659,068)
Cash Flows from Investing Activities			
Interest received on cash and investments	48,706	73,403	209,230
Net Increase (Decrease) In Cash and Cash Equivalents	(824,178)	(135,594)	310,261
Cash and Cash Equivalents, January 1	1,549,257	1,815,495	4,992,597
Cash and Cash Equivalents, December 31	$ 725,079	$ 1,679,901	$ 5,302,858

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

Business-type Activities - Enterprise Funds			
609 Municipal Liquor Store	**612** Airport	Nonmajor Enterprise **608** Ambulance	Total
$ 1,673,633	$ 70,799	$ 893,665	$ 10,116,870
(1,299,636)	(91,460)	(636,574)	(6,781,210)
(255,191)	-	(535,431)	(1,229,340)
-	25,062	2,000	27,062
118,806	4,401	(276,340)	2,133,382
-	-	117,654	117,654
(30,195)	-	-	50,850
-	-	-	66,989
(56,000)	-	-	(1,033,561)
-	315,972	-	315,972
(86,195)	315,972	117,654	(482,096)
(43,167)	(1,625,098)	-	(2,768,570)
-	-	800	4,411
-	-	-	34,289
-	1,304,725	-	1,304,725
-	-	-	(969,905)
-	-	-	(405,528)
(43,167)	(320,373)	800	(2,800,578)
10,715	-	16,609	358,663
159	-	(141,277)	(790,629)
260,985	-	470,806	9,089,140
$ 261,144	$ -	$ 329,529	$ 8,298,511

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

City of Jackson, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds		
	601	**602**	**604**
	Water Utility	Sewer Utility	Electric Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 279,680	$ 140,881	$ 959,390
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	201,393	345,069	451,421
Other income related to operations	-	-	-
(Increase) decrease in assets			
Accounts, net	3,986	3,170	(5,941)
Due from other governments	(1,168)	(1,168)	(10,150)
Inventories	-	-	66,497
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	18,192	8,686	-
Increase (decrease) in liabilities			
Accounts and contracts payable	(68,202)	(12,848)	(104,790)
Due to other governments	5,065	2,630	2,684
Accrued salaries payable	2,659	2,444	-
Deposits payable	-	-	(3,150)
Unearned revenue	-	-	-
Compensated absences payable	37,850	3,012	-
Net pension liability	(46,314)	(21,349)	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	16,482	10,404	-
Net Cash Provided by Operating Activities	$ 449,623	$ 480,931	$ 1,355,961
Schedule of Noncash Investing, Capital and Financing Activities			
Capital assets acquired on account	$ 128,872	$ 46,012	$ -
Amortization of bond (premium) discount	$ (437)	$ (2,466)	$ -

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

Business-type Activities - Enterprise Funds			
609 Municipal Liquor Store	**612** Airport	Nonmajor Enterprise **608** Ambulance	Total
$ 95,120	$ (142,820)	$ (705,196)	$ 627,055
29,998	140,155	76,373	1,244,409
-	-	2,000	2,000
(31)	2,558	312,552	316,294
-	-	(366)	(12,852)
(9,736)	-	-	56,761
21,258	-	22,385	70,521
17,970	4,297	4,178	(159,395)
769	(47)	(1,612)	9,489
2,211	-	7,848	15,162
-	-	-	(3,150)
192	258	-	450
6,221	-	9,969	57,052
(56,505)	-	(26,104)	(150,272)
11,339	-	21,633	59,858
$ 118,806	$ 4,401	$ (276,340)	$ 2,133,382
$ -	$ 57,891	$ -	$ 232,775
$ -	$ -	$ -	$ (2,903)

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Housing and Redevelopment Authority (HRA)

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

Economic Development Authority (EDA)

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

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

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

Deposits and Investments

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.

4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

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

- Negotiable certificates of deposits of $9,011,634 are valued using a matrix pricing model (Level 2 inputs)

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

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

- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.

- *Custodial Credit Risk*. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than $2,000,000 or 30 percent of the total portfolio. The City has no concentrations greater than their own requirements in any one issuer.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. All utility receivables are reported at their gross value, and if appropriate, reduced by the estimated portion that is expected to be uncollectible. Uncollectible utility accounts are periodically charged to operations on a direct write off method. The City has written off the uncollectible portion of the receivable based on expected collections leaving a balance of $157,447 in the Ambulance fund for December 31, 2024

Special Assessments

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

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

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

Inventories and Prepaid Items

Inventories of materials and supplies are recorded at cost, which approximates market, using the first-in, first out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are recorded as prepaid items. The City uses the consumption method to account for all prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Deferred Outflows of Resources

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

Compensated Absences

Vacation, sick leave and comp time are accrued as a liability and recorded as an expense of those funds as the benefits are earned by the employees. In accordance with the provisions of GASB Statement No. 16 Accounting for Compensated Absences an accrual for compensated absences should be made only to the extent it is probable that the benefits will result in termination payments. In 2024, GASB Statement No. 101, Compensated Absences, was implemented, requiring the City to estimate the amount of future sick, vacation and comp time reasonably certain to be taken. Upon termination, the City pays out all vacation and comp time to employees. The City also pays out unused sick leave to employees upon retirement. Sick leave payouts are prorated for years of service as follows: 50 percent after 10 years; 75 percent after 15 years; and 100 percent after 20 years. The General fund is typically used to liquidate governmental compensated absences.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

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

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

Pensions

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

The City participates in the GERP and PEDCP funds of PERA and the pension expense as follows:

	GERP	PEDCP	Total
City's proportionate share	$ 99,599	$ 792	$ 100,391
Proportionate share of State's contribution	(341)	-	(341)
Total pension expense	$ 99,258	$ 792	$ 100,050

Deferred Inflows of Resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

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

Net Position

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

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

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

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for most governmental funds. All annual appropriations lapse at year end. The actual revenues, expenditures, and transfers for the year ended December 31, 2024, have been compared to the City's budget for the year where applicable. Variances which are in parentheses are unfavorable and indicate revenues are less than budgeted or expenditures are greater than budgeted. The budget is adopted through passage of a resolution. Administration can authorize transfer of budgeted amounts within any fund per state statutes. Any revisions that alter total expenditures of any fund must be approved by the City Council. There were no budget amendments in 2024.

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

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 4,042,972	$ 4,631,078	$ 588,106

These excess expenditures was covered by excess revenues.

C. Deficit Fund Equity

The following fund had a fund equity deficit at December 31, 2024:

Fund	Amount
Capital Projects	
DBS Housing Project	$ 351,711
2022 Street Riverside/Emily Project	311,819

The above deficit will be eliminated through future transfers.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was $3,329,346 and the bank balance was $3,408,487. Of the bank balance, $3,408,487 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals $1,133.

