

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2024**

**NEW ISSUE  
BANK QUALIFIED**

**BOOK ENTRY ONLY  
MOODY'S RATING "Aa2"**

*In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.*

*The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "Tax Considerations" herein.*

**CITY OF THIEF RIVER FALLS, MINNESOTA  
\$6,365,000\*  
General Obligation Bonds, Series 2024A**

**Dated Date: Date of Delivery (Estimated to be October 24, 2024)**

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

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
2/1/2026	\$280,000	___%	___%	___	2/1/2036	\$440,000	___%	___%	___
2/1/2027	335,000	___	___	___	2/1/2037	450,000	___	___	___
2/1/2028	345,000	___	___	___	2/1/2038	300,000	___	___	___
2/1/2029	360,000	___	___	___	2/1/2039	310,000	___	___	___
2/1/2030	365,000	___	___	___	2/1/2040	320,000	___	___	___
2/1/2031	375,000	___	___	___	2/1/2041	205,000	___	___	___
2/1/2032	385,000	___	___	___	2/1/2042	215,000	___	___	___
2/1/2033	395,000	___	___	___	2/1/2043	225,000	___	___	___
2/1/2034	410,000	___	___	___	2/1/2044	230,000	___	___	___
2/1/2035	420,000	___	___	___					

The General Obligation Bonds, Series 2024A (the "Bonds" or the "Issue") are being issued by the City of Thief River Falls, Minnesota (the "City" or the "Issuer") pursuant to Minnesota Statutes, Chapters 429, 444, 475 and Section 412.301, as amended. Proceeds of the Bonds will be used to finance street and utility improvement projects, ice plant equipment improvements, and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

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

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

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

**Proposals: Tuesday, October 1, 2024 10:30 A.M., Central Time**

**Award: Tuesday, October 1, 2024 5:30 P.M., Central Time**

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$6,269,525 (98.50%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* A Good Faith Deposit (the "Deposit") in the amount of \$127,300, in the form of a federal wire transfer payable to the order of the City, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

\* Preliminary, subject to change.



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THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE BONDS BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE BONDS. CLOSING DATE IS ESTIMATED TO BE OCTOBER 24, 2024.

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

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

## SUMMARY OF OFFERING

**City of Thief River Falls, Minnesota**  
**\$6,365,000 \***  
**General Obligation Bonds, Series 2024A**  
*(Book-Entry Only)*

AMOUNT -	\$6,365,000																																								
ISSUER -	City of Thief River Falls, Minnesota (the “City” or the “Issuer”)																																								
AWARD DATE -	October 1, 2024																																								
MUNICIPAL ADVISOR -	Northland Securities, Inc. (the “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920																																								
TYPE OF ISSUE -	General Obligation Bonds, Series 2024A (the “Bonds” or the “Issue”)																																								
AUTHORITY, PURPOSE & SECURITY -	The General Obligation Bonds, Series 2024A (the “Bonds”) are being issued by the City of Thief River Falls, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 429, 444, 475 and Section 412.301, as amended. Proceeds of the Bonds will be used to finance street and utility improvement projects, ice plant equipment improvements, and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the City and are payable from special assessments levied against benefitted properties, net revenues of the City's water and sewer utilities, and ad valorem taxes. The full faith and credit of the City is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the City has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the City, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information.																																								
DATE OF ISSUE -	Date of Delivery (Estimated to be October 24, 2024)																																								
INTEREST PAID -	Semiannually on each February 1 and August 1, commencing August 1, 2025, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).																																								
MATURITIES* -	<table><tr><td>2/1/2026</td><td>\$280,000</td><td>2/1/2031</td><td>\$375,000</td><td>2/1/2036</td><td>\$440,000</td><td>2/1/2041</td><td>\$205,000</td></tr><tr><td>2/1/2027</td><td>335,000</td><td>2/1/2032</td><td>385,000</td><td>2/1/2037</td><td>450,000</td><td>2/1/2042</td><td>215,000</td></tr><tr><td>2/1/2028</td><td>345,000</td><td>2/1/2033</td><td>395,000</td><td>2/1/2038</td><td>300,000</td><td>2/1/2043</td><td>225,000</td></tr><tr><td>2/1/2029</td><td>360,000</td><td>2/1/2034</td><td>410,000</td><td>2/1/2039</td><td>310,000</td><td>2/1/2044</td><td>230,000</td></tr><tr><td>2/1/2030</td><td>365,000</td><td>2/1/2035</td><td>420,000</td><td>2/1/2040</td><td>320,000</td><td></td><td></td></tr></table>	2/1/2026	\$280,000	2/1/2031	\$375,000	2/1/2036	\$440,000	2/1/2041	\$205,000	2/1/2027	335,000	2/1/2032	385,000	2/1/2037	450,000	2/1/2042	215,000	2/1/2028	345,000	2/1/2033	395,000	2/1/2038	300,000	2/1/2043	225,000	2/1/2029	360,000	2/1/2034	410,000	2/1/2039	310,000	2/1/2044	230,000	2/1/2030	365,000	2/1/2035	420,000	2/1/2040	320,000		
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REDEMPTION -	The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.																																								
BOOK-ENTRY -	The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.																																								
PAYING AGENT/REGISTRAR -	Northland Trust Services Inc., Minneapolis, Minnesota																																								
TAX DESIGNATIONS -	<u>NOT Private Activity Bonds</u> - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”).  <u>Bank Qualified Tax-Exempt Obligations</u> - The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.																																								
LEGAL OPINION -	Dorsey & Whitney LLP, Minneapolis, Minnesota (“Bond Counsel”)																																								
BOND RATING -	The City received an underlying rating of “Aa2” from Moody’s Investors Service (“Moody’s”). See <i>Bond Rating</i> herein for additional information.																																								
CLOSING -	Estimated to be October 24, 2024																																								
PRIMARY CONTACTS -	Angela Philipp, City Administrator, City of Thief River Falls, Minnesota 218-681-2943 George Eilertson, Managing Director, Northland Securities, Inc., 612-851-5906																																								

\* Preliminary, subject to change.

CITY OF THIEF RIVER FALLS, MINNESOTA

PRINCIPAL CITY OFFICIALS

**Elected Officials**

	<u>City Council</u>	
<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Brian Holmer	Mayor	12/31/24
Megan Arlt	Council Member – Ward 1	12/31/26
Anthony Bolduc	Council Member – Ward 2	12/31/24
Mike Lorenson	Council Member – Ward 3	12/31/26
Michele McCraw	Council Member – Ward 4	12/31/24
J. Scott Pream	Council Member – Ward 5	12/31/26
Steven Narverud	Council Member – At Large	12/31/26
Jason Aarestad	Council Member – At Large	12/31/24

**Appointed Officials**

Angela Philipp	City Administrator
Jennifer Davis	City Accountant

**BOND COUNSEL**

Dorsey & Whitney LLP  
Minneapolis, Minnesota

**MUNICIPAL ADVISOR**

Northland Securities, Inc.  
Minneapolis, Minnesota

**NOTICE OF SALE**

\$6,365,000\*

GENERAL OBLIGATION BONDS, SERIES 2024A

CITY OF THIEF RIVER FALLS, MINNESOTA

(Book-Entry Only)

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

**TIME AND PLACE:**

Proposals (also referred to herein as “bids”) will be opened by the City’s Administrator, or designee, on Tuesday, October 1, 2024, at 10:30 A.M., CT, at the offices of Northland Securities, Inc. (the City’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the City Council at its meeting at the City Offices beginning Tuesday, October 1, 2024 at 5:30 P.M., CT.

**SUBMISSION OF PROPOSALS**

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) emailed to [PublicSale@northlandsecurities.com](mailto:PublicSale@northlandsecurities.com)
- c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-4968, or
- d) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 10:30 A.M., CT, on Tuesday, October 1, 2024. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 10:30 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

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

**BOOK-ENTRY SYSTEM**

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

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

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

**DATE OF ORIGINAL ISSUE OF BONDS**

Date of Delivery (Estimated to be October 24, 2024)

**AUTHORITY/PURPOSE/SECURITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475 and Section 412.301, as amended. Proceeds will be used to fund the City’s 2024 street and utility improvement project and the purchase of equipment and to pay costs associated with issuance of the Bonds. The Bonds are payable from special assessments levied against benefited properties, net revenues of the City’s water and sewer utilities and additionally secured by ad valorem taxes on all taxable property within the City. The full faith and credit of the City is pledged to their payment and the City has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

**INTEREST PAYMENTS**

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

**MATURITIES**

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

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2026	\$280,000	2031	\$375,000	2036	\$440,000	2041	\$205,000
2027	335,000	2032	385,000	2037	450,000	2042	215,000
2028	345,000	2033	395,000	2038	300,000	2043	225,000
2029	360,000	2034	410,000	2039	310,000	2044	230,000
2030	365,000	2035	420,000	2040	320,000		

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

**INTEREST RATES**

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

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

In order to establish the issue price of the Bonds for federal income tax purposes, the Issuer requires bidders to agree to the following, and by submitting a bid, each bidder agrees to the following.

If a bid is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the bid and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters of the Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Bonds.

If, however, a bid is submitted for the bidder’s own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the Issuer to that effect at the time it submits its bid and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the Issuer shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies, as described in the following paragraph.

If the Issuer advises the winning bidder that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the winning bidder shall (1) upon the request of the Issuer confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the Issuer a certification substantially in the form attached hereto as Exhibit A, together with a copy of the pricing wire.

If the Issuer advises the winning bidder that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the winning bidder will be required to deliver to the Issuer at or prior to closing a certification, substantially in the form attached hereto as Exhibit B, as to the reasonably expected initial offering price as of the award date.

Any action to be taken or documentation to be received by the Issuer pursuant hereto may be taken or received on behalf of the Issuer by the Municipal Advisor.

**Bidders should prepare their bids on the assumption that the Bonds will be subject to the “hold-the-offering-price” rule. Any bid submitted pursuant to the Notice of Sale shall be considered a firm offer for the purchase of the Bonds, and bids submitted will not be subject to cancellation or withdrawal.**

## **ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS**

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

## **OPTIONAL REDEMPTION**

Bonds maturing on February 1, 2033 through 2044 are subject to redemption and prepayment at the option of the City on February 1, 2032 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the City and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

## **CUSIP NUMBERS**

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

## **DELIVERY**

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

## **TYPE OF PROPOSAL**

Proposals of not less than \$6,269,525 (98.50%) and accrued interest on the principal sum of \$6,365,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Angela Philipp, City Administrator  
405 3<sup>rd</sup> St. E.  
P.O. Box 528  
Thief River Falls, Minnesota 56701

A good faith deposit (the "Deposit") in the amount of \$127,300 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.



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

### **AWARD**

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

### **INFORMATION FROM SUCCESSFUL BIDDER**

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

### **OFFICIAL STATEMENT**

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

### **FULL CONTINUING DISCLOSURE UNDERTAKING**

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

### **BANK QUALIFICATION**

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

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

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

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

Dated: August 20, 2024

BY ORDER OF THE THIEF RIVER FALLS CITY COUNCIL

/s/ Angela Philipp  
City Administrator

Additional information may be obtained from:

Northland Securities, Inc.

150 South 5<sup>th</sup> Street, Suite 3300

Minneapolis, Minnesota 55402

Telephone No.: 612-851-5900

## EXHIBIT A

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### ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

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**[\$[PRINCIPAL AMOUNT]  
[BOND CAPTION]  
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.*** For purposes of this Issue Price Certificate:

(a) *Issuer* means [DESCRIBE ISSUER].

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

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

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[ and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer[ and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: October 1, 2024

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**ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS  
FROM ESTABLISHED UNDERWRITERS**

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**[\$[PRINCIPAL AMOUNT]  
[BOND CAPTION]  
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”])[the “Representative”][, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. **Initial Offering Price of the Bonds.** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER][Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative][SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

3. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) **Holding Period** means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **Issuer** means [DESCRIBE ISSUER].

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

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

(e) **Public** means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership,

as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[ and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer[ and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Dated: October 1, 2024

## **AUTHORITY AND PURPOSE**

The General Obligation Bonds, Series 2024A (the “Bonds” or the “Issue”) are being issued by the City of Thief River Falls, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapters 429, 444, 475 and Section 412.301, as amended. Proceeds from issuance of the Bonds will be used to finance street and utility improvement projects, ice plant equipment improvements, and to pay costs associated with issuance of the Bonds.

## **SECURITY/SOURCES AND USES OF FUNDS**

### **Security**

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

### **Sources and Uses of Funds**

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

#### *Sources of Funds*

Par Amount of Bonds	\$ 6,365,000*
Issuer Equity Contribution	<u>1,100,000</u>
Total Sources of Funds:	<u>\$ 7,465,000</u>

#### *Uses of Funds*

Deposit to Project Fund	\$ 7,300,269
Costs of Issuance/Underwriter's Discount	161,860
Rounding Amount	<u>2,871</u>
Total Uses of Funds:	<u>\$ 7,465,000</u>

## **BONDHOLDERS' RISKS**

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

### **Secondary Market**

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

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\* Preliminary, subject to change.

## **Ratings Loss**

Moody's Investors Service has assigned a rating of "Aa2" to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

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

## **Forward-Looking Statements**

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

## **Tax Exemption, Bank Qualification and Loss of Tax Exemption**

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

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

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

## **Pending Federal and State Tax Legislation**

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



or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

### **Tax Levy Procedures**

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

### **Factors Beyond Issuer's Control**

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

### **Cybersecurity**

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

### **Suitability of Investment**

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

### **Summary**

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

## **DESCRIPTION OF THE BONDS**

### **Details of Certain Terms**

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be October 24, 2024), and will be issued as fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2026. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing

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

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

### **Registration, Transfer and Exchange**

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

### **Optional Redemption**

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

### **Book-Entry System**

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

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

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

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

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

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

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

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

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

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

### **FULL CONTINUING DISCLOSURE**

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

The City has previously entered into continuing disclosure undertakings in connection with its outstanding bonds and for Fiscal Year 2023, the City filed its Annual Financial and Operating Data but failed to file its Audited Financial Statements in a timely manner. Such non-compliance has since been cured. A failure by the City to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Undertaking* herein for additional information.

The City has retained a Dissemination Agent for its continuing disclosure filings.

### **UNDERWRITER**

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

### **MUNICIPAL ADVISOR**

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

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

## FUTURE FINANCING

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

## BOND RATING

The City received an underlying rating of “Aa2” from Moody’s Investors Service (“Moody’s”). No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of Moody’s and any explanation of the significance of this rating may be obtained only from Moody’s. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of Moody’s, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

## LITIGATION

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

## CERTIFICATION

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

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

## LEGALITY

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

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

## TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the “Code”) and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the “IRS”), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

**Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.**

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as “capital assets” (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the “issue price” of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

## **The Bonds**

### ***Tax-Exempt Interest***

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

### ***Original Issue Discount***

Bonds may be issued with original issue discount (“OID”). A Bond will be treated as issued with OID (a “Discount Bond”) if its “stated redemption price at maturity” (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the OID that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

#### **Market Discount**

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

#### ***Market Discount***

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

#### ***Bond Premium***

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

#### ***Related Tax Considerations***

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder’s federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder’s other items of income or deduction.

### ***Sale or Other Disposition***

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder’s adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder’s adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

### **Information Reporting and Backup Withholding**

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder’s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

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# CITY OF THIEF RIVER FALLS, MINNESOTA

## GENERAL INFORMATION

### Location/Access/Transportation

Thief River Falls, the County Seat of Pennington County, is located in the northwestern portion of Minnesota. The City lies approximately 70 miles south of the Canadian border and 55 miles northeast of Grand Forks, North Dakota. Access is provided via U.S. Highway 59 as well as State Roads 1 and 32. Air service is provided at the Thief River Falls Regional Airport, which can accommodate DC-9 class jet aircraft.

### Area

3,840 Acres  
(6.000 Square Miles)

### Population

2000 Census	8,410	2020 Census	8,749
2010 Census	8,537	2023 Estimate	9,058

### Labor Force Data<sup>1</sup>

Comparative average labor force and unemployment rate figures for 2024 through March and year-end 2023 are listed below. Figures are not seasonally adjusted and numbers of people are estimated by place of residence.

	March 2024		2023	
	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>	<i>Civilian Labor Force</i>	<i>Unemployment Rate</i>
Pennington County	8,737	5.4%	8,688	3.3%
Minnesota	3,092,366	3.4	3,099,923	2.8

### Income Data<sup>2</sup>

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

	Thief River Falls	State of Minnesota	United States
Median Family Income	\$88,239	\$107,072	\$92,646
Per Capita Income	35,528	44,947	41,261

### City Government

Thief River Falls, organized on November 4, 1896, is a Minnesota Statutory City with an ‘Optional Plan A’ form of government. It has a mayor elected at large for a two-year term and seven council members, two elected at large and five elected by ward, for four-year terms. The professional staff is appointed and consists of an Administrator, Finance Director, and Attorney.

The City also operates the following business-type activities: water utility, wastewater utility, electric utility, and municipal liquor store.

<sup>1</sup> Source: Minnesota Department of Employment and Economic Development.

<sup>2</sup> Source: 2018-2022 American Community Survey, U.S. Census Bureau.

## Employee Pension Programs

The City employs approximately 103 people, 83 regular full-time, 17 regular part-time and 3 seasonal part-time. The pension plan covers all eligible full-time and certain part-time city employees.

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

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

The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2023. PEPFF members were required to contribute 11.8% of their annual covered salary in 2023. In 2023, State Statute requires the City to contribute the following percentages of annual covered payroll: 7.50% for Coordinated Plan GERF members, and 17.70% for PEPFF members.

City Contributions to GERF and PEPFF have been as follows:

<i>Year</i>	<i>Amount</i>
2023	\$656,436
2022	624,734
2021	619,622
2020	642,325
2019	600,969

Volunteer firefighters of the City are eligible for pension benefits through membership in the Thief River Falls Firemen's Relief Association organized under Minnesota Statutes, Section 353.63 to 353.68, and administered by a separate board elected by the membership. State aids, investment earnings and City contributions fund the plan. State statute requires this plan to fund current service cost as it accrues and prior service cost amortized over a period of ten years.

### Other Postemployment Benefits (OPEB)

The City operates a single-employer retiree benefit plan (the "Plan") for health and dental insurance in which retiring employees and their spouse may participate. There are 103 participants, including 21 retired participants. The Plan does not issue a publicly available financial report.

For the year ended December 31, 2023, the City recognized OPEB expense of \$67,627.

Additional information regarding the City's OPEB obligations is provided in the City's Comprehensive Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 4.

## General Fund Budget Summary

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2024 Budget</u>
Revenues:			
Property Taxes	\$3,921,013	\$4,063,028	\$4,217,750
Licenses and Permits	123,395	208,033	131,195
Intergovernmental Revenue	3,775,697	4,473,014	4,160,191
Charges for Services	1,643,608	1,763,747	1,761,900
Fines and Forfeits	48,500	48,651	45,000
Franchise Fees	227,000	207,247	221,000
Miscellaneous	59,400	957,725	91,400
Transfers In	1,364,179	1,566,902	1,593,779
	<hr/>	<hr/>	<hr/>
Total Revenues	\$11,162,792	\$13,288,347	\$12,222,215
Expenditures:			
General Government	\$1,387,936	\$1,339,733	\$1,332,540
Economic Development	0	34,127	213,848
Public Safety	3,687,073	3,667,204	3,912,986
Recreation	701,659	694,864	770,170
Public Works	2,295,068	2,266,254	2,432,698
Capital Expenditures	259,500	93,964	226,750
Other Expenditures	534,624	700,556	665,176
Debt	1,323,117	1,326,432	1,490,937
Transfers Out	919,785	713,186	1,139,857
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$11,108,762	\$10,836,320	\$12,184,962
Revenues Over (Under) Expenditures	\$54,030	\$2,452,027	\$37,253

## Estimated Cash and Investment Balances as of April 30, 2024 (unaudited)

### Fund

General Fund	\$ 9,500,058
Special Revenue Funds	2,162,042
Debt Service Funds	1,244,133
Enterprise Funds	14,576,673
Agency Funds	<u>29,060</u>
Total Estimated Cash and Investment Balances	<u>\$ 27,511,966</u>

## Residential Development

Residential subdivisions constructed or planned within the past three years is as follows:

<u>Subdivision Name</u>	<u>Total Number of Lots/Units</u>	<u>Number of Lots/Units Completed/Sold</u>	<u>Remaining Lots/Units Available</u>
Robson 1 <sup>st</sup> Addition	16	10	6
Barnicks Fourth Addition	6	2	4
Useldinger's 1 <sup>st</sup> Addition	3	2	1
MMCDC Greenwood Neighborhood Addition	25	22	3
Nopers Fourth Addition	2	2	0
Aspenwood Addition	20	0	20
Elementary Addition	38	37	1
Rustad's Addition	4	2	2
Nopers Fifth Addition	3	3	0

## Building Permits

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

<u>Year</u>	<u>Commercial/ Industrial Number of Permits</u>	<u>Residential Number of Permits</u>	<u>Total Number of Permits</u>	<u>Total Permit Valuation</u>
2024 (as of 5/22)	14	37	51	\$2,334,233
2023	44	126	170	24,838,954
2022	38	226	264	15,249,875
2021	43	218	261	21,053,400
2020	37	164	201	14,495,468
2019	17	233	270	29,160,900

## Industrial Park

The City currently has one industrial park, the Gilbert Industrial Park, with a total of 44 acres, which can be subdivided and has electricity, water, gas, and wastewater services available. Evergreen Catering, Spee Dee, Northwest Beverage, and Metz Bakery Products are located within the industrial park.

