

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

YEAR ENDED DECEMBER 31, 2022



Hoffman, Philipp, & Martell, PLLC

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

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## **INTRODUCTORY SECTION**

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

**ORGANIZATION SCHEDULE  
DECEMBER 31, 2022**

<u>Position</u>	<u>City Council</u>	<u>Term Expires</u>
Mayor	Brian D. Holmer	2024
Council Member:		
First Ward	Megan Bourne	2026
Second Ward	Anthony Bolduc	2024
Third Ward	Mike Lorensen	2026
Fourth Ward	Michelle McCraw	2024
Fifth Ward	Scott Pream	2026
At Large (Vice Mayor)	Steve Narverud	2026
At Large	Jason Aarestad	2024
City Administrator	Angela Philipp	Indefinite

## **FINANCIAL SECTION**

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



## Hoffman, Philipp, & Martell, PLLC

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### **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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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 budgetary comparison information on pages 80-82 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, 2023, 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, 2023



# 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, 2022. 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 \$33,758,721, of which \$19,918,618 is the net investment in capital assets, \$4,843,370 is restricted for general government, economic development, capital projects, and debt service. \$8,996,733 is unrestricted. The total net position of governmental activities increased by \$370,815 for the year ended December 31, 2022, primarily due to transfers in from business-type funds.

The total net position of business-type activities is \$39,601,819, of which \$28,416,122 is the net investment in capital assets, and \$11,185,697 is unrestricted. The total net position of business-type activities increased by \$2,004,624 for the year ended December 31, 2022, due to the Liquor, Electric, Water, Wastewater, and Stormwater funds collecting fees in excess of expenses.

At the close of 2022, the City's General Fund reported an ending fund balance of \$11,538,016, an increase of \$839,837 from the prior year, primarily due to transfers in from other funds. Of the total fund balance amount, \$840,332 is restricted American Rescue Plan money not spent yet, \$3,124,993 is committed to specific programs, \$1,724,605 is the assigned fund balance, and \$5,848,086 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 and the 2022 Street and Utility Capital Project fund which are considered to be major funds. 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 \$73,360,540 at the close of 2022. The largest portion of the City's net position (approximately 66 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. Six percent of the City's net position is restricted for general government, economic development, capital projects, and debt service, and approximately 28 percent is unrestricted. The unrestricted net position amount of \$20,182,430 of December 31, 2022, 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 \$3,253,660 from the prior year, primarily as a result of additions to capital assets. Deferred outflows of resources related to pensions and OPEB increased by \$2,022,482. Total liabilities increased by \$7,899,803 from the prior year, primarily due to an increase in net position liability, and the issuance of debt. Deferred inflows of resources related to pensions and OPEB decreased by \$4,999,100. This resulted in an increased net position of \$2,375,439 from the prior year.

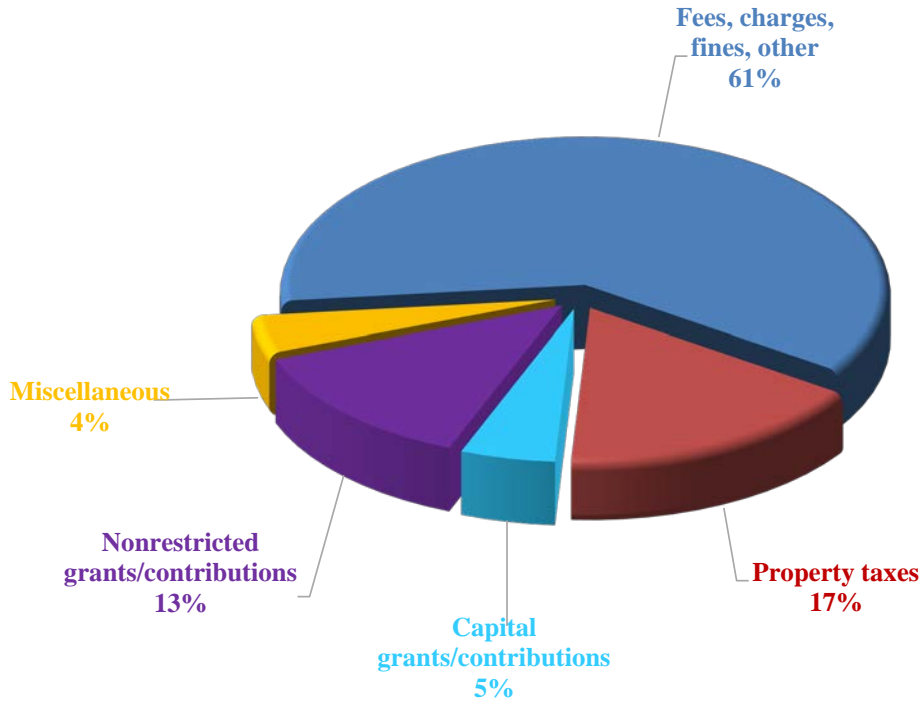
**NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 19,484,927	\$ 19,354,993	\$ 16,538,751	\$ 14,403,932	\$ 36,023,678	\$ 33,758,925
Capital assets	30,098,618	28,456,661	48,086,122	48,739,172	78,184,740	77,195,833
Total assets	\$ 49,583,545	\$ 47,811,654	\$ 64,624,873	\$ 63,143,104	\$ 114,208,418	\$ 110,954,758
Deferred outflows of resources related to pensions and to OPEB	\$ 5,160,462	\$ 2,902,895	\$ 776,685	\$ 1,011,770	\$ 5,937,147	\$ 3,914,665
Other liabilities	\$ 475,873	\$ 773,430	\$ 2,459,821	\$ 2,202,953	\$ 2,935,694	\$ 2,976,383
Long-term liabilities outstanding	20,105,632	12,439,548	23,240,407	22,965,999	43,346,039	35,405,547
Total liabilities	\$ 20,581,505	\$ 13,212,978	\$ 25,700,228	\$ 25,168,952	\$ 46,281,733	\$ 38,381,930
Deferred inflows of resources related to pensions and to OPEB	\$ 403,781	\$ 4,113,665	\$ 99,511	\$ 1,388,727	\$ 503,292	\$ 5,502,392
Net position						
Net investment in capital assets	\$ 19,918,618	\$ 20,311,661	\$ 28,416,122	\$ 28,170,772	\$ 48,334,740	\$ 48,482,433
Restricted	4,843,370	4,953,781	-	-	4,843,370	4,953,781
Unrestricted	8,996,733	8,122,464	11,185,697	9,426,423	20,182,430	17,548,887
Total net position	\$ 33,758,721	\$ 33,387,906	\$ 39,601,819	\$ 37,597,195	\$ 73,360,540	\$ 70,985,101

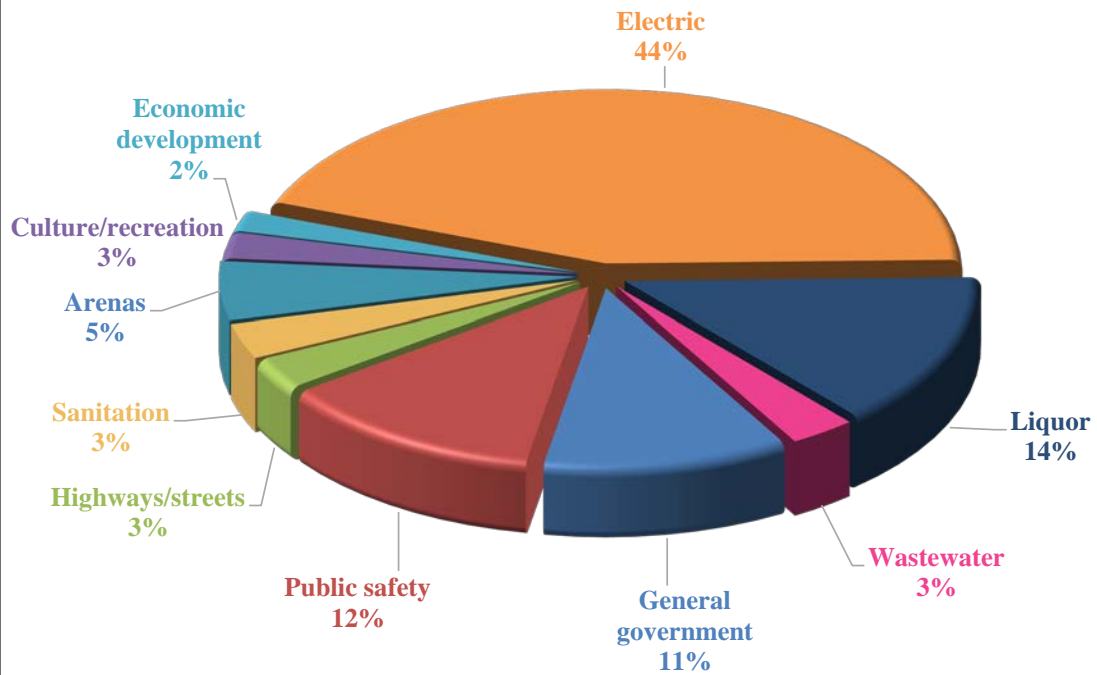
**CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues and transfers						
Fees, charges, fines and other	\$ 3,065,397	\$ 2,214,419	\$ 27,737,901	\$ 26,976,862	\$ 30,803,298	\$ 29,191,281
Operating grants and contributions	449,326	449,236	-	-	449,326	449,236
Capital grants and contributions	1,232,676	5,153,923	2,869	3,279	1,235,545	5,157,202
General Revenues and Transfers	-	-	-	-	-	-
Property taxes	4,062,900	3,945,123	-	-	4,062,900	3,945,123
Franchise and LodgingTax	385,225	388,038	-	-	385,225	388,038
Grants and contributions not restricted to specific programs	3,273,563	3,463,782	-	64,897	3,273,563	3,528,679
Investment earnings	5,501	(9,913)	6,051	(645)	11,552	(10,558)
Miscellaneous	56,019	125,157	543,297	1,854,604	599,316	1,979,761
Transfers	327,817	(2,027,924)	(327,817)	2,027,924	-	-
Total revenues and transfers	\$ 12,858,424	\$ 13,701,841	\$ 27,962,301	\$ 30,926,921	\$ 40,820,725	\$ 44,628,762
Expenses						
General government	\$ 3,827,650	\$ 2,309,491	\$ -	\$ -	\$ 3,827,650	\$ 2,309,491
Public safety	4,190,328	2,961,693	-	-	4,190,328	2,961,693
Highways and streets	995,999	109,478	-	-	995,999	109,478
Sanitation	1,101,620	1,020,251	-	-	1,101,620	1,020,251
Culture and recreation	862,130	821,885	-	-	862,130	821,885
Economic development	645,855	4,543,872	-	-	645,855	4,543,872
Interest	280,244	202,218	-	-	280,244	202,218
Arenas	-	-	1,833,473	1,468,608	1,833,473	1,468,608
Electric	-	-	15,124,534	14,799,352	15,124,534	14,799,352
Liquor	-	-	4,817,873	5,031,984	4,817,873	5,031,984
MEC	-	-	145,508	105,107	145,508	105,107
Stormwater	-	-	289,642	362,710	289,642	362,710
Tourist park	-	-	84,687	50,665	84,687	50,665
Water	-	-	2,630,648	2,296,598	2,630,648	2,296,598
Wastewater	-	-	1,031,312	794,868	1,031,312	794,868
Total expenses	\$ 11,903,826	\$ 11,968,888	\$ 25,957,677	\$ 24,909,892	\$ 37,861,503	\$ 36,878,780
Increase (decrease) in net position	\$ 954,598	\$ 1,732,953	\$ 2,004,624	\$ 6,017,029	\$ 2,959,222	\$ 7,749,982
Net position, January 1	\$ 33,387,906	\$ 31,654,953	\$ 37,597,195	\$ 30,715,068	\$ 70,985,101	\$ 62,370,021
Prior period adjustment	(583,783)	-	-	865,098	(583,783)	865,098
Net position, January 1, as restated	\$ 32,804,123	\$ 31,654,953	\$ 37,597,195	\$ 31,580,166	\$ 70,401,318	\$ 63,235,119
Net position, December 31	\$ 33,758,721	\$ 33,387,906	\$ 39,601,819	\$ 37,597,195	\$ 73,360,540	\$ 70,985,101