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2024, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 2
Pooled Investments at Amortized Costs				
Brokered Money Market Funds	N/A	Less than 1 year	$ 475,783	
Non-pooled Investments at Fair Value				
Negotiable Certificates of Deposits	N/A	Less than 1 year	2,144,001	$ 2,144,001
Negotiable Certificates of Deposits	N/A	1 to 5 years	6,867,633	6,867,633
Total Investments			$ 9,487,417	$ 9,011,634

(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.
There were no Level 1 or Level 3 investments in the current year and therefore was not necessary to include.

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

	Primary Government
Deposits	$ 3,329,346
Investments	9,487,417
Cash on Hand	1,133
Total	$ 12,817,896

B. Loans Receivable

The City has made loans to local businesses and individuals that qualify for the Minnesota small cities development program. The businesses and individuals pay varying installments on the loans. The loan balances at year end totaled $166,227, of which $151,047 is offset with an allowance for forgivable portions.

The Economic Development Authority has loans receivable from businesses that made improvements that qualified for the industrial development loan program, Minnesota Investment fund, EDA Revolving fund and CARES. The businesses and individuals make monthly payments which carry and interest rate of zero to four percent. The balance at year end on the programs total $2,434,038 of which several are secured by real estate. The loans include amounts loaned to the Jackson Economic Development Corporation that total $941,864, which represents a significant concentration of credit risk if the Corporation is unable to repay the loans. The remaining amount of COVID loans is $109,481. The remaining $1,382,693 are other RLF loans.

The City also has a program to offer loans to businesses to improve the appearance of their buildings in order to stimulate private investment and revitalize Jackson businesses. The City pays up to $10,000 in improvements forgivable between 2-5 years. The outstanding balance on these loans as of December 31, 2024 was $50,797 all of which are offset with an allowance for forgivable portions.

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 614,170	$ -	$ -	$ 614,170
Construction in progress	3,189,986	531,133	(1,842,827)	1,878,292
Total Capital Assets Not Being Depreciated	3,804,156	531,133	(1,842,827)	2,492,462
Capital Assets Being Depreciated				
Buildings	4,498,051	6,042	-	4,504,093
Infrastructure	15,392,583	1,907,862	-	17,300,445
Machinery and equipment	2,335,940	333,664	(86,800)	2,582,804
Vehicles	3,509,128	-	(318,450)	3,190,678
Total Capital Assets Being Depreciated	25,735,702	2,247,568	(405,250)	27,578,020
Less Accumulated Depreciation For				
Buildings	(1,484,351)	(106,975)	-	(1,591,326)
Infrastructure	(3,221,598)	(393,500)	-	(3,615,098)
Machinery and equipment	(1,330,654)	(101,322)	71,033	(1,360,943)
Vehicles	(1,493,065)	(136,416)	278,650	(1,350,831)
Total Accumulated Depreciation	(7,529,668)	(738,213)	349,683	(7,918,198)
Total Capital Assets Being Depreciated, Net	18,206,034	1,509,355	(55,567)	19,659,822
Governmental Activities Capital Assets, Net	$ 22,010,190	$ 2,040,488	$ (1,898,394)	$ 22,152,284

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

Governmental Activities	
General government	$ 61,378
Public safety	171,656
Streets and highways	318,510
Culture and recreation	186,538
Economic development	131
Total Depreciation Expense - Governmental Activities	$ 738,213

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	$ 988,336	$ -	$ -	$ 988,336
Construction in progress	12,955,493	2,668,879	(2,704,051)	12,920,321
Total Capital Assets Not Being Depreciated	13,943,829	2,668,879	(2,704,051)	13,908,657
Capital Assets Being Depreciated				
Buildings	10,448,813	-	-	10,448,813
Machinery and equipment	4,085,418	59,167	(188,905)	3,955,680
Improvements other than buildings	31,440,054	2,844,788	-	34,284,842
Total Capital Assets Being Depreciated	45,974,285	2,903,955	(188,905)	48,689,335
Less Accumulated Depreciation For				
Buildings	(4,842,625)	(205,589)	-	(5,048,214)
Machinery and equipment	(2,483,898)	(200,422)	188,905	(2,495,415)
Improvements other than buildings	(12,028,349)	(838,398)	-	(12,866,747)
Total Accumulated Depreciation	(19,354,872)	(1,244,409)	188,905	(20,410,376)
Total Capital Assets Being Depreciated, Net	26,619,413	1,659,546	-	28,278,959
Business-type Activities Capital Assets, Net	$ 40,563,242	$ 4,328,425	$ (2,704,051)	$ 42,187,616

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

Business-type Activities	
Water	$ 201,393
Sewer Utility	345,069
Electric Utility	451,421
Municipal Liquor Store	29,998
Airport	140,155
Ambulance Service	76,373
Total Depreciation Expense - Business-type Activities	$ 1,244,409

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2024. The projects include improvements and infrastructure improvements. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
DBS Housing Project (Belmont)	$ 1,934,906	$ 197,749
Filter Media Pilot Project	1,103,689	75,900
Total	$ 3,038,595	$ 273,649

D. Interfund Receivables, Payables and Transfers

Interfund Receivables/Payables

The composition of advances from/to other funds at December 31, 2024 is as follows:

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Utility	Municipal Liquor	3.00 %	12/31/18	12/31/38	$ 531,402
	EDA Revolving Loan	0.55	12/28/12	12/28/22	788,066
Total					$ 1,319,468

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

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

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Airport	$ 1,561,689
	Nonmajor governmental	12,575
Total		$ 1,574,264

The General fund is owed cash from the Airport fund and FCA Bin TIF fund to cover the fund's cash deficit.

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

Transfers made for the year ended December 31, 2024 are as follows:

	Transfer in				
Fund	General	Nonmajor Governmental	Water	Sewer	Total
Transfer Out					
General	$ -	$ 220,345	$ -	$ -	$ 220,345
Nonmajor governmental	19,926	77,875	-	-	97,801
Water Utility	50,000	75,511	-	-	125,511
Sewer Utility	50,000	125,143	-	-	175,143
Electric Utility	488,917	121,001	8,039	58,950	676,907
Municipal Liquor	56,000	-	-	-	56,000
Total	$ 664,843	$ 619,875	$ 8,039	$ 58,950	$ 1,351,707

During the year, the following transfers were made:

- From the Municipal Liquor fund and the Electric, Water, and Sewer Utility funds into the General fund in lieu of taxes
- From the Water, Sewer and Electric Utility funds to the Debt Service funds for their portion of the bond payments
- There were several transfers made from the General fund to nonmajor governmental funds for various capital needs.
- Transfer to close a completed TIF fund.
- Transfer from the General fund to the Nonmajor Governmental funds to move proceeds from the sale of capital assets.