## Commercial/Industrial Development

Commercial/industrial development completed within the past three years has been as follows:

<u>Name</u>	<u>Product/Service</u>	<u>Description of Construction</u>
Pennington County Courthouse	Government Building	Interior Remodel
Tru North Realty	Commercial	Interior Remodel
Greenwood Crossing	Commercial	Interior Remodel
Fashion Paradise	Commercial	Exterior Repairs
New Airport Hangar (13 million)	Industrial	New Construction of Hangar
H & H Properties	Commercial	Interior Remodel
McDonalds	Commercial	New Construction
Garden Valley Customer Center	Commercial	Interior Remodel
Saint Bernard's Church	Church	New Construction/Addition
Kays, St. Germain PLCC	Commercial	Interior Remodel
F4 LLC – New Car Wash	Commercial	New Construction
Thrivent Financial	Commercial	Remodel
TRF Family Dentistry	Commercial	Remodel
Northern State Bank	Commercial	Remodel
Hudson Electric	Commercial	Remodel
Dairy Queen	Commercial	New Construction
Northern Pride	Industrial	New Construction
Our Saviors Lutheran Church	Church	New Construction
Farmers Coop	Industrial	New Construction
TRF Coffee Holdings/Scooters	Commercial	New Construction
Pomps Tire	Commercial	Renovations
TRF Investments	Apartments	New 39 Unit Apartment Bldg
TRF Investments	Apartments	New 29 Unit Apartment Bldg
Kuepers Inc	Apartments	New 45 Unit Apartment Bldg
Pennington County	Gov't Building	New Construction
Hendricks Apartments	Apartments	New 26 Unit Apartment Bldg
Line on 59	Commercial	Remodel
SL Land LLC	Commercial	Remodel
Wal-Mart	Commercial	Remodel
Wings Financial	Commercial	Remodel
Garden Valley	Commercial	New Construction
Hope Pediatrics	Medical	Remodel
TRF Mini Storage	Commercial	New Construction
Kuepers Inc	Apartments	2 New 29 Unit Apartment Bldg
Saint Bernard's Church	Church	Renovations
The Shop	Commercial	Remodel
MTH of Bemidji	Apartments	New 26 Unit Apartment Bldg
Eidelbes Brothers Construction	Industrial	New Construction
Pennington County	Gov't Building	Remodel

## Banking/Financial Institutions

Banking and financial services are provided in Thief River Falls by: Border State Bank, Northern State Bank, Wings Financial, and Wells Fargo Bank.

## Education

Independent School District No. 564, Thief River Falls, operates an elementary school, a middle school, a senior high school, and an area learning center. In addition, there are two parochial schools located within the City and District, St. Bernard's Catholic School Academy and St. John's Lutheran School.

## Major Employers

Following are some of the major employers as reported by the City:

<u>Name</u>	<u>Product/ Service</u>	<u>Number of Employees</u>
Digi-Key Corporation	Electronics Parts & Equipment Distributor	3,873
Arctic Cat, Incorporated	Recreational Vehicle Manufacturer	750
Sanford Health TRF	Medical Services	564
ISD No. 564, Thief River Falls	Public Education	430
Walmart Supercenter	Department Store	350
Seven Clans Casino Hotel & Indoor Waterpark	Hotel	255
Northern Pride, Inc.	Turkey Processing	203
Occupational Development Center	Rehabilitation Services	200
Northland Community & Technical College	Community & Technical College	140
Hugo's Family Market	Grocery	140

## Largest Taxpayers<sup>1</sup>

Following are ten of the largest taxpayers within the City:

<u>Name</u>	<u>Classification</u>	<u>2023/2024 Tax Capacity</u>	<u>Percent of Total Tax Capacity (\$8,110,939)<sup>2</sup></u>
DK Real Estate Holdings LLC (Digi-Key)	Industrial	\$ 609,653	7.52%
Meritcare Medical Group	Commercial	141,328	1.74
Wal-Mart Business Trust	Commercial	134,258	1.66
West River Falls Estates, LLC	Multi-Unit Housing	127,465	1.57
TRF Investments LLC	Multi-Unit Housing	119,014	1.47
Arctco Inc. (Arctic Cat)	Industrial	101,434	1.25
MN Energy Resources Corp.	Utility	97,956	1.21
Sanford Medical Center	Commercial	77,111	0.95
First Street Estate of Thief	Multi-Unit Housing	72,526	0.89
TAKS Partners LLP	Residential	<u>72,301</u>	<u>0.89</u>
		<u>\$ 1,553,046</u>	<u>19.15%</u>

<sup>1</sup> As reported by Pennington County.

<sup>2</sup> Before tax increment adjustment.

## **MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS**

### **Market Value**

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

### **Taxable Market Value**

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

### **Market Value Exclusion**

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

### **Sales Ratio**

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

### **Economic and Indicated Market Value**

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

### **Net Tax Capacity**

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

## **Tax Cycle**

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

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

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

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

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

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

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

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

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



## **Levy Limits**

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

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The following is a partial summary of these factors:

*Property Tax Classifications*

<u>Class</u>	<u>Type of Property</u>	<u>Class Rate Schedule</u>		
		<u>2021/ 2022</u>	<u>2022/ 2023</u>	<u>2023/ 2024</u>
1a	<u>Residential Homestead</u> : First \$500,000	1.00%	1.00%	1.00%
	Over \$500,000	1.25	1.25	1.25
1c	<u>Commercial seasonal-residential recreational-</u> under 250 days and includes homestead			
	First \$600,000	.50	.50	.50
	\$600,001-2,300,000	1.00	1.00	1.00
	Over \$2,300,000 <sup>†</sup>	1.25	1.25	1.25
2a	<u>Agricultural Homestead – House, Garage, One Acre:</u>			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First \$1,880,000			
	Over \$1,880,000			
	First \$1,890,000	0.50	0.50	
	Over \$1,890,000	1.00	1.00	
	First \$2,150,000			0.50
	Over \$2,150,000			1.00
	<u>Agricultural Homestead Land</u> <sup>1</sup>	1.00	1.00	1.00
2a	<u>Non-Homestead Agricultural Productive Land</u> <sup>*</sup>	1.00	1.00	1.00
2b	<u>Non-Homestead Rural Vacant Land</u> <sup>2</sup>	1.00	1.00	1.00
3a	<u>Commercial/Industrial and Public Utility</u>			
	First \$150,000 <sup>†</sup>	1.50	1.50	1.50
	Over \$150,000 <sup>†</sup>	2.00	2.00	2.00
4a	<u>Apartment</u> (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
4bb(1)	<u>Residential Non-Homestead</u> (Single Unit)			
	First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(1)	<u>Seasonal Residential Recreational/Commercial</u> <sup>†</sup> (Resort): First \$500,000	1.00	1.00	1.00
	Over \$500,000	1.25	1.25	1.25
4c(12)	<u>Seasonal Residential Recreational</u> <sup>†</sup> Non-Commercial (Cabin): First \$500,000 <sup>*</sup>	1.00	1.00	1.00
	Over \$500,000 <sup>*</sup>	1.25	1.25	1.25
4d	<u>Qualifying Low-Income Rental Housing</u>			
	First \$100,000		.75	.75
	Over \$100,000		.25	.25
	First \$174,000	.75		
	Over \$174,000	.25		

<sup>†</sup> Subject to the state general property tax.

\* Exempt from referendum market value-based taxes.

<sup>1</sup> Homestead remainder & non-homestead; includes structures.

<sup>2</sup> Homestead remainder & non-homestead; includes minor ancillary structures.

**CITY OF THIEF RIVER FALLS, MINNESOTA**

**ECONOMIC AND FINANCIAL INFORMATION<sup>1</sup>**

**Valuations**

	<i>Estimated Market Value 2023/2024</i>	<i>Net Tax Capacity 2023/2024</i>
Real Property	\$ 708,951,700	\$ 7,977,367
Personal Property	6,872,500	133,572
Less Tax Increment Deduction	<u>---</u>	<u>( 732,291)</u>
Total Adjusted Valuation	<u>\$ 715,824,200</u>	<u>\$ 7,378,648</u>

**Valuation Trends (Real and Personal Property)**

<i>Levy Year/ Collection Year</i>	<i>Economic Market Value</i>	<i>Sales Ratio</i>	<i>Estimated Market Value</i>	<i>Taxable Market Value</i>	<i>Tax Capacity Before Tax Increments</i>	<i>Tax Capacity After Tax Increments</i>
2023/2024	\$796,569,040	89.87%	\$715,824,200	\$663,921,500	\$8,110,939	\$7,378,648
2022/2023	774,586,833	84.16	651,855,700	597,014,100	7,264,852	6,564,247
2021/2022	675,722,395	84.92	572,666,300	515,241,500	6,295,584	5,567,139
2020/2021	645,642,206	84.45	545,251,700	486,055,200	5,996,336	5,289,777
2019/2020	543,536,958	94.50	513,568,800	456,632,100	5,527,083	5,273,181

**Breakdown of Valuations**

2023/2024 Tax Capacity, Real and Personal Property (before tax increment):

Residential Homestead	\$ 3,693,534	45.54%
Agricultural	17,903	0.22
Commercial & Industrial	2,612,592	32.21
Public Utility	34,004	0.42
Railroad	34,268	0.42
Residential Non-Homestead	1,553,827	19.16
Seasonal/Recreational	31,239	0.38
Personal Property	<u>133,572</u>	<u>1.65</u>
Totals:	<u>\$ 8,110,939</u>	<u>100.00%</u>

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

## Tax Capacity Rates

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

<i>Levy Year/ Collection Year</i>	<i>2019/20 Tax Capacity Rates</i>	<i>2020/21 Tax Capacity Rates</i>	<i>2021/22 Tax Capacity Rates</i>	<i>2022/23 Tax Capacity Rates</i>	<i>2023/24 Tax Capacity Rates</i>
Pennington County	70.534%	72.521%	72.262%	58.913%	56.143%
City of Thief River Falls	49.093	52.854	53.166	51.402	49.615
ISD No. 564, Thief River	36.411	36.068	36.810	29.358	26.720
Red Lake Watershed	4.138	4.270	4.089	3.402	3.636
Multi County HRA	0.462	0.467	0.450	0.365	0.396
Miscellaneous Taxing Districts	<u>0.217</u>	<u>0.223</u>	<u>0.213</u>	<u>0.174</u>	<u>0.170</u>
Totals:	<u>160.855%</u>	<u>166.403%</u>	<u>166.990%</u>	<u>143.614%</u>	<u>136.680%</u>
<i><u>Market Value Rates:</u></i>	<i><u>2019/2020</u></i>	<i><u>2020/2021</u></i>	<i><u>2021/2022</u></i>	<i><u>2022/2023</u></i>	<i><u>2023/2024</u></i>
ISD No. 564 (Thief River Falls)	0.15965%	0.16070%	0.13216%	0.11192%	0.12129%

## Tax Levies and Collections<sup>1</sup>

<u>Levy/Collect</u>	<u>Net Levy</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 1/1/24</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2023/2024	\$3,660,913		In Process of Collection		
2022/2023	3,374,154	\$3,304,751	97.94%	\$3,304,751	97.94%
2021/2022	2,959,686	2,906,996	98.22	2,926,254	98.87
2020/2021	2,788,485	2,756,289	98.85	2,781,039	99.73
2019/2020	2,583,421	2,483,620	96.14	2,575,991	99.71

<sup>1</sup> 2023/2024 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Pennington County.

## SUMMARY OF DEBT AND DEBT STATISTICS

### Statutory Debt Limit<sup>1</sup>

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

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

2023/2024 Estimated Market Value	\$ 715,824,200
Multiplied by 3%	<u>          x .03</u>
Statutory Debt Limit	<u>\$ 21,474,726</u>
Less outstanding debt applicable to debt limit:	
\$4,010,000 G.O. Bonds, Series 2018B	\$ 500,000
\$2,695,000 G.O. Bonds, Series 2019A	165,000
\$3,405,000 G.O. Bonds, Series 2020B	640,000
\$6,365,000 G.O. Bonds, Series 2024A (a portion of this issue)	<u>3,280,000</u>
Total outstanding debt applicable to debt limit:	\$ 4,585,000
Legal debt margin	<u>\$ 16,889,726</u>

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

**CITY OF THIEF RIVER FALLS, MINNESOTA  
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES  
(As of September 2, 2024, Plus a Portion of This Issue)**

Purpose:	Portion of This Issue				TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
	G.O. Bonds, Series 2018B	G.O. Bonds, Series 2019A	G.O. Bonds, Series 2020B	G.O. Bonds, Series 2024A			
<b>Dated:</b>	12/05/18	10/16/19	09/09/20	10/24/24			
<b>Original Amount:</b>	\$1,155,000	\$280,000	\$1,065,000	\$3,280,000			
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb			
<b>Interest Rates:</b>	3.00%	1.90-2.00%	1.00-2.00%				
2024	\$0	\$0	\$0	\$0	\$0	\$0	2024
2025	130,000	30,000	120,000	0	280,000	307,715	2025
2026	135,000	30,000	125,000	105,000	395,000	415,690	2026
2027	140,000	35,000	125,000	135,000	435,000	448,415	2027
2028	145,000	35,000	130,000	140,000	450,000	455,908	2028
2029	0	35,000	115,000	145,000	295,000	296,175	2029
2030	0	0	25,000	145,000	170,000	170,125	2030
2031	0	0	0	150,000	150,000	150,000	2031
2032	0	0	0	155,000	155,000	155,000	2032
2033	0	0	0	160,000	160,000	160,000	2033
2034	0	0	0	165,000	165,000	165,000	2034
2035	0	0	0	170,000	170,000	170,000	2035
2036	0	0	0	175,000	175,000	175,000	2036
2037	0	0	0	180,000	180,000	180,000	2037
2038	0	0	0	185,000	185,000	185,000	2038
2039	0	0	0	195,000	195,000	195,000	2039
2040	0	0	0	200,000	200,000	200,000	2040
2041	0	0	0	205,000	205,000	205,000	2041
2042	0	0	0	215,000	215,000	215,000	2042
2043	0	0	0	225,000	225,000	225,000	2043
2044	0	0	0	230,000	230,000	230,000	2044
	<u>\$550,000</u>	<u>\$165,000</u>	<u>\$640,000</u>	<u>\$3,280,000</u>	<u>\$4,635,000</u>	<u>\$4,704,028</u>	
	(1)	(2)	(3)	(4)			

**NOTE: 54% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.**

- (1) This schedule represents a portion of the \$4,010,000 General Obligation Bonds, Series 2018B, consisting of \$1,800,000 backed by special assessments; \$1,055,000 backed by net revenues of the municipal sewer and water utility systems; and \$1,155,000 backed by ad valorem taxes.
- (2) This schedule represents a portion of the \$2,695,000 General Obligation Bonds, Series 2019A, consisting of \$1,705,000 backed by special assessments; \$710,000 backed by net revenues of the municipal sewer and water utility systems; and \$280,000 backed by ad valorem taxes.
- (3) This schedule represents a portion of the \$3,405,000 General Obligation Bonds, Series 2020B, consisting of \$1,005,000 backed by special assessments; \$1,335,000 backed by net revenues of the municipal sewer and water utility systems; and \$1,065,000 backed by ad valorem taxes.
- (4) This schedule represents a portion of the \$6,365,000 General Obligation Bonds, Series 2024A, consisting of \$1,625,000 backed by special assessments; \$1,460,000 backed by net revenues of the municipal sewer and water utility systems; and \$3,280,000 backed by ad valorem taxes.

**CITY OF THIEF RIVER FALLS, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS**  
**(As of September 2, 2024, Plus a Portion of This Issue)**

Purpose:	G.O. Bonds, Series 2012A	G.O. Bonds, Series 2014B	G.O. Bonds Series 2015A	G.O. Bonds Series 2016A	G.O. Bonds, Series 2017B	G.O. Bonds, Series 2018B	
<b>Dated:</b>	12/01/12	12/15/14	11/01/15	10/01/16	08/15/17	12/05/18	
<b>Original Amount:</b>	\$795,000	\$685,000	\$795,000	\$1,000,000	\$1,295,000	\$1,800,000	
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	
<b>Interest Rates:</b>	.50-2.20%	1.25-3.00%	0.65-2.55%	2.00-2.50%	3.00-3.25%	3.00-3.25%	
2024	\$0	\$0	\$0	\$0	\$0	\$0	2024
2025	80,000	60,000	70,000	85,000	110,000	150,000	2025
2026	0	60,000	70,000	90,000	115,000	155,000	2026
2027	0	65,000	70,000	90,000	115,000	155,000	2027
2028	0	0	75,000	95,000	120,000	160,000	2028
2029	0	0	0	95,000	125,000	165,000	2029
2030	0	0	0	0	130,000	170,000	2030
2031	0	0	0	0	0	175,000	2031
2032	0	0	0	0	0	0	2032
2033	0	0	0	0	0	0	2033
2034	0	0	0	0	0	0	2034
2035	0	0	0	0	0	0	2035
2036	0	0	0	0	0	0	2036
2037	0	0	0	0	0	0	2037
	\$80,000	\$185,000	\$285,000	\$455,000	\$715,000	\$1,130,000	
	(1)	(2)	(3)	(4)	(5)	(6)	

**GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS CONTINUED**

Purpose:	Portion of This Issue					TOTAL PRINCIPAL:	TOTAL PRIN & INT:	
	G.O. Bonds, Series 2019A	G.O. Bonds, Series 2020B	G.O. Bonds, Series 2022A	G.O. Bonds, Series 2023A	G.O. Bonds, Series 2024A			
<b>Dated:</b>	10/16/19	09/09/20	08/17/22	08/15/23	10/24/24			
<b>Original Amount:</b>	\$1,705,000	\$1,005,000	\$2,135,000	\$1,670,000	\$1,625,000			
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb			
<b>Interest Rates:</b>	1.90-2.30%	1.00-2.00%	3.00-4.00%	4.00-5.00%				
	2024	\$0	\$0	\$0	\$0	\$0	\$0	2024
	2025	140,000	75,000	150,000	75,000	0	845,000	1,130,935 2025
	2026	140,000	75,000	160,000	115,000	105,000	930,000	1,196,070 2026
	2027	145,000	75,000	165,000	120,000	120,000	965,000	1,197,530 2027
	2028	145,000	75,000	170,000	125,000	125,000	930,000	1,127,595 2028
	2029	150,000	75,000	175,000	130,000	125,000	875,000	1,039,774 2029
	2030	150,000	35,000	185,000	140,000	130,000	770,000	903,294 2030
	2031	155,000	35,000	190,000	145,000	135,000	660,000	764,644 2031
	2032	160,000	35,000	200,000	150,000	135,000	680,000	761,408 2032
	2033	0	35,000	205,000	160,000	140,000	540,000	602,710 2033
	2034	0	0	210,000	165,000	145,000	520,000	565,323 2034
	2035	0	0	215,000	170,000	150,000	535,000	562,064 2035
	2036	0	0	0	175,000	155,000	330,000	341,498 2036
	2037	0	0	0	0	160,000	160,000	162,720 2037
		\$1,185,000	\$515,000	\$2,025,000	\$1,670,000	\$1,625,000	\$8,740,000	\$10,355,562
		(7)	(8)	(9)	(10)	(11)		

**NOTE: 82% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.**

- (1) This schedule represents a portion of the \$1,265,000 General Obligation Bonds, Series 2012A, consisting of \$795,000 backed by special assessments and \$470,000 backed by net revenues of the municipal water utility system.
- (2) This schedule represents a portion of the \$810,000 General Obligation Bonds, Series 2014B, consisting of \$685,000 backed by special assessments and \$125,000 backed by net revenues of the municipal sewer utility system.
- (3) This represents a portion of the \$1,410,000 General Obligation Bonds, Series 2015A, consisting of \$795,000 backed by special assessments and \$610,000 backed by the net revenues of the water utility system.
- (4) This schedule represents a portion of the \$1,680,000 General Obligation Bonds, Series 2016A, consisting of \$1,000,000 backed by special assessments and \$680,000 backed by net revenues of the water and sewer utility system.
- (5) This schedule represents a portion of the \$1,475,000 General Obligation Bonds, Series 2017B, consisting of \$1,295,000 backed by special assessments and \$180,000 backed by net revenues of the water utility system.
- (6) This schedule represents a portion of the \$4,010,000 General Obligation Bonds, Series 2018B, consisting of \$1,800,000 backed by special assessments; \$1,055,000 backed by net revenues of the municipal sewer and water utility systems; and \$1,155,000 backed by ad valorem taxes.
- (7) This schedule represents a portion of the \$2,695,000 General Obligation Bonds, Series 2019A, consisting of \$1,705,000 backed by special assessments; \$710,000 backed by net revenues of the municipal sewer and water utility systems; and \$280,000 backed by ad valorem taxes.
- (8) This schedule represents a portion of the \$3,405,000 General Obligation Bonds, Series 2020B, consisting of \$1,005,000 backed by special assessments; \$1,335,000 backed by net revenues of the municipal sewer and water utility systems; and \$1,065,000 backed by ad valorem taxes.
- (9) This schedule represents a portion of the \$2,715,000 General Obligation Bonds, Series 2022A, consisting of \$2,135,000 backed by special assessments and \$580,000 backed by net revenues of the municipal water utility system.
- (10) This schedule represents a portion of the \$3,090,000 General Obligation Bonds, Series 2023A, consisting of \$1,670,000 backed by special assessments and \$1,420,000 backed by net revenues of the municipal water utility system.
- (11) This schedule represents a portion of the \$6,365,000 General Obligation Bonds, Series 2024A, consisting of \$1,625,000 backed by special assessments; \$1,460,000 backed by net revenues of the municipal sewer and water utility systems; and \$3,280,000 backed by ad valorem taxes.