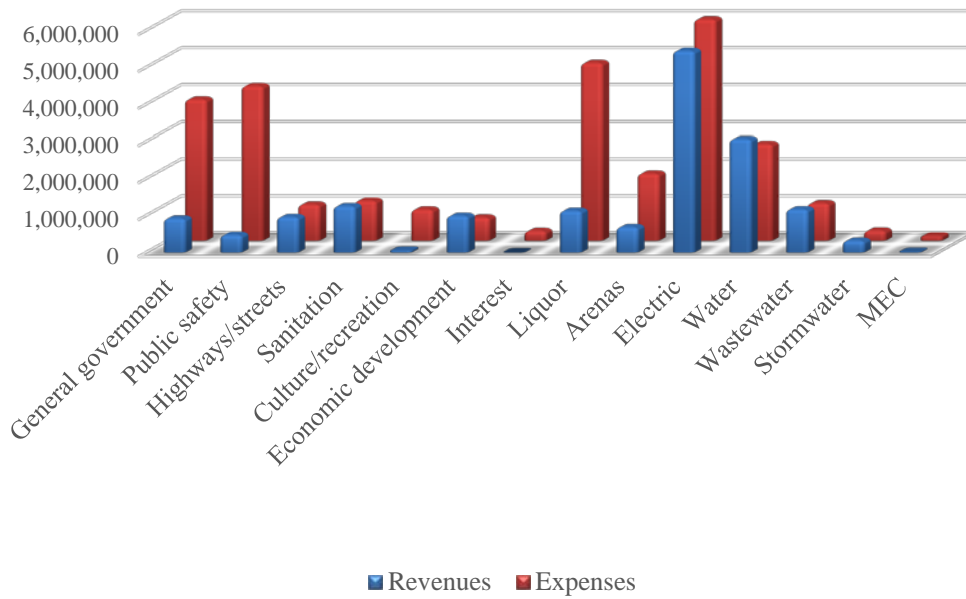
## Revenues by Source



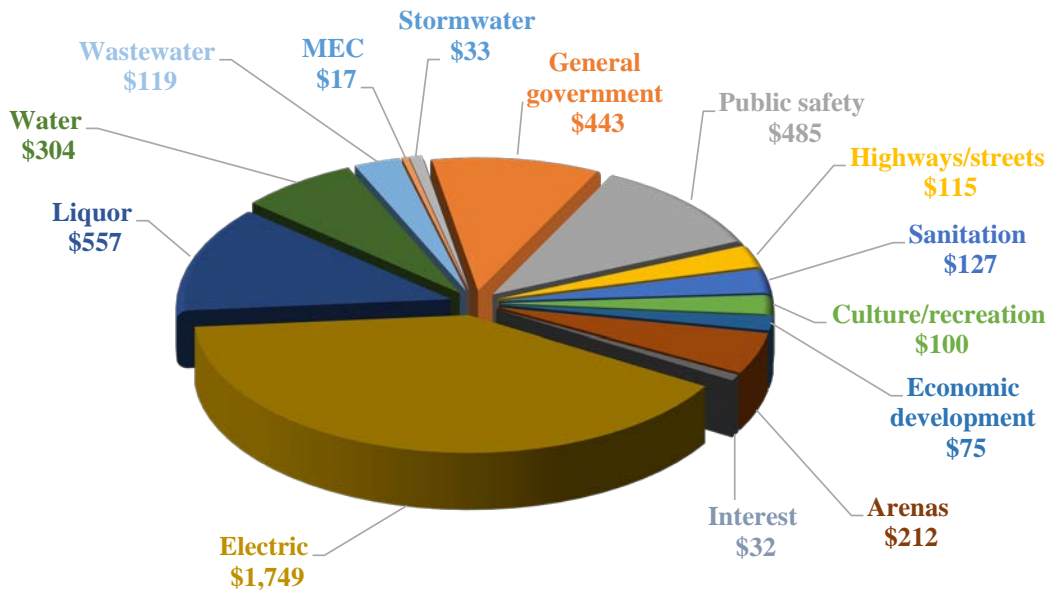
## Expenses by Function



## Program Revenues & Expenses



## Expenditures Per Capita 8,647 Population as of December 31, 2022





## **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 2022, the City's governmental funds reported combined ending fund balances of \$14,572,117. Of this amount, 33 percent constitutes legally or contractually restricted fund balance, 24 percent constitutes formally committed fund balance, 13 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 \$11,538,016. The General Fund's restricted fund balance was \$840,332, committed fund balance was \$3,124,993, the assigned fund balance was \$1,724,605, and the unassigned fund balance was \$5,848,086. 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 2022. Total fund balance represents 134 percent of total General Fund expenditures.

In 2022, the fund balance amount in the General Fund increased by \$839,837. This increase is attributed to transfers in from other funds.

### **Proprietary Funds**

The Liquor Enterprise Fund reported an operating income in 2022 of \$260,609, 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 2022 of \$2,045,848, 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 2022 of \$730,226, 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 2022 of \$211,610, 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 2022 of \$1,127,479, primarily due to the management group, Venuworks, striving to make the arenas profitable.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were more than overall final budgeted revenues by \$775,623, with the largest variance in intergovernmental revenues and charges for services. Actual expenditures were more than overall final budgeted expenditures by \$83,456, primarily as a result of capital outlay and public safety 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, 2022, amounted to \$78,184,740 (net of accumulated depreciation). The total increase in the City's investment in capital assets for the current fiscal year was approximately one percent. This increase was primarily due to the purchase of capital assets.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 516,833	\$ 516,833	\$ 586,176	\$ 586,176	\$ 1,103,009	\$ 1,103,009
Construction in progress	2,415,474	956,368	4,613,356	3,034,583	7,028,830	3,990,951
Buildings	2,297,828	2,390,648	14,265,946	14,869,110	16,563,774	17,259,758
Infrastructure	23,678,275	23,176,703	27,160,196	27,846,310	50,838,471	51,023,013
Machinery and equipment	1,190,208	1,416,109	1,460,448	2,334,592	2,650,656	3,750,701
Total capital assets	<u>\$ 30,098,618</u>	<u>\$ 28,456,661</u>	<u>\$ 48,086,122</u>	<u>\$ 48,670,771</u>	<u>\$ 78,184,740</u>	<u>\$ 77,127,432</u>

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 \$29,045,000, which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
G.O. Improvement Bonds	\$ 9,375,000	\$ 8,145,000	\$ -	\$ -	\$ 9,375,000	\$ 8,145,000
Capital Leases	-	70,313	-	-	-	70,313
G.O. Revenue Bonds	-	-	19,670,000	20,550,000	19,670,000	20,550,000
	<u>\$ 9,375,000</u>	<u>\$ 8,215,313</u>	<u>\$ 19,670,000</u>	<u>\$ 20,550,000</u>	<u>\$ 29,045,000</u>	<u>\$ 28,765,313</u>

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 2022, the City's estimated market value was \$572,866,300 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.
- On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The recovery package provides funding in several areas such as state and local aid, education, rental assistance,

transit, stimulus payments for individuals, and other provisions. The local funding portion was approximately \$130 billion, equally divided between cities and counties. The City of Thief River Falls received \$482,372 in 2021 and another \$482,372 in 2022. These funds were required to be spent by December 31, 2024. The City used the ARPA funds to respond to public health emergency needs, serve the hardest hit communities and address inequities, address negative economic impacts, and improve access to water and broadband infrastructure.

- 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 4.9 percent as of December 31, 2022. This is higher than the statewide rate of 3.2 percent and the national average rate of 3.3 percent.
- According to the League of Minnesota Cities, Thief River Falls' population as of December 31, 2022, was 8,647, a decrease of 102 since the 2020 census of 8,749.
- On December 20, 2022, the City of Thief River Falls set its 2023 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, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 13,948,350	\$ 12,781,429	\$ 26,729,779
Cash with fiscal agent	56,252	-	56,252
Taxes receivable			
Current	59,253	-	59,253
Prior	111,882	-	111,882
Special assessments receivable			
Current	75,423	-	75,423
Prior	24,036	-	24,036
Accounts receivable	277,626	2,045,093	2,322,719
Accrued interest receivable	6,262	6,754	13,016
Due from other governments	21,653	-	21,653
Inventory	-	2,181,596	2,181,596
Loans receivable (net)	1,170,266	-	1,170,266
Internal balances	546,132	(546,132)	-
Prepaid items	-	20,823	20,823
Net pension asset	548,553	-	548,553
Special assessments receivable - noncurrent	2,639,239	49,188	2,688,427
Capital assets			
Non-depreciable	2,932,307	5,199,532	8,131,839
Depreciable - net of accumulated depreciation	27,166,311	42,886,590	70,052,901
<b>Total Assets</b>	<b>\$ 49,583,545</b>	<b>\$ 64,624,873</b>	<b>\$ 114,208,418</b>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions	\$ 5,053,484	\$ 751,883	\$ 5,805,367
Related to other post-employment benefits	106,978	24,802	131,780
<b>Total Deferred Outflows of Resources</b>	<b>\$ 5,160,462</b>	<b>\$ 776,685</b>	<b>\$ 5,937,147</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 151,415	\$ 1,670,275	\$ 1,821,690
Salaries payable	152,786	90,452	243,238
Due to other governments	46,762	224,046	270,808
Accrued interest payable	124,910	227,463	352,373
Customer deposits	-	247,585	247,585
Long-term liabilities			
Due within one year	1,483,057	1,501,871	2,984,928
Due in more than one year	8,828,529	18,848,556	27,677,085
Net pension liability	8,615,646	2,616,780	11,232,426
Other post employment benefits	1,178,400	273,200	1,451,600
<b>Total Liabilities</b>	<b>\$ 20,581,505</b>	<b>\$ 25,700,228</b>	<b>\$ 46,281,733</b>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions	\$ 284,494	\$ 71,855	\$ 356,349
Related to other post-employment benefits	119,287	27,656	146,943
<b>Total Deferred Inflows</b>	<b>\$ 403,781</b>	<b>\$ 99,511</b>	<b>\$ 503,292</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 19,918,618	\$ 28,416,122	\$ 48,334,740
Amounts restricted for			
General government	1,031,410	-	1,031,410
Economic development	1,338,071	-	1,338,071
Capital projects	283,237	-	283,237
Debt service	2,190,652	-	2,190,652
Unrestricted amounts	8,996,733	11,185,697	20,182,430
<b>Total Net Position</b>	<b>\$ 33,758,721</b>	<b>\$ 39,601,819</b>	<b>\$ 73,360,540</b>

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	\$ 3,827,650	\$ 452,731	\$ 20
Public safety	4,190,328	225,662	264,836
Highways and streets	995,999	44,446	184,470
Sanitation	1,101,620	1,270,810	-
Culture and recreation	862,130	63,509	-
Economic development	645,855	1,008,239	-
Interest	280,244	-	-
<b>Total governmental activities</b>	<b>\$ 11,903,826</b>	<b>\$ 3,065,397</b>	<b>\$ 449,326</b>
<b>Business-type activities</b>			
Arenas	\$ 1,833,473	\$ 825,412	\$ -
Electric	15,124,534	17,136,975	-
Liquor	4,817,873	5,078,482	-
MEC	145,508	23,942	-
Storm Water	289,642	333,740	-
Tourist Park	84,687	77,206	-
Water	2,630,648	3,081,193	-
Wastewater	1,031,312	1,180,951	-
<b>Total business-type activities</b>	<b>\$ 25,957,677</b>	<b>\$ 27,737,901</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b>\$ 37,861,503</b>	<b>\$ 30,803,298</b>	<b>\$ 449,326</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, as previously reported**

Prior period adjustment

**Net Position - January 1, as restated**

**Net Position - December 31**

**EXHIBIT 2**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
\$ 482,372	\$ (2,892,527)	\$ -	\$ (2,892,527)
-	(3,699,830)	-	(3,699,830)
745,179	(21,904)	-	(21,904)
-	169,190	-	169,190
5,125	(793,496)	-	(793,496)
-	362,384	-	362,384
-	(280,244)	-	(280,244)
<b>\$ 1,232,676</b>	<b>\$ (7,156,427)</b>	<b>\$ -</b>	<b>\$ (7,156,427)</b>
\$ -	\$ -	\$ (1,008,061)	\$ (1,008,061)
-	-	2,012,441	2,012,441
-	-	260,609	260,609
-	-	(121,566)	(121,566)
-	-	44,098	44,098
-	-	(7,481)	(7,481)
-	-	450,545	450,545
2,869	-	152,508	152,508
<b>\$ 2,869</b>	<b>\$ -</b>	<b>\$ 1,783,093</b>	<b>\$ 1,783,093</b>
<b>\$ 1,235,545</b>	<b>\$ (7,156,427)</b>	<b>\$ 1,783,093</b>	<b>\$ (5,373,334)</b>
	\$ 4,062,900	\$ -	\$ 4,062,900
	232,151	-	232,151
	153,074	-	153,074
	3,273,563	-	3,273,563
	5,501	6,051	11,552
	56,019	543,297	599,316
	327,817	(327,817)	-
	<b>\$ 8,111,025</b>	<b>\$ 221,531</b>	<b>\$ 8,332,556</b>
	<b>\$ 954,598</b>	<b>\$ 2,004,624</b>	<b>\$ 2,959,222</b>
	<b>\$ 33,387,906</b>	<b>\$ 37,597,195</b>	<b>\$ 70,985,101</b>
	(583,783)	-	(583,783)
	<b>32,804,123</b>	<b>37,597,195</b>	<b>70,401,318</b>
	<b>\$ 33,758,721</b>	<b>\$ 39,601,819</b>	<b>\$ 73,360,540</b>

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

**EXHIBIT 3**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	<b>General</b>	<b>2022 Street and Utility Capital Project</b>	<b>Nonmajor Other Governmental Funds (Statement 1)</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 9,357,563	\$ 257,438	\$ 4,333,349	\$ 13,948,350
Cash with fiscal agent	-	-	56,252	56,252
Taxes receivable				
Current	50,602	-	8,651	59,253
Prior	84,081	-	27,801	111,882
Special assessments receivable				
Current	72,694	-	2,729	75,423
Prior	7,357	-	16,679	24,036
Accounts receivable	258,426	-	19,200	277,626
Interest receivable	4,978	-	1,284	6,262
Due from other funds	2,123,401	-	-	2,123,401
Due from other governments	-	-	21,653	21,653
Loans receivable	496,432	-	673,834	1,170,266
Special assessments receivable - noncurrent	202,092	-	2,437,147	2,639,239
<b>Total Assets</b>	<b>\$ 12,657,626</b>	<b>\$ 257,438</b>	<b>\$ 7,598,579</b>	<b>\$ 20,513,643</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 138,408	\$ -	\$ 13,007	\$ 151,415
Salaries payable	151,642	-	1,144	152,786
Due to other funds	-	-	1,577,269	1,577,269
Due to other governments	46,598	-	164	46,762
<b>Total Liabilities</b>	<b>\$ 336,648</b>	<b>\$ -</b>	<b>\$ 1,591,584</b>	<b>\$ 1,928,232</b>
<b>Deferred Inflows of Resources</b>				
Taxes	\$ 84,081	\$ -	\$ 27,801	\$ 111,882
Loans	496,432	-	748,705	1,245,137
Special assessments	202,449	-	2,453,826	2,656,275
<b>Total Deferred Inflows of Resources</b>	<b>\$ 782,962</b>	<b>\$ -</b>	<b>\$ 3,230,332</b>	<b>\$ 4,013,294</b>