E. Long-term Debt

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

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

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bond of 2017A	$ 1,092,000	2.00 - 2.35 %	05/24/17	02/01/25	$ 151,000

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

Year Ending December 31	General Obligation Bonds Governmental Activities Principal	Interest	Total
2025	$ 151,000	$ 1,661	$ 152,661

General Obligation Improvement Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Street and Utility 2012A Bond	$ 2,245,000	2.00 - 2.20 %	10/01/12	02/01/26	$ 395,000
G.O. Street and Utility 2013B Bond	1,125,000	2.00 - 3.60	08/01/13	02/01/29	420,000
G.O. Street and Utility 2020A Bond	2,625,000	1.00 - 1.75	08/18/20	02/01/41	2,270,000
G.O. Street and Utility 2022A Bond	740,950	3.85	08/01/22	02/01/43	718,300
Total General Obligation Improvement Bonds					$ 3,803,300

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

Year Ending December 31	General Obligation Improvement Bonds Governmental Activities Principal	Interest	Total
2025	$ 422,650	$ 75,953	$ 498,603
2026	428,100	66,754	494,854
2027	233,550	59,500	293,050
2028	239,000	54,239	293,239
2029	244,000	48,722	292,722
2030 - 2034	826,300	196,580	1,022,880
2035 - 2039	911,200	117,036	1,028,236
2040 - 2043	498,500	23,131	521,631
Total	$ 3,803,300	$ 641,915	$ 4,445,215

Note 3: Detailed Notes on All Funds (Continued)

G.O. Tax Abatement Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement 2023A Bond	$ 1,400,000	4.00 %	12/01/23	02/01/46	$ 1,400,000

The annual debt service requirements to maturity for G.O. tax abatement bonds are as follows:

Year Ending December 31	G.O. Tax Abatement Bonds Governmental Activities Principal	Interest	Total
2025	$ -	$ 56,000	$ 56,000
2026	-	56,000	56,000
2027	45,000	55,100	100,100
2028	50,000	53,200	103,200
2029	50,000	51,200	101,200
2030 - 2034	280,000	224,000	504,000
2035 - 2039	345,000	161,500	506,500
2040 - 2044	430,000	84,600	514,600
2045 - 2046	200,000	8,000	208,000
Total	$ 1,400,000	$ 749,600	$ 2,149,600

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds and Notes

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Minnesota Public Facilities Authority Note 2012	$ 2,728,116	1.00 %	10/02/12	08/20/32	$ 1,133,000
Minnesota Public Facilities Authority Note 2017	300,169	1.00	12/06/16	02/20/35	192,000
G.O. Improvement Bonds 2013A	3,420,000	2.00 - 2.75	05/01/13	02/01/27	860,000
G.O. Water Revenue Bonds 2018A	2,115,000	3.00 - 3.60	10/02/18	02/01/39	1,690,000
G.O. Water and Sewer Utility Revenue Bonds 2019A	2,210,000	3.00	05/21/19	02/01/40	1,845,000
G.O. Water and Sewer Utility Revenue Bonds 2020A	2,625,000	1.00 - 1.75	08/18/20	02/01/41	2,140,000
County Public Works Shop Note	4,278,000	2.80 - 3.13	02/01/13	02/01/38	2,569,445
G.O. Water and Sewer Utility Revenue Bonds 2022A	2,234,050	3.85	08/01/22	02/01/43	2,156,700
G.O. Water and Sewer Utility Revenue Bonds 2023A	1,085,000	4.00	12/12/23	02/01/46	1,085,000
Total G.O. Revenue Bonds and Notes					$ 13,671,145

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

Year Ending December 31	G.O. Revenue Bonds and Notes Business-type Activities Principal	Interest	Total
2025	$ 1,007,350	$ 371,389	$ 1,378,739
2026	1,032,400	346,751	1,379,151
2027	1,057,450	320,861	1,378,311
2028	779,500	298,064	1,077,564
2029	796,500	278,821	1,075,321
2030 - 2034	4,009,700	1,079,915	5,089,615
2035 - 2039	3,526,745	521,325	4,048,070
2040 - 2044	1,321,500	114,743	1,436,243
2045 - 2046	140,000	5,600	145,600
Total	$ 13,671,145	$ 3,337,469	$ 17,008,614

Note 3: Detailed Notes on All Funds (Continued)

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

	Water Utility	Sewer Utility	Electric Utility
Revenues	$ 1,052,864	$ 830,255	$ 5,610,075
Principal and Interest	401,642	483,288	490,503
Percentage of Revenues	38.1%	58.2%	8.7%

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	$ 295,000	$ -	$ (144,000)	$ 151,000	$ 151,000
General obligation tax abatement bonds	1,400,000	-	-	1,400,000	-
General obligation improvement bonds	4,210,950	-	(407,650)	3,803,300	422,650
Bond premium	14,053	-	-	14,053	-
Total Bonds Payable	5,920,003	-	(551,650)	5,368,353	573,650
Compensated Absences Payable*	140,900	-	(6,726)	134,174	42,739
Governmental Activity Long-term Liabilities	$ 6,060,903	$ -	$ (558,376)	$ 5,502,527	$ 616,389
Business-type Activities					
Bonds Payable					
General obligation revenue bonds and notes	$ 14,641,050	$ -	$ (969,905)	$ 13,671,145	$ 1,007,350
Bond premium	61,032	-	(2,903)	58,129	-
Total Bonds Payable	14,702,082	-	(972,808)	13,729,274	1,007,350
Compensated Absences Payable*	46,853	57,052	-	103,905	36,440
Business-type Activity Long-term Liabilities	$ 14,748,935	$ 57,052	$ (972,808)	$ 13,833,179	$ 1,043,790

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (General Plan)

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were $127,085, $116,484 and $99,797, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of $686,360 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 $17,749.

City's Proportionate Share of the Net Pension Liability	$	686,360
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		17,749
Total	$	704,109

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0186 percent at the end of the measurement period and 0.0179 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of $99,599 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional negative $341 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized $31,639 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 63,697	$ 279
Changes in Actuarial Assumptions	6,008	256,040
Net Difference Between Projected and Actual Investment Earnings	-	198,422
Changes in Proportion	66,132	15,840
Contributions Paid to PERA Subsequent to the Measurement Date	70,946	-
Total	$ 206,783	$ 470,581

The $70,946 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	$ (158,496)
2026	(40,357)
2027	(83,286)
2028	(52,605)

E. Long-term Expected Return on Investment

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

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

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

F. Actuarial Assumptions

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 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 Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 1,499,013	$ 686,360	$ 17,789

I. Pension Plan Fiduciary Net Position

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

Note 5: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the prior three years.