**CITY OF THIEF RIVER FALLS, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES**  
**(As of September 2, 2024, Plus a Portion of This Issue)**

Purpose:	G.O. Water							
	G.O. Bonds, Series 2012A	G.O. Bonds, Series 2014B	G.O. Bonds, Series 2015A	G.O. Bonds, Series 2016A	Revenue Bonds, Series 2017A	G.O. Bonds, Series 2017B	G.O. Bonds, Series 2018B	
<b>Dated:</b>	12/01/12	12/15/2014	11/1/2015	10/1/2016	5/10/2017	8/15/2017	12/5/2018	
<b>Original Amount:</b>	\$470,000	\$125,000	\$610,000	\$680,000	\$5,525,000	\$180,000	\$1,055,000	
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	
<b>Interest Rates:</b>	.50-2.20%	1.25-3.00%	0.65-2.85%	2.00-2.50%	1.70-3.40%	3.00-3.25	3.00-3.50%	
2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	2024
2025	35,000	10,000	40,000	45,000	220,000	15,000	65,000	2025
2026	35,000	10,000	40,000	45,000	230,000	15,000	70,000	2026
2027	35,000	15,000	45,000	50,000	235,000	15,000	70,000	2027
2028	35,000	0	45,000	50,000	245,000	15,000	70,000	2028
2029	0	0	45,000	50,000	250,000	15,000	75,000	2029
2030	0	0	45,000	50,000	255,000	15,000	75,000	2030
2031	0	0	45,000	50,000	265,000	0	80,000	2031
2032	0	0	0	55,000	275,000	0	80,000	2032
2033	0	0	0	0	280,000	0	85,000	2033
2034	0	0	0	0	290,000	0	85,000	2034
2035	0	0	0	0	295,000	0	0	2035
2036	0	0	0	0	305,000	0	0	2036
2037	0	0	0	0	315,000	0	0	2037
2038	0	0	0	0	325,000	0	0	2038
2039	0	0	0	0	335,000	0	0	2039
2040	0	0	0	0	340,000	0	0	2040
2041	0	0	0	0	355,000	0	0	2041
2042	0	0	0	0	365,000	0	0	2042
	\$140,000	\$35,000	\$305,000	\$395,000	\$5,180,000	\$90,000	\$755,000	
	(1) (3)	(2) (4)	(1) (5)	(1) (2) (6)	(1)	(1) (7)	(1) (2) (8)	

**GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES CONTINUED**

Purpose:	Portion of This Issue						TOTAL PRINCIPAL:	TOTAL PRIN & INT:		
	G.O. Utility Revenue		G.O. Bonds, Series 2020B	G.O. Bonds, Series 2022A	G.O. Bonds, Series 2023A	G.O. Bonds, Series 2024A				
	G.O. Bonds, Series 2019A	G.O. Revenue Bonds, 2020A								
<b>Dated:</b>	10/16/2019	9/9/2020	9/9/2020	8/17/2022	8/15/2023	10/24/2024				
<b>Original Amount:</b>	\$710,000	\$5,940,000	\$1,335,000	\$580,000	\$1,420,000	\$1,460,000				
<b>Maturity:</b>	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb	1-Feb				
<b>Interest Rates:</b>	1.90-2.45%	1.00-2.00%	1.00-2.00%	3.00-4.00%	4.00-5.00%					
	2024	\$0	\$0	\$0	\$0	\$0	\$0	\$0	2024	
	2025	45,000	280,000	140,000	30,000	85,000	0	1,010,000	1,425,167	2025
	2026	45,000	280,000	145,000	30,000	120,000	70,000	1,135,000	1,531,753	2026
	2027	45,000	290,000	150,000	35,000	125,000	80,000	1,190,000	1,554,979	2027
	2028	45,000	295,000	140,000	35,000	135,000	80,000	1,190,000	1,521,928	2028
	2029	50,000	300,000	125,000	35,000	140,000	90,000	1,175,000	1,475,995	2029
	2030	50,000	300,000	45,000	40,000	150,000	90,000	1,115,000	1,386,981	2030
	2031	50,000	305,000	5,000	40,000	155,000	90,000	1,085,000	1,328,003	2031
	2032	50,000	305,000	10,000	40,000	165,000	95,000	1,075,000	1,289,915	2032
	2033	55,000	310,000	10,000	40,000	170,000	95,000	1,045,000	1,232,606	2033
	2034	55,000	320,000	10,000	45,000	175,000	100,000	1,080,000	1,239,640	2034
	2035	55,000	320,000	10,000	45,000	0	100,000	825,000	960,688	2035
	2036	0	295,000	10,000	45,000	0	110,000	765,000	881,523	2036
	2037	0	300,000	0	50,000	0	110,000	775,000	872,044	2037
	2038	0	305,000	0	50,000	0	115,000	795,000	871,423	2038
	2039	0	310,000	0	0	0	115,000	760,000	815,590	2039
	2040	0	315,000	0	0	0	120,000	775,000	809,958	2040
	2041	0	0	0	0	0	0	355,000	373,445	2041
	2042	0	0	0	0	0	0	365,000	371,205	2042
		\$545,000	\$4,830,000	\$800,000	\$560,000	\$1,420,000	\$1,460,000	\$16,515,000	\$19,942,839	
		(1) (2) (9)	(1) (2) (10)	(1) (2) (11)	(1) (12)	(1) (13)	(1) (2) (14)			

**NOTE: 61% OF GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.**

- (1) These bonds are payable from net revenues of the municipal water utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (2) These bonds are payable from net revenues of the municipal sewer utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (3) This schedule represents a portion of the \$1,265,000 General Obligation Bonds, Series 2012A, consisting of \$795,000 backed by special assessments and \$470,000 backed by net revenues of the municipal water utility system.
- (4) This schedule represents a portion of the \$810,000 General Obligation Bonds, Series 2014B, consisting of \$685,000 backed by special assessments and \$125,000 backed by net revenues of the municipal sewer utility system.
- (5) This schedule represents a portion of the \$1,410,000 General Obligation Bonds, Series 2015A, consisting of \$795,000 backed by special assessments and \$610,000 backed by net revenues of the water utility system.
- (6) This schedule represents a portion of the \$1,680,000 General Obligation Bonds, Series 2016A, consisting of \$1,000,000 backed by special assessments and \$680,000 backed by net revenues of the water and sewer utility system.
- (7) This schedule represents a portion of the \$1,475,000 General Obligation Bonds, Series 2017B, consisting of \$1,295,000 backed by special assessments and \$180,000 backed by net revenues of the water utility system.
- (8) This schedule represents a portion of the \$4,010,000 General Obligation Bonds, Series 2018B, consisting of \$1,800,000 backed by special assessments; \$1,055,000 backed by net revenues of the municipal sewer and water utility systems; and \$1,155,000 backed by ad valorem taxes.
- (9) This schedule represents a portion of the \$2,695,000 General Obligation Bonds, Series 2019A, consisting of \$1,705,000 backed by special assessments; \$710,000 backed by net revenues of the municipal sewer and water utility systems; and \$280,000 backed by ad valorem taxes.
- (10) These bonds are payable from net revenues of the municipal storm sewer utility system and additionally secured by ad valorem taxes on all taxable property within the City and without limitation of amount.
- (11) This schedule represents a portion of the \$3,405,000 General Obligation Bonds, Series 2020B, consisting of \$1,005,000 backed by special assessments; \$1,335,000 backed by net revenues of the municipal sewer and water utility systems; and \$1,065,000 backed by ad valorem taxes.
- (12) This schedule represents a portion of the \$2,715,000 General Obligation Bonds, Series 2022A, consisting of \$2,135,000 backed by special assessments and \$580,000 backed by net revenues of the municipal water utility system.
- (13) This schedule represents a portion of the \$3,090,000 General Obligation Bonds, Series 2023A, consisting of \$1,670,000 backed by special assessments and \$1,420,000 backed by net revenues of the municipal water utility system.
- (14) This schedule represents a portion of the \$6,365,000 General Obligation Bonds, Series 2024A, consisting of \$1,625,000 backed by special assessments; \$1,460,000 backed by net revenues of the municipal sewer and water utility systems; and \$3,280,000 backed by ad valorem taxes.

**CITY OF THIEF RIVER FALLS, MINNESOTA**  
**REVENUE DEBT**  
**(As of September 2, 2024)**

<b>Purpose:</b>	<b>Electric Revenue Bonds, Series 2018A</b>			
<b>Dated:</b>	04/03/18			
<b>Original Amount:</b>	\$3,870,000			
<b>Maturity:</b>	1-Feb	<b>TOTAL</b>	<b>TOTAL</b>	
<b>Interest Rates:</b>	3.00-4.00%	<b>PRINCIPAL:</b>	<b>PRIN &amp; INT:</b>	
2024	\$0	\$0	\$0	2024
2025	165,000	165,000	270,550	2025
2026	170,000	170,000	270,525	2026
2027	175,000	175,000	270,350	2027
2028	185,000	185,000	274,719	2028
2029	190,000	190,000	273,625	2029
2030	195,000	195,000	272,369	2030
2031	200,000	200,000	270,200	2031
2032	210,000	210,000	272,000	2032
2033	220,000	220,000	273,400	2033
2034	225,000	225,000	269,500	2034
2035	235,000	235,000	270,300	2035
2036	245,000	245,000	270,700	2036
2037	255,000	255,000	270,700	2037
2038	265,000	265,000	270,300	2038
	\$2,935,000	<u>\$2,935,000</u>	<u>\$3,799,238</u>	
	(1)			

**NOTE: 58% OF REVENUE DEBT WILL BE RETIRED WITHIN TEN YEARS.**

(1) These bonds are payable solely from net revenues of the municipal electric utility system and are not a general obligation of the City of Thief River Falls.

**Indirect Debt\***

<i>Issuer</i>	<i>2023/2024 Tax Capacity Value<sup>(1)</sup></i>	<i>2023/2024 Tax Capacity Value in City<sup>(1)</sup></i>	<i>Percentage Applicable in City</i>	<i>Outstanding General Obligation Debt</i>	<i>Taxpayers' Share of Debt</i>
Pennington County	\$ 21,675,850	\$7,378,648	34.04%	\$12,445,000	\$ 4,236,278
ISD No. 564, Thief River Falls	20,169,122	7,378,648	36.58	34,560,000	<u>12,642,048</u>
				<i>Total Indirect Debt:</i>	<u>\$ 16,878,326</u>

*(Remainder of page intentionally left blank)*

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\* Only those taxing jurisdictions with general obligation debt outstanding that is not payable from revenues are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, general obligation debt payable from revenues, or general obligation tax/aid anticipation certificates of indebtedness. Debt listed is as of September 2, 2024, unless otherwise noted.

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

## General Obligation Debt

Bonds secured by tax levies (Includes a Portion of This Issue)	\$ 4,635,000
Bonds secured by special assessments (Includes a Portion of This Issue)	8,740,000
Bonds secured by water/sewer revenues (Includes a Portion of This Issue)	<u>16,515,000</u>
Subtotal	\$ 29,890,000
Less bonds secured by water/sewer revenues	( <u>16,515,000</u> )
<i>Direct General Obligation Debt</i>	13,375,000
Add taxpayers' share of indirect debt	<u>16,878,326</u>
<i>Direct and Indirect Debt</i>	<u>\$ 30,253,326</u>

## Special Obligations

\$3,870,000 Electric Revenue Bonds, Series 2018A	\$ 2,935,000
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## Facts for Ratio Computations

2023/2024 Economic Market Value (real and personal property)	\$796,569,040
Population (2023 estimate)	9,058

## Debt Ratios Excluding Revenue-Supported Debt

	<i>Direct Debt</i>	<i>Indirect Debt</i>	<i>Direct and Indirect Debt</i>
To Economic Market Value	1.68%	2.12%	3.80%
Per Capita	\$1,477	\$1,863	\$3,340

## **APPENDIX A**

### **Form of Legal Opinion**

## Form of Legal Opinion

City of Thief River Falls  
Thief River Falls, Minnesota

[Purchaser]  
[City, State]

Re:     \$[PAR] General Obligation Bonds, Series 2024A  
       City of Thief River Falls, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Thief River Falls, Minnesota (the “City”), of the obligations described above, dated, as originally issued, as of October [ ], 2024 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale, and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits, and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits, and certificates and on the basis of existing law, it is our opinion that:

1.     The Bonds are valid and binding general obligations of the City, enforceable in accordance with their terms.

2.     The principal of and interest on the Bonds are payable from special assessments to be levied on property specially benefited by the improvements financed by the Bonds, net revenues of the municipal water and sewer systems, and ad valorem taxes duly levied on all taxable property in the City, which assessments, revenues, and ad valorem taxes are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, additional ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.

3.     Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

4.     Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates.

5.     The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to 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 occur after the date hereof and which may be retroactive.

Dated this [ ]<sup>th</sup> day of October, 2024.

Very truly yours,



## **APPENDIX B**

### **Continuing Disclosure Covenants**

## FORM OF CONTINUING DISCLOSURE

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2023, the following financial information and operating data in respect of the City (the Disclosure Information):
  - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the

effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “ECONOMIC AND FINANCIAL INFORMATION—Valuations,” “—Tax Capacity Rates” and “—Tax Levies and Collections,” and “SUMMARY OF DEBT AND DEBT STATISTICS,” which information may be unaudited which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
  - (A) principal and interest payment delinquencies;
  - (B) non-payment related defaults, if material;
  - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (E) substitution of credit or liquidity providers, or their failure to perform;
  - (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue

(IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

- (G) modifications to rights of Bond holders, if material;
- (H) Bond calls, if material and tender offers;
- (I) defeasances;
- (J) release, substitution, or sale of property securing repayment of the Bonds if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) 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;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (O) 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
- (P) 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.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). 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.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction

over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
  - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
  - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
  - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
  - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
  - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to

(except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

## **APPENDIX C**

### **City's Financial Report**

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2023. The complete financial statements for the year 2023 and the prior two years are available for inspection at the City of Thief River City Hall and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.

Colleen Hoffman, Director  
Crystelle Philipp, CPA  
Marit Martell, CPA



## Hoffman, Philipp, & Martell, PLLC

1541 Highway 59 South | Thief River Falls, MN 56701 | Phone: 218-681-4078 | [choffman@hpmaudit.com](mailto:choffman@hpmaudit.com)

### **INDEPENDENT AUDITOR'S REPORT**

City Council  
City of Thief River Falls

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thief River Falls, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thief River Falls, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events that raise substantial doubt about the City of Thief River Falls' 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 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 of Thief River Falls' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used in 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 that raise substantial doubt about the City of Thief River Falls' 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 in our audit.

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thief River Falls' basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the

basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the City of Thief River Falls’ 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 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 of Thief River Falls’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Thief River Falls’ internal control over financial reporting and compliance.



Hoffman, Philipp, & Martell, PLLC  
June 28, 2024



# City of Thief River Falls

CITY ADMINISTRATOR

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The management of the City of Thief River Falls offers readers of the City's Financial Statements this narrative overview and analysis of the financial activities of the City of Thief River Falls for the fiscal year ended December 31, 2023. The Management's Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's basic financial statements that follow this section.

### FINANCIAL HIGHLIGHTS

The total net position of governmental activities is \$35,828,294, of which \$20,873,161 is the net investment in capital assets, \$5,837,196 is restricted for general government, public safety, economic development, capital projects, and debt service. \$9,117,937 is unrestricted. The total net position of governmental activities increased by \$2,069,573 for the year ended December 31, 2023, primarily due to additional intergovernmental revenues for public safety, and transfers in from business-type funds.

The total net position of business-type activities is \$43,806,077, of which \$27,123,232 is the net investment in capital assets, and \$16,682,845 is unrestricted. The total net position of business-type activities increased by \$4,204,258 for the year ended December 31, 2023, due to the Liquor, Electric, Water, and Wastewater funds collecting fees and charging for services exceeding expenses.

At the close of 2023, the City's General Fund reported an ending fund balance of \$12,964,319, an increase of \$1,426,303 from the prior year, primarily due to transfers in from other funds. Of the total fund balance amount, \$1,141,365 is restricted money not spent yet, \$3,452,278 is committed to specific programs, \$2,006,477 is the assigned fund balance, and \$6,364,199 is noted as unassigned fund balance. Maintaining an adequate fund balance is necessary to provide City services throughout the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The *Statement of Activities* presents information showing how the government'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. 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).

In the *Statement of Net Position* and the *Statement of Activities*, we divide the City into two kinds of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including general government, public safety, highways and streets, sanitation, culture and recreation, and economic development. Property taxes and intergovernmental revenues finance most of these activities.
- **Business-type activities**—The City charges fees to cover the costs of certain services it provides. Included here are the operations of the arenas, municipal liquor store, Multi-Events Complex (MEC), tourist park, and the utilities – electric, water, storm water, and wastewater.

The government-wide financial statements can be found as Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Thief River Falls, 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 three categories: governmental funds, proprietary funds, and fiduciary 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, fund-level financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions.

Both the *Balance Sheet – Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City reports four governmental fund types: General, Special Revenue, Debt Service, and Capital Projects. Information is presented separately in the *Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund which is considered to be a major fund. Data from the nonmajor governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the *Combining Statements* after the Notes to the Financial Statements.

The City of Thief River Falls adopts an annual budget for the General Fund, and a *Budgetary Comparison Schedule* has been provided to demonstrate compliance with the budgets.

**Proprietary Funds** The City maintains eight proprietary funds. Enterprise Funds are used to report functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor store, electric, water, wastewater, and arenas. The Liquor, Electric, Water, Wastewater, and Arenas Enterprise Funds are all considered to be major funds and are presented in the *Proprietary Funds Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position*. The nonmajor enterprise funds which include the Stormwater, MEC, and Tourist Park are aggregated and presented in the combining statements after the financial statements.

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The accounting used for the Police Relief Association Retirement System Pension Trust Fund is much like that used for proprietary funds.

### Notes to the Financial Statements

The Notes to the Financial Statements 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 beginning on page 30 of this report.

**Other information**— In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The City also provides supplementary, statistical, and other information including combining statements and a *Schedule of Intergovernmental Revenue*.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$79,634,371 at the close of 2023. The largest portion of the City's net position (approximately 60 percent) reflects its net investment in capital assets (i.e., land, construction in progress, infrastructure, buildings and improvements, and machinery and equipment). It should be noted that this amount is not available for future spending. Eight percent of the City's net position is restricted for general government, public safety, economic development, capital projects, and debt service, and approximately 32 percent is unrestricted. The unrestricted net position amount of \$25,800,782 of December 31, 2023, may be used to meet the City's ongoing obligations to citizens.

The City's overall financial position increased from last year. Total assets increased by \$7,770,781 from the prior year, primarily as a result of the construction of infrastructure. Deferred outflows of resources related to pensions and OPEB decreased by \$1,377,627. Total liabilities decreased by \$4,810,438 from the prior year, primarily due to decreased net pension liability. Deferred inflows of resources related to pensions and OPEB increased by \$4,929,761. This resulted in an increased net position of \$6,273,831 from the prior year.

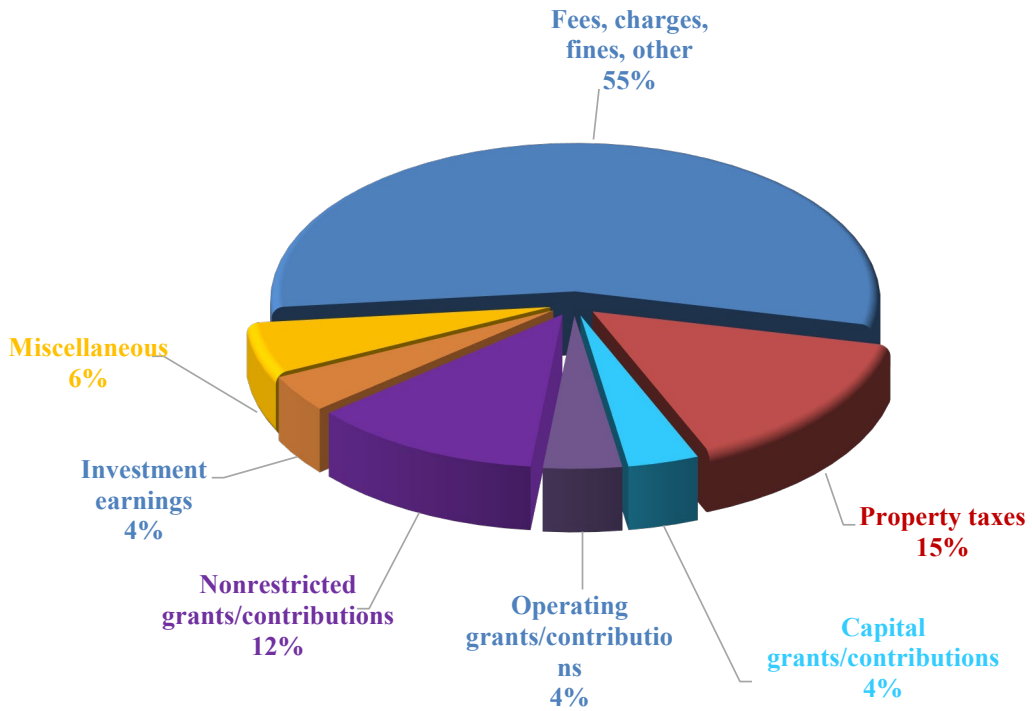
**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 21,880,488	\$ 19,484,927	\$ 19,810,629	\$ 16,538,751	\$ 41,691,117	\$ 36,023,678
Capital assets	30,978,161	30,098,618	49,309,921	48,086,122	80,288,082	78,184,740
Total assets	\$ 52,858,649	\$ 49,583,545	\$ 69,120,550	\$ 64,624,873	\$ 121,979,199	\$ 114,208,418
Deferred outflows of resources related to pensions and to OPEB	\$ 4,079,942	\$ 5,160,462	\$ 479,578	\$ 776,685	\$ 4,559,520	\$ 5,937,147
Other liabilities	\$ 528,181	\$ 475,873	\$ 2,450,314	\$ 2,459,821	\$ 2,978,495	\$ 2,935,694
Long-term liabilities outstanding	15,883,449	20,105,632	22,609,351	23,240,407	38,492,800	43,346,039
Total liabilities	\$ 16,411,630	\$ 20,581,505	\$ 25,059,665	\$ 25,700,228	\$ 41,471,295	\$ 46,281,733
Deferred inflows of resources related to pensions and to OPEB	\$ 4,698,667	\$ 403,781	\$ 734,386	\$ 99,511	\$ 5,433,053	\$ 503,292
Net position						
Net investment in capital assets	\$ 20,873,161	\$ 19,918,618	\$ 27,123,232	\$ 28,416,122	\$ 47,996,393	\$ 48,334,740
Restricted	5,837,196	4,843,370	-	-	5,837,196	4,843,370
Unrestricted	9,117,937	8,996,733	16,682,845	11,185,697	25,800,782	20,182,430
Total net position	\$ 35,828,294	\$ 33,758,721	\$ 43,806,077	\$ 39,601,819	\$ 79,634,371	\$ 73,360,540