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

**EXHIBIT 3  
(Continued)**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General	2022 Street and Utility Capital Project	Nonmajor Other Governmental Funds (Statement 1)	Total Governmental Funds
<b>Fund Balances</b>				
Restricted for				
American Rescue Plan	\$ 840,332	\$ -	\$ -	\$ 840,332
Capital projects	-	257,438	31,956	289,394
Debt service	-	-	2,190,652	2,190,652
Economic development	-	-	1,202,622	1,202,622
Perpetual care	-	-	191,078	191,078
TIF district	-	-	135,449	135,449
Committed to				
Airport	151,502	-	-	151,502
Carnegie building	46,816	-	-	46,816
Insurance	2,401,623	-	-	2,401,623
Parks	81,695	-	-	81,695
Emergency management	29,040	-	-	29,040
Fire department	414,317	-	-	414,317
K-9 Unit	-	-	1,066	1,066
Train canopy	-	-	34,549	34,549
Splash park	-	-	9,185	9,185
Swimming pool	-	-	257,521	257,521
Assigned to				
General government	1,236,746	-	162,561	1,399,307
Public safety	36,729	-	-	36,729
Highways and streets	274,081	-	-	274,081
Sanitation	146,959	-	-	146,959
Culture and recreation	1,935	-	-	1,935
Capital projects	-	-	108,726	108,726
Economic development	28,155	-	-	28,155
Unassigned	5,848,086	-	(1,548,702)	4,299,384
<b>Total Fund Balances</b>	<b>\$ 11,538,016</b>	<b>\$ 257,438</b>	<b>\$ 2,776,663</b>	<b>\$ 14,572,117</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,657,626</b>	<b>\$ 257,438</b>	<b>\$ 7,598,579</b>	<b>\$ 20,513,643</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, 2022**

<b>Fund balances - total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>14,572,117</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>		30,098,618
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>		4,013,294
<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	\$ 106,978	
Deferred outflows related to pensions	5,053,484	5,160,462
<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	\$ (124,910)	
General obligation bonds	(9,598,770)	
Compensated absences payable	(712,816)	
Net pension asset	548,553	
Net pension liability	(8,615,646)	
Other post-employment benefits	(1,178,400)	(19,681,989)
<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	\$ (119,287)	
Deferred inflows related to pensions	(284,494)	(403,781)
<b>Net position of governmental activities (Exhibit 1)</b>	<b>\$</b>	<b><u>33,758,721</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, 2022**

	General	2022 Street and Utility Capital Project	Nonmajor Other Governmental Funds (Statement 2)	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 2,544,755	\$ -	\$ 1,876,561	\$ 4,421,316
Special assessments	16,692	-	399,410	416,102
Licenses and permits	186,346	-	-	186,346
Intergovernmental	4,199,126	-	-	4,199,126
Charges for services	1,639,070	-	49,525	1,688,595
Fines and forfeitures	53,250	-	-	53,250
Investment earnings	4,517	-	984	5,501
Gifts and contributions	5,415	-	5,845	11,260
Miscellaneous	134,512	-	207,752	342,264
<b>Total Revenues</b>	<b>\$ 8,783,683</b>	<b>\$ -</b>	<b>\$ 2,540,077</b>	<b>\$ 11,323,760</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 1,680,732	\$ -	\$ 1,209,253	\$ 2,889,985
Public safety	3,723,421	-	1,665	3,725,086
Highways and streets	864,327	-	-	864,327
Sanitation	1,038,921	-	-	1,038,921
Culture and recreation	776,829	-	1,347	778,176
Economic development	293,640	-	352,215	645,855
<b>Debt service</b>				
Principal retirement	70,313	-	905,000	975,313
Interest	2,802	-	186,794	189,596
<b>Capital outlay</b>				
General government	47,463	-	85,762	133,225
Public safety	60,471	-	-	60,471
Highways and streets	-	1,877,562	753,033	2,630,595
Culture and recreation	31,898	-	-	31,898
<b>Total Expenditures</b>	<b>\$ 8,590,817</b>	<b>\$ 1,877,562</b>	<b>\$ 3,495,069</b>	<b>\$ 13,963,448</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 192,866</b>	<b>\$ (1,877,562)</b>	<b>\$ (954,992)</b>	<b>\$ (2,639,688)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,289,892	\$ -	\$ 71,351	\$ 1,361,243
Transfers out	(642,921)	-	(390,505)	(1,033,426)
Proceeds from issuance of debt	-	2,135,000	-	2,135,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 646,971</b>	<b>\$ 2,135,000</b>	<b>\$ (319,154)</b>	<b>\$ 2,462,817</b>
<b>Net Change in Fund Balance</b>	<b>\$ 839,837</b>	<b>\$ 257,438</b>	<b>\$ (1,274,146)</b>	<b>\$ (176,871)</b>
<b>Fund Balance - January 1, as previously reported</b>	<b>\$ 10,698,179</b>	<b>\$ -</b>	<b>\$ 4,634,592</b>	<b>\$ 15,332,771</b>
Prior period adjustment	-	-	(583,783)	(583,783)
<b>Fund Balance - January 1</b>	<b>\$ 10,698,179</b>	<b>\$ -</b>	<b>\$ 4,050,809</b>	<b>\$ 14,748,988</b>
<b>Fund Balance - December 31</b>	<b>\$ 11,538,016</b>	<b>\$ 257,438</b>	<b>\$ 2,776,663</b>	<b>\$ 14,572,117</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, 2022**

**Net change in fund balances - total governmental funds (Exhibit 5)** **\$ (176,871)**

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	\$ 2,828,053	
Current year depreciation	<u>(1,186,096)</u>	1,641,957

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		1,163,495
---	--	-----------

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	\$ 905,000	
Capital leases	70,313	
Proceeds from issuance of debt	<u>(2,135,000)</u>	(1,159,687)

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	\$ (38,716)	
Accrued interest payable	(51,932)	
Compensated absences payable	110,887	
Deferred outflows related to other post-employment benefits	(8,121)	
Deferred inflows related to other post-employment benefits	25,848	
Other post-employment benefits	(77,800)	
Net pension liability	(6,500,768)	
Deferred outflows related to net pension liability	2,265,688	
Deferred inflows related to net pension liability	<u>3,684,036</u>	<u>(514,296)</u>

**Change in net position of governmental activities (Exhibit 2)** **\$ 954,598**

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2022**

	<u>Liquor</u> <u>Enterprise</u>	<u>Electric</u> <u>Enterprise</u>	<u>Water</u> <u>Enterprise</u>
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash and pooled investments	\$ 1,203,216	\$ 4,694,594	\$ 3,840,631
Accounts receivable	570	1,565,906	284,663
Interest receivable	423	2,652	2,156
Inventory	781,560	1,268,510	118,233
Prepaid items	-	-	-
<b>Total Current Assets</b>	<b>\$ 1,985,769</b>	<b>\$ 7,531,662</b>	<b>\$ 4,245,683</b>
<b>Noncurrent Assets</b>			
Special assessments receivable - noncurrent	\$ -	\$ -	\$ -
Capital assets			
Non-depreciable	178,942	24,014	720,140
Depreciable - net of accumulated depreciation	235,865	12,289,436	13,377,423
<b>Total Noncurrent Assets</b>	<b>\$ 414,807</b>	<b>\$ 12,313,450</b>	<b>\$ 14,097,563</b>
<b>Total Assets</b>	<b>\$ 2,400,576</b>	<b>\$ 19,845,112</b>	<b>\$ 18,343,246</b>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions	\$ 114,694	\$ 395,057	\$ 127,438
Related to other post-employment benefits	3,867	15,079	2,851
<b>Total Deferred Outflows of Resources</b>	<b>\$ 118,561</b>	<b>\$ 410,136</b>	<b>\$ 130,289</b>
<b><u>Liabilities</u></b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 445,066	\$ 1,055,757	\$ 53,026
Compensated absences payable	104,397	146,866	63,362
Salaries payable	18,202	43,038	17,997
Interest payable	-	54,292	122,772
Due to other governments	53,821	129,096	7,872
Due to other funds	-	-	97,000
GO revenue bonds payable	-	274,000	462,300
Customer deposits payable	-	247,585	-
<b>Total Current Liabilities</b>	<b>\$ 621,486</b>	<b>\$ 1,950,634</b>	<b>\$ 824,329</b>
<b>Noncurrent Liabilities</b>			
Other post employment benefits	\$ 42,600	\$ 166,100	\$ 31,400
Compensated absences payable	13,956	52,356	12,538
Net pension liability	399,170	1,374,918	443,522
GO revenue bonds payable (net)	-	3,233,020	9,269,345
<b>Total Noncurrent Liabilities</b>	<b>\$ 455,726</b>	<b>\$ 4,826,394</b>	<b>\$ 9,756,805</b>
<b>Total Liabilities</b>	<b>\$ 1,077,212</b>	<b>\$ 6,777,028</b>	<b>\$ 10,581,134</b>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions	\$ 10,961	\$ 37,754	\$ 12,179
Related to other post-employment benefits	4,312	16,814	3,179
<b>Total Deferred Inflows of Resources</b>	<b>\$ 15,273</b>	<b>\$ 54,568</b>	<b>\$ 15,358</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 414,807	\$ 8,827,450	\$ 4,490,363
Unrestricted amounts	1,011,845	4,596,202	3,386,680
<b>Total Net Position</b>	<b>\$ 1,426,652</b>	<b>\$ 13,423,652</b>	<b>\$ 7,877,043</b>

**EXHIBIT 7**

Wastewater Enterprise	Arenas Enterprise	Nonmajor Other Enterprise Funds (Statement 9)	Total
\$ 2,571,791	\$ -	\$ 471,197	\$ 12,781,429
112,072	47,247	34,635	2,045,093
1,286	-	237	6,754
-	13,293	-	2,181,596
-	20,823	-	20,823
<b>\$ 2,685,149</b>	<b>\$ 81,363</b>	<b>\$ 506,069</b>	<b>\$ 17,035,695</b>
\$ 49,188	\$ -	\$ -	\$ 49,188
3,200,163	1,036,026	40,247	5,199,532
4,057,289	7,852,933	5,073,644	42,886,590
<b>\$ 7,306,640</b>	<b>\$ 8,888,959</b>	<b>\$ 5,113,891</b>	<b>\$ 48,135,310</b>
<b>\$ 9,991,789</b>	<b>\$ 8,970,322</b>	<b>\$ 5,619,960</b>	<b>\$ 65,171,005</b>
\$ 114,694	\$ -	\$ -	\$ 751,883
3,005	-	-	24,802
<b>\$ 117,699</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 776,685</b>
\$ 4,931	\$ 111,454	\$ 41	\$ 1,670,275
17,246	-	-	331,871
10,856	-	359	90,452
26,640	10,063	13,696	227,463
1,575	31,629	53	224,046
-	362,158	86,974	546,132
203,700	125,000	105,000	1,170,000
-	-	-	247,585
<b>\$ 264,948</b>	<b>\$ 640,304</b>	<b>\$ 206,123</b>	<b>\$ 4,507,824</b>
\$ 33,100	\$ -	\$ -	\$ 273,200
13,979	-	-	92,829
399,170	-	-	2,616,780
3,466,825	682,954	2,103,583	18,755,727
<b>\$ 3,913,074</b>	<b>\$ 682,954</b>	<b>\$ 2,103,583</b>	<b>\$ 21,738,536</b>
<b>\$ 4,178,022</b>	<b>\$ 1,323,258</b>	<b>\$ 2,309,706</b>	<b>\$ 26,246,360</b>
\$ 10,961	\$ -	\$ -	\$ 71,855
3,351	-	-	27,656
<b>\$ 14,312</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99,511</b>
\$ 3,650,652	\$ 8,083,959	\$ 2,948,891	\$ 28,416,122
2,266,502	(436,895)	361,363	11,185,697
<b>\$ 5,917,154</b>	<b>\$ 7,647,064</b>	<b>\$ 3,310,254</b>	<b>\$ 39,601,819</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, 2022**

	Liquor Enterprise	Electric Enterprise	Water Enterprise
<b>Sales and Cost of Goods Sold</b>			
Sales	\$ 5,078,482	\$ 17,046,078	\$ -
Cost of goods sold	(3,934,138)	(11,676,741)	-
<b>Gross Profit</b>	<b>\$ 1,144,344</b>	<b>\$ 5,369,337</b>	<b>\$ -</b>
<b>Operating Revenues</b>			
Charges for services	\$ -	\$ -	\$ 3,055,201
Miscellaneous	-	2,571	25,992
<b>Operating Revenues</b>	<b>\$ -</b>	<b>\$ 2,571</b>	<b>\$ 3,081,193</b>
<b>Total Gross Profit and Operating Revenues</b>	<b>\$ 1,144,344</b>	<b>\$ 5,371,908</b>	<b>\$ 3,081,193</b>
<b>Operating Expenses</b>			
Personnel services	\$ 575,942	\$ 1,536,590	\$ 615,986
Contracted services	-	-	-
Professional services	-	4,613	-
Advertising	46,156	-	-
Chemicals	41,240	-	293,913
Fuel	-	-	8,317
Insurance	27,713	87,011	29,531
License and permits	96,727	-	40,164
Repairs and maintenance	10,693	75,673	174,653
Supplies	14,497	65,693	30,948
Utilities	32,920	89,027	361,434
Miscellaneous	15,773	180,131	9,852
Other services and charges	-	674,958	158,434
Bad debts	163	-	-
Depreciation	21,911	612,364	627,735
<b>Total Operating Expenses</b>	<b>\$ 883,735</b>	<b>\$ 3,326,060</b>	<b>\$ 2,350,967</b>
<b>Operating Income (Loss)</b>	<b>\$ 260,609</b>	<b>\$ 2,045,848</b>	<b>\$ 730,226</b>
<b>Nonoperating Revenues (Expenses)</b>			
Special assessments	\$ -	\$ -	\$ -
Rental income	-	88,326	-
Investment earnings	273	2,649	1,902
Miscellaneous	189	169,332	56,711
Interest expense	-	(121,733)	(279,681)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 462</b>	<b>\$ 138,574</b>	<b>\$ (221,068)</b>
<b>Income (Loss) Before Transfers</b>	<b>\$ 261,071</b>	<b>\$ 2,184,422</b>	<b>\$ 509,158</b>
Transfers in	\$ -	\$ -	\$ -
Transfers out	(431,307)	(792,409)	(37,753)
<b>Total Transfers</b>	<b>\$ (431,307)</b>	<b>\$ (792,409)</b>	<b>\$ (37,753)</b>
<b>Change in Net Position</b>	<b>\$ (170,236)</b>	<b>\$ 1,392,013</b>	<b>\$ 471,405</b>
<b>Net Position - January 1, as restated</b>	<b>1,596,888</b>	<b>12,031,639</b>	<b>7,405,638</b>
<b>Net Position - December 31</b>	<b>\$ 1,426,652</b>	<b>\$ 13,423,652</b>	<b>\$ 7,877,043</b>