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

B. Contingent Liabilities

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

C. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2024, the City is under the legal debt margin.

D. Tax Increment Districts

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

E. Tax Abatements

As of December 31, 2024, the City has 10 agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

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

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

Note 5: Other Information (Continued)

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

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

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

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

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

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

Note 5: Other Information (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2024, was as follows:

	City Tax Rate (Year of Establishment)	Captured Tax Capacity	Amount of Taxes Abated During the Year
Tax Abatement Agreements			
AgCo			$ 45,747
TP Holdings			3,345
Tri-State Contracting			4,070
Palmer Jackson Bus Service			3,725
SS Electric, Inc.			738
Boekett Buildign			3,765
Tax Increment Districts (PAYGO)			
TIF District #3-6	88.06 %	$ 33,498	29,498
TIF District #3-7	77.31	2,455	1,898
Total			$ 92,786

F. Joint Powers Agreement

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

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

G. Concentrations

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2024 was $1,706,524 which accounted for 37.6 percent of General fund revenue.

Note 6: Change in Accounting Principle

Change in Accounting Principle

During the fiscal year 2024, the City adopted the provisions of Governmental Accounting Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and Statement No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. There were no adjustments or restatements of beginning balances needed for the adoption of these statements.

Change within Major and Nonmajor Fund Reporting

During 2024, the 2022 Street Riverside/Emily Project, DBS Housing Project and Capital Reserve funds were determined to be nonmajor. The effect of the changes within the financial reporting entity are shown in the financial statements.

THIS PAGE IS LEFT

BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Jackson, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2024

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2024	0.0186 %	$ 686,360	$ 17,748	$ 704,108	$ 1,486,438	46.2 %	86.7 %
6/30/2023	0.0179	1,000,948	27,603	1,028,551	1,476,283	67.8	83.1
6/30/2022	0.0163	1,290,965	37,897	1,328,862	1,317,235	98.0	76.7
6/30/2021	0.0155	661,919	20,120	682,039	1,112,810	59.5	87.0
6/30/2020	0.0147	881,332	27,260	908,592	1,108,160	79.5	79.0
6/30/2019	0.0134	740,856	22,999	763,855	1,055,801	70.2	80.2
6/30/2018	0.0140	776,662	25,372	802,034	1,043,565	74.4	79.5
6/30/2017	0.0170	1,085,268	-	1,085,268	1,153,324	94.1	75.9
6/30/2016	0.0171	1,388,435	-	1,388,435	1,290,218	107.6	68.9
6/30/2015	0.0174	901,759	-	901,759	1,115,161	80.9	78.2

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2024	$ 127,085	$ 127,085	$ -	$ 1,694,467	7.50 %
12/31/2023	116,484	116,484	-	1,553,125	7.50
12/31/2022	99,797	99,797	-	1,330,630	7.50
12/31/2021	88,238	88,238	-	1,176,508	7.50
12/31/2020	81,615	81,615	-	1,088,201	7.50
12/31/2019	84,057	84,057	-	1,120,755	7.50
12/31/2018	78,167	78,167	-	1,042,225	7.50
12/31/2017	88,558	88,558	-	1,180,774	7.50
12/31/2016	85,958	85,958	-	1,146,106	7.50
12/31/2015	83,385	83,385	-	1,111,800	7.50

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

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

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Jackson, Minnesota
Nonmajor Special Revenue and Capital Project Funds
Combining Balance Sheet
December 31, 2024

	Special Revenue				
	224 SWMNHP Housing TIF	**226** COOP/TSE TIF	**227** Westridge/ Sunset TIF	**228** FCA Bin TIF	**229** Ashley Estate TIF
Assets					
Cash and temporary investments	$ 19,410	$ 25,746	$ 171,869	$ -	$ 87,198
Receivables					
Intergovernmental	-	-	-	12,575	-
Delinquent taxes	-	-	-	-	-
Loans, net of allowance	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total Assets	$ 19,410	$ 25,746	$ 171,869	$ 12,575	$ 87,198
Liabilities					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	12,575	-
Advances from other funds	-	-	-	-	-
Total Liabilities	-	-	-	12,575	-
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	-	-	-	-	-
Loans	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Restricted					
Tax increment financing	19,410	25,746	171,869	-	87,198
Debt service	-	-	-	-	-
Economic development loans	-	-	-	-	-
Committed					
Economic development	-	-	-	-	-
Future capital improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	19,410	25,746	171,869	-	87,198
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,410	$ 25,746	$ 171,869	$ 12,575	$ 87,198

		Debt Service	Capital Projects			
				Formerly Major Fund	Formerly Major Fund	
616 Economic Development Authority	**801** EDA Revolving Loan	Debt Service	**222** Capital Reserve	**421** 2022 Str. Riverside/Emily Project	**422** DBS Housing Project	Total
$ 314,887	$ (256,829)	$ 1,277,139	$ 1,112,327	$ (209,010)	$ (276,931)	$ 2,265,806
168	12,903	2,775	915	-	-	29,336
450	-	9,819	-	-	-	10,269
-	2,449,218	-	-	-	-	2,449,218
-	95,000	-	-	-	-	95,000
$ 315,505	$ 2,300,292	$ 1,289,733	$ 1,113,242	$ (209,010)	$ (276,931)	$ 4,849,629
$ 64,807	$ 12,903	$ -	$ 31	$ 102,809	$ 74,780	$ 255,330
-	-		-	-	-	12,575
-	788,066	-	-	-	-	788,066
64,807	800,969	-	31	102,809	74,780	1,055,971
450	-	9,819	-	-	-	10,269
-	3,847	-	-	-	-	3,847
450	3,847	9,819	-	-	-	14,116
-	-	-	-	-	-	304,223
-	-	1,279,914	-	-	-	1,279,914
-	1,495,476	-	-	-	-	1,495,476
250,248	-	-	-	-	-	250,248
-	-	-	1,113,211	-	-	1,113,211
-	-	-	-	(311,819)	(351,711)	(663,530)
250,248	1,495,476	1,279,914	1,113,211	(311,819)	(351,711)	3,779,542
$ 315,505	$ 2,300,292	$ 1,289,733	$ 1,113,242	$ (209,010)	$ (276,931)	$ 4,849,629

City of Jackson, Minnesota
Nonmajor Special Revenue and Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2024