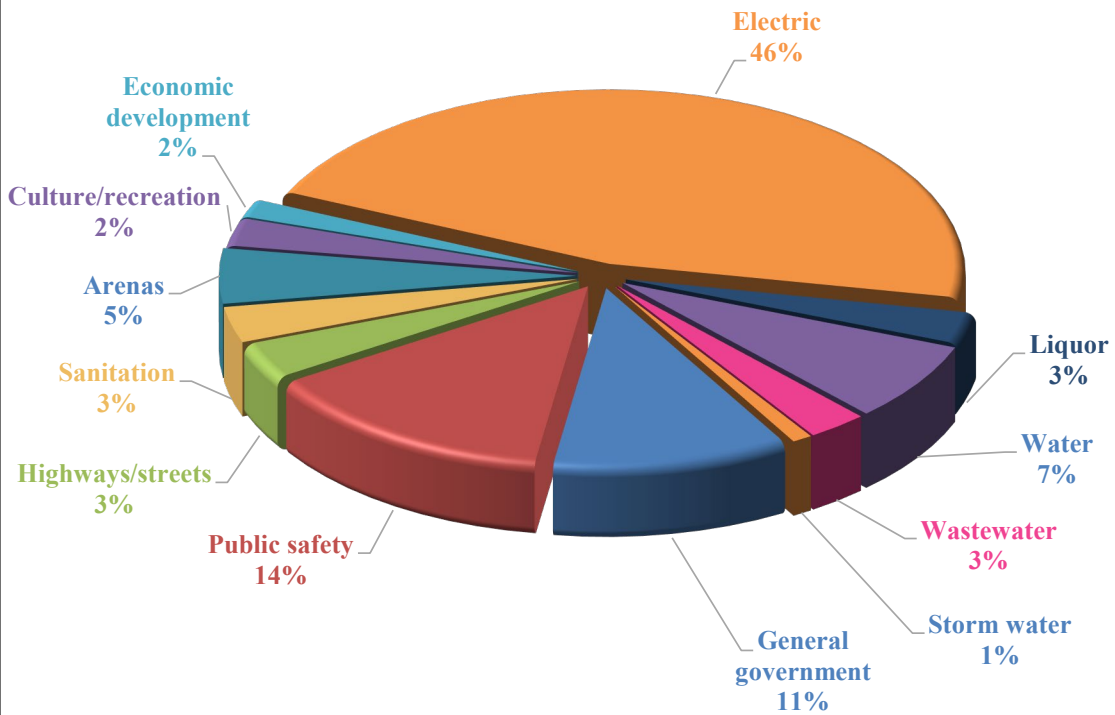
**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues and transfers						
Fees, charges, fines and other	\$ 2,758,437	\$ 3,065,397	\$ 28,990,635	\$ 27,737,901	\$ 31,749,072	\$ 30,803,298
Operating grants and contributions	1,212,250	449,326	-	-	1,212,250	449,326
Capital grants and contributions	1,090,053	1,232,676	2,459	2,869	1,092,512	1,235,545
General Revenues and Transfers						
Property taxes	4,402,898	4,062,900	-	-	4,402,898	4,062,900
Franchise and Lodging Tax	362,695	385,225	-	-	362,695	385,225
Grants and contributions not restricted to specific programs	3,472,176	3,273,563	72,291	-	3,544,467	3,273,563
Investment earnings	494,685	5,501	648,100	6,051	1,142,785	11,552
Miscellaneous	13,196	56,019	90,597	543,297	103,793	599,316
Transfers	(88,382)	327,817	88,382	(327,817)	-	-
Total revenues and transfers	\$ 13,718,008	\$ 12,858,424	\$ 29,892,464	\$ 27,962,301	\$ 43,610,472	\$ 40,820,725
Expenses						
General government	\$ 3,496,924	\$ 3,827,650	\$ -	\$ -	\$ 3,496,924	\$ 3,827,650
Public safety	4,427,174	4,190,328	-	-	4,427,174	4,190,328
Highways and streets	1,080,559	995,999	-	-	1,080,559	995,999
Sanitation	1,058,000	1,101,620	-	-	1,058,000	1,101,620
Culture and recreation	833,635	862,130	-	-	833,635	862,130
Economic development	538,302	645,855	-	-	538,302	645,855
Interest	213,841	280,244	-	-	213,841	280,244
Arenas	-	-	1,810,262	1,833,473	1,810,262	1,833,473
Electric	-	-	15,123,338	15,124,534	15,123,338	15,124,534
Liquor	-	-	4,750,278	4,817,873	4,750,278	4,817,873
MEC	-	-	99,345	145,508	99,345	145,508
Stormwater	-	-	296,125	289,642	296,125	289,642
Tourist park	-	-	51,418	84,687	51,418	84,687
Water	-	-	2,612,545	2,630,648	2,612,545	2,630,648
Wastewater	-	-	944,895	1,031,312	944,895	1,031,312
Total expenses	\$ 11,648,435	\$ 11,903,826	\$ 25,688,206	\$ 25,957,677	\$ 37,336,641	\$ 37,861,503
Increase (decrease) in net position	\$ 2,069,573	\$ 954,598	\$ 4,204,258	\$ 2,004,624	\$ 6,273,831	\$ 2,959,222
Net position, January 1	\$ 33,758,721	\$ 33,387,906	\$ 39,601,819	\$ 37,597,195	\$ 73,360,540	\$ 70,985,101
Prior period adjustment	-	(583,783)	-	-	-	(583,783)
Net position, January 1, as restated	\$ 33,758,721	\$ 32,804,123	\$ 39,601,819	\$ 37,597,195	\$ 73,360,540	\$ 70,401,318
Net position, December 31	\$ 35,828,294	\$ 33,758,721	\$ 43,806,077	\$ 39,601,819	\$ 79,634,371	\$ 73,360,540

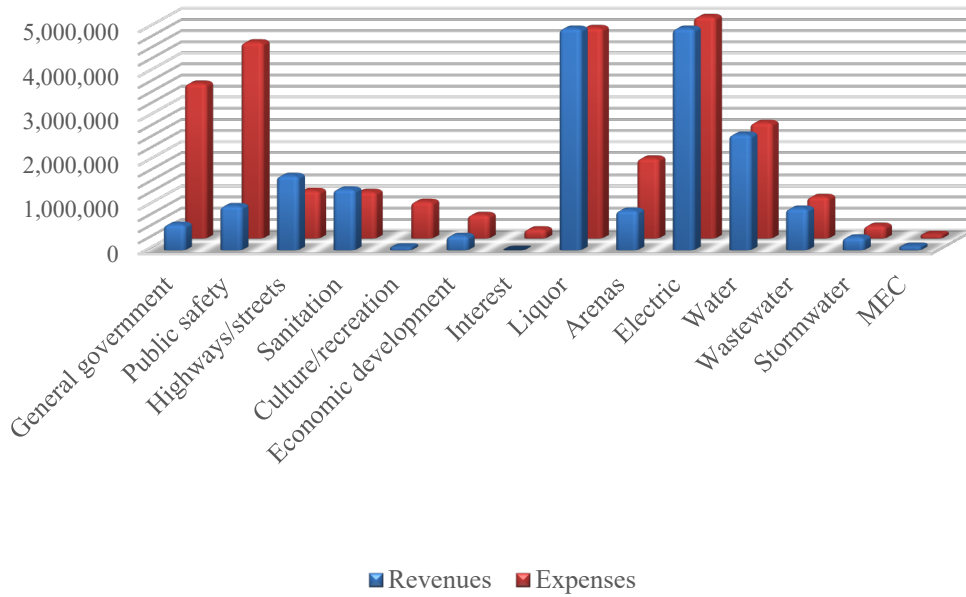
## Revenues by Source



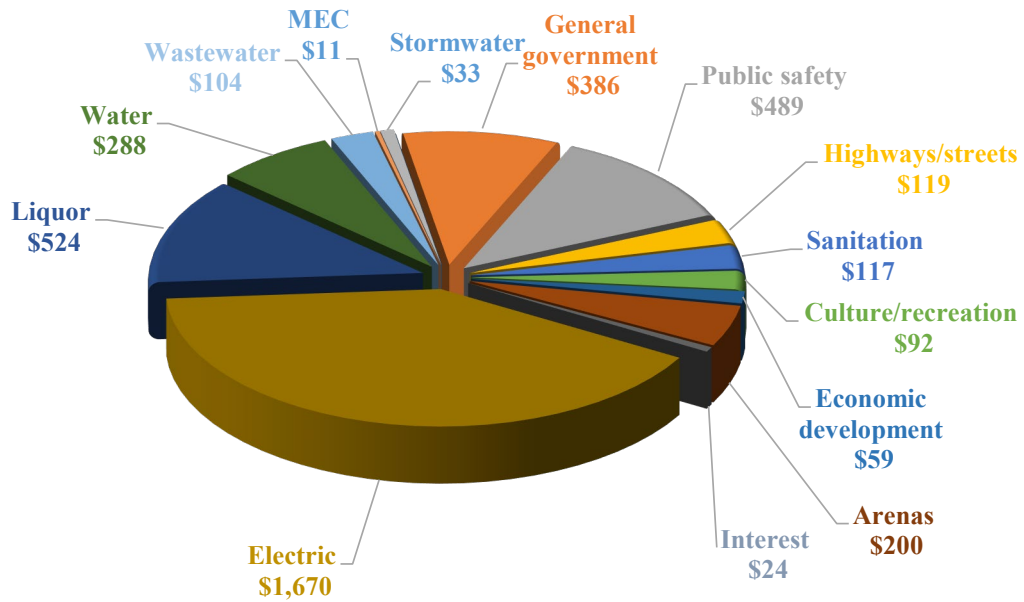
## Expenses by Function



## Program Revenues & Expenses



## Expenditures Per Capita 9,058 Population as of December 31, 2023





## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, with a focus on short-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

### **Governmental Funds**

At the end of 2023, the City's governmental funds reported combined ending fund balances of \$16,890,344. Of this amount, 34 percent constitutes legally or contractually restricted fund balance, 22 percent constitutes formally committed fund balance, 14 percent constitutes specifically assigned fund balance, and 30 percent constitutes unassigned fund balance.

The General Fund is the operating fund of the City. At the end of the current fiscal year, the General Fund's total fund balance was \$12,964,319. The General Fund's restricted fund balance was \$1,141,365, committed fund balance was \$3,452,278, the assigned fund balance was \$2,006,477, and the unassigned fund balance was \$6,364,199. The General Fund has no non-spendable fund balance. As a measure of the General Fund's liquidity, it is useful to compare total fund balance to total fund expenditures for 2023. Total fund balance represents 139 percent of total General Fund expenditures.

In 2023, the fund balance amount in the General Fund increased by \$1,426,303. This increase is attributed to transfers in from other funds.

### **Proprietary Funds**

The Liquor Enterprise Fund reported an operating income in 2023 of \$430,167, indicating that it is charging for products and services at a profitable margin for this type of business.

The Electric Enterprise Fund reported an operating income in 2023 of \$2,861,194, indicating that it is charging for products and services at a profitable margin for this type of business.

The Water Enterprise Fund reported an operating income in 2023 of \$884,199, indicating that it is charging for products and services at a profitable margin for this type of business.

The Wastewater Enterprise Fund reported an operating income in 2023 of \$374,807, indicating that it is charging for products and services at a profitable margin for this type of business.

The Arenas Enterprise Fund reported an operating loss in 2023 of \$1,041,198, primarily due to the management group, Venuworks, and striving to make the arenas profitable.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were more than overall final budgeted revenues by \$2,038,958, with the largest variance in intergovernmental revenues and miscellaneous. Actual expenditures were more than overall final budgeted expenditures by \$436,817, primarily as a result of capital outlay and economic development expenditures exceeding their budgets.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounted to \$80,288,082 (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was approximately three percent. This increase was primarily due to the construction of water, sewer, and street infrastructure.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 407,917	\$ 516,833	\$ 586,176	\$ 586,176	\$ 994,093	\$ 1,103,009
Construction in progress	1,656,556	2,415,474	6,699,678	4,613,356	8,356,234	7,028,830
Buildings	2,205,009	2,297,828	13,510,517	14,265,946	15,715,526	16,563,774
Infrastructure	24,937,587	23,678,275	26,994,979	27,160,196	51,932,566	50,838,471
Machinery and equipment	1,771,092	1,190,208	1,518,571	1,460,448	3,289,663	2,650,656
Total capital assets	\$ 30,978,161	\$ 30,098,618	\$ 49,309,921	\$ 48,086,122	\$ 80,288,082	\$ 78,184,740

Additional information on the City's capital assets can be found in the notes to the financial statements.

### Long-Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$30,391,487, which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
G.O. Improvement Bonds	\$ 10,105,000	\$ 9,375,000	\$ -	\$ -	\$ 10,105,000	\$ 9,375,000
Capital Leases	366,487	-	-	-	366,487	-
G.O. Revenue Bonds	-	-	19,920,000	19,670,000	19,920,000	19,670,000
	\$ 10,471,487	\$ 9,375,000	\$ 19,920,000	\$ 19,670,000	\$ 30,391,487	\$ 29,045,000

Minnesota Statutes limit the amount of debt that the City may have up to three percent of its total market value, excluding revenue bonds. At the end of 2023, the City's estimated market value was \$651,855,700 with net debt well within the limit. The City's current bond rating from Moody's Investors Service is A1 with a stable outlook. Additional information on the City's long-term debt can be found in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of Minnesota. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.
- The Ralph Engelstad Arena is a multi-purpose 1,050,000 square foot City owned facility located on property owned by the City on Brooks Avenue North in Thief River Falls. This facility was acquired

by the City in February 2002, by means of a \$10 million donation to the City of Thief River Falls from the Ralph and Betty Engelstad family. In September 2002, \$2.8 million was raised through cash and in-kind donations to complete the project. The arena was dedicated in November 2003. In addition to hockey, this arena also hosts wedding receptions, trade shows, meetings, concerts, parties, and other events. The facility is managed by an outside consulting firm.

- Specific unemployment statistics for the City of Thief River Falls are not available. However, according to the Minnesota Department of Employment & Economic Development, the unemployment rate for Pennington County was 3.7 percent as of December 31, 2023. This is higher than the statewide rate of 2.6 percent and the national average rate of 3.5 percent.
- According to the League of Minnesota Cities, Thief River Falls' population as of December 31, 2023, was 9,058, an increase of 309 since the 2020 census of 8,749.
- On December 19, 2023, the City of Thief River Falls set its 2024 revenue and expenditure budgets.

### **REQUESTS FOR INFORMATION**

This annual financial report is designed to provide a general overview of the City of Thief River Falls for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Thief River Falls Administrator's Office at 405 Third Street East, P.O. Box 528, Thief River Falls, Minnesota 56701, (218)681-2943, or [aphilipp@citytrf.net](mailto:aphilipp@citytrf.net).

## **BASIC FINANCIAL STATEMENTS**

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 15,394,310	\$ 16,281,800	\$ 31,676,110
Cash with fiscal agent	4,543	-	4,543
Taxes receivable			
Current	175,055	-	175,055
Prior	148,550	-	148,550
Special assessments receivable			
Current	17,474	-	17,474
Prior	174,181	-	174,181
Accounts receivable	410,089	2,165,060	2,575,149
Accrued interest receivable	5,818	6,647	12,465
Due from other governments	190,654	-	190,654
Inventory	-	2,428,230	2,428,230
Loans receivable (net)	1,021,066	-	1,021,066
Internal balances	1,156,500	(1,156,500)	-
Prepaid items	-	44,402	44,402
Net pension asset	282,366	-	282,366
Special assessments receivable - noncurrent	2,899,882	40,990	2,940,872
Capital assets			
Non-depreciable	2,064,473	7,285,854	9,350,327
Depreciable - net of accumulated depreciation	28,913,688	42,024,067	70,937,755
<b>Total Assets</b>	<b>\$ 52,858,649</b>	<b>\$ 69,120,550</b>	<b>\$ 121,979,199</b>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions	\$ 3,972,713	\$ 455,026	\$ 4,427,739
Related to other post-employment benefits	107,229	24,552	131,781
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,079,942</b>	<b>\$ 479,578</b>	<b>\$ 4,559,520</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 201,439	\$ 1,491,821	\$ 1,693,260
Salaries payable	157,749	97,510	255,259
Contracts payable	-	229,655	229,655
Due to other governments	49,726	209,250	258,976
Accrued interest payable	119,267	223,888	343,155
Customer deposits	-	198,190	198,190
Long-term liabilities			
Due within one year	1,665,325	1,739,395	3,404,720
Due in more than one year	9,866,589	18,984,064	28,850,653
Net pension liability	3,602,335	1,712,292	5,314,627
Other post employment benefits	749,200	173,600	922,800
<b>Total Liabilities</b>	<b>\$ 16,411,630</b>	<b>\$ 25,059,665</b>	<b>\$ 41,471,295</b>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions	\$ 4,579,100	\$ 707,009	\$ 5,286,109
Related to other post-employment benefits	119,567	27,377	146,944
<b>Total Deferred Inflows</b>	<b>\$ 4,698,667</b>	<b>\$ 734,386</b>	<b>\$ 5,433,053</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 20,873,161	\$ 27,123,232	\$ 47,996,393
Amounts restricted for			
General government	958,728	-	958,728
Public safety	414,710	-	414,710
Economic development	1,617,504	-	1,617,504
Capital projects	333,428	-	333,428
Debt service	2,512,826	-	2,512,826
Unrestricted amounts	9,117,937	16,682,845	25,800,782
<b>Total Net Position</b>	<b>\$ 35,828,294</b>	<b>\$ 43,806,077</b>	<b>\$ 79,634,371</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Revenues		
		Fees, Charges, Fines and Other	Operating Grants and Contributions
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Fees, Charges, Fines and Other</u>	<u>Operating Grants and Contributions</u>
<b>Primary Government</b>			
<b>Governmental activities</b>			
General government	\$ 3,496,924	\$ 584,520	\$ 200
Public safety	4,427,174	336,910	666,464
Highways and streets	1,080,559	65,190	533,086
Sanitation	1,058,000	1,377,841	-
Culture and recreation	833,635	67,375	12,500
Economic development	538,302	326,601	-
Interest	213,841	-	-
<b>Total governmental activities</b>	<b>\$ 11,648,435</b>	<b>\$ 2,758,437</b>	<b>\$ 1,212,250</b>
<b>Business-type activities</b>			
Arenas	\$ 1,810,262	\$ 901,690	\$ -
Electric	15,123,338	17,962,033	-
Liquor	4,750,278	5,180,445	-
MEC	99,345	22,152	-
Storm Water	296,125	358,462	-
Tourist Park	51,418	84,382	-
Water	2,612,545	3,219,600	-
Wastewater	944,895	1,261,871	-
<b>Total business-type activities</b>	<b>\$ 25,688,206</b>	<b>\$ 28,990,635</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 37,336,641</b>	<b>\$ 31,749,072</b>	<b>\$ 1,212,250</b>

**General revenues and transfers**

Property taxes  
Franchise tax  
Lodging tax  
Grants and contributions not restricted to specific programs  
Investment earnings  
Miscellaneous  
Transfers

**Total general revenues and transfers**

**Change in net position**

**Net Position - January 1**

**Net Position - December 31**

**EXHIBIT 2**

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Primary Government		
	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (2,912,204)	\$ -	\$ (2,912,204)
-	(3,423,800)	-	(3,423,800)
1,085,048	602,765	-	602,765
-	319,841	-	319,841
-	(753,760)	-	(753,760)
5,005	(206,696)	-	(206,696)
-	(213,841)	-	(213,841)
<b>\$ 1,090,053</b>	<b>\$ (6,587,695)</b>	<b>\$ -</b>	<b>\$ (6,587,695)</b>
\$ -	-	\$ (908,572)	\$ (908,572)
-	-	2,838,695	2,838,695
-	-	430,167	430,167
-	-	(77,193)	(77,193)
-	-	62,337	62,337
-	-	32,964	32,964
-	-	607,055	607,055
2,459	-	319,435	319,435
<b>\$ 2,459</b>	<b>\$ -</b>	<b>\$ 3,304,888</b>	<b>\$ 3,304,888</b>
<b>\$ 1,092,512</b>	<b>\$ (6,587,695)</b>	<b>\$ 3,304,888</b>	<b>\$ (3,282,807)</b>
	\$ 4,402,898	\$ -	\$ 4,402,898
	207,247	-	207,247
	155,448	-	155,448
	3,472,176	72,291	3,544,467
	494,685	648,100	1,142,785
	13,196	90,597	103,793
	(88,382)	88,382	-
	<b>\$ 8,657,268</b>	<b>\$ 899,370</b>	<b>\$ 9,556,638</b>
	<b>\$ 2,069,573</b>	<b>\$ 4,204,258</b>	<b>\$ 6,273,831</b>
	<b>33,758,721</b>	<b>39,601,819</b>	<b>73,360,540</b>
	<b>\$ 35,828,294</b>	<b>\$ 43,806,077</b>	<b>\$ 79,634,371</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Nonmajor Other Governmental Funds (Statement 1)	Total Governmental Funds
<b><u>Assets</u></b>			
<b>Assets</b>			
Cash and pooled investments	\$ 9,989,114	\$ 5,405,196	\$ 15,394,310
Cash with fiscal agent	-	4,543	4,543
Taxes receivable			
Current	160,364	14,691	175,055
Prior	109,637	38,913	148,550
Special assessments receivable			
Current	8,202	9,272	17,474
Prior	155,188	18,993	174,181
Accounts receivable	380,889	29,200	410,089
Interest receivable	4,678	1,140	5,818
Due from other funds	2,673,787	-	2,673,787
Due from other governments	26,470	164,184	190,654
Loans receivable	524,406	496,660	1,021,066
Special assessments receivable - noncurrent	183,720	2,716,162	2,899,882
	<b>\$ 14,216,455</b>	<b>\$ 8,898,954</b>	<b>\$ 23,115,409</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 72,128	\$ 129,311	\$ 201,439
Salaries payable	157,385	364	157,749
Due to other funds	-	1,517,287	1,517,287
Due to other governments	49,672	54	49,726
	<b>\$ 279,185</b>	<b>\$ 1,647,016</b>	<b>\$ 1,926,201</b>
<b>Deferred Inflows of Resources</b>			
Taxes	\$ 109,637	\$ 38,913	\$ 148,550
Loans	524,406	551,845	1,076,251
Special assessments	338,908	2,735,155	3,074,063
	<b>\$ 972,951</b>	<b>\$ 3,325,913</b>	<b>\$ 4,298,864</b>