**EXHIBIT 8**

Wastewater Enterprise	Arenas Enterprise	Nonmajor Other Enterprise Funds (Statement 10)	Total
\$ -	\$ 670,274	\$ 101,148	\$ 22,895,982
-	(124,097)	-	(15,734,976)
<b>\$ -</b>	<b>\$ 546,177</b>	<b>\$ 101,148</b>	<b>\$ 7,161,006</b>
\$ 1,151,126	\$ -	\$ 333,740	\$ 4,540,067
29,825	-	-	58,388
<b>\$ 1,180,951</b>	<b>\$ -</b>	<b>\$ 333,740</b>	<b>\$ 4,598,455</b>
<b>\$ 1,180,951</b>	<b>\$ 546,177</b>	<b>\$ 434,888</b>	<b>\$ 11,759,461</b>
\$ 389,900	\$ -	\$ 44,704	\$ 3,163,122
-	715,956	156,778	872,734
-	-	-	4,613
-	1,260	-	47,416
-	-	-	335,153
-	-	3,443	11,760
23,194	14,415	2,489	184,353
8,902	50	10,633	156,476
132,624	137,436	45,538	576,617
39,380	18,458	2,933	171,909
101,103	368,205	33,787	986,476
51,091	21,439	4,485	282,771
17,691	-	-	851,083
-	-	-	163
205,456	396,437	184,232	2,048,135
<b>\$ 969,341</b>	<b>\$ 1,673,656</b>	<b>\$ 489,022</b>	<b>\$ 9,692,781</b>
<b>\$ 211,610</b>	<b>\$ (1,127,479)</b>	<b>\$ (54,134)</b>	<b>\$ 2,066,680</b>
\$ 2,869	\$ 155,138	\$ -	\$ 158,007
-	-	-	88,326
1,076	-	151	6,051
10,762	56,625	249,678	543,297
(61,971)	(35,720)	(30,815)	(529,920)
<b>\$ (47,264)</b>	<b>\$ 176,043</b>	<b>\$ 219,014</b>	<b>\$ 265,761</b>
<b>\$ 164,346</b>	<b>\$ (951,436)</b>	<b>\$ 164,880</b>	<b>\$ 2,332,441</b>
\$ -	\$ 878,960	\$ 83,115	\$ 962,075
(28,423)	-	-	(1,289,892)
<b>\$ (28,423)</b>	<b>\$ 878,960</b>	<b>\$ 83,115</b>	<b>\$ (327,817)</b>
<b>\$ 135,923</b>	<b>\$ (72,476)</b>	<b>\$ 247,995</b>	<b>\$ 2,004,624</b>
<b>5,781,231</b>	<b>7,719,540</b>	<b>3,062,259</b>	<b>37,597,195</b>
<b>\$ 5,917,154</b>	<b>\$ 7,647,064</b>	<b>\$ 3,310,254</b>	<b>\$ 39,601,819</b>

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Liquor Enterprise</b>	<b>Electric Enterprise</b>	<b>Water Enterprise</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 5,089,925	\$ 16,806,760	\$ 3,095,629
Payments to employees	(539,807)	(1,516,778)	(579,095)
Payments to suppliers	(4,025,380)	(12,825,512)	(1,064,077)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 524,738</b>	<b>\$ 2,464,470</b>	<b>\$ 1,452,457</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>			
Miscellaneous	\$ 189	\$ 169,332	\$ 47,718
<b>Cash Flows from Capital and Related Financing Activities</b>			
Special assessments received	\$ -	\$ -	\$ -
Property taxes received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(431,307)	(792,409)	(37,753)
Proceeds from issuance of debt	-	-	704,445
Purchase of capital assets	-	(300,274)	(660,249)
Principal paid on debt	-	(269,000)	(777,200)
Interest paid on debt	-	(124,959)	(279,681)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (431,307)</b>	<b>\$ (1,486,642)</b>	<b>\$ (1,050,438)</b>
<b>Cash Flows from Investing Activities</b>			
Investment earnings received	\$ 273	\$ 2,649	\$ 1,902
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 93,893</b>	<b>\$ 1,149,809</b>	<b>\$ 451,639</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>1,109,323</b>	<b>3,544,785</b>	<b>3,388,992</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 1,203,216</b>	<b>\$ 4,694,594</b>	<b>\$ 3,840,631</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 260,609	\$ 2,134,174	\$ 730,226
<b>Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities</b>			
Depreciation expense	\$ 21,911	\$ 612,364	\$ 627,735
Decrease (increase) in assets			
Accounts receivable	(341)	(103,672)	32,281
Inventory	11,784	(218,387)	(17,845)
Increase (decrease) in liabilities			
Accounts payable	198,681	20,012	42,996
Salaries payable	3,126	228	2,115
Due to other governments	1,895	8,323	173
Compensated absences payable	9,389	(62,629)	9,303
Customer deposits payable	-	(8,156)	-
Other post employment benefit obligation	3,626	14,142	2,998
Net pension liability	14,058	68,071	22,475
<b>Total adjustments</b>	<b>\$ 264,129</b>	<b>\$ 330,296</b>	<b>\$ 722,231</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 524,738</b>	<b>\$ 2,464,470</b>	<b>\$ 1,452,457</b>

**EXHIBIT 9**

<b>Wastewater Enterprise</b>	<b>Arenas Enterprise</b>	<b>Nonmajor Other Enterprise Funds (Statement 11)</b>	<b>Total</b>
\$ 1,241,202	\$ 715,457	\$ 429,257	\$ 27,378,230
(366,346)	(715,956)	(201,433)	(3,919,415)
(376,676)	(672,780)	(153,421)	(19,117,846)
<b>\$ 498,180</b>	<b>\$ (673,279)</b>	<b>\$ 74,403</b>	<b>\$ 4,340,969</b>
\$ 10,762	\$ (96,840)	\$ 249,678	\$ 380,839
\$ 2,869	\$ -	\$ -	\$ 2,869
-	155,138	-	155,138
-	878,960	83,115	962,075
(28,423)	-	-	(1,289,892)
-	-	-	704,445
(114,655)	(103,259)	(308,774)	(1,487,211)
(193,800)	(125,000)	(100,000)	(1,465,000)
(61,971)	(35,720)	(34,046)	(536,377)
<b>\$ (395,980)</b>	<b>\$ 770,119</b>	<b>\$ (359,705)</b>	<b>\$ (2,953,953)</b>
\$ 1,076	\$ -	\$ 151	\$ 6,051
<b>\$ 114,038</b>	<b>\$ -</b>	<b>\$ (35,473)</b>	<b>\$ 1,773,906</b>
<b>2,457,753</b>	<b>-</b>	<b>419,696</b>	<b>10,920,549</b>
<b>\$ 2,571,791</b>	<b>\$ -</b>	<b>\$ 384,223</b>	<b>\$ 12,694,455</b>
\$ 211,610	\$ (1,127,479)	\$ (54,134)	\$ 2,155,006
\$ 205,456	\$ 396,437	\$ 184,232	\$ 2,048,135
8,198	41,819	(5,631)	(27,346)
-	3,364	-	(221,084)
(2,988)	(13,197)	(121)	245,383
2,056	-	49	7,574
297	25,777	(49,992)	(13,527)
(1,665)	-	-	(45,602)
-	-	-	(8,156)
3,150	-	-	23,916
72,066	-	-	176,670
<b>\$ 286,570</b>	<b>\$ 454,200</b>	<b>\$ 128,537</b>	<b>\$ 2,185,963</b>
<b>\$ 498,180</b>	<b>\$ (673,279)</b>	<b>\$ 74,403</b>	<b>\$ 4,340,969</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, 2022**

**Assets**

Cash and pooled investments	\$	36,435
Accrued interest receivable		15
Prepaid benefits		<u>1,061</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>37,511</u></b>

**Net Position**

Amounts held in trust for pool participants	<b>\$</b>	<b><u>37,511</u></b>
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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, 2022**

<u><b>Additions</b></u>		
Contributions		\$ 10,410
Investment earnings		11
<b>Total Additions</b>		<b>\$ 10,421</b>
<u><b>Deductions</b></u>		
Benefit payments		12,307
<b>Change in net position</b>		<b>\$ (1,886)</b>
<b>Net Position--January 1</b>		<b>39,397</b>
<b>Net Position--December 31</b>		<b>\$ 37,511</b>

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

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

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 2022 Street and Utilities Capital Projects Fund is used to account for and report the financial resources of the 2022 street and utilities improvement project. Financing is provided by intergovernmental revenues, the issuance of debt, and special assessments committed for capital projects

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.

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

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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.

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.



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

I. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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 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, 2022, based on market prices. Investment earnings are allocated to the funds with deposits. Pooled investment were \$4,517. Total investment for 2022 were \$11,552.

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 \$56,252 as of December 31, 2022.

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 2000 through 2022, and deferred special assessments collectible in 2023 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, 2021. 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 use 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, 2022.

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

A. Restatement of Beginning Net Position(s)

During the year ended December 31, 2022, it was determined that the loan balance of the Community Development Revolving Loan Special Revenue Fund, the Slow Second Mortgage Special Revenue Fund, and the Northwest Minnesota Housing Revolving Loan Special Revenue Fund was in fund balance instead of deferred inflows of resources. The beginning loan balance was then adjusted into deferred inflows of resources and taken out of fund balance as a prior period adjustment. This restatement had no effect on net position.

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

II. Stewardship, Compliance, and Accountability

A. Restatement of Beginning Net Position(s) (Continued)

**Restatement of Beginning Fund Balance(s)**

<b>Community Development Revolving Loan Special Revenue Fund:</b>	
January 1, 2022, as previously reported	\$ 1,420,059
Prior period adjustment	<u>(425,025)</u>
Fund balance, January 1, 2022 as restated	<u>\$ 995,034</u>
<b>Slow Second Mortgage Special Revenue Fund:</b>	
January 1, 2022, as previously reported	\$ 457,170
Prior period adjustment	<u>(110,418)</u>
Fund balance, January 1, 2022 as restated	<u>\$ 346,752</u>
<b>Northwest Minnesota Housing Revolving Loan Special Revenue Fund:</b>	
January 1, 2022, as previously reported	\$ 101,606
Prior period adjustment	<u>(48,340)</u>
Fund balance, January 1, 2022 as restated	<u>\$ 53,266</u>

B. Deficit Fund Balances – Net Position

The following nonmajor governmental funds had a deficit unassigned fund balance as of December 31, 2022:

TIF District 1-13 Special Revenue Fund	\$ 795,110
TIF District 1-12 Special Revenue Fund	\$ 559
Local Partnership Project Capital Project Fund	\$ 2,700
TH59 Corridor Capital Project Fund	\$ 20,985
2021 Street & Utilities Capital Project Fund	\$ 728,448
2023 Street & Utilities Capital Project Fund	\$ 900

The following major business-type fund had deficit unrestricted net position as of December 31, 2022:

Arenas Enterprise Fund	\$ 436,895
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The following nonmajor business-type fund had deficit unrestricted net position as of December 31, 2022:

MEC Enterprise Fund	\$ 86,546
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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

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

II. Stewardship, Compliance, and Accountability

C. Tax Abatement Programs (Continued)

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 2022 was \$13,961, for a total of \$73,501 paid to date.

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, 2022, are as follows:

<b>Government-Wide Statement of Net Position</b>	
<i>Governmental Activities</i>	
Cash and pooled investments	\$ 13,948,350
Cash with fiscal agent	56,252
<i>Business-type Activities</i>	
Cash and pooled investments	12,781,429
<i>Fiduciary Activities</i>	
Cash and pooled investments	<u>36,435</u>
Total Cash and Investments	<u><u>\$ 26,822,466</u></u>
Petty cash and change funds	\$ 8,980
Cash with fiscal agent	56,252
Checking	2,084,923
Certificates of deposit	100,000
Negotiable certificates of deposit	16,095,838
Money market funds	<u>8,476,473</u>
Total deposits and cash on hand	<u><u>\$ 26,822,466</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.



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

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Deposits (Continued)

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, 2022, the City’s deposits were not exposed to custodial credit risk.

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.

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

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Interest Rate Risk (Continued)

Interest Rate Risk

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, 2022, the City had the following investments and maturities:

	Fair Value	Less Than 1 Year	1-5 Years	5+ Years
Money Market Funds	\$ 20,198,201	\$ 20,198,201	\$ -	\$ -
Negotiable Certificates of Deposit	4,374,110	447,278	3,517,022	409,810
Total Investments	\$ 24,572,311	\$ 20,645,479	\$ 3,517,022	\$ 409,810
	100%	84%	14%	2%

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. \$24,572,311 of the City's portfolio are in money market accounts and negotiable certificates of deposit which are not rated at December 31, 2022.