	Special Revenue				
	224 SWMNHP Housing TIF	**226** COOP/TSE TIF	**227** Westridge/ Sunset TIF	**228** FCA Bin TIF	**229** Ashley Estate TIF
Revenues					
Taxes					
Property taxes	$ -	$ -	$ -	$ -	$ -
Tax increments	28,643	25,301	15,097	12,575	24,578
Intergovernmental					
Federal	-	-	-	-	-
State	-	-	-	-	-
Investment earnings	1,007	985	6,609	851	3,701
Miscellaneous					
Contributions and donations	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	29,650	26,286	21,706	13,426	28,279
Expenditures					
Current					
Economic development	25,779	22,771	-	19,833	22,119
Miscellaneous	-	-	-	-	-
Capital outlay					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other costs	-	-	-	-	-
Total Expenditures	25,779	22,771	-	19,833	22,119
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,871	3,515	21,706	(6,407)	6,160
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(19,926)	-
Total Other Financing Sources (Uses)	-	-	-	(19,926)	-
Net Change in Fund Balances	3,871	3,515	21,706	(26,333)	6,160
Fund Balances, January 1 as Previously Reported	15,539	22,231	150,163	26,333	81,038
Change within Financial Reporting Entity (Note 6)					
Change from major to nonmajor fund	-	-	-	-	-
Fund balances, January 1 as Restated	15,539	22,231	150,163	26,333	81,038
Fund Balances, December 31	$ 19,410	$ 25,746	$ 171,869	$ -	$ 87,198

			Capital Projects			
		Debt Service	Formerly Major Fund	Formerly Major Fund	Formerly Major Fund	
616 Economic Development Authority	**801** EDA Revolving Loan	Debt Service	**222** Capital Reserve	**421** 2022 Str. Riverside/Emily Project	**422** DBS Housing Project	Total
$ 84,336	$ -	$ 315,642	$ 172,041	$ -	$ -	$ 572,019
-	-	126,245	-	-	-	232,439
-	258,823	-	-	-	-	258,823
175	-	526	-	-	-	701
11,408	17,048	55,486	42,428	-	26,956	166,479
-	-	-	3,100	-	-	3,100
1,290	-	-	-	-	-	1,290
336	3,000	-	-	-	-	3,336
97,545	278,871	497,899	217,569	-	26,956	1,238,187
87,934	258,823	-	-	-	-	437,259
-	-	-	-	-	-	-
-	-	-	143,139	-	-	143,139
-	-	-	107,657	46,482	493,053	647,192
-	-	-	128,995	-	-	128,995
-	-	551,650	-	-	-	551,650
-	-	142,138	-	-	-	142,138
87,934	258,823	693,788	379,791	46,482	493,053	2,050,373
9,611	20,048	(195,889)	(162,222)	(46,482)	(466,097)	(812,186)
1,000	-	22,000	27,838	-	-	50,838
-	50,850	348,680	220,345	-	-	619,875
-	-	(77,875)	-	-	-	(97,801)
1,000	50,850	292,805	248,183	-	-	572,912
10,611	70,898	96,916	85,961	(46,482)	(466,097)	(239,274)
239,637	1,424,578	1,182,998	-	-	-	3,142,517
-	-	-	1,027,250	(265,337)	114,386	876,299
239,637	1,424,578	1,182,998	1,027,250	(265,337)	114,386	4,018,816
$ 250,248	$ 1,495,476	$ 1,279,914	$ 1,113,211	$ (311,819)	$ (351,711)	$ 3,779,542

City of Jackson, Minnesota
General Fund
Comparative Balance Sheets
For the Year Ended December 31, 2024

	2024	2023
Assets		
Cash and temporary investments	$ 2,253,579	$ 2,702,305
Receivables		
Delinquent taxes	28,949	23,609
Accounts	24,305	34,659
Special assessments	25,877	22,698
Intergovernmental	631,133	9,437
Due from other funds	1,574,264	1,245,717
Land held for resale	473,625	473,625
Total Assets	$ 5,011,732	$ 4,512,050
Liabilities		
Accounts payable	$ 139,193	$ 149,098
Due to other governments	16,239	17,976
Accrued salaries payable	4,960	1,347
Deposits payable	138,717	-
Unearned revenue	120	65
Total Liabilities	299,229	168,486
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	28,949	23,609
Assessments	25,877	22,698
Total Deferred Inflows of Resources	54,826	46,307
Fund Balances		
Unassigned	4,657,677	4,297,257
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,011,732	$ 4,512,050

City of Jackson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Property taxes	$ 1,300,886	$ 1,300,886	$ 1,376,792	$ 75,906	$ 1,275,912
Special assessments	2,000	2,000	6,513	4,513	3,441
Licenses and permits					
Business	20,400	20,400	20,150	(250)	21,275
Nonbusiness	24,000	24,000	97,039	73,039	40,128
Total Licenses and Permits	44,400	44,400	117,189	72,789	61,403
Intergovernmental					
Federal					
Emergency management aid	-	-	465,538	465,538	-
State					
Local government aid	1,706,523	1,706,523	1,706,524	1	1,478,284
Property tax credits and aids	300	300	350	50	302
Police aid	55,000	55,000	81,010	26,010	66,970
Fire aid	41,711	41,711	56,796	15,085	46,547
Other state aids	-	-	271,427	271,427	29,343
Total State	1,803,534	1,803,534	2,116,107	312,573	1,621,446
Total Intergovernmental	1,803,534	1,803,534	2,581,645	778,111	1,621,446
Charges for services					
General government	2,800	2,800	5,357	2,557	10,407
Public safety	61,000	61,000	63,447	2,447	75,291
Public works	196,315	196,315	193,365	(2,950)	190,864
Culture and recreation	1,000	1,000	980	(20)	1,115
Total Charges for Services	261,115	261,115	263,149	2,034	277,677
Fines and forfeits	9,100	9,100	8,345	(755)	8,421
Investment earnings	66,000	66,000	118,687	52,687	164,434
Miscellaneous					
Refunds and reimbursements	7,500	7,500	771	(6,729)	14,788
Contributions and donations	47,000	47,000	53,591	6,591	49,049
Other	14,270	14,270	15,318	1,048	12,595
Total Miscellaneous	68,770	68,770	69,680	910	76,432
Total Revenues	3,555,805	3,555,805	4,542,000	986,195	3,489,166