**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 3  
(Continued)**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	General	Nonmajor Other Governmental Funds (Statement 1)	Total Governmental Funds
<b>Fund Balances</b>			
Restricted for			
American Rescue Plan	\$ 762,970	\$ -	\$ 762,970
Capital projects	-	339,901	339,901
Debt service	-	2,512,826	2,512,826
Economic development	-	1,432,749	1,432,749
Perpetual care	-	195,758	195,758
Public safety	378,395	-	378,395
TIF district	-	184,755	184,755
Committed to			
Airport	185,179	-	185,179
Carnegie building	33,216	-	33,216
Insurance	2,585,293	-	2,585,293
Parks	121,399	-	121,399
Emergency management	29,040	-	29,040
Fire department	498,151	-	498,151
K-9 Unit	-	235	235
Train canopy	-	38,943	38,943
Splash park	-	9,660	9,660
Swimming pool	-	270,819	270,819
Assigned to			
General government	1,277,627	177,821	1,455,448
Public safety	45,923	-	45,923
Highways and streets	480,082	-	480,082
Sanitation	184,459	-	184,459
Culture and recreation	1,935	-	1,935
Capital projects	-	142,495	142,495
Economic development	16,451	-	16,451
Unassigned	6,364,199	(1,379,937)	4,984,262
<b>Total Fund Balances</b>	<b>\$ 12,964,319</b>	<b>\$ 3,926,025</b>	<b>\$ 16,890,344</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,216,455</b>	<b>\$ 8,898,954</b>	<b>\$ 23,115,409</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023**

<b>Fund balances - total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>16,890,344</b>
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		30,978,161
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>		4,298,864
<p>Deferred outflows of resources are not available resources and, therefore are not reported in the governmental funds:</p>		
Deferred outflows related to other post-employment benefits	\$ 107,229	
Deferred outflows related to pensions	3,972,713	4,079,942
<p>Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Accrued interest payable	\$ (119,267)	
General obligation bonds	(10,105,000)	
Unamortized premium on bonds	(313,782)	
Capital leases	(366,487)	
Compensated absences payable	(746,645)	
Net pension asset	282,366	
Net pension liability	(3,602,335)	
Other post-employment benefits	(749,200)	(15,720,350)
<p>Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:</p>		
Deferred inflows related to other post-employment benefits	\$ (119,567)	
Deferred inflows related to pensions	(4,579,100)	(4,698,667)
<b>Net position of governmental activities (Exhibit 1)</b>	<b>\$</b>	<b><u>35,828,294</u></b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General</u>	<u>Nonmajor Other Governmental Funds (Statement 2)</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 2,929,702	\$ 1,799,223	\$ 4,728,925
Special assessments	21,685	500,434	522,119
Licenses and permits	208,033	-	208,033
Intergovernmental	4,510,040	317,823	4,827,863
Charges for services	1,847,667	35,925	1,883,592
Fines and forfeitures	48,651	-	48,651
Investment earnings	455,575	39,110	494,685
Gifts and contributions	700	6,009	6,709
Miscellaneous	438,371	355,872	794,243
<b>Total Revenues</b>	<b>\$ 10,460,424</b>	<b>\$ 3,054,396</b>	<b>\$ 13,514,820</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 1,752,013	\$ 1,032,038	\$ 2,784,051
Public safety	3,823,837	1,650	3,825,487
Highways and streets	872,491	-	872,491
Sanitation	994,645	-	994,645
Culture and recreation	755,120	1,953	757,073
Economic development	466,066	72,236	538,302
<b>Debt service</b>			
Principal retirement	59,488	940,000	999,488
Interest	-	129,472	129,472
<b>Capital outlay</b>			
General government	77,362	15,961	93,323
Public safety	75,680	-	75,680
Highways and streets	425,975	1,707,964	2,133,939
Culture and recreation	-	235	235
<b>Total Expenditures</b>	<b>\$ 9,302,677</b>	<b>\$ 3,901,509</b>	<b>\$ 13,204,186</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,157,747</b>	<b>\$ (847,113)</b>	<b>\$ 310,634</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 1,364,179	\$ 225,397	\$ 1,589,576
Transfers out	(1,521,598)	(156,360)	(1,677,958)
Proceeds from issuance of debt	425,975	1,670,000	2,095,975
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 268,556</b>	<b>\$ 1,739,037</b>	<b>\$ 2,007,593</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,426,303</b>	<b>\$ 891,924</b>	<b>\$ 2,318,227</b>
<b>Fund Balance - January 1</b>	<b>11,538,016</b>	<b>3,034,101</b>	<b>14,572,117</b>
<b>Fund Balance - December 31</b>	<b>\$ 12,964,319</b>	<b>\$ 3,926,025</b>	<b>\$ 16,890,344</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 2,318,227**

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

Governmental funds report capital outlay as expenditures. However, in  
the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 2,333,418	
Current year depreciation	(1,344,959)	
Net book value of assets disposed	<u>(108,916)</u>	879,543

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the governmental funds.

Change in deferred inflows of resources		285,570
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The issuance of long-term debt provides current financial resources to governmental funds,  
while the repayment of the principal of long-term debt consumes the current financial resources  
of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayments		
General obligation bonds	\$ 940,000	
Capital leases	<u>59,488</u>	999,488
Proceeds from issuance of debt		(2,095,975)

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.

Change in		
Amortization of discount/premium	\$ (90,012)	
Accrued interest payable	5,643	
Compensated absences payable	(33,829)	
Deferred outflows related to other post-employment benefits	251	
Deferred inflows related to other post-employment benefits	(280)	
Other post-employment benefits	429,200	
Net pension liability	5,013,311	
Deferred outflows related to net pension liability	(1,080,771)	
Deferred inflows related to net pension liability	<u>(4,294,606)</u>	(317,280)

**Change in net position of governmental activities (Exhibit 2) \$ 2,069,573**

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**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023**

	Liquor Enterprise	Electric Enterprise	Water Enterprise
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash and pooled investments	\$ 969,606	\$ 6,879,410	\$ 4,888,888
Accounts receivable	382	1,547,878	336,995
Interest receivable	337	3,054	1,972
Inventory	871,870	1,403,450	142,028
Prepaid items	-	-	-
<b>Total Current Assets</b>	<b>\$ 1,842,195</b>	<b>\$ 9,833,792</b>	<b>\$ 5,369,883</b>
<b>Noncurrent Assets</b>			
Special assessments receivable - noncurrent	\$ -	\$ -	\$ -
Capital assets			
Non-depreciable	178,942	24,014	1,426,847
Depreciable - net of accumulated depreciation	223,211	12,011,484	13,400,706
<b>Total Noncurrent Assets</b>	<b>\$ 402,153</b>	<b>\$ 12,035,498</b>	<b>\$ 14,827,553</b>
<b>Total Assets</b>	<b>\$ 2,244,348</b>	<b>\$ 21,869,290</b>	<b>\$ 20,197,436</b>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions	\$ 69,411	\$ 239,081	\$ 77,123
Related to other post-employment benefits	3,833	14,935	2,814
<b>Total Deferred Outflows of Resources</b>	<b>\$ 73,244</b>	<b>\$ 254,016</b>	<b>\$ 79,937</b>
<b><u>Liabilities</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 170,657	\$ 1,033,854	\$ 24,703
Compensated absences payable	113,899	163,453	66,390
Salaries payable	15,988	49,963	20,482
Contracts payable	-	-	229,655
Interest payable	-	48,107	129,331
Due to other governments	50,862	142,669	9,155
Due to other funds	-	-	-
GO revenue bonds payable	-	277,000	664,300
Customer deposits payable	-	198,190	-
<b>Total Current Liabilities</b>	<b>\$ 351,406</b>	<b>\$ 1,913,236</b>	<b>\$ 1,144,016</b>
<b>Noncurrent Liabilities</b>			
Other post employment benefits	\$ 27,100	\$ 105,600	\$ 19,900
Compensated absences payable	13,259	62,104	14,098
Net pension liability	261,197	899,679	290,219
GO revenue bonds payable (net)	-	2,953,246	10,117,238
<b>Total Noncurrent Liabilities</b>	<b>\$ 301,556</b>	<b>\$ 4,020,629</b>	<b>\$ 10,441,455</b>
<b>Total Liabilities</b>	<b>\$ 652,962</b>	<b>\$ 5,933,865</b>	<b>\$ 11,585,471</b>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions	\$ 107,849	\$ 371,479	\$ 119,832
Related to other post-employment benefits	4,274	16,653	3,138
<b>Total Deferred Inflows of Resources</b>	<b>\$ 112,123</b>	<b>\$ 388,132</b>	<b>\$ 122,970</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 402,153	\$ 6,556,809	\$ 4,262,653
Unrestricted amounts	1,150,354	9,244,500	4,306,279
<b>Total Net Position</b>	<b>\$ 1,552,507</b>	<b>\$ 15,801,309</b>	<b>\$ 8,568,932</b>

**EXHIBIT 7**

Wastewater Enterprise	Arenas Enterprise	Nonmajor Other Enterprise Funds (Statement 9)	Total
\$ 2,728,395	\$ 285,596	\$ 529,905	\$ 16,281,800
130,691	111,048	38,066	2,165,060
1,066	-	218	6,647
-	10,882	-	2,428,230
-	44,402	-	44,402
<b>\$ 2,860,152</b>	<b>\$ 451,928</b>	<b>\$ 568,189</b>	<b>\$ 20,926,139</b>
\$ 40,990	\$ -	\$ -	\$ 40,990
3,200,143	2,299,665	156,243	7,285,854
4,022,636	7,469,144	4,896,886	42,024,067
<b>\$ 7,263,769</b>	<b>\$ 9,768,809</b>	<b>\$ 5,053,129</b>	<b>\$ 49,350,911</b>
<b>\$ 10,123,921</b>	<b>\$ 10,220,737</b>	<b>\$ 5,621,318</b>	<b>\$ 70,277,050</b>
\$ 69,411	\$ -	\$ -	\$ 455,026
2,970	-	-	24,552
<b>\$ 72,381</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 479,578</b>
\$ 13,901	\$ 230,645	\$ 18,061	\$ 1,491,821
15,653	-	-	359,395
10,621	-	456	97,510
-	-	-	229,655
25,129	8,500	12,821	223,888
1,587	4,909	68	209,250
-	1,156,500	-	1,156,500
203,700	130,000	105,000	1,380,000
-	-	-	198,190
<b>\$ 270,591</b>	<b>\$ 1,530,554</b>	<b>\$ 136,406</b>	<b>\$ 5,346,209</b>
\$ 21,000	\$ -	\$ -	\$ 173,600
16,163	-	-	105,624
261,197	-	-	1,712,292
3,259,332	552,461	1,996,163	18,878,440
<b>\$ 3,557,692</b>	<b>\$ 552,461</b>	<b>\$ 1,996,163</b>	<b>\$ 20,869,956</b>
<b>\$ 3,828,283</b>	<b>\$ 2,083,015</b>	<b>\$ 2,132,569</b>	<b>\$ 26,216,165</b>
\$ 107,849	\$ -	\$ -	\$ 707,009
3,312	-	-	27,377
<b>\$ 111,161</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 734,386</b>
\$ 3,819,679	\$ 9,088,809	\$ 2,993,129	\$ 27,123,232
2,437,179	(951,087)	495,620	16,682,845
<b>\$ 6,256,858</b>	<b>\$ 8,137,722</b>	<b>\$ 3,488,749</b>	<b>\$ 43,806,077</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Liquor Enterprise	Electric Enterprise	Water Enterprise
<b>Sales and Cost of Goods Sold</b>			
Sales	\$ 5,180,445	\$ 17,863,346	\$ -
Cost of goods sold	(3,816,989)	(11,724,002)	-
<b>Gross Profit</b>	<b>\$ 1,363,456</b>	<b>\$ 6,139,344</b>	<b>\$ -</b>
<b>Operating Revenues</b>			
Charges for services	\$ -	\$ -	\$ 3,171,988
Miscellaneous	-	10,361	47,612
<b>Operating Revenues</b>	<b>\$ -</b>	<b>\$ 10,361</b>	<b>\$ 3,219,600</b>
<b>Total Gross Profit and Operating Revenues</b>	<b>\$ 1,363,456</b>	<b>\$ 6,149,705</b>	<b>\$ 3,219,600</b>
<b>Operating Expenses</b>			
Personnel services	\$ 616,990	\$ 1,559,436	\$ 589,792
Contracted services	-	-	-
Professional services	-	2,113	-
Advertising	47,561	-	-
Chemicals	46,881	-	343,014
Fuel	-	-	-
Insurance	32,243	101,837	46,227
License and permits	103,266	-	39,480
Repairs and maintenance	14,066	280,674	119,117
Supplies	12,763	70,806	50,036
Utilities	34,545	83,571	367,358
Miscellaneous	11,950	397,659	13,246
Other services and charges	-	197,812	142,820
Bad debts	370	-	-
Depreciation	12,654	594,603	624,311
<b>Total Operating Expenses</b>	<b>\$ 933,289</b>	<b>\$ 3,288,511</b>	<b>\$ 2,335,401</b>
<b>Operating Income (Loss)</b>	<b>\$ 430,167</b>	<b>\$ 2,861,194</b>	<b>\$ 884,199</b>
<b>Nonoperating Revenues (Expenses)</b>			
Special assessments	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Rental income	-	88,326	-
Gifts and contributions	-	-	-
Investment earnings	32,805	298,263	192,085
Miscellaneous	162	80,899	36
Interest expense	-	(110,825)	(277,144)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 32,967</b>	<b>\$ 356,663</b>	<b>\$ (85,023)</b>
<b>Income (Loss) Before Transfers</b>	<b>\$ 463,134</b>	<b>\$ 3,217,857</b>	<b>\$ 799,176</b>
Transfers in	\$ -	\$ -	\$ -
Transfers out	(337,279)	(840,200)	(107,287)
<b>Total Transfers</b>	<b>\$ (337,279)</b>	<b>\$ (840,200)</b>	<b>\$ (107,287)</b>
<b>Change in Net Position</b>	<b>\$ 125,855</b>	<b>\$ 2,377,657</b>	<b>\$ 691,889</b>
<b>Net Position - January 1</b>	<b>1,426,652</b>	<b>13,423,652</b>	<b>7,877,043</b>
<b>Net Position - December 31</b>	<b>\$ 1,552,507</b>	<b>\$ 15,801,309</b>	<b>\$ 8,568,932</b>



**EXHIBIT 8**

Wastewater Enterprise	Arenas Enterprise	Nonmajor Other		Total
		Enterprise Funds (Statement 10)		
\$ -	\$ 738,582	\$ 106,534	\$ 23,888,907	
-	(153,399)	(4,528)	(15,698,918)	
<b>\$ -</b>	<b>\$ 585,183</b>	<b>\$ 102,006</b>	<b>\$ 8,189,989</b>	
\$ 1,250,794	\$ -	\$ 358,462	\$ 4,781,244	
11,077	-	-	69,050	
<b>\$ 1,261,871</b>	<b>\$ -</b>	<b>\$ 358,462</b>	<b>\$ 4,850,294</b>	
<b>\$ 1,261,871</b>	<b>\$ 585,183</b>	<b>\$ 460,468</b>	<b>\$ 13,040,283</b>	
\$ 383,606	\$ -	\$ 41,967	\$ 3,191,791	
-	666,556	90,705	757,261	
-	-	-	2,113	
-	6,528	-	54,089	
-	-	-	389,895	
-	-	2,548	2,548	
26,527	18,581	-	225,415	
27,804	-	18,753	189,303	
88,439	80,864	44,302	627,462	
36,497	38,605	5,529	214,236	
93,379	392,219	24,284	995,356	
5,680	33,166	8,792	470,493	
32,571	-	-	373,203	
-	-	-	370	
192,561	389,862	176,757	1,990,748	
<b>\$ 887,064</b>	<b>\$ 1,626,381</b>	<b>\$ 413,637</b>	<b>\$ 9,484,283</b>	
<b>\$ 374,807</b>	<b>\$ (1,041,198)</b>	<b>\$ 46,831</b>	<b>\$ 3,556,000</b>	
\$ 2,459	\$ 156,608	\$ -	\$ 159,067	
-	65,791	6,500	72,291	
-	-	-	88,326	
-	6,500	-	6,500	
103,687	-	21,260	648,100	
32	9,173	295	90,597	
(57,831)	(30,482)	(28,723)	(505,005)	
<b>\$ 48,347</b>	<b>\$ 207,590</b>	<b>\$ (668)</b>	<b>\$ 559,876</b>	
<b>\$ 423,154</b>	<b>\$ (833,608)</b>	<b>\$ 46,163</b>	<b>\$ 4,115,876</b>	
\$ -	\$ 1,324,266	\$ 158,124	\$ 1,482,390	
(83,450)	-	(25,792)	(1,394,008)	
<b>\$ (83,450)</b>	<b>\$ 1,324,266</b>	<b>\$ 132,332</b>	<b>\$ 88,382</b>	
\$ 339,704	\$ 490,658	\$ 178,495	\$ 4,204,258	
<b>5,917,154</b>	<b>7,647,064</b>	<b>3,310,254</b>	<b>39,601,819</b>	
<b>\$ 6,256,858</b>	<b>\$ 8,137,722</b>	<b>\$ 3,488,749</b>	<b>\$ 43,806,077</b>	

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
Increase (Decrease) in Cash and Cash Equivalents**

	Liquor Enterprise	Electric Enterprise	Water Enterprise
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 5,090,323	\$ 17,795,726	\$ 3,143,473
Payments to employees	(621,705)	(1,572,231)	(589,558)
Payments to suppliers	(4,398,002)	(12,866,804)	(1,148,338)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 70,616</b>	<b>\$ 3,356,691</b>	<b>\$ 1,405,577</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>			
Miscellaneous	\$ 162	\$ 80,899	\$ 36
<b>Net cash provided by (used in) noncapital and related financing activities</b>	<b>\$ 162</b>	<b>\$ 80,899</b>	<b>\$ 36</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Special assessments received	\$ -	\$ -	\$ -
Property taxes received	-	-	-
Intergovernmental revenues received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(337,279)	(840,200)	(107,287)
Proceeds from issuance of debt	-	-	1,420,000
Purchase of capital assets	-	(326,012)	(1,122,894)
Principal paid on debt	-	(274,000)	(462,300)
Interest paid on debt	-	(110,825)	(277,144)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (337,279)</b>	<b>\$ (1,551,037)</b>	<b>\$ (549,625)</b>
<b>Cash Flows from Investing Activities</b>			
Investment earnings received	\$ 32,891	\$ 298,263	\$ 192,269
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (233,610)</b>	<b>\$ 2,184,816</b>	<b>\$ 1,048,257</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>1,203,216</b>	<b>4,694,594</b>	<b>3,840,631</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 969,606</b>	<b>\$ 6,879,410</b>	<b>\$ 4,888,888</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 430,167	\$ 2,949,520	\$ 884,199
<b>Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities</b>			
Depreciation expense	\$ 12,654	\$ 594,603	\$ 624,311
Decrease (increase) in assets			
Accounts receivable	188	18,028	(52,332)
Inventory	(90,310)	(134,940)	(23,795)
Increase (decrease) in liabilities			
Accounts payable	(274,409)	(22,015)	(28,359)
Salaries payable	(2,214)	6,925	2,485
Due to other governments	(2,959)	13,573	1,283
Compensated absences payable	8,805	26,335	4,588
Customer deposits payable	-	(49,395)	-
Other post employment benefit obligation	(15,536)	(60,517)	(11,504)
Net pension liability	4,230	14,574	4,701
<b>Total adjustments</b>	<b>\$ (359,551)</b>	<b>\$ 407,171</b>	<b>\$ 521,378</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 70,616</b>	<b>\$ 3,356,691</b>	<b>\$ 1,405,577</b>

**EXHIBIT 9**

Wastewater Enterprise	Arenas Enterprise	Nonmajor Other Enterprise Funds (Statement 11)	Total
\$ 1,270,069	\$ 677,192	\$ 461,565	\$ 28,438,348
(391,156)	(666,556)	(132,575)	(3,973,781)
<u>(301,915)</u>	<u>(630,891)</u>	<u>(90,701)</u>	<u>(19,436,651)</u>
<b>\$ 576,998</b>	<b>\$ (620,255)</b>	<b>\$ 238,289</b>	<b>\$ 5,027,916</b>
\$ 32	\$ 15,673	\$ 296	\$ 97,098
<b>\$ 32</b>	<b>\$ 15,673</b>	<b>\$ 296</b>	<b>\$ 97,098</b>
\$ 2,459	\$ -	\$ -	\$ 2,459
-	156,608	-	156,608
-	65,791	6,500	72,291
-	2,118,608	158,124	2,276,732
(83,450)	-	(25,792)	(1,394,008)
-	-	-	1,420,000
(181,811)	(1,290,347)	(119,272)	(3,040,336)
(203,700)	(130,000)	(105,000)	(1,175,000)
<u>(57,831)</u>	<u>(30,482)</u>	<u>(28,723)</u>	<u>(505,005)</u>
<b>\$ (524,333)</b>	<b>\$ 890,178</b>	<b>\$ (114,163)</b>	<b>\$ (2,186,259)</b>
\$ 103,907	\$ -	\$ 21,260	\$ 648,590
<b>\$ 156,604</b>	<b>\$ 285,596</b>	<b>\$ 145,682</b>	<b>\$ 3,587,345</b>
<u>2,571,791</u>	<u>-</u>	<u>384,223</u>	<u>12,694,455</u>
<b>\$ 2,728,395</b>	<b>\$ 285,596</b>	<b>\$ 529,905</b>	<b>\$ 16,281,800</b>
\$ 374,807	\$ (1,041,198)	\$ 46,831	\$ 3,644,326
\$ 192,561	\$ 389,862	\$ 176,757	\$ 1,990,748
(18,619)	(63,801)	(3,472)	(120,008)
-	2,411	-	(246,634)
35,755	65,751	18,061	(205,216)
(235)	-	97	7,058
12	26,720	15	38,644
591	-	-	40,319
-	-	-	(49,395)
(12,104)	-	-	(99,661)
<u>4,230</u>	<u>-</u>	<u>-</u>	<u>27,735</u>
<b>\$ 202,191</b>	<b>\$ 420,943</b>	<b>\$ 191,458</b>	<b>\$ 1,383,590</b>
<b>\$ 576,998</b>	<b>\$ (620,255)</b>	<b>\$ 238,289</b>	<b>\$ 5,027,916</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

*EXHIBIT 10*

**STATEMENT OF FIDUCIARY NET POSITION  
POLICE RELIEF ASSOCIATION  
PENSION TRUST FUND  
DECEMBER 31, 2023**

Assets

Cash and pooled investments	\$	35,204
Accrued interest receivable		12
Prepaid benefits		<u>1,099</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>36,315</u></b>

Net Position

Amounts held in trust for pool participants	<u>\$</u>	<u>36,315</u>
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**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

***EXHIBIT 11***

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE RELIEF ASSOCIATION PENSION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u><b>Additions</b></u>		
Contributions		\$ 10,410
Investment earnings		1,131
		11,541
<b>Total Additions</b>		<b>\$ 11,541</b>
<u><b>Deductions</b></u>		
Benefit payments		12,737
		(1,196)
<b>Change in net position</b>		<b>\$ (1,196)</b>
<b>Net Position--January 1</b>		<b>37,511</b>
<b>Net Position--December 31</b>		<b>\$ 36,315</b>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

I. Summary of Significant Accounting Policies

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below

A. Financial Reporting Entity

The City of Thief River Falls was incorporated June 1, 1874, and was organized November 4, 1896, with the powers, duties, and privileges granted by state law, codified in Minnesota Statutes, Chapter 412. The City operates under a Mayor-Council form of government and provides services such as general government, public safety, highways and streets, sanitation, culture and recreation, economic development, the arenas, a municipal liquor store, the Multi-Events Complex (MEC), the tourist park, and the electric, storm water, wastewater, and water utilities, as authorized by its charter.