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, 2022, the following investments may be subject to custodial credit risk:

Piper Jaffray Money Market	\$ 2,713,374
4M Money Market	16,484,823
Total Custodial Credit Risk	\$ 19,198,197

Percentage of City investments exposed to custodial credit risk:	78.13%
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**CITY OF THIEF RIVER FALLS  
THIEF RIVER FALLS, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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. \$20,198,199 of the City's investment in Money Market Accounts represents 82.20 percent of the City's portfolio.

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.

	December 31, 2022	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	\$ 4,374,110	\$ -	\$ 4,374,110
Money Market Funds	20,198,201	20,198,201	-
Total Investments	\$ 24,572,311	\$ 20,198,201	\$ 4,374,110

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.

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

III. Detailed Notes on All Funds

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2022, 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	\$ 171,135	\$ -
Special assessments	2,738,698	2,639,239
Accounts	277,626	-
Accrued interest	6,262	-
Loans	1,170,266	962,933
Due from other governments	21,653	-
Total Governmental Activities	\$ 4,385,640	\$ 3,602,172
<b>Business-Type Activities</b>		
Special assessments	\$ 49,188	\$ 49,188
Accounts	2,045,093	-
Accrued interest	6,754	-
Total Business-Type Activities	\$ 2,101,035	\$ 49,188

**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, 2022, was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 516,833	\$ -	\$ -	\$ 516,833
Construction in progress	956,368	2,716,358	1,257,252	2,415,474
Total capital assets not depreciated	<u>\$ 1,473,201</u>	<u>\$ 2,716,358</u>	<u>\$ 1,257,252</u>	<u>\$ 2,932,307</u>
Capital assets being depreciated				
Infrastructure	\$ 32,239,363	\$ 1,289,150	\$ -	\$ 33,528,513
Buildings	4,673,461	-	-	4,673,461
Machinery and equipment	4,975,962	79,797	11,918	5,043,841
Total capital assets being depreciated	<u>\$ 41,888,786</u>	<u>\$ 1,368,947</u>	<u>\$ 11,918</u>	<u>\$ 43,245,815</u>
Less: accumulated depreciation for				
Infrastructure	\$ 9,062,660	\$ 787,578	\$ -	\$ 9,850,238
Buildings	2,282,813	92,820	-	2,375,633
Machinery and equipment	3,559,853	305,698	11,918	3,853,633
Total accumulated depreciation	<u>\$ 14,905,326</u>	<u>\$ 1,186,096</u>	<u>\$ 11,918</u>	<u>\$ 16,079,504</u>
Total capital assets, depreciated, net	<u>\$ 26,983,460</u>	<u>\$ 182,851</u>	<u>\$ -</u>	<u>\$ 27,166,311</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,456,661</u>	<u>\$ 2,899,209</u>	<u>\$ 1,257,252</u>	<u>\$ 30,098,618</u>

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 586,176	\$ -	\$ -	\$ 586,176
Construction in progress	3,034,583	1,610,373	100,000	4,613,356
Total capital assets not depreciated	<u>\$ 3,620,759</u>	<u>\$ 1,610,373</u>	<u>\$ 100,000</u>	<u>\$ 5,199,532</u>
Capital assets being depreciated				
Buildings	\$ 26,532,281	\$ -	\$ -	\$ 26,532,281
Infrastructure	55,640,709	512,489	-	56,153,198
Machinery and equipment	6,533,780	146,715	774,493	5,906,002
Total capital assets being depreciated	<u>\$ 88,706,770</u>	<u>\$ 659,204</u>	<u>\$ 774,493</u>	<u>\$ 88,591,481</u>
Less: accumulated depreciation for				
Buildings	\$ 11,663,171	\$ 603,164	\$ -	\$ 12,266,335
Infrastructure	27,794,399	1,198,603	-	28,993,002
Machinery and equipment	4,199,188	246,366	-	4,445,554
Total accumulated depreciation	<u>\$ 43,656,758</u>	<u>\$ 2,048,133</u>	<u>\$ -</u>	<u>\$ 45,704,891</u>
Total capital assets, depreciated, net	<u>\$ 45,050,012</u>	<u>\$ (1,388,929)</u>	<u>\$ 774,493</u>	<u>\$ 42,886,590</u>
Business-Type Activities Capital Assets, Net	<u>\$ 48,670,771</u>	<u>\$ 221,444</u>	<u>\$ 874,493</u>	<u>\$ 48,086,122</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	\$	807,708
Public safety		95,268
Highways and streets		137,669
Sanitation		62,699
Culture and recreation		82,752
		82,752
Total Depreciation Expense - Governmental Activities	\$	1,186,096
<b>Business-Type Activities</b>		
Liquor	\$	21,912
Electric		612,364
Arena		396,436
Water		627,734
Wastewater		205,456
Storm water		174,695
MEC		7,937
Tourist Park		1,599
		1,599
Total Depreciation Expense - Business-Type Activities	\$	2,048,133

C. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

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

Receivable Fund	Payable Fund	Amount	
General Fund	Water Meter Project	\$ 97,000	Temporary loans
	Enterprise Fund	2,700	Temporary loans
	Local Partnership Project Capital Projects Fund	21,000	Temporary loans
	TH59 Corridor Capital Projects Fund	757,000	Temporary loans
	2021 Street & Utilities Capital Projects Fund		
	TIF 1-12 Special Revenue Fund	559	Cash deficit
	TIF 1-13 Special Revenue Fund	793,644	Reimburse expenditures
		1,466	Cash deficit
	Arena Enterprise Fund	362,158	Cash deficit
	MEC Enterprise Fund	86,974	Cash deficit
	2023 Street & Utilities Capital Projects Fund	900	Temporary loans
Total Due To/Due From Other Funds		\$ 2,123,401	

**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, 2022, consisted of the following operating transfers:

To General Fund			
from Electric Enterprise Fund	\$ 217,409	Administrative reimbursement	
	575,000	Operating transfer	
from Liquor Enterprise Fund	72,228	Administrative reimbursement	
	359,079	Operating transfer	
from Water Enterprise Fund	31,503	Administrative reimbursement	
	6,250	Operating transfer	
from Wastewater Enterprise Fund	22,173	Administrative reimbursement	
	6,250	Operating transfer	
Total to General Fund	<u>\$ 1,289,892</u>		
To Greenwood Cemetery Special Revenue Fund			
from General Fund	\$ 65,000	Operating transfer	
To TIF 1-4 Special Revenue Fund			
from General Fund	\$ 2,513	Correction of an error	
from TIF 1-13 Special Revenue Fund	3,838	Correction of an error	
Total to TIF 1-4 Special Revenue Fund	<u>\$ 6,351</u>		
To Arenas Enterprise Fund			
from General Fund	\$ 492,293	Operating transfer	
from 2018 Arena Project Capital Project Fund	386,667	To close fund into the Arenas Enterprise Fund	
Total to Arenas Enterprise Fund	<u>\$ 878,960</u>		
To MEC Enterprise Fund			
from General Fund	<u>\$ 83,115</u>	Operating transfer	
Total Interfund Transfers	<u>\$ 962,075</u>		

D. Liabilities

1. Construction Commitments

The City has four active construction projects paid to date in the amount of \$5,002,701 with a remaining commitment of \$130,595.

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

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

III. Detailed Notes on All Funds

D. Liabilities

2. Compensated Absences (Continued)

\$575,763 at December 31, 2022, 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

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, 2022, is \$230,000.

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, 2022, is \$305,000.

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, 2022 is \$415,000.

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, 2022 is \$620,000.



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

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt

Governmental Activities (Continued)

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, 2022 is \$925,000.

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, 2022 is \$1,415,000.

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, 2022 is \$1,455,000.

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, 2022 is \$225,000.

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, 2022 is \$125,000.

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, 2022 is \$280,000.

**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 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, 2022 is \$680,000.

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, 2022, is \$375,000.

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, 2022, is \$190,000.

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, 2022, is \$2,135,000.

City of Thief River Falls Capital Lease Purchase of 2020 represents debt incurred for the purchase of a International plow with dump truck. The lease has an original issue amount of \$84,975 through Kinetic Leasing, with \$9,137 of accumulated depreciation as of December 31, 2022. Lease payments are due in installments of \$28,364 paid from the General Fund through December 20, 2022. This loan was paid off in 2022.

City of Thief River Falls Capital Lease Purchase of 2020 represents debt incurred for the purchase of a garbage truck. The lease has an original issue amount of \$181,664 through Kinetic Leasing, with \$10,981 of accumulated depreciation as of December 31, 2022. Lease payments are due in annual installments of \$41,949 paid from the General Fund through December 20, 2022. This loan was paid off in 2022.

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

III. Detailed Notes on All Funds

D. Liabilities

3. Long-Term Debt (Continued)

Business-Type Activities

City of Thief River Falls General Obligation Water Revenue Bonds of 2010 represent debt incurred for water system improvements. These bonds have an original issue amount of \$3,510,000. They carry a net interest rate of 2.0 to 3.2 percent and are due in annual principal payments from the Water Enterprise Fund of \$345,000 through January 1, 2022. This bond was paid off in 2022.

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, 2022, is \$200,000.

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, 2022, is \$55,000.

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, 2022 is \$154,000.

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, 2022 is \$385,000.

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, 2022 is \$305,550 from the Water Enterprise Fund, and \$179,450 from the Wastewater Enterprise Fund, with the total balance due of \$485,000.

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

**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)

\$25,000 to \$365,000 through February 1, 2042. The balance due on these bonds at December 31, 2022 is \$5,430,000.

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, 2022 is \$120,000.

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, 2022, is \$460,200 from the Water Enterprise Fund and \$424,800 from the Wastewater Enterprise Fund, with the total balance due of \$885,000.

City of Thief River Falls General Obligation Bonds, Series 2018A, represent debt incurred for 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, 2022 is \$3,255,000.

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, 2022 is \$552,450.

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, 2022 is \$82,550.

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

**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)

\$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, 2022 is \$305,000.

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, 2022 is \$75,000.

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, 2022 is \$605,000.

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, 2022, \$340,000.

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 Fund of \$5,000 to \$10,000 through February 1, 2036. The balance due on these bonds at December 31, 2022, \$95,000.

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, 2022, \$2,865,000.

**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)

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, 2022, \$2,165,000.

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, 2022, \$805,000.

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, 2022, is \$580,000.

4. Debt Service Requirements

Debt service requirements for general obligation bonds for the year ended December 31, 2022, are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 940,000	\$ 235,843	\$ 1,170,000	\$ 502,549
2024	1,055,000	215,116	1,380,000	469,370
2025	1,070,000	187,780	1,220,000	436,399
2026	1,020,000	159,948	1,250,000	404,586
2027	1,040,000	132,097	1,300,000	371,735
2028-2032	3,585,000	303,369	5,575,000	1,412,395
2033-2037	735,000	32,012	4,810,000	750,879
2038-2042	-	-	2,965,000	177,750
Total	<u>\$ 9,445,000</u>	<u>\$ 1,266,165</u>	<u>\$ 19,670,000</u>	<u>\$ 4,525,663</u>

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

III. Detailed Notes on All Funds

D. Liabilities

5. Changes in Long Term Liabilities

Governmental Activities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
G.O. Improvement Bonds	\$ 8,145,000	\$ 2,135,000	\$ 905,000	\$ 9,375,000	\$ 940,000
Capital Leases	70,313	-	70,313	-	-
Compensated Absences	823,703	332,759	443,646	712,816	543,057
OPEB	1,100,600	77,800	-	1,178,400	-
Net Pension Liability	2,114,878	6,500,768	-	8,615,646	-
Governmental Activities Long-Term Liabilities	<u>\$ 12,254,494</u>	<u>\$ 9,046,327</u>	<u>\$ 1,418,959</u>	<u>\$ 19,881,862</u>	<u>\$ 1,483,057</u>

Business-Type Activities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
G.O. Revenue Bonds	\$ 20,550,000	\$ 580,000	\$ 1,460,000	\$ 19,670,000	\$ 1,170,000
Compensated Absences	470,302	196,346	241,948	424,700	331,871
OPEB	255,200	18,000	-	273,200	-
Net Pension Liability	1,426,074	1,190,705	-	2,616,779	-
Business-Type Activities Long-Term Liabilities	<u>\$ 22,701,576</u>	<u>\$ 1,985,051</u>	<u>\$ 1,701,948</u>	<u>\$ 22,984,679</u>	<u>\$ 1,501,871</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, 2022, are summarized below by fund:

	Taxes	Special Assessments	Loans Receivable	Total
Governmental funds				
General	\$ 84,081	\$ 202,449	\$ 496,432	\$ 782,962
Special Revenue	-	-	748,705	748,705
Debt Service	27,801	2,453,826	-	2,481,627
Total	<u>\$ 111,882</u>	<u>\$ 2,656,275</u>	<u>\$ 1,245,137</u>	<u>\$ 4,013,294</u>

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

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, 2020, there were 109 participants in the plan including 23 retirees.

B. Total OPEB Liability

The City’s total OPEB liability of \$1,451,561 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, 2020
Measurement date (assets and liabilities)	December 31, 2021
Measurement period	January 1, 2021 to December 31, 2021
Reporting date (fiscal year end)	December 31, 2022

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	1.84%
Expected return on plan assets	N/A
Inflation Rate	2.25%
Healthcare Cost Trend Rate	6.30% as of January 1, 2021, gradually decreasing to 3.80% in FY2075

The current year discount rate is 1.84 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-2019, and other adjustments. For police and fire



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

IV. Other Post-Employment Benefits – (OPEB)

B. Total OPEB Liability (Continued)

members, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

Health care cost trend rates are 6.30 percent for FY2021, gradually decreasing over several decades to an ultimate rate of 3.80 percent in FY 2075 and later years.

C. Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2021	\$ 1,355,656	-	\$ 1,355,656
Changes for the year:			
Service cost	119,559	-	119,559
Interest cost	28,876	-	28,876
Differences between expected and actual experience	(4,496)	-	(4,496)
Changes of assumptions	14,839	-	14,839
Employer contributions	-	62,873	(62,873)
Net investment income	-	-	-
Benefit payments	(62,873)	(62,873)	-
Net change in Total OPEB Liability	\$ 95,905	\$ -	\$ 95,905
Balance at December 31, 2021	\$ 1,451,561	\$ -	\$ 1,451,561

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	0.84%	\$ 1,546,638
Current Discount Rate	1.84%	\$ 1,451,561
1% Higher	2.84%	\$ 1,360,687

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	\$ 1,305,692
Current Discount Rate	\$ 1,451,561
1% Higher	\$ 1,622,433

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

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

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$136,940.

At December 31, 2022, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ 81,775	\$ 99,827
Change of assumptions	50,005	47,116
Net difference between projected and actual investment earnings	-	-
Contributions between measurement date and reporting date	TBD	N/A
Total	\$ 131,780	\$ 146,943

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
2023	\$	(11,495)
2024	\$	(11,495)
2025	\$	(12,375)
2026	\$	(11,660)
2027	\$	15,764
Thereafter	\$	16,098

F. Changes in Actuarial Assumptions and Plan Provisions

2022 Changes in Actuarial Assumptions:

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

2022 Changes in Plan Provisions:

- No changes.

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

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 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

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

V. Defined Benefit Pension Plans – Public Employees Retirement Association

B. Benefits Provided

1. General Employees Plan Benefits (Continued)

receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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 2022 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, 2022, were \$303,395. The City of Thief River Falls' contributions were equal to the required contributions as set by state statute.

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 2022 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, 2022, were \$321,339. 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 (Continued)

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022, the City of Thief River Falls reported a liability of \$4,435,218 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 \$130,159.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA’s participating employers. The City of Thief River Falls’ proportionate share was .0560 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	\$ 4,435,218
State of Minnesota's proportionate share of	
the net pension liability associated with	
the City of Thief River Falls'	130,159
Total	\$ 4,565,377

There were no provision changes during the measurement period.

For the year ended December 31, 2022, the City of Thief River Falls recognized a pension expense of \$680,478 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City of Thief River Falls recognized an additional \$19,449 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City 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:

**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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 37,046	\$ 47,978
Changes in actuarial assumption	1,014,200	18,618
Difference between projected and actual investment earnings	64,095	-
Changes in proportion	8,293	55,190
Contributions paid to PERA subsequent to the measurement date	150,745	-
Total	\$ 1,274,379	\$ 121,786

The \$150,745 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, 2023. 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
2023	\$ 372,476
2024	\$ 382,072
2025	\$ (153,800)
2026	\$ 401,100

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City of Thief River Falls reported a liability of \$6,797,207 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City of Thief River Falls' proportionate share was .1562 percent at the end of the measurement period and .1456 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, 2022. 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, 2022, the City of Thief River Falls recognized pension expense of \$1,337,716 for its proportionate share of the Police and Fire Plan’s pension expense. The City of Thief River Falls recognized \$13,104 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 \$9,205 for the year ended December 31, 2022, 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	\$ 1,337,716
State of Minnesota's proportionate share of the net pension liability associated with the City of Thief River Falls	13,104
Total	\$ 1,350,820

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, 2022, 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	\$ 367,009	\$ -
Changes in actuarial assumptions	3,684,758	21,460
Difference between projected and actual investment earnings	220,956	-
Changes in proportion	68,184	99,594
Contributions paid to PERA subsequent to the measurement date	162,261	-
Total	\$ 4,503,168	\$ 121,054

The \$162,261 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, 2023. 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:
2023	\$ 1,082,781
2024	\$ 1,089,462
2025	\$ 441,688
2026	\$ 1,026,744
2027	\$ 579,178

Total Pension Expense

The total pension expense for all plans recognized by the City of Thief River Falls for the year ended December 31, 2022, was \$2,059,952.



**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 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary.

An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan 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 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, 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 2022:

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50 percent to 5.40 percent.

Changes in Plan Provisions:

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

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 2022 was 6.50%. 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

**CITY OF THIEF RIVER FALLS  
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V. Defined Benefit Pension Plans – Public Employees Retirement Association

G. Discount Rate

General Employees Fund – Police and Fire Fund (Continued)

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	5.50%	\$ 7,005,660	5.50%	\$ 10,286,701
Current Discount Rat	6.50%	\$ 4,435,218	6.50%	\$ 6,797,207
1% Higher	7.50%	\$ 2,327,060	7.50%	\$ 3,976,160

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)

Four 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 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

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

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 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,755	\$ 1,755	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, 2022, membership includes 26 active participants and 1 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, 2020
Plan Fiscal Year Beginning:	January 1, 2021
Plan Fiscal Year Ending:	December 31, 2021
Employer Fiscal Year Beginning:	January 1, 2022
Employer Fiscal Year Ending:	December 31, 2022

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.

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 \$1,800 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.

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

B. Benefits Provided

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 \$80,671 in Fire State Aid paid by the City to the Relief Association for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. For the year ended December 31, 2022, there was no statutorily required City contribution to the plan.

The plan’s funded status based on the most current valuation is 182.07%.

D. Pension Costs

At December 31, 2022, the City reported an asset of \$548,553 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2022, 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, 2022. As December 31, 2022, the City reported deferred outflows and inflows of resources from the following sources:

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

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

D. Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ -	\$ 35,451
Change of assumptions	27,821	3,471
Net difference between projected and actual investment earnings	-	74,586
 Total	 \$ 27,821	 \$ 113,508

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:
2023	(20,164)
2024	(39,898)
2025	(21,528)
2026	(8,318)
2027	(1,771)
Thereafter	5,992

E. Actuarial Assumptions and Plan Provisions

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2020
GASB 67 Measurement & Reporting Date	December 31, 2021
GASB 68 Measurement Date	January 1, 2021
GASB 68 Reporting Date	December 31, 2022
 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)	3.50%
Expected Long-Term Investment Return	3.50%
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 discount rate changed from 4.75% to 3.50%

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, 2022
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	\$3,000 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 3.50 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  
THIEF RIVER FALLS, MINNESOTA**

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, 2022</b>	<b>\$ 710,790</b>	<b>\$ 1,182,761</b>	<b>\$ (471,971)</b>
Changes from the prior year:			
Service Cost	\$ 46,378	\$ -	\$ 46,378
Interest Cost	24,518	-	24,518
Assumption Changes	-	-	3,605
Plan Changes	-	-	-
Contributions - state and local	-	80,671	(80,671)
Nonemployer Contributions	-	-	-
Projected Investment Return	-	68,307	(68,307)
Gain or Loss	-	-	-
Benefit Payments	(113,290)	(113,290)	-
Administrative Expenses	-	(1,500)	1,500
<b>Total Net Changes</b>	<b>\$ (42,394)</b>	<b>\$ 34,188</b>	<b>\$ (72,977)</b>
<b>Balances at December 31, 2022</b>	<b>\$ 668,396</b>	<b>\$ 1,216,949</b>	<b>\$ (548,553)</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 3.50 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 (2.5 percent) or one percentage point higher (4.5 percent) than the current rate:

	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Proportionate share of Net Pension Asset	\$ (528,364)	\$ (548,553)	\$ (568,669)

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  
THIEF RIVER FALLS, MINNESOTA**

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

I. Pension Plan Fiduciary Net Position (Continued)

	Measurement Period Ending and Fiscal Year Ending	
	12/31/2021	12/31/2020
	<u>12/31/2021</u>	<u>12/31/2020</u>
<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>
Receivables		
Contributions	<u>\$ 2,000</u>	<u>\$ 1,000</u>
Investments		
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><u>\$ 1,182,761</u></u>	<u><u>\$ 1,179,498</u></u>

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

	Measurement Period Ending and Fiscal Year Ending	
	12/31/2021	12/31/2020
	<u>12/31/2021</u>	<u>12/31/2020</u>
<b>Additions</b>		
Contributions		
State aid	\$ 80,671	\$ 78,113
<b>Total contributions</b>	<u>\$ 80,671</u>	<u>\$ 78,113</u>
Investment income		
Net appreciation in fair value of investments	\$ 54,640	\$ 96,211
Interest and dividends	24,616	23,373
Less investment expense	(10,949)	(10,034)
<b>Net investment income</b>	<u>\$ 68,307</u>	<u>\$ 109,550</u>
<b>Total additions</b>	<u>\$ 148,978</u>	<u>\$ 187,663</u>
<b>Deductions</b>		
Benefit payments		
Lump sums	(113,290)	(182,000)
Administrative expense	(1,500)	(2,400)
<b>Total deductions</b>	<u>\$ (114,790)</u>	<u>\$ (184,400)</u>
<b>Net increase in net pension</b>	<u>\$ 34,188</u>	<u>\$ 3,263</u>
<b>Net position restricted for pensions</b>		
Beginning of year	<u>\$ 1,182,761</u>	<u>\$ 1,179,498</u>
End of year	<u><u>\$ 1,216,949</u></u>	<u><u>\$ 1,182,761</u></u>
<b>Investment return for the measurement year</b>		
a. Net investment income	\$ 68,307	\$ 109,550
b. Beginning balance	1,182,761	1,179,498
c. Time-weighted cash flows	(71,247)	(120,524)
d. Investment return: a. / (b. + c.)	6.15%	10.34%

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

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.

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

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, 2022.

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 \$170,791 to the Northwest Regional Library for the year ended December 31, 2022. 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.

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

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, 2022, there were two issues outstanding with an aggregate remaining principal balance of \$4,430,426.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

*Schedule 1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
Current, Delinquent, Penalties, and Interest	\$ 2,136,932	\$ 2,136,932	\$ 2,159,530	\$ 22,598
Franchise Fees	227,000	227,000	232,151	5,151
Lodging Tax	128,000	128,000	153,074	25,074
<b>Total Taxes</b>	<b>\$ 2,491,932</b>	<b>\$ 2,491,932</b>	<b>\$ 2,544,755</b>	<b>\$ 52,823</b>
<b>Special assessments</b>	<b>\$ 2,900</b>	<b>\$ 2,900</b>	<b>\$ 16,692</b>	<b>\$ 13,792</b>
<b>Licenses and permits</b>	<b>\$ 123,395</b>	<b>\$ 123,395</b>	<b>\$ 186,346</b>	<b>\$ 62,951</b>
<b>Intergovernmental</b>				
<b>Shared Revenues</b>				
PERA Rate Reimbursement	\$ 21,320	\$ 21,320	-	\$ (21,320)
Police State Aid	175,000	175,000	142,734	(32,266)
Fire State Aid	75,500	75,500	81,578	6,078
Supplemental Benefit Reimbursement	-	-	1,000	1,000
Local Government Aid	3,273,563	3,273,563	3,273,563	-
Municipal Maintenance	195,000	195,000	179,236	(15,764)
<b>State Grants</b>				
Minnesota Department of Public Safety	-	-	8,471	8,471
POST Board	25,200	25,200	16,237	(8,963)
<b>Federal Grants</b>				
Department of Treasury	-	-	482,372	482,372
Justice	1,600	1,600	2,408	808
Transportation	-	-	11,527	11,527
<b>Total Intergovernmental</b>	<b>\$ 3,767,183</b>	<b>\$ 3,767,183</b>	<b>\$ 4,199,126</b>	<b>\$ 431,943</b>
<b>Charges for services</b>				
General government	\$ 75,250	\$ 75,250	\$ 105,602	\$ 30,352
Public safety	135,300	135,300	143,275	7,975
Highways and streets	35,000	35,000	44,446	9,446
Culture and recreation	3,300	3,300	33,509	30,209
Sanitation	1,170,600	1,170,600	1,270,810	100,210
Economic development	94,200	94,200	41,428	(52,772)
<b>Total Charges for Services</b>	<b>\$ 1,513,650</b>	<b>\$ 1,513,650</b>	<b>\$ 1,639,070</b>	<b>\$ 125,420</b>
<b>Fines and forfeitures</b>	<b>\$ 52,500</b>	<b>\$ 52,500</b>	<b>\$ 53,250</b>	<b>\$ 750</b>
<b>Investment earnings</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>	<b>\$ 4,517</b>	<b>\$ (25,483)</b>
<b>Gifts and contributions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,415</b>	<b>\$ 5,415</b>