City of Jackson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	$ 57,675	$ 57,675	$ 62,881	$ (5,206)	$ 57,276
Supplies	400	400	50	350	375
Other services and charges	27,878	27,878	17,294	10,584	25,061
Total Mayor and Council	85,953	85,953	80,225	5,728	82,712
Administration					
Personal services	448,741	448,741	495,484	(46,743)	535,337
Supplies	9,100	9,100	8,801	299	7,403
Other services and charges	38,837	38,837	118,663	(79,826)	42,485
Total Administration	496,678	496,678	622,948	(126,270)	585,225
Elections					
Personal services	7,000	7,000	6,988	12	-
Other services and charges	3,650	3,650	7,477	(3,827)	-
Total Elections	10,650	10,650	14,465	(3,815)	-
Assessor					
Other services and charges	24,000	24,000	21,356	2,644	20,443
General government building					
Personal services	74,998	74,998	25,183	49,815	$ -
Supplies	3,600	3,600	4,409	(809)	3,407
Other services and charges	264,088	264,088	384,574	(120,486)	329,140
Total General Government Building	342,686	342,686	414,166	(71,480)	332,547
Total General Government	959,967	959,967	1,153,160	(193,193)	1,020,927
Public safety					
Police protection					
Other services and charges	960,279	960,279	960,279	-	904,163
Fire protection					
Personal services	110,004	110,004	116,119	(6,115)	109,848
Supplies	10,500	10,500	11,494	(994)	5,362
Other services and charges	70,859	70,859	58,198	12,661	48,562
Total Fire Protection	191,363	191,363	185,811	5,552	163,772
Animal control					
Supplies	100	100	-	100	77
Other services and charges	107,383	107,383	736	106,647	13,743
Total Animal Control	107,483	107,483	736	106,747	13,820
Civil defense					
Other services and charges	19,000	19,000	31,124	(12,124)	13,748
Flood					
Supplies	-	-	613,689	(613,689)	-
Other services and charges	-	-	10,563	(10,563)	-
Total disaster cleanup	-	-	624,252	(624,252)	-
Total Public Safety	1,278,125	1,278,125	1,802,202	(524,077)	1,095,503

City of Jackson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (Continued)					
Public works					
Streets and highways					
Personal services	$ 481,420	$ 481,420	$ 431,903	$ 49,517	$ 404,364
Supplies	164,550	164,550	198,749	(34,199)	216,036
Other services and charges	103,344	103,344	87,751	15,593	142,998
Total Streets and Highways	749,314	749,314	718,403	30,911	763,398
Snow removal					
Other services and charges	65,371	65,371	36,824	28,547	46,437
Sanitation					
Other services and charges	202,593	202,593	189,108	13,485	192,960
Total Public Works	1,017,278	1,017,278	944,335	72,943	1,002,795
Parks					
Personal services	129,213	129,213	122,827	6,386	114,535
Supplies	19,625	19,625	15,019	4,606	8,136
Other services and charges	171,899	171,899	155,833	16,066	197,947
Total Parks	320,737	320,737	293,679	27,058	320,618
Library					
Supplies	71,481	71,481	69,088	2,393	66,758
Total Culture and Recreation	392,218	392,218	362,767	29,451	387,376
Housing and economic development					
Economic development					
Other services and charges	11,284	11,284	8,949	2,335	7,495
Miscellaneous					
Other services and charges	106,600	106,600	71,123	35,477	96,732
Total Current	3,765,472	3,765,472	4,342,536	(577,064)	3,610,828
Capital outlay					
General government	4,000	4,000	20,078	(16,078)	49,415
Public safety	39,000	39,000	84,086	(45,086)	67,456
Streets and highways	146,500	146,500	154,336	(7,836)	159,803
Culture and recreation	88,000	88,000	30,042	57,958	136,549
Total Capital Outlay	277,500	277,500	288,542	(11,042)	413,223
Total Expenditures	4,042,972	4,042,972	4,631,078	(588,106)	4,024,051
Excess (Deficiency) of Revenues Over (Under) Expenditures	(487,167)	(487,167)	(89,078)	398,089	(534,885)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	5,000	5,000	107,345
Transfers in	644,917	644,917	664,843	19,926	584,301
Transfers out	(153,000)	(153,000)	(220,345)	(67,345)	(1,138,636)
Total Other Financing Sources (Uses)	491,917	491,917	449,498	(42,419)	(446,990)
Net Change in Fund Balances	4,750	4,750	360,420	355,670	(981,875)
Fund Balances, January 1	4,297,257	4,297,257	4,297,257	-	5,279,132
Fund Balances, December 31	$ 4,302,007	$ 4,302,007	$ 4,657,677	$ 355,670	$ 4,297,257

City of Jackson, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2024

	308 Sunset View Debt Service	311 State Street Debt Service	312 2013 Street Reconstruction Bonds
Assets			
Cash and temporary investments	$ 382,711	$ (116,882)	$ 308,167
Receivables			
Delinquent taxes	2,438	1,724	476
Intergovernmental	-	651	180
Total Assets	$ 385,149	$ (114,507)	$ 308,823
Deferred Inflows of Resources			
Unavailable revenue			
Taxes	$ 2,438	$ 1,724	$ 476
Fund Balances			
Restricted			
Debt service	382,711	-	308,347
Unassigned	-	(116,231)	-
Total Fund Balance	382,711	(116,231)	308,347
Total Deferred Inflows of Resources and Fund Balances	$ 385,149	$ (114,507)	$ 308,823

313 2017A GO Refunding Bonds	**316** 2020A Street Reconstruction Bonds	**317** 2022A Street Reconstruction Bonds	**318** 2023A Street Reconstruction Bonds	Total
$ 394,611	$ 176,523	$ 42,438	$ 89,571	$ 1,277,139
2,537	1,635	1,009	-	9,819
901	622	421	-	2,775
$ 398,049	$ 178,780	$ 43,868	$ 89,571	$ 1,289,733
$ 2,537	$ 1,635	$ 1,009	$ -	$ 9,819
395,512	177,145	42,859	89,571	1,396,145
-	-	-	-	(116,231)
395,512	177,145	42,859	89,571	1,279,914
$ 398,049	$ 178,780	$ 43,868	$ 89,571	$ 1,289,733

City of Jackson, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2024

	308 Sunset View Debt Service	311 State Street Debt Service	312 2013 Street Reconstruction Bonds
Revenues			
Taxes			
Property taxes	$ -	$ 88,593	$ 24,507
Tax increments	85,881	-	-
Intergovernmental			
State	526	-	-
Investment earnings	15,175	-	12,268
Total Revenues	101,582	88,593	36,775
Expenditures			
Debt service			
Principal	-	190,000	75,000
Interest and other costs	-	11,302	16,596
Total Expenditures	-	201,302	91,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,582	(112,709)	(54,821)
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Transfers in	-	127,265	73,389
Transfers out	(77,875)	-	-
Total Other Financing Sources (Uses)	(77,875)	127,265	73,389
Net Change in Fund Balances	23,707	14,556	18,568
Fund Balances, January 1	359,004	(130,787)	289,779
Fund Balances, December 31	$ 382,711	$ (116,231)	$ 308,347