The City participates in joint ventures as described in Note X.

The Thief River Falls Firemen's Relief Association (FRA) is organized to provide pension and other benefits to its members in accordance with Minnesota Statutes. The FRA is a defined benefit plan and is required to be reported in the financial statements of the City. The City's portion of the cost of the FRA's pension benefits is included in the General Fund.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) include the financial activities of the overall City government. Eliminations have been made to minimize the double-counting of internal activities. 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 to external parties for support.

In the government-wide *Statement of Net Position*, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

The *Statement of Activities* demonstrates the degree to which the direct expenses of each function of the City's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, charges, and fines paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues and transfers.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes, franchise tax, lodging tax, grants, donations, subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for and reports all financial resources of the general government not accounted for in another fund.

The City reports the following major enterprise funds:

The Liquor Enterprise Fund is used to account for the operations of the liquor store. Financing is provided through the liquor store's sale of off-sale liquor.

The Electric Enterprise Fund is used to account for and report the operations of the electrical service system. Financing is provided by charges to residents for services.

The Water Enterprise Fund is used to account for and report the operations of the water service system. Financing is provided by charges to residents for services.

The Wastewater Enterprise Fund is used to account for and report the operations of the sewer service system. Financing is provided by charges to residents for services.

The Arenas Enterprise Fund is used to account for and report the operations of the arenas. Financing is provided by attendees and organizations for services and events.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the City reports the following non-major enterprise funds:

The Storm Water Enterprise Fund is used to account for and report on the operations of the storm water service system. Financing is provided by charges to residents for services.

The MEC Enterprise Fund is used to account for and report on the operations of the Multi-Events Complex. Financing is provided by sports complex user fees and concession sales.

The Tourist Park Enterprise Fund is used to account for and report on the operations of Tourist Park. Financing is provided to charges to renters for camping services.

The City also reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted for payment of principal and interest on debt.

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds are custodial in nature and do not present the results of operations or have a measurement focus. The Pension Trust Fund accounts for the activities of the Police Relief Association, which accumulates resources for pension benefit payments to qualified public safety employees.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. The City considers tax revenues to be available if they are collected within 60 days after the end of the current period. Intergovernmental revenues, charges for services, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund



**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt are reported as other financing sources.

D. Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position or Equity

1. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand and demand deposits. Additionally, each fund's equity in the City's deposits is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

2. Deposits and Investments

The cash balances of the funds are invested by the City for the purpose of increasing earning through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2023, based on market prices. Investment earnings are allocated to the funds with deposits. Pooled investment were \$451,241. Total investment for 2023 were \$1,142,785.

3. Cash with Fiscal Agent

The City Council has authorized the Northwest Minnesota Multi-City Housing and Redevelopment Authority to administer the Small Cities Community Development Block Grant Program projects. The cash with fiscal agent held by the Northwest Minnesota Multi-City Housing and Redevelopment Authority on behalf of the City had a balance of \$4,543 as of December 31, 2023.

4. Receivables and Payables

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed by Pennington County in March with the first half payment due on May 15 and the second half due on October 15.

Taxes and special assessments receivable consist of uncollected taxes and special assessments payable in the years 2001 through 2023, and deferred special assessments collectible in 2024 and beyond. Taxes and special assessments receivable are offset by deferred inflows of resources for the amount not collected within 60 days of December 31 to indicate they are not available to finance current expenditures. No provision has been made for an estimated uncollectable amount.

Accounts receivable consist primarily of charges for services for electric, water, wastewater, arenas, and stormwater utilities. Utility receivables are carried at invoice amount. The City uses a

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

4. Receivables and Payables (Continued)

direct write-off method for uncollectible accounts receivable. These amounts do not have a material effect on the financial condition of the City. A utility receivable is considered to be past due if any portion of the receivable balance is outstanding after the 10th of the month and the customer will be charged a 10% late fee.

Revenues from electric and water sales are reflected in the accounts only at the time the meters are read. Accordingly, the revenues related to the electric and water service delivered, but not metered, are not accrued. The City reads meters throughout the month. Meters are read between the 21<sup>st</sup> of the previous month and 19<sup>th</sup> of the current month. Invoices are mailed on the 1<sup>st</sup> of the month and are due on the 10<sup>th</sup>.

Loans receivable consisting of housing rehabilitation and business development loans are reported as nonspendable fund balance for the amount outstanding as of year-end. Loans receivable from the airport projects are reported as deferred inflows of resources.

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 from/to 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.”

All receivables are shown net of an allowance for uncollectible amounts, if applicable.

5. Inventory

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than consumed. Inventories in proprietary funds and at the government-wide level are recorded as expenses when consumed.

6. Capital Assets

Capital assets, which include land, construction in progress, infrastructure, buildings, and machinery and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years, except land and construction in progress which is capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of acquisition.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

6. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Construction in progress consists of street and utility projects, the arena and maintenance building projects, a stormwater treatment project, and a waste water force main improvement.

Infrastructure, buildings and improvements, and machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	40-75
Buildings	25-50
Machinery and equipment	5-10

7. Deferred Outflows/Inflows of Resources

In addition to assets, the *Statement of Net Position* reports a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods, and therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources in the government-wide and proprietary funds *Statement of Net Position* in relation to the activity of other post-employment benefits (OPEB) and the pension funds in which City employees and volunteer firefighters participate.

In addition to liabilities, the *Statement of Net Position* and *Balance Sheet* report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports delinquent property taxes and special assessments receivable, special assessments levied for subsequent years, and some loans receivable as deferred inflows of resources in the governmental funds, in accordance with the modified accrual basis of accounting. In addition, the City reports deferred inflows of resources in the government-wide and proprietary funds *Statement of Net Position* in relation to the activity of the pension funds in which City employees participate. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available.

8. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated sick leave and vacation balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

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

8. Compensated Absences

and retirements. Compensated absences are generally liquidated by the General Fund and the Electric, Liquor, Water, Stormwater, and Wastewater Enterprise Funds.

9. Other Postemployment Benefits (OPEB)

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on pay-as-you-go basis. The liability was determined using the lookback method, in accordance with GASB Statement No. 75, at December 31, 2022. The General Fund, Liquor, Electric, Water, and Wastewater Enterprise Funds are typically used to liquidate governmental other postemployment benefits payable.

10. Long-Term Obligations

In the government-wide and proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses 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. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

11. 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.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

11. Pensions (Continued)

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's requirement to contribute to the Thief River Falls Firemen's Relief Association (FRA) Plan, information about the Plan's fiduciary net position and additions to/deductions from the Thief River Falls FRA Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For the governmental activities, the pension liability is liquidated by the General Fund. For the business type activities, the pension liability is liquidated by the Liquor, Electric, Wastewater, and Water Enterprise Funds.

12. Net Position and Fund Balance

In the government-wide and business-type fund financial statements, the City classifies net positions as follows:

Net investment in capital assets – represents capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are constrained for specific purposes which are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes imposed by resolution of the City Council and do not lapse at year-end. To remove the constraint on specified used of committed resources the Council shall pass a resolution.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Administrator.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

12. Net Position and Fund Balance (Continued)

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

The City will maintain an unrestricted fund balance in the General Fund of an amount not less than 35 to 50 percent of next year’s budgeted expenditures of the General Fund. Unrestricted Fund balance can be “spent down” if there is an anticipated budget short fall. If spending unrestricted fund balance to a point below the minimum targeted level the replenishment will be funded by taxes.

Stabilization arrangements are defined as formally setting aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise. The City Council will set aside amounts by resolution as deemed necessary that can only be expended when unforeseen emergencies exist as the need for stabilization arises. The need for stabilization will only be utilized for situations that are not expected to occur routinely. The City does not identify an amount for stabilization at December 31, 2023.

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. When committed, assigned or unassigned resources are available for use, it is the City’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

13. Use of Estimates

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 the reported amounts of assets, liabilities, and deferred outflows/inflows of resources, and disclosure of contingent amounts at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

II. Stewardship, Compliance, and Accountability

B. Deficit Fund Balances – Net Position

The following nonmajor governmental funds had a deficit unassigned fund balance as of December 31, 2023:

TIF District 1-13 Special Revenue Fund	\$ 753,787
Highway 1 Roundabout Improvement	
Capital Project Fund	\$ 2,700
TH59 Corridor Capital Project Fund	\$ 42,159
2021 Street & Utilities Capital Project Fund	\$ 728,448

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

II. Stewardship, Compliance, and Accountability

B. Deficit Fund Balances – Net Position (Continued)

2024 Trail Street & Utilities Capital Project Fund	\$ 900
Barzen Multi-use Trail Capital Project Fund	\$ 235

The following major business-type fund had deficit unrestricted net position as of December 31, 2023:

Arenas Enterprise Fund	\$ 951,087
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These deficits will be eliminated with future collections.

C. Tax Abatement Programs

The City has one tax abatement program which is part of the City’s area housing development projects.

On August 3, 2015, the City Council approved revisions to the City Tax Abatement Program in response to a request from developers for relief in establishing new plats, new lot developments, and ultimately new homes in the City of Thief River Falls. The Tax Abatement Program operates under the Tax Abatement Authority in Minnesota Statute §§469.1813-1815, and provides for the abatement of property taxes for a three to seven-year period, and applies to new single-family residential construction only. This Abatement Program replaced the previous Abatement Program and was for the period from July 1, 2015 to December 31, 2020.

The City Tax Abatement Program expired on December 31, 2020, but the homes meeting the qualifications with building permits issued prior to December 31, 2020 will be honored. The properties which are in the program have potentially three years and up to seven years if there are assessments until the program is finalized.

The City share of abatement in 2023 was \$13,149, for a total of \$86,650 paid to date.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliations of the City’s total deposits and investments to the basic financial statements, as of December 31, 2023, are as follows:

<b>Government-Wide Statement of Net Position</b>	
<i>Governmental Activities</i>	
Cash and pooled investments	\$ 15,394,310
Cash with fiscal agent	4,543
<i>Business-type Activities</i>	
Cash and pooled investments	16,281,800
<i>Fiduciary Activities</i>	
Cash and pooled investments	<u>35,204</u>
 Total Cash and Investments	 <u><u>\$ 31,715,857</u></u>
Petty cash and change funds	\$ 12,580
Cash with fiscal agent	4,543
Checking	1,838,315
Certificates of deposit	100,000
Negotiable certificates of deposit	26,387,385
Money market funds	<u>3,373,034</u>
 Total deposits and cash on hand	 <u><u>\$ 31,715,857</u></u>

Deposits

Minnesota Statutes, §§ 118A.02 and 118A.04 authorize the City to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board. Minnesota Statute, § 118A.03 requires that all City deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution’s banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better, revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit.

Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may not be returned to it. The City’s policy for custodial credit risk is to comply with Minnesota statutes in establishing authorized collateral for deposits. As of December 31, 2023, the City’s deposits were not exposed to custodial credit risk.



**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Investments

Minnesota Statutes, §§ 118A.04 and 118A.05 generally authorize the following types of investments available to the City:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, § 118A.04, subdivision 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow needed for operations.

At December 31, 2023, the City had the following investments and maturities:

	Fair Value	Less Than 1 Year	1-5 Years
Money Market Funds	\$ 22,263,685	\$ 22,263,685	\$ -
Negotiable Certificates of Deposit	7,496,732	4,631,664	2,865,068
Total Investments	\$ 29,760,417	\$ 26,895,349	\$ 2,865,068
	100%	90%	10%

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill the obligations to the holder of the investment. This is measured by the assignment of a rating from a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by state statute. \$29,760,419 of the City's portfolio are in money market accounts and negotiable certificates of deposit which are not rated at December 31, 2023.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. It is the City's policy to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Some brokers have excess SIPC coverage which may mitigate all or part of custodial credit risk. At December 31, 2023, the City had no investments subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer, excluding U.S. guaranteed investments, external investment pools, and mutual funds. The City's policy limits investments in any one issuer to not more than five percent unless the City Administrator has received prior approval, or the increase is a result of market price increase. The City's investment in Money Market accounts represents 70.20 percent of the City's portfolio, and negotiable CDs represent 23.64 percent.

Fair Value Hierarchy

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Fair Value Hierarchy (Continued)

	December 31, 2023	Fair Value Measurements Using	
		Quotes Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Negotiable Certificates of Deposits	\$ 7,496,732	\$ -	\$ 7,496,732
Money Market Funds	22,263,687	22,263,687	-
Total Investments	<u>\$ 29,760,419</u>	<u>\$ 22,263,687</u>	<u>\$ 7,496,732</u>

All Level 2 debt securities are valued using a market approach based on the securities' relationship to benchmark quoted prices. The City had no Level 3 investments.

2. Receivables

Receivables as of December 31, 2023, for the City's governmental and business-type activities, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
<b>Governmental Activities</b>		
Taxes	\$ 323,605	\$ -
Special assessments	3,091,537	2,899,882
Accounts	410,089	-
Accrued interest	5,818	-
Loans	1,021,066	792,703
Due from other governments	190,654	-
Total Governmental Activities	<u>\$ 5,042,769</u>	<u>\$ 3,692,585</u>
<b>Business-Type Activities</b>		
Special assessments	\$ 40,990	\$ 40,990
Accounts	2,165,060	-
Accrued interest	6,647	-
Total Business-Type Activities	<u>\$ 2,212,697</u>	<u>\$ 40,990</u>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the governmental and business-type activities for the year ended December 31, 2023, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 516,833	\$ -	\$ 108,916	\$ 407,917
Construction in progress	2,415,474	1,780,050	2,538,968	1,656,556
Total capital assets not depreciated	<u>\$ 2,932,307</u>	<u>\$ 1,780,050</u>	<u>\$ 2,647,884</u>	<u>\$ 2,064,473</u>
Capital assets being depreciated				
Infrastructure	\$ 33,528,513	\$ 2,049,282	\$ -	\$ 35,577,795
Buildings	4,673,461	-	-	4,673,461
Machinery and equipment	5,043,841	1,043,054	407,118	5,679,777
Total capital assets being depreciated	<u>\$ 43,245,815</u>	<u>\$ 3,092,336</u>	<u>\$ 407,118</u>	<u>\$ 45,931,033</u>
Less: accumulated depreciation for				
Infrastructure	\$ 9,850,238	\$ 789,970	\$ -	\$ 10,640,208
Buildings	2,375,633	92,819	-	2,468,452
Machinery and equipment	3,853,633	462,170	407,118	3,908,685
Total accumulated depreciation	<u>\$ 16,079,504</u>	<u>\$ 1,344,959</u>	<u>\$ 407,118</u>	<u>\$ 17,017,345</u>
Total capital assets, depreciated, net	<u>\$ 27,166,311</u>	<u>\$ 1,747,377</u>	<u>\$ -</u>	<u>\$ 28,913,688</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,098,618</u>	<u>\$ 3,527,427</u>	<u>\$ 2,647,884</u>	<u>\$ 30,978,161</u>
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 586,176	\$ -	\$ -	\$ 586,176
Construction in progress	4,613,356	2,684,920	598,598	6,699,678
Total capital assets not depreciated	<u>\$ 5,199,532</u>	<u>\$ 2,684,920</u>	<u>\$ 598,598</u>	<u>\$ 7,285,854</u>
Capital assets being depreciated				
Buildings	\$ 26,532,281	\$ -	\$ 658,737	\$ 25,873,544
Infrastructure	56,153,198	1,562,998	758,370	56,957,826
Machinery and equipment	5,906,002	332,623	236,538	6,002,087
Total capital assets being depreciated	<u>\$ 88,591,481</u>	<u>\$ 1,895,621</u>	<u>\$ 1,653,645</u>	<u>\$ 88,833,457</u>
Less: accumulated depreciation for				
Buildings	\$ 12,266,335	\$ 586,261	\$ 489,569	\$ 12,363,027
Infrastructure	28,993,002	1,655,612	685,767	29,962,847
Machinery and equipment	4,445,554	242,207	204,245	4,483,516
Total accumulated depreciation	<u>\$ 45,704,891</u>	<u>\$ 2,484,080</u>	<u>\$ 1,379,581</u>	<u>\$ 46,809,390</u>
Total capital assets, depreciated, net	<u>\$ 42,886,590</u>	<u>\$ (588,459)</u>	<u>\$ 274,064</u>	<u>\$ 42,024,067</u>
Business-Type Activities Capital Assets, Net	<u>\$ 48,086,122</u>	<u>\$ 2,096,461</u>	<u>\$ 872,662</u>	<u>\$ 49,309,921</u>

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Depreciation Expense

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

<b>Governmental Activities</b>		
General government	\$	920,815
Public safety		92,093
Highways and streets		183,550
Sanitation		63,355
Culture and recreation		85,146
		85,146
Total Depreciation Expense - Governmental Activities	\$	1,344,959
<b>Business-Type Activities</b>		
Liquor	\$	502,223
Electric		598,365
Arena		389,861
Water		634,538
Wastewater		182,335
Storm water		167,539
MEC		7,620
Tourist Park		1,599
		1,599
Total Depreciation Expense - Business-Type Activities	\$	2,484,080

C. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

The composition of due to/from other funds as of December 31, 2023, is as follows:

Receivable Fund	Payable Fund	Amount	
General Fund			
	HWY 1 Capital Projects Fund	\$ 2,700	Temporary loans
	TH59 Corridor Capital Projects Fund	24,000	Temporary loans
	2024 Street & Utilities Capital Projects Fund	100,800	Temporary loans
	2021 Street & Utilities Capital Projects Fund	635,000	Temporary loans
	Barzen MU Trail Capital Projects Fund	1,000	Temporary loans
	TIF 1-13 Special Revenue Fund	752,321	Reimburse expenditures
		1,466	Cash deficit
	Arena Enterprise Fund	1,156,500	Cash deficit
		\$ 2,673,787	
Total Due To/Due From Other Funds			

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

C. Interfund Receivables, Payables, and Transfers

Interfund Transfers (Continued)

Interfund transfers for the year ended December 31, 2023, consisted of the following operating transfers:

To General Fund		
from Electric Enterprise Fund	\$ 265,200	Administrative reimbursement
	575,000	Operating transfer
from Liquor Enterprise Fund	78,200	Administrative reimbursement
	259,079	Operating transfer
from Water Enterprise Fund	47,000	Administrative reimbursement
	56,250	Operating transfer
from Wastewater Enterprise Fund	27,200	Administrative reimbursement
	56,250	Operating transfer
Total to General Fund	<u>\$ 1,364,179</u>	
To Greenwood Cemetery Special Revenue Fund		
from General Fund	<u>\$ 65,000</u>	Operating transfer
To 2022 Improvement Bonds		
from Water Enterprise Fund	\$ 4,037	Close fund to Capital Project fund
from 2022 Street & Utility Capital Projects Fund	143,911	To close fund
Total to 2022 Improvement Bonds	<u>\$ 147,948</u>	
To 2020 Improvement Bonds		
from 2020 Software Project	<u>\$ 1,657</u>	To close fund
To 2019 Improvement Bond		
from 2019 Software Project	<u>\$ 10,793</u>	To close fund
To Arenas Enterprise Fund		
from General Fund	<u>\$ 1,324,266</u>	Operating transfer
To MEC Enterprise Fund		
from General Fund	\$ 132,332	Operating transfer
from Tourist Park Enterprise Fund	25,792	Operating transfer
Total to MEC Enterprise Fund	<u>\$158,124</u>	
Total Interfund Transfers	<u>\$ 3,071,967</u>	

D. Liabilities

1. Construction Commitments

The City has three active construction projects paid to date in the amount of \$4,079,453 with a remaining commitment of \$3,088,361.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

2. Compensated Absences

Under the City's Policy Book, Section 206.16, employees earn sick leave at a rate of 1 day each month worked, with a maximum allowable accumulation of 80 days. They begin accumulating sick leave from the first day of employment. No sick leave benefits of any kind are paid upon termination, except as used for funeral leave in the event of a death in the employee's immediate family. According to Section 206.07 Subd. 7, employees that leave the City due to retirement or death, are paid one-half of the unused portion of sick leave. Unvested sick leave, approximately \$518,685 at December 31, 2023, is available to employees in the event of illness-related absences and is not paid to them at termination, except as stated above.