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

**Schedule 1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues (continued)</b>				
<b>Miscellaneous</b>				
General government	\$ 26,500	\$ 26,500	\$ 62,460	\$ 35,960
Public safety	-	-	16,033	16,033
Insurance dividends	-	-	56,019	56,019
<b>Total Miscellaneous</b>	<b>\$ 26,500</b>	<b>\$ 26,500</b>	<b>\$ 134,512</b>	<b>\$ 108,012</b>
<b>Total Revenues</b>	<b>\$ 8,008,060</b>	<b>\$ 8,008,060</b>	<b>\$ 8,783,683</b>	<b>\$ 775,623</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Mayor/council	\$ 162,210	\$ 162,210	\$ 116,484	\$ 45,726
Administration	616,131	616,131	658,117	(41,986)
Professional services	135,000	135,000	156,573	(21,573)
Assessor	37,800	37,800	37,560	240
Elections	25,800	25,800	18,948	6,852
Legal	102,600	102,600	99,281	3,319
Buildings and grounds	162,780	162,780	108,439	54,341
Insurance	250,000	250,000	381,972	(131,972)
MIS/GIS	96,460	96,460	74,444	22,016
Other general government	36,500	36,500	28,914	7,586
<b>Total general government</b>	<b>\$ 1,625,281</b>	<b>\$ 1,625,281</b>	<b>\$ 1,680,732</b>	<b>\$ (55,451)</b>
<b>Public safety</b>				
Police	\$ 2,516,889	\$ 2,516,889	\$ 2,653,551	\$ (136,662)
Fire	864,138	864,138	840,848	23,290
Fire relief association	71,000	71,000	82,578	(11,578)
Emergency management	2,000	2,000	1,045	955
Building official	162,285	162,285	145,399	16,886
<b>Total public safety</b>	<b>\$ 3,616,312</b>	<b>\$ 3,616,312</b>	<b>\$ 3,723,421</b>	<b>\$ (107,109)</b>
<b>Highways and streets</b>				
Street department	\$ 768,379	\$ 768,379	\$ 684,442	\$ 83,937
Street lighting	174,718	174,718	179,885	(5,167)
<b>Total highways and streets</b>	<b>\$ 943,097</b>	<b>\$ 943,097</b>	<b>\$ 864,327</b>	<b>\$ 78,770</b>
<b>Sanitation</b>				
Sanitation	\$ 1,158,868	\$ 1,158,868	\$ 1,038,921	\$ 119,947
<b>Total sanitation</b>	<b>\$ 1,158,868</b>	<b>\$ 1,158,868</b>	<b>\$ 1,038,921</b>	<b>\$ 119,947</b>
<b>Culture and recreation</b>				
Parks	\$ 466,551	\$ 466,551	\$ 477,698	\$ (11,147)
Library	234,918	234,918	270,931	(36,013)
Senior citizen program	28,200	28,200	28,200	-
<b>Total culture and recreation</b>	<b>\$ 729,669</b>	<b>\$ 729,669</b>	<b>\$ 776,829</b>	<b>\$ (47,160)</b>

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

*Schedule 1*  
*(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (continued)</b>				
<b>Economic development</b>				
Community services	\$ 411,134	\$ 411,134	\$ 293,640	\$ 117,494
<b>Total current</b>	<b>\$ 8,484,361</b>	<b>\$ 8,484,361</b>	<b>\$ 8,377,870</b>	<b>\$ 106,491</b>
<b>Debt service</b>				
Principal retirement	\$ -	\$ -	\$ 70,313	\$ (70,313)
Interest	-	-	2,802	(2,802)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 73,115</b>	<b>\$ (73,115)</b>
<b>Capital outlay</b>				
General government	\$ -	\$ -	\$ 47,463	\$ (47,463)
Public safety	23,000	23,000	60,471	(37,471)
Culture and recreation	-	-	31,898	(31,898)
<b>Total capital outlay</b>	<b>\$ 23,000</b>	<b>\$ 23,000</b>	<b>\$ 139,832</b>	<b>\$ (116,832)</b>
<b>Total Expenditures</b>	<b>\$ 8,507,361</b>	<b>\$ 8,507,361</b>	<b>\$ 8,590,817</b>	<b>\$ (83,456)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (499,301)</b>	<b>\$ (499,301)</b>	<b>\$ 192,866</b>	<b>\$ 692,167</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 1,289,892	\$ 1,289,892	\$ 1,289,892	\$ -
Transfers out	(843,591)	(843,591)	(642,921)	200,670
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 446,301</b>	<b>\$ 446,301</b>	<b>\$ 646,971</b>	<b>\$ 200,670</b>
<b>Net Change in Fund Balance</b>	<b>\$ (53,000)</b>	<b>\$ (53,000)</b>	<b>\$ 839,837</b>	<b>\$ 892,837</b>
<b>Fund Balance - January 1, as restated</b>	<b>10,698,179</b>	<b>10,698,179</b>	<b>10,698,179</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 10,645,179</b>	<b>\$ 10,645,179</b>	<b>\$ 11,538,016</b>	<b>\$ 892,837</b>



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

*Schedule 2*

**SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS  
OTHER POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 119,559	\$ 102,458	\$ 89,955	\$ 98,825	\$ 87,074
Interest	28,876	34,793	42,848	44,994	47,884
Differences between expected and actual experience	(4,496)	108,027	-	(195,745)	-
Changes of assumption or other inputs	14,839	(19,074)	34,492	(66,718)	43,264
Benefit payments	<u>(62,873)</u>	<u>(66,561)</u>	<u>(72,510)</u>	<u>(81,311)</u>	<u>(93,551)</u>
<b>Net change in total OPEB liability</b>	\$ 95,905	\$ 159,643	\$ 94,785	\$ (199,955)	\$ 84,671
<b>Total OPEB Liability - Beginning</b>	<u>1,355,656</u>	<u>1,196,013</u>	<u>1,101,228</u>	<u>1,301,183</u>	<u>1,216,512</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,451,561</u>	<u>\$ 1,355,656</u>	<u>\$ 1,196,013</u>	<u>\$ 1,101,228</u>	<u>\$ 1,301,183</u>
Covered-employee payroll	\$ 6,074,543	\$ 6,321,372	\$ 6,269,459	\$ 5,949,458	\$ 5,688,212
Total OPEB liability as a percentage of covered-employee payroll	23.90%	21.40%	19.10%	18.50%	22.90%

*Note: This schedule is intended to present 10 years and will be completed as information becomes available.*

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

**Schedule 3**

**SCHEDULE OF CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF MINNESOTA  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered- Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
December 31, 2022	\$ 303,395	\$ 303,395	\$ -	\$ 4,045,216	7.50%
December 31, 2021	\$ 298,842	\$ 298,842	\$ -	\$ 3,984,563	7.50%
December 31, 2020	\$ 322,767	\$ 322,767	\$ -	\$ 4,303,568	7.50%
December 31, 2019	\$ 308,986	\$ 308,986	\$ -	\$ 4,119,802	7.50%
December 31, 2018	\$ 295,391	\$ 295,391	\$ -	\$ 3,940,767	7.50%
December 31, 2017	\$ 303,304	\$ 303,304	\$ -	\$ 4,045,172	7.50%
December 31, 2016	\$ 299,641	\$ 299,641	\$ -	\$ 3,995,210	7.50%
December 31, 2015	\$ 298,516	\$ 298,516	\$ -	\$ 3,982,024	7.50%

**PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered- Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
December 31, 2022	\$ 321,339	\$ 321,339	\$ -	\$ 1,815,010	17.70%
December 31, 2021	\$ 320,780	\$ 320,780	\$ -	\$ 1,812,318	17.70%
December 31, 2020	\$ 319,558	\$ 319,558	\$ -	\$ 1,805,416	17.70%
December 31, 2019	\$ 291,983	\$ 291,983	\$ -	\$ 1,722,615	16.95%
December 31, 2018	\$ 265,594	\$ 265,594	\$ -	\$ 1,639,464	16.20%
December 31, 2017	\$ 252,438	\$ 252,438	\$ -	\$ 1,558,257	16.20%
December 31, 2016	\$ 241,811	\$ 241,811	\$ -	\$ 1,492,663	16.20%
December 31, 2015	\$ 229,565	\$ 229,565	\$ -	\$ 1,417,067	16.20%

*Note: These schedules are intended to present 10 years and will be completed as information becomes available.*

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

Schedule 4

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN**

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.0560%	\$ 4,435,218	\$ 130,159	\$ 4,565,377	\$ 4,198,262	112.47%	76.67%
June 30, 2021	0.0566%	\$ 2,417,074	\$ 73,776	\$ 2,490,850	\$ 4,071,591	63.16%	87.00%
June 30, 2020	0.0578%	\$ 3,465,374	\$ 106,891	\$ 3,572,265	\$ 4,118,231	84.15%	79.10%
June 30, 2019	0.0572%	\$ 3,162,460	\$ 98,329	\$ 3,260,789	\$ 4,057,918	77.93%	80.20%
June 30, 2018	0.0589%	\$ 3,267,531	\$ 107,124	\$ 3,374,655	\$ 3,963,131	82.45%	79.53%
June 30, 2017	0.0622%	\$ 3,970,807	\$ 49,943	\$ 4,020,750	\$ 4,028,040	98.58%	75.90%
June 30, 2016	0.0644%	\$ 5,228,961	\$ 68,249	\$ 5,297,210	\$ 3,993,749	130.93%	68.90%
June 30, 2015	0.0653%	\$ 3,384,185	\$ -	\$ 3,384,185	\$ 3,870,518	87.43%	78.20%

**PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN**

Fiscal Year Ending	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability and the Employer's Proportionate Share of the State of Minnesota's Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.1562%	\$ 6,797,207	\$ 14,508	\$ 6,811,715	\$ 1,896,922	386.02%	70.53%
June 30, 2021	0.1456%	\$ 1,123,878	\$ 13,104	\$ 1,136,982	\$ 1,720,883	70.42%	93.66%
June 30, 2020	0.1579%	\$ 2,081,291	\$ 14,211	\$ 2,095,502	\$ 1,781,514	116.83%	87.20%
June 30, 2019	0.1599%	\$ 1,702,297	\$ 21,586	\$ 1,723,883	\$ 1,686,768	100.92%	89.30%
June 30, 2018	0.1484%	\$ 1,581,791	\$ 13,356	\$ 1,595,147	\$ 1,263,596	125.18%	88.84%
June 30, 2017	0.1500%	\$ 2,025,179	\$ 13,500	\$ 2,038,679	\$ 1,543,569	131.20%	85.40%
June 30, 2016	0.1510%	\$ 6,059,893	\$ -	\$ 6,059,893	\$ 1,452,447	417.22%	63.90%
June 30, 2015	0.1510%	\$ 1,715,713	\$ -	\$ 1,715,713	\$ 1,383,239	124.04%	86.60%

*Note: These schedules are intended to present 10 years and will be completed as information becomes available.*

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

*Schedule 5*

**VOLUNTEER FIREFIGHTER RETIREMENT PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**SCHEDULE OF CONTRIBUTIONS**

<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered-Employee Payroll</b>
December 31, 2022	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2021	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2020	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2019	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2018	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2017	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2016	\$ -	\$ -	\$ -	N/A	N/A
December 31, 2015	\$ -	\$ -	\$ -	N/A	N/A

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**

<b>Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered- Employee Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</b>
June 30, 2022	100%	\$ (548,553)	N/A	N/A	182.07%
June 30, 2021	100%	\$ (471,971)	N/A	N/A	166.40%
June 30, 2020	100%	\$ (386,332)	N/A	N/A	148.71%
June 30, 2019	100%	\$ (386,332)	N/A	N/A	148.71%
June 30, 2018	100%	\$ (235,540)	N/A	N/A	129.47%
June 30, 2017	100%	\$ (295,573)	N/A	N/A	136.92%
June 30, 2016	100%	\$ (223,686)	N/A	N/A	128.26%
June 30, 2015	100%	\$ (202,487)	N/A	N/A	125.24%

*Note: This schedule is intended to present 10 years and will be completed as information becomes available.*

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

I. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

In September of each year, the City Council drafts a preliminary budget after giving interested citizens a reasonable opportunity to be heard. The final budget is approved in December and a certified levy is sent to Pennington County. Truth in taxation requires that a final levy may not exceed a preliminary levy.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

II. Excess of Expenditures Over Budget

The following departments had expenditures in excess of budget for the year ended December 31, 2022:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
<b>General Fund</b>			
<b>General government</b>			
Administration	\$ 658,117	\$ 616,131	\$ (41,986)
Professional Services	156,573	135,000	(21,573)
Insurance	381,972	250,000	(131,972)
<b>Public safety</b>			
Police	2,653,551	2,516,889	(136,662)
Fire relief association	82,578	71,000	(11,578)
<b>Highways and streets</b>			
Street lighting	179,885	174,718	(5,167)
<b>Culture and recreation</b>			
Arena	477,698	466,551	(11,147)
Library	270,931	234,918	(36,013)
<b>Debt service</b>			
Principal retirement	70,313	-	(70,313)
Interest	2,802	-	(2,802)
<b>Capital outlay</b>			
General government	47,463	-	(47,463)
Public Safety	60,471	23,000	(37,471)
Culture and recreation	31,898	-	(31,898)

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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rates. Changes in actuarial assumptions are described in the Notes to the Financial Statements. The assumptions and methods used for this actuarial valuation were recommended by PERA and adopted by the City Council. The following changes were reflected in the valuation performed on behalf of PERA for the fiscal year June 30:

**General Employees Fund**

2022 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2021 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2020 Changes

*Changes in Actuarial Assumptions*

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

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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**General Employees Fund**

2020 Changes (Continued)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

*Changes in Plan Provisions*

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

2019 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

2018 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**General Employees Fund**

2017 Changes

*Changes in Actuarial Assumptions (Continued)*

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

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

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.



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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios (Continued)

2015 Changes (Continued)

*Changes in Plan Provisions*

On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**Police and Fire Fund**

2022 Changes

*Changes in Actuarial Assumptions*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The Single discount rate changed from 6.50 percent to 5.40 percent.

*Changes in Plan Provisions*

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

2021 Changes

*Changes in Actuarial Assumptions*

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.0 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disable annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 1, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**Police and Fire Fund (Continued)**

2020 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2019 Changes

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

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2018 Changes

*Changes in Actuarial Assumptions*

- The morality projection scale was changed from MP-2016 to MP-2017.

*Changes in Plan Provisions*

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019, and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019, and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

*Changes in Actuarial Assumptions*

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor

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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios

**Police and Fire Fund**

2017 Changes

*Changes in Actuarial Assumptions (Continued)*

- of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2016 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*Changes in Plan Provisions*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions*

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

*Changes in Plan Provisions*

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

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

III. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios (Continued)

**Firefighters Relief Association**

2022 Changes

*Changes in Actuarial Assumptions*

- The plan's funded status increased from 166.4% to 182.1% since the prior valuation. This change is primarily due to investment returns being greater than expected.

2021 Changes

*Changes in Actuarial Assumptions*

- The expected investment return and discount rate decreased from 4.75% to 3.50% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2019 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.50% to 2.25%.