313 2017A GO Refunding Bonds	**316** 2020A Street Reconstruction Bonds	**317** 2022A Street Reconstruction Bonds	**318** 2023A Street Reconstruction Bonds	Total
$ 60,767	$ 84,645	$ 57,130	$ -	$ 315,642
40,364	-	-	-	126,245
-	-	-	-	526
14,834	7,023	1,867	4,319	55,486
115,965	91,668	58,997	4,319	497,899
144,000	120,000	22,650	-	551,650
5,397	30,857	42,354	35,632	142,138
149,397	150,857	65,004	35,632	693,788
(33,432)	(59,189)	(6,007)	(31,313)	(195,889)
22,000	-	-	-	22,000
77,875	70,151	-	-	348,680
-	-	-	-	(77,875)
99,875	70,151	-	-	292,805
66,443	10,962	(6,007)	(31,313)	96,916
329,069	166,183	48,866	120,884	1,182,998
$ 395,512	$ 177,145	$ 42,859	$ 89,571	$ 1,279,914

City of Jackson, Minnesota

Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	Total		Percent Increase (Decrease)	
	2024	2023		
Revenues				
Taxes	$ 2,181,250	$ 2,052,159	6.3	%
Special assessments	6,513	3,441	89.3	
Licenses and permits	117,189	61,403	90.9	
Intergovernmental	2,841,169	2,116,774	34.2	
Charges for services	263,149	277,677	(5.2)	
Fines and forfeits	8,345	8,421	(0.9)	
Investment earnings (loss)	285,166	280,870	(1.5)	
Miscellaneous	77,406	106,110	(27.1)	
Total Revenues	$ 5,780,187	$ 4,906,855	17.8	%
Per Capita	$ 1,747	$ 1,460	19.6	%
Expenditures				
Current				
General government	$ 1,153,160	$ 1,050,948	9.7	%
Public safety	1,802,202	1,095,503	64.5	
Public works	944,335	1,075,194	(12.2)	
Culture and recreation	362,767	387,376	(6.4)	
Economic development	446,208	334,103	33.6	
Miscellaneous	71,123	96,732	(26.5)	
Capital outlay		49,415	(100.0)	
General government	20,078	1,396,975	(98.6)	
Public safety	227,225	3,209,101	(92.9)	
Streets and highways	801,528	181,601	341.4	
Culture and recreation	30,042	60,714	(50.5)	
Debt service				
Principal	551,650	520,000	6.1	
Interest and other charges	142,138	88,971	59.8	
Total Expenditures	$ 6,552,456	$ 9,546,633	(31.4)	%
Per Capita	$ 1,980	$ 2,841	(30.3)	%
Total Long-term Indebtedness	$ 5,368,353	$ 5,920,003	(9.3)	%
Per Capita	$ 1,622	$ 1,762	(7.9)	
General Fund Balance - December 31	$ 4,657,677	$ 4,297,257	8.4	%
Per Capita	$ 1,408	$ 1,279	10.1	

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

SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF JACKSON
JACKSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Jackson, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jackson, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2025.

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

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

Abdo

Abdo
Mankato, Minnesota
March 30, 2025

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

Honorable Mayor and City Council
City of Jackson, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities, each major fund and the aggregate remaining fund information of the City of Jackson, Minnesota (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2024-002 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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

Abdo
Mankato, Minnesota
March 30, 2025

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

Honorable Mayor and City Council
City of Jackson, Minnesota

Opinion on Each Major Federal Program

We have audited the City of Jackson, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City 's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Abdo

Abdo
Mankato, Minnesota
March 30, 2025

City of Jackson, Minnesota
Schedule of Expenditure of Federal Award Programs
For the Year Ended December 31, 2024

Federal Funding Source	Administering Department/Entity	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disasters Grant - Public Assistance (Presidentially Declared Disasters)	97.036		$ 465,538
U.S. Department of Transportation	Minnesota Department of Transportion	Airport Improvement Program	20.106	MnDOT Grant #1046757	9,000
				MnDOT Grant #1054859	1,403,911
				MnDOT Grant #1044914	18,174
				MnDOT Grant #1050015	22,000
				MnDOT Grant #1051430	80,232
U.S. Department of Housing and Urban Development	Minnesota Department of Trade and Economic Development	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		258,824
		Total Federal Expenditures			$ 2,257,679

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Jackson, Minnesota (the City) for the year ended December 31, 2024. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

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

Note 3: Pass-through Entity Identifying Numbers

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

Note 4: Subrecipients

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

Note 5: Indirect Cost Rate

During the year ended December 31, 2024, the City did not elect to use the 10% de minimis indirect cost rate.

City of Jackson, Minnesota
Schedule of Findings, Responses and Questioned Costs
For the Year Ended December 31, 2024

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs/Clusters	**Assistance Listing No.**
Airport Improvement Program	20.106
Community Development Block Grants/State's program and Non-Entritlement Grants in Hawaii	14.228

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

One significant deficiencies (findings 2024-001) and one material weakness (2024-002) relating to the audit of the financial statements are reported in the Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiancies, and no material weaknesses or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.

Section IV - Corrective Action Plans

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

Section V - Schedule of Prior Year Audit Findings

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

Other Issues

A Corrective Action Plan is required because there was a finding required to be reported under the Federal Single Audit Act.

Finding	Description
2024-001	**Financial Report Preparation**
Condition:	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
Criteria:	Internal controls should be in place to provide reasonable assurance over financial reporting.
Cause:	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
Effect:	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
Recommendation:	It is your responsibility to make the ultimate decision to accept the degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

Finding	Description
2024-002	**Material Audit Adjustments**
Condition:	During our audit, adjustments were needed to properly record the coding of other debt payments and pooled cash.
Criteria:	Such adjustments should be detected and made by the City's personnel.
Cause:	City staff has not prepared a year-end trial balance reflecting all necessary accruals and year-end adjustments without auditor assistance.
Effect:	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
Recommendation:	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

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

Jackson

City Hall
(507) 847-4410 • Fax (507) 847-5586

2024-001 Preparation of Financial Statements

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

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

3. Official Responsible for Ensuring CAP:

   Jim Langborg, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

   Ongoing.

5. Plan to Monitor Completion of CAP:

   The City Council will be monitoring this corrective action plan.

Sincerely,

Jim Langborg
City Administrator

Jackson

City Hall
(507) 847-4410 • Fax (507) 847-5586

2024-002 Material Audit Adjustments

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

   There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

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

3. Official Responsible for Ensuring CAP:

   Jim Langborg, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

   Ongoing.

5. Plan to Monitor Completion of CAP:

   The City Council will be monitoring this corrective action plan.

Sincerely,

Jim Langborg
City Administrator

City of Jackson, Minnesota
Schedule of Prior Year Findings
For the Year Ended December 31, 2024

Finding	Description
2023-001	**Financial Report Preparation**
Condition:	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
Criteria:	Internal controls should be in place to provide reasonable assurance over financial reporting.
Cause:	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
Effect:	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
Recommendation:	It is your responsibility to make the ultimate decision to accept the degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

Updated Progress from Prior Year:

No progress has been made in addressing this finding in the current year.