Under the City's Policy Book, Section 206.31, Employees receive no vacation during the first six-month probationary period. After the six-month anniversary date employees receive 40 hours and accumulate 3.08 hours per bi-weekly pay period to a maximum of 80 hours. Beginning in the second year through completion of the 9<sup>th</sup> year, employees receive 3.08 hours per bi-weekly pay period to a maximum of 80 hours per year. Beginning in the 10<sup>th</sup> year through completion of the 14<sup>th</sup> year, employees receive 4.62 hours per bi-weekly pay period, to a maximum of 120 hours per year. Beginning in the 15<sup>th</sup> year and thereafter, employees receive 6.15 hours per bi-weekly pay period, to a maximum of 160 hours per year. Employees must take at least 40 hours of vacation during each calendar year. Upon leaving city service in good standing, employees are compensated for vacation leave accrued to the date of separation. Accumulated vacation pay is computed to the nearest day based on the hourly wage at the time of termination.

3. Long-Term Debt

Governmental Activities

The City of Thief River Falls General Obligation Improvement Bonds of 2012 represent debt incurred for street improvements. These bonds have an original issue amount of \$795,000. They carry a net interest rate of 2.1 percent and are due in annual principal payments from the 2012 Improvement Bonds Debt Service Fund of between \$70,000 and \$80,000 through February 1, 2025. The balance due on these bonds at December 31, 2023, is \$155,000.

The City of Thief River Falls General Obligation Street Improvement Bonds of 2014 represent debt incurred for street improvements. These bonds have an original issue amount of \$685,000. They carry a net interest rate of 3 percent and are due in annual principal payments from the 2014 Improvement Bonds Debt Service Fund of between \$55,000 and \$65,000 through February 4, 2027. The balance due on these bonds at December 31, 2023, is \$245,000.

The City of Thief River Falls General Obligation Street Improvement Bonds of 2015 represent debt incurred for street improvements. These bonds have an original issue amount of \$795,000. They carry a net interest rate of 2.5 percent and are due in annual principal payments from the 2015 Improvement Bonds Debt Service Fund of between \$65,000 and \$75,000 through February 1, 2028. The balance due on these bonds at December 31, 2023, is \$350,000.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Governmental Activities (Continued)

The City of Thief River Falls General Obligation Bonds of 2016 represent debt incurred for a street, wastewater, and water project. The street project portion of these bonds have an original issue amount of \$1,000,000, carry a net interest rate of 1.659 percent and are due in annual payments from the 2016 Improvement Bonds Debt Service Fund of \$80,000 to \$95,000 through February 1, 2029. The balance due on these bonds at December 31, 2023, is \$540,000.

The City of Thief River Falls General Obligation Bonds, Series 2017B represent debt incurred for a street and water project. The street project portion of these bonds have an original issue amount of \$1,295,000, carry a net interest rate of 2.335 percent and are due in annual payments from the 2017 Improvement Bonds Debt Service Fund of \$100,000 to \$130,000 through February 1, 2030. The balance due on these bonds at December 31, 2023, is \$820,000.

The City of Thief River Falls General Obligation Bonds, Series 2018B, represent debt incurred for street and water projects. The street portion of these bonds have an original issue amount of \$1,800,000, carry a net interest rate of 3.00 to 3.25 percent, and are due in annual payments from the 2018 Street and Utility Capital Projects Fund of \$135,000 to \$175,000 through February 1, 2031. The balance due on these bonds at December 31, 2023, is \$1,275,000.

The City of Thief River Falls General Obligation Bonds, Series 2019A, represent debt incurred for street and water project projects. The street portion of these bonds have an original issue amount of \$1,705,000, carry a net interest rate of 2.0 percent to 2.3 percent, and are due in annual payments from the 2019 Improvement Bond Debt Service Fund of \$130,000 to \$160,000 through February 1, 2032. The balance due on these bonds at December 31, 2023, is \$1,320,000.

The City of Thief River Falls General Obligation Bonds, Series 2019A, represent debt incurred for financial software. These bonds have an original issue amount of \$280,000, carry a net interest rate of 1.9 percent to 2.0 percent, and are due in annual payments from the 2019 Improvement Bonds Software Debt Service Fund of \$30,000 to \$35,000 through February 1, 2029. The balance due on these bonds at December 31, 2023, is \$195,000.

The City of Thief River Falls General Obligation Bonds, Series 2020B, represent debt incurred to refund the General Obligation Improvement Bonds, Series 2011A. As a result of the refunding, the City reduced total debt service payments by \$5,000, and obtained an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$11,260. These bonds have an original issue amount of \$315,000, carry an interest rate of two percent, and are due in annual installments paid from the 2020B Improvement Bonds Debt Service Fund of between \$60,000 and \$65,000 through February 1, 2024. The balance due on these bonds at December 31, 2023, is \$60,000.



**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Governmental Activities (Continued)

The City of Thief River Falls General Obligation Bonds, Series 2020B, represent debt incurred to refund the General Obligation Improvement Bonds, Series 2013A. As a result of the refunding, the City reduced total debt service payments by \$37,588, and obtained an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$33,686. These bonds have an original issue amount of \$565,000, carry an interest rate of one to two percent, and are due in annual installments paid from the 2020B Improvement Bonds Debt Service Fund of between \$35,000 and \$40,000 through February 1, 2032. The balance due on these bonds at December 31, 2023, is \$240,000.

The City of Thief River Falls General Obligation Bonds, Series 2020B, represent debt incurred to refund the General Obligation Street Reconstruction Bonds, Series 2013A. As a result of the refunding, the City reduced total debt service payments by \$81,233, and obtained an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$79,772. These bonds have an original issue amount of \$1,385,000, carry an interest rate of one to two percent, and are due in annual installments paid from the 2020B Improvement Bonds Debt Service Fund of between \$90,000 and \$105,000 through February 1, 2032. The balance due on these bonds at December 31, 2023, is \$585,000.

The City of Thief River Falls General Obligation Bonds, Series 2020B represent debt incurred for street improvements. These bonds have an original issue amount of \$405,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the 2020 Improvement Bonds Debt Service Fund of \$30,000 to \$35,000 through February 1, 2033. The balance due on these bonds at December 31, 2023, is \$345,000.

The City of Thief River Falls General Obligation Bonds, Series 2020B represent debt incurred for financial software. These bonds have an original issue amount of \$210,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the 2020 Improvement Bonds Software Debt Service Fund of \$20,000 to \$25,000 through February 1, 2030. The balance due on these bonds at December 31, 2023, is \$170,000.

The City of Thief River Falls General Obligation Bonds, Series 2022A represents debt incurred for street improvements. These bonds have an original issue amount of \$2,135,000, carry a net interest rate of 3.45 to 4.0 percent and are due in annual payments from the 2022 Improvement Bonds Debt Service Fund of \$110,000 to \$215,000 through February 1, 2038. The balance due on these bonds at December 31, 2023, is \$2,135,000.

The City of Thief River Falls General Obligation Bonds, Series 2023A represents debt incurred for street improvements. These bonds have an original issue amount of \$1,670,000, carry a net interest rate of 4.0 to 5.0 percent and are due in annual payments from the 2023 Improvement Bonds Debt Service Fund of \$75,000 to \$175,000 through February 1, 2036. The balance due on these bonds at December 31, 2023, is \$1,670,000.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Governmental Activities (Continued)

Leases Payable

The City of Thief River Falls lease represents debt incurred for the right-to-use of a 2023 John Deere Wheel Loader. This lease has an original issue amount of \$267,742 with a net book value of \$265,511 and carries a net interest rate of 6.12 percent which is due in annual installments of \$27,841 from the General Fund through April 2028. The balance due on this lease as of December 31, 2023, is \$239,901.

The City of Thief River Falls lease represents debt incurred for the right-to-use of a 2023 John Deere 772G Motor Grader. This lease has an original issue amount of \$158,233 with a net book value of \$155,596 and is due in annual installments of \$31,647 from the General Fund through January 2028. The balance due on this lease as of December 31, 2023, is \$126,586.

Business-Type Activities

The City of Thief River Falls General Obligation Water Revenue Bonds of 2012 represent debt incurred for water system improvements. These bonds have an original issue amount of \$470,000. They carry a net interest rate of .50 to 2.2 percent and are due in annual principal payments from the Water Enterprise Fund of between \$30,000 and \$35,000 through February 1, 2028. The balance due on these bonds at December 31, 2023, is \$170,000.

The City of Thief River Falls General Obligation Sewer Improvement Bonds, Series 2014B, represent debt incurred for wastewater system improvements. These bonds have an original issue amount of \$125,000. They carry a net interest rate of 1.25 to 3.00 percent and are due in annual principal payments from the Wastewater Enterprise Fund of between \$10,000 and \$15,000 through February 1, 2027. The balance due on these bonds at December 31, 2023, is \$45,000.

The City of Thief River Falls General Obligation Equipment Certificates, Series 2014A, represent debt incurred for utility system improvements. These bonds have an original issue amount of \$1,615,000, and are split between the Water and Electric Enterprise Funds. They carry a net interest rate of 2 to 2.250 percent and are due in annual principal payments from the Water and Electric Enterprise Funds of between \$76,000 and \$117,000 through February 1, 2024. The balance due on these bonds at December 31, 2023, is \$78,000 from the Water Enterprise Fund and \$117,000 due from the Electric Enterprise Fund, for a total balance due of \$195,000.

The City of Thief River Falls General Obligation Water Revenue Bonds of 2015 represent debt incurred for water system improvements. These bonds have an original issue amount of \$610,000. They carry a net interest rate of .8 to 3 percent and are due in annual principal payments from the Water Enterprise Fund of between \$40,000 and \$45,000 through February 1, 2031. The balance due on these bonds at December 31, 2023 is \$345,000.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Business-Type Activities (Continued)

The City of Thief River Falls General Obligation Bonds of 2016 represent debt incurred for a street, wastewater and water project. The wastewater and water project portion of these bonds have an original issue amount of \$680,000, carry a net interest rate of 1.658 percent, and are due in annual payments from the Wastewater and Water Enterprise Funds of \$14,800 to \$34,650 through February 1, 2032. The balance due on these bonds at December 31, 2023, is \$277,200 from the Water Enterprise Fund, and \$162,800 from the Wastewater Enterprise Fund, with the total balance due of \$440,000.

The City of Thief River Falls General Obligation Water Revenue Bonds, Series 2017A represent debt incurred for a water project. These bonds have an original issue amount of \$5,525,000, carry a net interest rate of 3.11 percent, and are due in annual payments from the Water Enterprise Fund of \$25,000 to \$365,000 through February 1, 2042. The balance due on these bonds at December 31, 2023, is \$5,395,000.

The City of Thief River Falls General Obligation Bonds, Series 2017B, represent debt incurred for a street and water project. The water portion of these bonds have an original issue amount of \$180,000, carry a net interest rate of 2.298 percent and are due in annual payments from the Water Enterprise Fund of \$15,000 through February 1, 2030. The balance due on these bonds at December 31, 2023, is \$105,000.

The City of Thief River Falls General Obligation Bonds, Series 2018B, represent debt incurred for water and wastewater system improvements. These bonds have an original issue amount of \$1,055,000, and are split between the Water and Wastewater Enterprise Funds. They carry a net interest rate of 3 to 3.5 percent and are due in annual principal payments from the Water Enterprise Fund of between \$31,200 and \$44,200 and Wastewater Enterprise Fund of between \$28,800 and \$40,800 through February 1, 2034. The balance due on these bonds at December 31, 2023, is \$426,400 from the Water Enterprise Fund and \$393,600 from the Wastewater Enterprise Fund, with the total balance due of \$820,000.

The City of Thief River Falls General Obligation Bonds, Series 2018A, represent debt incurred for a electric improvements. These bonds have an original issue amount of \$3,870,000, carry a net interest rate of 3 to 4 percent, and are due in annual payments from the Electric Enterprise Fund of \$155,000 to \$265,000 through February 1, 2038. The balance due on these bonds at December 31, 2023, is \$3,095,000.

The City of Thief River Falls General Obligation Water Revenue Bonds, Series 2019A, represent debt incurred for a water project. These bonds have an original issue amount of \$617,700, carry a net interest rate of 2.00 to 2.45 percent, and are due in annual payments from the Water Enterprise Fund of \$34,800 to \$47,850 through February 1, 2035. The balance due on these bonds at December 31, 2023, is \$513,300.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Business-Type Activities (Continued)

The City of Thief River Falls General Obligation Wastewater Revenue Bonds, Series 2019A, represent debt incurred for a wastewater project. These bonds have an original issue amount of \$92,300, carry a net interest rate of 2.0 to 2.45 percent, and are due in annual payments from the Wastewater Enterprise Fund of \$5,200 to \$7,150 through February 1, 2045. The balance due on these bonds at December 31, 2023, is \$76,700.

The City of Thief River Falls General Obligation Bonds, Series 2020B, represents debt incurred to refund the General Obligation Water Revenue Bonds, Series 2009A. As a result of the refunding, the City reduced total debt service payments by \$10,000 and obtained an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$62,594. These bonds have an original issue amount of \$405,000, carry an interest rate of one to two percent, and are due in annual installments paid from the Water Enterprise Service Fund of between \$30,000 and \$40,000 through February 1, 2030. The balance due on these bonds at December 31, 2023, is \$270,000.

The City of Thief River Falls General Obligation Bonds, Series 2020B, represents debt incurred to refund the General Obligation Water Revenue Bonds, Series 2011A. As a result of the refunding, the City obtained an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$4,438. These bonds have an original issue amount of \$120,000, carry an interest rate of two percent, and are due in annual installments paid from the Water Enterprise Service Fund of \$15,000 through February 1, 2027. The balance due on these bonds at December 31, 2023, is \$60,000.

The City of Thief River Falls General Obligation Bonds, Series 2020B, represent debt incurred to refund the General Obligation Utility Revenue Bonds, Series 2013A. As a result of the refunding, the City reduced total debt services payments by \$25,000 and obtained an economic gain (the difference between the present value of the debt service payments on the old and new debt) of \$71,071. These bonds have an original issue amount of \$870,000, carry an interest rate of two percent, and are due in annual installments paid from the Water Enterprise Service Fund of \$80,000 to \$95,000 through February 1, 2029. The balance due on these bonds at December 31, 2023, is \$520,000.

The City of Thief River Falls General Obligation Water Revenue Bonds, Series 2020A represent debt incurred for a water project. These bonds have an original issue amount of \$390,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the Water Enterprise Fund of \$25,000 to \$30,000 through February 1, 2035. The balance due on these bonds at December 31, 2023, \$315,000.

The City of Thief River Falls General Obligation Water Revenue Bonds, Series 2020B represent debt incurred for a water project. These bonds have an original issue amount of \$100,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the Water Enterprise

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Business-Type Activities (Continued)

Fund of \$5,000 to \$10,000 through February 1, 2036. The balance due on these bonds at December 31, 2023, \$90,000.

The City of Thief River Falls General Obligation Wastewater Revenue Bonds of 2020A represent debt incurred for a wastewater project. These bonds have an original issue amount of \$3,160,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the Wastewater Enterprise Fund of \$135,000 to \$180,000 through February 1, 2040. The balance due on these bonds at December 31, 2023, \$2,725,000

The City of Thief River Falls General Obligation Storm Sewer Revenue Bonds of 2020A represent debt incurred for a storm sewer project. These bonds have an original issue amount of \$2,390,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the Storm Sewer Enterprise Fund of \$100,000 to \$135,000 through February 1, 2040. The balance due on these bonds at December 31, 2023, \$2,060,000.

The City of Thief River Falls General Obligation Bonds of 2020A represent debt incurred for arena equipment. These bonds have an original issue amount of \$1,045,000, carry a net interest rate of 1.0 to 2.0 percent and are due in annual payments from the Arena Project Capital Projects Fund of \$120,000 to \$145,000 through February 1, 2040. The balance due on these bonds at December 31, 2023, \$680,000.

The City of Thief River Falls General Obligation Improvement Bonds, Series 2022A represent debt incurred for a water meter project. These bonds have an original issue amount of \$580,000, carry a net interest rate of 3.45 to 4.0 percent and are due in annual payments from the Water Enterprise Fund of \$20,000 to \$50,000 through February 1, 2038. The balance due on these bonds at December 31, 2023, is \$580,000.

The City of Thief River Falls General Obligation Improvement Bonds, Series 2023A represent debt incurred for a water project. These bonds have an original issue amount of \$1,420,000, carry a net interest rate of 4.0 to 5.0 percent and are due in annual payments from the Water Enterprise Fund of \$85,000 to \$175,000 through February 1, 2034. The balance due on these bonds at December 31, 2023, is \$1,420,000.

4. Debt Service Requirements

Debt service requirements for general obligation bonds for the year ended December 31, 2023, are as follows:

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

4. Debt Service Requirements (Continued)

Year Ending December 31	<u>Governmental Activities</u>		<u>Capital Lease</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,055,000	\$ 287,488	\$ 44,387	\$ 15,101	\$ 1,380,000	\$ 532,707
2025	1,145,000	261,205	45,189	14,299	1,305,000	500,174
2026	1,135,000	228,713	46,041	13,447	1,370,000	463,236
2027	1,160,000	194,987	46,947	12,540	1,425,000	424,260
2028	1,130,000	161,011	183,923	11,577	1,440,000	383,542
2029-2033	3,545,000	399,867	-	-	6,050,000	1,400,670
2034-2038	935,000	45,329	-	-	4,930,000	622,603
2039-2042	-	-	-	-	2,020,000	106,559
Total	<u>\$ 10,105,000</u>	<u>\$ 1,578,600</u>	<u>\$ 366,487</u>	<u>\$ 66,964</u>	<u>\$ 19,920,000</u>	<u>\$ 4,433,751</u>

5. Changes in Long Term Liabilities

Governmental Activities

Long-term liability activity for the governmental activities for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 9,375,000	\$ 1,670,000	\$ 940,000	\$ 10,105,000	\$ 1,055,000
Capital Leases	-	425,975	59,488	366,487	44,387
Compensated Absences	712,816	328,633	294,804	746,645	565,938
OPEB	1,178,400	-	429,200	749,200	-
Net Pension Liability	8,615,646	-	5,013,311	3,602,335	-
Governmental Activities Long-Term Liabilities	<u>\$ 19,881,862</u>	<u>\$ 2,424,608</u>	<u>\$ 6,736,803</u>	<u>\$ 15,569,667</u>	<u>\$ 1,665,325</u>

Business-Type Activities

Long-term liability activity for the business-type activities for the year ended December 31, 2023, was as follows:

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

D. Liabilities

5. Changes in Long Term Liabilities

Business-Type Activities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 19,670,000	\$ 1,420,000	\$ 1,170,000	\$ 19,920,000	\$ 1,380,000
Compensated Absences	424,700	200,817	160,498	465,019	359,905
OPEB	273,200	-	99,600	173,600	-
Net Pension Liability	2,616,779	-	904,487	1,712,292	-
Business-Type Activities Long-Term Liabilities	<u>\$ 22,984,679</u>	<u>\$ 1,620,817</u>	<u>\$ 2,334,585</u>	<u>\$ 22,270,911</u>	<u>\$ 1,739,905</u>

E. Deferred Inflows of Resources

Deferred inflows of resources in the governmental funds consist of taxes, special assessments, and some loans receivable, not collected soon enough after year-end to pay liabilities of the current period, and other receivables received but not yet earned. Deferred inflows of resources at December 31, 2023, are summarized below by fund:

	Taxes	Special Assessments	Loans Receivable	Total
Governmental funds				
General	\$ 109,637	\$ 338,908	\$ 524,406	\$ 972,951
Special Revenue	-	-	551,845	551,845
Debt Service	38,913	2,735,155	-	2,774,068
Total	<u>\$ 148,550</u>	<u>\$ 3,074,063</u>	<u>\$ 1,076,251</u>	<u>\$ 4,298,864</u>

IV. Other Post-Employment Benefits – (OPEB)

A. Plan Description

The City of Thief River Falls provides a single-employer defined benefit healthcare plan to eligible retirees and their dependents. The plan offers medical insurance benefits. The City provides for retirees by Minnesota Statute § 471.61, subdivision 2b. The retiree healthcare plan does not issue a publicly available financial report. No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

The contribution requirements of the plan members and the City are established and may be amended by the City of Thief River Falls' Council. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. This post-employment benefit is funded on a pay-as-you-go basis usually paying retiree benefits out of the General Fund. As of the valuation date of December 31, 2022, there were 103 participants in the plan including 21 retirees.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

IV. Other Post-Employment Benefits – (OPEB) (Continued)

B. Total OPEB Liability

The City’s total OPEB liability of \$922,745 was determined by an actuarial valuation. The City has elected to use the GASB 75 “lookback” method where assets and liabilities are measured as of the prior fiscal year-end, but applied to the current year. The valuation, measurement and reporting dates are:

Valuation date (census)	December 31, 2022
Measurement date (assets and liabilities)	December 31, 2022
Measurement period	January 1, 2022 to December 31, 2022
Reporting date (fiscal year end)	December 31, 2023

Liabilities are based on the Entry Age Normal level percent of pay cost method. In this method, the actuarial Present Value of Benefits (PVB) for each individual is allocated as a level percent of pay from entry age (hire age, for most employees) to age at which retirement rates become 100 percent.

The total OPEB liability in the fiscal year-end December 31, 2022 actuarial valuation was determined using the following significant assumptions used to measure the total OPEB liability:

Discount rate	4.05%
Expected return on plan assets	N/A
Inflation Rate	2.50%
Healthcare Cost Trend Rate	6.30% as for FY2023. gradually decreasing to 3.90% in FY2075

The current year discount rate is 4.05 percent, which is a change from the prior year rate of 2.00 percent. For the current valuation, the discount rate was selected from a range of the 20-year municipal bond yield. The municipal bond rate of assumption of 2.00 percent was set by considering published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date.

For general employee members, mortality rates are based on the Pub-2010 general mortality tables with project mortality improvements based on scale MP-2021, and other adjustments. For police and fire members, mortality rates were based on the Pub-2010 mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

Health care cost trend rates are 6.30 percent for FY2023, gradually decreasing over several decades to an ultimate rate of 3.90 percent in FY 2075 and later years.



**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

IV. Other Post-Employment Benefits – (OPEB) (Continued)

C. Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2022	\$ 1,451,561	-	\$ 1,451,561
Changes for the year:			
Service cost	126,366	-	126,366
Interest cost	28,478	-	28,478
Differences between expected and actual experience	(164,741)	-	(164,741)
Changes of assumptions	(458,450)	-	(458,450)
Employer contributions	-	60,469	(60,469)
Benefit payments	(60,469)	(60,469)	-
Net change in Total OPEB Liability	<u>\$ (528,816)</u>	<u>\$ -</u>	<u>\$ (528,816)</u>
Balance at December 31, 2023	<u>\$ 922,745</u>	<u>\$ -</u>	<u>\$ 922,745</u>

D. OPEB Liability Sensitivity

The following presents the total OPEB liability of the City, calculated using the discount rate previously disclosed, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

OPEB Liability (Asset) at Different Discount Rates			
OPEB Sensitivity			
1% Lower	3.05%	\$	969,790
Current Discount Rate	4.05%	\$	922,745
1% Higher	5.05%	\$	877,770

The following presents the total OPEB liability of the City, calculated using the health care cost trend previously disclosed, as well as what the City's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

OPEB Liability (Asset) at Healthcare Trend		
1% Lower	\$	870,930
Current Discount Rate	\$	922,745
1% Higher	\$	979,283

E. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of \$67,627.

At December 31, 2023, the City of Thief River Falls reported its proportionate share of OPEB's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

IV. Other Post-Employment Benefits – (OPEB)

E. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ 68,649	\$ 219,038
Change of assumptions	38,285	439,033
Contributions between measurement date and reporting date	TBD	N/A
Total	\$ 106,934	\$ 658,071

Amounts reported as deferred (inflows) outflows of resources related to OPEB's will be recognized in OPEB expense as follows:

Year ended December 31:	Future Recognition
2024	\$ (87,217)
2025	\$ (88,097)
2026	\$ (87,382)
2027	\$ (59,958)
2028	\$ (63,657)
Thereafter	\$ (164,826)

F. Changes in Actuarial Assumptions and Plan Provisions

2023 Changes in Actuarial Assumptions:

- The discount rate was changes from 1.84% tp 4.05% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 PERA Police & Fire Plan valuations to the rates used in the 7/1/2022 valuations.
- The percent of future retirees receiving an explicit subsidy and also electing medical coverage changed from 50% to 60% to reflect recent plan experience.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience. The following table provides the changes for the assumed percent electing each plan:

<b>Medical Plan</b>	<b>Valuation</b>	<b>Valuation</b>
\$0 Deductible Plan	15%	15%
\$300 Deductible Plan	5%	15%
\$3,750 HAS Plan	80%	70%

- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

IV. Other Post-Employment Benefits – (OPEB)

F. Changes in Actuarial Assumptions and Plan Provisions

2023 Changes in Plan Provisions:

- Retiree premiums were updated to current levels.

V. Defined Benefit Pension Plans – Public Employees Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

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.

1. General Employees Plan Benefits

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

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

A. Benefits Provided

1. General Employees Plan Benefits (Continued)

equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City of Thief River Falls was required to contribute 7.50 percent for Coordinated Plan members. The City of Thief River Falls' contributions to the General Employees Fund for the year ended December 31, 2023, were \$320,910. The City of Thief River Falls' contributions were equal to the required contributions as set by state statute.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire Plan member’s members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City of Thief River Falls was required to contribute 17.70 percent for Police and Fire Plan members. The City of Thief River Falls’ contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$335,526. The City of Thief River Falls’ contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2023, the City of Thief River Falls reported a liability of \$2,902,190 for its proportionate share of the General Employees Fund’s net pension liability. The City of Thief River Falls’ 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 of Thief River Falls totaled \$360.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Thief River Falls’ proportionate share of the net pension liability was based on the City of Thief River Falls’ contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City of Thief River Falls’ proportionate share was .0519 percent at the end of the measurement period and .0566 percent for the beginning of the period.

City of Thief River Falls' proportionate share of the net pension liability	\$ 2,902,190
State of Minnesota's proportionate share of the net pension liability associated with the City of Thief River Falls'	360
Total	\$ 2,902,550

There were no provision changes during the measurement period.

For the year ended December 31, 2023, the City of Thief River Falls recognized a pension expense of (\$4,743) for its proportionate share of the General Employees Plan’s pension expense. In addition, the City of Thief River Falls recognized an additional \$360 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

D. Pension Costs

1. General Employees Fund Pension Costs (Continued)

At December 31, 2023, the City of Thief River Falls reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 97,117	\$ 21,804
Changes in actuarial assumption	512,154	795,466
Difference between projected and actual investment earnings	-	106,710
Changes in proportion	-	274,339
Contributions paid to PERA subsequent to the measurement date	161,959	-
Total	\$ 771,230	\$ 1,198,319

The \$161,959 reported as deferred outflows of resources related to pensions resulting from the City of Thief River Falls’ contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2024	\$ (3,081)
2025	\$ (538,953)
2026	\$ 15,945
2027	\$ (62,959)

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City of Thief River Falls reported a liability of \$2,412,437 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Thief River Falls’ proportionate share of the net pension liability was based on the City of Thief River Falls’ contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City of Thief River Falls’ proportionate share was .1397 percent at the end of the measurement period and .1562 percent for the beginning of the period.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

D. Pension Costs

2. Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the City of Thief River Falls recognized pension expense of (\$182,909) for its proportionate share of the Police and Fire Plan’s pension expense. The City of Thief River Falls recognized (\$5,852) as grant revenue for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Thief River Falls recognized \$12,573 for the year ended December 31, 2023, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

City of Thief River Falls'	
proportionate share of the net pension liability	\$ 2,412,437
State of Minnesota's proportionate share of	
the net pension liability associated with	
the City of Thief River Falls	<u>12,573</u>
Total	<u><u>\$ 2,425,010</u></u>

There were no provision changes during the measurement period.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

D. Pension Costs

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2023, the City of Thief River Falls reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 630,448	\$ -
Changes in actuarial assumptions	2,617,445	3,375,742
Difference between projected and actual investment earnings	-	11,003
Changes in proportion	54,547	643,382
Contributions paid to PERA subsequent to the measurement date	173,112	-
Total	\$ 3,475,552	\$ 4,030,127

The \$173,112 reported as deferred outflows of resources related to pensions resulting from the City of Thief River Falls’ contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended December 31:	Pension Expense Amount:
2024	\$	302,826
2025	\$	(344,948)
2026	\$	240,108
2027	\$	(207,459)
2028	\$	(718,214)

Total Pension Expense

The total pension expense for all plans recognized by the City of Thief River Falls for the year ended December 31, 2023, was (\$180,571).



**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

E. Long-Term Expected Return on Investment

General Employees Fund - Police and Fire Fund

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 weighing the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100.0%	

F. Actuarial Methods and Assumptions

General Employees Fund – Police and Fire Fund

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary.

An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

F. Actuarial Methods and Assumptions

General Employees Fund – Police and Fire Fund (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

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

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

V. Defined Benefit Pension Plans – Public Employees Retirement Association

G. Discount Rate

General Employees Fund – Police and Fire Fund

The discount rate for the General Employees Plan used to measure the total pension liability in 2023 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 Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060, and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061, for the Police and Fire Fund, projected benefit payments exceed the funds’ projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of assets depletion and 3.69 percent thereafter.

H. Pension Liability Sensitivity

The following presents the City of Thief River Falls’ 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 of Thief River Falls proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	<u>Sensitivity Analysis</u>			
	<u>Net Pension Liability (Asset) at Different Discount Rates</u>			
	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>	
1% Lower	6.00%	\$ 5,134,207	6.00%	\$ 4,786,563
Current Discount Rat	7.00%	\$ 2,902,190	7.00%	\$ 2,412,437
1% Higher	8.00%	\$ 1,066,271	8.00%	\$ 460,588

I. Pension Plan Fiduciary Net Position

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

VI. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Three employees of the City of Thief River Falls are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax

**CITY OF THIEF RIVER FALLS  
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VI. Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City of Thief River Falls during fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,462	\$ 1,462	5%	5%	5%

VII. Defined Benefit Pension Plan – Firefighters Relief Association

A. Plan Description

Firefighters of the City of Thief River Falls are members of the Thief River Falls Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes, Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2023, membership includes 24 active participants and 3 inactive member entitled to benefits but not yet receiving them. The Plan issues a stand-alone financial statement.

As described in the GASB 68 standard, a one-year lookback may be used when preparing financial disclosures under GASB 68. The valuation, measurement and reporting dates are:

Valuation date:	January 1, 2022
Plan Fiscal Year Beginning:	January 1, 2022
Plan Fiscal Year Ending:	December 31, 2022
Employer Fiscal Year Beginning:	January 1, 2023
Employer Fiscal Year Ending:	December 31, 2023

B. Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature.

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

VII. Defined Benefit Pension Plan – Firemen’s Relief Association

B. Benefits Provided (Continued)

Minnesota Statutes Section §424A.10 provides for the payment of a supplemental benefit equal to 10 percent of a regular lump sum distribution up to a maximum of \$1,000.

Lump Sum Pension: Each member who is at least 50 years of age or has served at least 10 years of active service with such department before retirement shall be entitled to a lump sum service pension. The current lump sum pension is based on \$3,500 per year of service plus a Supplemental Benefit of 10% of the regular lump sum distribution, but not more than \$1,000.

If a member is both age 50 and has completed 10 years of service, but not 20 years of service, the lump sum pension will be reduced by 4% for each year of service less than 20 years.

Deferred Lump Sum Pension: The deferred lump sum pension payable at age 50 is based on the lump sum pension formula and service at date of termination reduced for less than 20 years of service. For members that terminate with at least 20 years of service, money will be set aside in a non-interest-bearing individual account. If a member dies before payment, the benefit will be paid to the participant’s beneficiary.

Disability Lump Sum Pension: The disability pension payable immediately is based on the lump sum pension formula and service at date of disability without regard to vesting.

Disability Lump Sum Pension: (Continued) During the time a member is on an early vested pension, they will not be eligible for disability benefits.

Survivor Benefit: Years of service times the lump sum rate in effect at the time of death without regard to vesting, payable to named beneficiary plus a Supplemental Survivor Benefit in the amount of 20% of the total benefit paid, but not more than \$2,000.

C. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing an existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no payroll percentage calculations).

The Plan is funded in part by Fire State Aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$82,578 in Fire State Aid paid by the City to the Relief Association for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. For the year ended December 31, 2023, there was no statutorily required City contribution to the plan.

The plan’s funded status based on the most current valuation is 137.38%.

**CITY OF THIEF RIVER FALLS  
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VII. Defined Benefit Pension Plan – Firemen’s Relief Association (Continued)

D. Pension Costs

At December 31, 2023, the City reported an asset of \$282,366 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of for the year ended December 31, 2023. As December 31, 2023, the City reported deferred outflows and inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ 32,076	\$ 28,773
Change of assumptions	24,308	28,889
Net difference between projected and actual investment earnings	124,573	-
Contributions to the plan subsequent to the measurement date	TBD	N/A
<b>Total</b>	<b>\$ 180,957</b>	<b>\$ 57,662</b>

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

December 31:	Amount:
2024	6,544
2025	24,914
2026	38,124
2027	44,669
2028	1,995
Thereafter	7,049

E. Actuarial Assumptions and Plan Provisions

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2022
GASB 67 Measurement & Reporting Date	December 31, 2022
GASB 68 Measurement Date	January 1, 2022
GASB 68 Reporting Date	December 31, 2023
Actuarial Cost Method	GASB Accounting: Entry Age Normal
Asset Valuation Method	Trustee value as of the measurement date
Actuarial Assumptions:	
Discount Rate (net of investment expenses)	4.75%
Expected Long-Term Investment Return	4.75%
Salary Increases	2.50%

**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

VII. Defined Benefit Pension Plan – Firefighters Relief Association

E. Actuarial Assumptions and Plan Provisions (Continued)

Changes in Actuarial Assumptions

Changes in actuarial assumptions since the prior valuation include:

- The expected investment return and discount rate increased from 3.50% to 4.75% to reflect updated capital market assumptions.
- The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020, Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2022, Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption increased from 2.25% to 2.50%.

Plan Provisions

Following is a summary of the major plan provisions used to determine the plan’s financial position.

Effective Date	Plan by-laws in effect on January 1, 2023
Plan Year	Calendar year
Year of Service	12 full months of active service in the Fire Department
Vesting Percentage	60% after 10 years of service, increased by 4% for each additional year of service up to 20.
Eligibility for Retirement Service Pension	Age 50 with 20 years of service
Service Pension Benefit	\$3,500 times years of service
Eligibility for Early Vested Pension	Age 50 with 10 years of service
Early Vested Pension Benefit	Service pension benefit times the vesting percentage
Eligibility of Deferred Service Pension Benefit	20 years of service; payable at age 50
Deferred Service Pension Benefit	Service pension benefit
Ancillary Disability & Death Benefits	Service pension benefit times the vesting percentage, payable immediately
Form of Payment	Lump sum

Changes in Plan Provisions

No changes in plan provisions.

F. Discount Rate

The discount rate used to measure the total pension liability was 4.75 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**CITY OF THIEF RIVER FALLS  
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VII. Defined Benefit Pension Plan – Firefighters Relief Association (Continued)

G. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
<b>Balances at January 1, 2023</b>	<b>\$ 668,396</b>	<b>\$ 1,216,949</b>	<b>\$ (548,553)</b>
Changes from the prior year:			
Service Cost	\$ 47,422	\$ -	\$ 47,422
Interest Cost	23,770	-	23,770
Differences between expected and actual experience	35,460	-	35,460
Assumption Changes	(29,623)	-	(29,623)
Plan Changes	83,383	-	83,383
Contributions - state and local	-	82,578	(82,578)
Net investment - income	-	(186,853)	186,853
Benefit Payments	(73,350)	(73,350)	-
Administrative Expenses	-	(1,500)	1,500
<b>Total Net Changes</b>	<b>\$ 87,062</b>	<b>\$ (179,125)</b>	<b>\$ 266,187</b>
<b>Balances at December 31, 2023</b>	<b>\$ 755,458</b>	<b>\$ 1,037,824</b>	<b>\$ (282,366)</b>

H. Pension Asset Sensitivity

The following presents the City's proportionate share of the net pension asset of the Association, calculated using the discount rate of 4.75 percent, as well as what the Association's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (3.75 percent) or one percentage point higher (5.75 percent) than the current rate:

	1% Decrease (3.75%)	Discount Rate (4.75%)	1% Increase (5.75%)
Proportionate share of Net Pension Asset	\$ (257,687)	\$ (282,366)	\$ (306,320)

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Thief River Falls Fire Relief Association Actuarial Valuation Report. This may be requested by contacting the City of Thief River Falls.

Information about the Plan's fiduciary net position (asset) is as follows:



**CITY OF THIEF RIVER FALLS  
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VII. Defined Benefit Pension Plan – Firemen’s Relief Association

I. Pension Plan Fiduciary Net Position (Continued)

	<b>Fiscal Year Ending</b>	
	<b>12/31/2023</b>	<b>12/31/2022</b>
<b>Assets</b>		
Cash and deposits	\$ 3,500	\$ 78,697
Money market funds and interest-bearing cash	69,046	84,308
Total cash	<u>\$ 72,546</u>	<u>\$ 163,005</u>
Cash position of mutual funds	<u>\$ 2,272</u>	<u>\$ 191</u>
<b>Receivables</b>		
Contributions	<u>\$ 2,000</u>	<u>\$ 1,000</u>
<b>Investments</b>		
Domestic equity	\$ 340,634	\$ 332,135
International equity	103,351	99,833
Fixed income	660,902	581,469
Real estate and alternatives	1,056	1,865
Total investments	<u>\$ 1,105,943</u>	<u>\$ 1,015,302</u>
<b>Net position restricted for pensions</b>	<u><b>\$ 1,182,761</b></u>	<u><b>\$ 1,179,498</b></u>
<b>Net position restricted for pensions</b>	<u><b>\$ 1,182,761</b></u>	<u><b>\$ 1,179,498</b></u>

Information about the changes in the Plan’s net pension (asset) is as follows:

	<b>Fiscal Year Ending</b>	
	<b>12/31/2023</b>	<b>12/31/2022</b>
<b>Additions</b>		
<b>Contributions</b>		
State aid	\$ 82,578	\$ 80,671
<b>Total contributions</b>	<u><b>\$ 82,578</b></u>	<u><b>\$ 80,671</b></u>
<b>Investment income</b>		
Net appreciation in fair value of investments	\$ (201,705)	\$ 54,640
Interest and dividends	25,343	24,616
Less investment expense	(10,491)	(10,949)
<b>Net investment income</b>	<u><b>\$ (186,853)</b></u>	<u><b>\$ 68,307</b></u>
<b>Total additions</b>	<u><b>\$ (104,275)</b></u>	<u><b>\$ 148,978</b></u>
<b>Deductions</b>		
<b>Benefit payments</b>		
Lump sums	(73,350)	(113,290)
Administrative expense	(1,500)	(1,500)
<b>Total deductions</b>	<u><b>\$ (74,850)</b></u>	<u><b>\$ (114,790)</b></u>
<b>Net increase in net pension</b>	<u><b>\$ (179,125)</b></u>	<u><b>\$ 34,188</b></u>
<b>Net position restricted for pensions</b>		
Beginning of year	<u><b>\$ 1,216,949</b></u>	<u><b>\$ 1,182,761</b></u>
End of year	<u><b>\$ 1,037,824</b></u>	<u><b>\$ 1,216,949</b></u>
<b>Investment return for the measurement year</b>		
a. Net investment income	\$ (186,853)	\$ 68,307
b. Beginning balance	1,216,949	1,182,761
c. Time-weighted cash flows	(651)	(71,247)
d. Investment return: a. / (b. + c.)	<b>-15.36%</b>	<b>6.15%</b>

**CITY OF THIEF RIVER FALLS  
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VIII. City of Thief River Falls Police Relief Association

A. Plan Description

On March 28, 1978, Minnesota H.F. No. 2330 was signed into law and stated that effective January 1, 1979; all active police officers employed by the City of Thief River Falls shall cease to be members of the Police Relief Association. These employees were transferred to the Minnesota Public Police and Fire Fund established pursuant to Minnesota Statutes, Section 353.63 to 353.68. The law also established a pension trust fund to be maintained by the City of Thief River Falls for the exclusive benefit of the retired and disabled members of the Thief River Falls Police Relief Association who were receiving benefits on January 1, 1979. This is a closed pension benefit fund that currently provides benefits to one surviving spouse.

The City of Thief River Falls Annual Financial Report includes detailed financial statements for the Police Relief Association.

B. Funding Policy

The City will provide by special tax levy and other revenues an amount sufficient to pay the aggregate cost of service pensions, disability benefits, and survivor benefits for the remaining members of the fund. The City is required by state statute to have an actuarial valuation and experience study of the City's Police Relief Association at least once every five years to determine the City's minimum obligation. The last actuarial valuation was completed as of December 31, 2016.

IX. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

The City, in connection with the normal conduct of its affairs, may be involved in various claims, judgments, and litigation. The City Council estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage, or destruction of assets; errors or omissions; injuries to employees; employee health coverage; or natural disasters. The City has entered into a joint powers agreement with other Minnesota cities to form the League of Minnesota Cities Insurance Trust (LMCIT) to cover workers' compensation and property and casualty liabilities. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

The League of Minnesota Cities Insurance Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The City pays an annual premium based on its annual payroll and an experience modification factor for workers' compensation coverage.

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X. Joint Ventures

A. Multi-Events Center

A Joint Powers Board was formed in 1995 for the purpose of coordinating the funding, design, and development of a Multi-Events Center. The current members of the Joint Powers Board are the City of Thief River Falls, School District No. 564, and Northland Community and Technical College.

The Multi-Events Center is a complex of facilities located on an 80 acre site east and north of Northland Community & Technical College which, when fully developed, will serve Northwestern Minnesota as a regional center for athletic events. The master plan for the complex, which contemplates the facilities being developed in a four phase process over a number of years, could eventually consist of an aquatic center, events center, and field house.

Phase I consisting of site improvements, a football stadium and track, a locker room – restroom – ticket sales building, track and field events areas, a baseball – softball complex, parking, and other related amenities has been completed. Phase II – IV will be designated and constructed only when private sources of funding become available. The City of Thief River Falls serves as the fiscal agent for the Joint Powers Board and the Multi-Events Center Fund is a part of these financial statements. The City of Thief River Falls appropriated \$10,000 to the Multi-Events Center for the year ended December 31, 2023.

B. Northwest Regional Library

The Northwest Regional Library was formed pursuant to Minnesota Statutes, §§134.20 and 471.59, effective January 1, 1981, and includes Kittson, Marshall, Pennington, Red Lake, and Roseau Counties. Control of the Library is vested in the Northwest Regional Library Board which is composed of 16 members with staggered terms made up of the following; one member appointed by each board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating City; and one additional member appointed by each County and City for each 6,000 of population or major percentage (85 percent) thereof. The City of Thief River Falls contributed \$172,499 to the Northwest Regional Library for the year ended December 31, 2023. Complete financial information can be obtained from Northwest Regional Library, 210 Labree Avenue North, Thief River Falls, MN 56701.

XI. Jointly-Governed Organizations

The Thief River Falls Airport Authority was formed pursuant to Minnesota Statutes §360.0425 to §360.0427, effective June 15, 2010. The Airport Authority was created for the purposes of acquiring, establishing, constructing, maintaining, improving, and operating the Airport. The Airport Authority shall consist of five Commissioners as follows: two commissioners to be appointed by City Council, both of whom shall be members of the City Council; two Commissioners to be appointed by the County Board, both of whom shall be members of the County Board; and one lay commissioner who is a resident of either the City or the County shall be mutually appointed by the City Council and the County Board. The commissioners shall each be appointed for three-year terms, and shall serve until their successors are appointed and qualified. Terms shall be staggered so that the terms of approximately one-third of the Commissioners expire each calendar year. Complete financial statements of the Airport Authority can be obtained from its administrative office at 13722 Airport Drive, Thief River Falls, Minnesota, 56701.

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XII. Conduit Debt (No Commitment Debt)

From time to time the City of Thief River Falls has issued private activity bonds to provide financial assistance for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the payment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2023, there were two issues outstanding with an aggregate remaining principal balance of \$4,286,208.