Finding	Description
2023-002	**Material Audit Adjustments**
Condition:	During our audit, adjustments were needed to record 2023A bond issuance and coding of debt payments.
Criteria:	Such adjustments should be detected and made by the City's personnel.
Cause:	City staff has not prepared a year-end trial balance reflecting all necessary accruals and year-end adjustments without auditor assistance.
Effect:	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
Recommendation:	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

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

Updated Progress from Prior Year:

No progress has been made in addressing this finding in the current year.

2023-003	**Uniform Guidance Written Policies and Procedures**
Condition:	During our audit, we discovered that the City has no developed written procedures required by the Uniform Guidance.
Criteria:	The City must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the City is managing Federal awards in compliance with Federal statues, regulations, and the terms and conditions of the Federal Awards.
Cause:	The City did not have written policies and procedures in place sufficient to comply with the Uniform Guidance requirements.
Effect:	The City was out of compliance with this requirement.
Recommendation:	The City should implement written policies and procedures to adhere to the above mentioned Uniform Guidance requirements.

Management Response:

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

Updated Progress from Prior Year:

The City has adopted a federal grant policy in March of 2024, finding was resolved.

Finding	Description
2023-004	**U.S. Department of Treasury** **Passed through State of Minnesota** **Coronavirus State and Local Fiscal Recovery Funds** **Reporting Deficiency in Internal Control over Compliance**
Condition:	During the course of our engagement, we noted that the City did not perform control procedures over the reporting process. The City Administrator prepared and submitted required reports.
Criteria:	Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires internal control procedures to be performed over reporting.
Cause:	The City did not have processes in place to ensure reports were reviewed by someone other than the preparer.
Effect:	The reports submitted had an increased risk of not being accurate.
Recommendation:	We recommend the City establish a specific procedure to have someone review federally required reports other than the preparer.

Management Response:

The finding has been resolved in 2024.

APPENDIX F:
CONTINUING DISCLOSURE FILINGS

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

Issue Details

CITY OF JACKSON, MINNESOTA GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2018A (MN)

JACKSON MINN GO WTR REV BDS 2018A (MN)*

Dated Date:	**11/01/2018**
Underwriting Spread Amount:	**Not Disclosed - Competitive Sale**
Closing Date:	11/01/2018
Time of Formal Award:	10/02/2018 07:43 PM
Time of First Execution:	10/03/2018 11:30 AM

Final Scale | Official Statement | Continuing Disclosure | Trade Activity

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

FINANCIAL INFORMATION & DOCUMENTS

Collapse

Most Recent CD Report - GO Bonds Year end 2024 - Jackson MN for the year ended 12/31/2024 posted 08/05/2025 (598 KB) details

2024 Audit - Jackson MN for the year ended 12/31/2024 posted 08/05/2025 (1.5 MB) details

Annual Financial Information and Operating Data

CD Report - GO Bonds Year end 2024 - Jackson MN for the year ended 12/31/2024 posted 08/05/2025 (598 KB)	details
CD Report - GO Bonds Year end 2023 - Jackson MN for the year ended 12/31/2023 posted 09/04/2024 (4.3 MB)	details
CD Report - GO Bonds Year end 2022 - Jackson MN for the year ended 12/31/2022 posted 09/25/2023 (677 KB)	details
CD Report - GO Bonds Year end 2021 - Jackson MN for the year ended 12/31/2021 posted 09/12/2022 (259 KB)	details
CD Report - GO Bonds Year end 2020 - Jackson MN for the year ended 12/31/2020 posted 11/09/2021 (665 KB)	details
CD Report - GO Bonds - Year end 2019 - Jackson MN for the year ended 12/31/2019 posted 08/13/2020 (2.8 MB)	details
CD Report - GO Bonds Year End 2018 - Jackson MN for the year ended 12/31/2018 posted 09/26/2019 (1.7 MB)	details

Audited Financial Statements or ACFR

2024 Audit - Jackson MN for the year ended 12/31/2024 posted 08/05/2025 (1.5 MB)	details
2023 Audit - Jackson MN for the year ended 12/31/2023 posted 09/04/2024 (1.6 MB)	details
2022 Audit - Jackson, MN for the year ended 12/31/2022 posted 09/25/2023 (1.6 MB)	details
2021 Audit - Jackson MN for the year ended 12/31/2021 posted 09/12/2022 (1.9 MB)	details
2020 Audit - Jackson MN for the year ended 12/31/2020 posted 06/24/2021 (1.6 MB)	details
2019 Audit - Jackson MN for the year ended 12/31/2019 posted 05/30/2020 (1.4 MB)	details
2018 Audit - Jackson MN for the year ended 12/31/2018 posted 09/26/2019 (1.8 MB)	details

EVENT NOTICES

Collapse

Most Recent Event Filing as of 02/01/2026 posted 12/15/2025 (12 KB) details

Bond Call

Event Filing as of 02/01/2026 posted 12/15/2025 (12 KB)	details

Rating Change

Moody's Rating Upgrade - January 2023 - Jackson MN dated 01/11/2023 posted 01/12/2023 (412 KB)	details
Rating Outlook Downgrade - MN PFA Credit Enhancement Program dated 08/03/2020 posted 08/04/2020 (324 KB)	details
S & P Ratings Direct - Downgraded Rating dated 07/23/2020 posted 07/23/2020 (354 KB)	details

Links to Former NRMSIRs

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

Bloomberg L.P.
DPC Data
ICE Data Services (formerly Interactive Data Pricing and Reference Data)
Standard & Poor's

View Document Archive

NOTICE: * CUSIP numbers and certain related descriptive information are copyrighted by the American Bankers Association (ABA) and are used with permission from CUSIP Global Services managed on behalf of the ABA by Standard & Poor's. © 2026 ABA See EMMA's Terms and Conditions of Use for a description of proprietary rights in and restrictions on use of such data. "CUSIP" is a registered trademark of ABA.

© 2026 Municipal Securities Rulemaking Board

EMMA is a service of the Municipal Securities Rulemaking Board, which protects investors, state and local governments, and the public interest. Portions of EMMA data provided by ICE Data Pricing & Reference Data, LLC., CUSIP Global Services & American Bankers Association.

Ratings data are provided by the following and are reprinted with permission, and copyright notices for the respective owners are as follows: Copyright © 2026, Fitch Ratings, Inc. All rights reserved. Copyright © 2026, Kroll Bond Rating Agency, Inc., and/or its licensors and affiliates (together, "KBRA"). All rights reserved. Copyright © 2026, Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. Copyright © 2026, Standard and Poor's Financial Services LLC. All rights reserved.