2020 Changes

*Changes in Actuarial Assumptions*

- There were no changes since the prior evaluation.

2019 Changes

*Changes in Actuarial Assumptions*

- The mortality and withdrawal assumptions were updated from rates used in the July 1, 2017 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2019 Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.75% to 2.50%.

**SUPPLEMENTARY INFORMATION**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

The TIF District 1-3 Special Revenue Fund is used to account for and report the financial activities of the Sherwood Park Townhomes. Financing is provided by tax increment assigned to economic development.

The TIF District 1-4 Special Revenue Fund is used to account for and report the financial activities of Oakland Park. Financing is provided by tax increment assigned to economic development.

The TIF District 1-5 Special Revenue Fund is used to account for and report the financial activities of Wendt Drive. Financing is provided by tax increment assigned to economic development.

The TIF District 1-6 Special Revenue Fund is used to account for and report the financial activities of Sunrise Court. Financing is provided by tax increment assigned to economic development.

The TIF District 1-7 Special Revenue Fund is used to account for and report the financial activities of the Elementary Addition. Financing is provided by tax increment assigned to economic development.

The TIF District 1-8 Special Revenue Fund is used to account for and report the financial activities of Wheatland Estates. Financing is provided by tax increment assigned to economic development.

The TIF District 1-9 Special Revenue Fund is used to account for and report the financial activities of River Falls Estates. Financing is provided by tax increment assigned to economic development.

The TIF District 1-11 Special Revenue Fund is used to account for and report the financial activities of River Pointe Townhome. Financing is provided by tax increment assigned to economic development.

The TIF District 1-12 Special Revenue Fund is used to account for and report the financial activities of the Riverwalk Flats. Financing is provided by tax increment assigned to economic development.

The TIF District 1-13 Special Revenue Fund is used to account for and report the financial activities of Digi-Key. Financing is provided by tax increment assigned to economic development.

The CDAB Revolving Loan Special Revenue Fund is used to account and report financial transactions of the community development revolving loan program administered by the Community Development Advisory Board. Financing is provided by Community Development Block Grant funds restricted for economic development.

The Northwest Minnesota Housing Revolving Loan Special Revenue Fund is used to account and report financial transactions of the Revolving Loan Program. Financing is provided by Small Cities Community Development Block Grant loans restricted for economic development.

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

**NONMAJOR GOVERNMENTAL FUNDS**

The Slow-Second Mortgage Loan Special Revenue Fund is used to account and report financial transactions of the Slow-Second Mortgage Loan Program. Financing is provided by Slow-Second mortgage repayments restricted for economic development.

The Multi-Events Center Special Revenue Fund is used to account for and report the financial transactions of the Multi-Events Center. Financing is provided by annual appropriations from the City of Thief River Falls, Northland Community and Technical College, and Independent School District 564 assigned to capital projects.

The Greenwood Cemetery Special Revenue Fund is used to account and report financial transactions of the cemetery. Financing is provided by the sale of cemetery plots and charges for services committed for perpetual care.

The TRF Area K-9 Special Revenue Fund is used to account for and report the financial activities of the Thief River Falls area canine unit. Financing is provided by committed donations and appropriations.

**Debt Service Funds**

The 2011 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2011, issued for street and utility improvements. Financing is provided by special assessments restricted for debt service.

The 2012 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2012, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2013 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2013, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2013 Greenwood Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2013, issued for the construction of the Greenwood street underpass. Financing is provided by a general levy and special assessments restricted for debt service.

The 2014 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2014, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2015 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2015, issued for street improvements. Financing is provided by special assessments restricted for debt service.

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

**NONMAJOR GOVERNMENTAL FUNDS**

The 2016 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2016, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2017 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2017, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2018 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2018, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2019 Software Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2019, issued for software improvements for the City. Financing is provided by general levy.

The 2019 Special Assessment Debt Service Fund is used to account for and report debt associated with the General Obligation Street Improvement Bonds of 2019. Financing is provided by special assessments restricted for debt service.

The 2020 Software Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2020, issued for software improvements for the City. Financing is provided by general levy.

The 2020 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2020, issued for street improvements. Financing is provided by special assessments restricted for debt service.

The 2022 Improvement Bonds Debt Service Fund is used to account for and report debt associated with the General Obligation Improvement Bonds of 2022, issued for street improvements. Financing is provided by special assessments restricted for debt service.

**Capital Projects Funds**

The Floyd B. Olson Shelter Capital Projects Fund is used to account for and report financial activity for the construction of a shelter for the Floyd B. Olson Park. Financing is provided by committed donations and appropriations.

The Swimming Pool Capital Projects Fund is used to account for and report the funds raised for the construction of a city swimming pool. Financing is provided by donations and investment earnings committed for capital projects.



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

**NONMAJOR GOVERNMENTAL FUNDS**

The Splash Park Capital Projects Fund is used to account for and report the funds raised for the construction of a city splash park. Financing is provided by donations and investment earnings committed for capital projects.

The Train Canopy Capital Projects Fund is used to account for and report the financial activities of the train canopy project. Financing is provided by committed donations and appropriations.

The 2018 Arena Project Capital Projects Fund is used to account for and report the financial resources of the 2018 arena project. Financing is provided by the issuance of debt committed for capital projects. This fund was closed in 2022.

The 2019 Software Project Capital Projects Fund is used to account for and report the financial resources of the 2019 software improvement projects. Financing is provided by intergovernmental revenues, the issuance of debt, and special assessments committed for capital projects.

The 2020 Software Project Capital Projects Fund is used to account for and report the financial resources of the 2020 software improvement projects. Financing is provided by intergovernmental revenues, the issuance of debt, and special assessments committed for capital projects.

The 2021 Street and Utilities Capital Projects Fund is used to account for and report the financial resources of the 2021 street and utilities improvement project. Financing is provided by intergovernmental revenues, the issuance of debt, and special assessments committed for capital projects.

The 2023 Street and Utilities Capital Projects Fund is used to account for and report the financial resources of the 2023 street and utilities improvement project. Financing is provided by intergovernmental revenues, the issuance of debt, and special assessments committed for capital projects.

The Local Partnership Program Capital Projects Fund is used to account for and report the financial resources of the Local Partnership Program project. Financing is provided by intergovernmental revenues.

The TH59 Corridor Capital Projects Fund is used to account for and report the financial resources of the TH59 Corridor improvement project. Financing is provided by intergovernmental revenues.

**Enterprise Funds**

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

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

**Statement 1**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	<b>Special Revenue Funds (Statement 3)</b>	<b>Debt Service Funds (Statement 5)</b>	<b>Capital Projects Funds (Statement 7)</b>	<b>Total Nonmajor Governmental Funds (Exhibit 3)</b>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,812,802	\$ 2,179,272	\$ 341,275	\$ 4,333,349
Cash with fiscal agent	56,252	-	-	56,252
Taxes receivable				
Current	-	8,651	-	8,651
Prior	-	27,801	-	27,801
Special assessments receivable				
Current	-	2,729	-	2,729
Prior	-	16,679	-	16,679
Accounts receivable	10,000	-	9,200	19,200
Interest receivable	1,078	-	206	1,284
Due from other governments	-	-	21,653	21,653
Loans receivable	673,834	-	-	673,834
Special assessments receivable - noncurrent	-	2,437,147	-	2,437,147
	<b>\$ 2,553,966</b>	<b>\$ 4,672,279</b>	<b>\$ 372,334</b>	<b>\$ 7,598,579</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,451	\$ -	\$ 10,556	\$ 13,007
Salaries payable	1,144	-	-	1,144
Due to other governments	164	-	-	164
Due to other funds	795,669	-	781,600	1,577,269
	<b>\$ 799,428</b>	<b>\$ -</b>	<b>\$ 792,156</b>	<b>\$ 1,591,584</b>
<b>Deferred Inflows of Resources</b>				
Taxes	\$ -	\$ 27,801	\$ -	\$ 27,801
Special assessments	-	2,453,826	-	2,453,826
Loans	748,705	-	-	748,705
	<b>\$ 748,705</b>	<b>\$ 2,481,627</b>	<b>\$ -</b>	<b>\$ 3,230,332</b>
<b>Fund Balances</b>				
Restricted for				
Capital projects	\$ -	\$ -	\$ 31,956	\$ 31,956
Debt service	-	2,190,652	-	2,190,652
Economic development	1,202,622	-	-	1,202,622
Perpetual care	191,078	-	-	191,078
TIF district	135,449	-	-	135,449
Committed to				
K-9 Unit	1,066	-	-	1,066
Train canopy	-	-	34,549	34,549
Splash park	-	-	9,185	9,185
Swimming pool	-	-	257,521	257,521
Assigned to				
General government	162,561	-	-	162,561
Capital projects	108,726	-	-	108,726
Unassigned	(795,669)	-	(753,033)	(1,548,702)
	<b>\$ 1,005,833</b>	<b>\$ 2,190,652</b>	<b>\$ (419,822)</b>	<b>\$ 2,776,663</b>
	<b>\$ 2,553,966</b>	<b>\$ 4,672,279</b>	<b>\$ 372,334</b>	<b>\$ 7,598,579</b>

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

*Statement 2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Special Revenue Funds (Statement 4)	Debt Service Funds (Statement 6)	Capital Projects Funds (Statement 8)	Total NonMajor Governmental Funds (Exhibit 5)
<b>Revenues</b>				
Taxes	\$ 1,106,919	\$ 769,642	\$ -	\$ 1,876,561
Special assessments	-	399,410	-	399,410
Charges for services	49,525	-	-	49,525
Investment earnings	808	-	176	984
Gifts and contributions	720	-	5,125	5,845
Miscellaneous	207,752	-	-	207,752
<b>Total Revenues</b>	<b>\$ 1,365,724</b>	<b>\$ 1,169,052</b>	<b>\$ 5,301</b>	<b>\$ 2,540,077</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 1,209,253	\$ -	\$ -	\$ 1,209,253
Public safety	1,665	-	-	1,665
Culture and recreation	1,347	-	-	1,347
Economic development	352,215	-	-	352,215
<b>Total current</b>	<b>\$ 1,564,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,564,480</b>
<b>Debt service</b>				
Principal retirement	\$ -	\$ 905,000	\$ -	\$ 905,000
Interest	-	186,794	-	186,794
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ 1,091,794</b>	<b>\$ -</b>	<b>\$ 1,091,794</b>
<b>Capital outlay</b>				
General government	\$ -	\$ -	\$ 85,762	\$ 85,762
Highways and streets	-	-	753,033	753,033
<b>Total capital outlay</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 838,795</b>	<b>\$ 838,795</b>
<b>Total Expenditures</b>	<b>\$ 1,564,480</b>	<b>\$ 1,091,794</b>	<b>\$ 838,795</b>	<b>\$ 3,495,069</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (198,756)</b>	<b>\$ 77,258</b>	<b>\$ (833,494)</b>	<b>\$ (954,992)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 71,351	\$ -	\$ -	\$ 71,351
Transfers out	(3,838)	-	(386,667)	(390,505)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 67,513</b>	<b>\$ -</b>	<b>\$ (386,667)</b>	<b>\$ (319,154)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (131,243)</b>	<b>\$ 77,258</b>	<b>\$ (1,220,161)</b>	<b>\$ (1,274,146)</b>
<b>Fund Balance - January 1, as previously reported</b>	<b>\$ 1,720,859</b>	<b>\$ 2,113,394</b>	<b>\$ 800,339</b>	<b>\$ 4,634,592</b>
Prior period adjustment	(583,783)	-	-	(583,783)
<b>Fund Balance - January 1</b>	<b>\$ 1,137,076</b>	<b>\$ 2,113,394</b>	<b>\$ 800,339</b>	<b>\$ 4,050,809</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,005,833</b>	<b>\$ 2,190,652</b>	<b>\$ (419,822)</b>	<b>\$ 2,776,663</b>

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

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>TIF District 1-3</u>	<u>TIF District 1-5</u>	<u>TIF District 1-6</u>	<u>TIF District 1-7</u>	<u>TIF District 1-8</u>	<u>TIF District 1-9</u>
<b><u>Assets</u></b>						
Cash and pooled investments	\$ 83,109	\$ 21,105	\$ 25,043	\$ 5,814	\$ 162	\$ 216
Cash with fiscal agent	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 83,109</u></b>	<b><u>\$ 21,105</u></b>	<b><u>\$ 25,043</u></b>	<b><u>\$ 5,814</u></b>	<b><u>162</u></b>	<b><u>\$ 216</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	-	\$ -
Salaries payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>\$ -</u></b>
<b>Deferred Inflows of Resources</b>						
Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>						
Restricted for						
Economic development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIF district	83,109	21,105	25,043	5,814	162	216
Perpetual care	-	-	-	-	-	-
Committed to						
K-9 Unit	-	-	-	-	-	-
Assigned to						
General government	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b><u>\$ 83,109</u></b>	<b><u>\$ 21,105</u></b>	<b><u>\$ 25,043</u></b>	<b><u>\$ 5,814</u></b>	<b><u>162</u></b>	<b><u>\$ 216</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 83,109</u></b>	<b><u>\$ 21,105</u></b>	<b><u>\$ 25,043</u></b>	<b><u>\$ 5,814</u></b>	<b><u>162</u></b>	<b><u>\$ 216</u></b>

**Statement 3**

<b>TIF District 1-12</b>	<b>TIF District 1-13</b>	<b>CDAB Revolving Loan</b>	<b>Northwest Minnesota Housing Revolving Loan</b>	<b>Slow-Second Mortgage Loan</b>	<b>Multi-Events Center</b>	<b>Greenwood Cemetery</b>	<b>TRF Area K-9</b>	<b>Total (Statement 1)</b>
\$ -	\$ -	\$ 852,834	\$ -	\$ 367,595	\$ 98,666	\$ 357,138	\$ 1,120	\$ 1,812,802
-	-	-	56,252	-	-	-	-	56,252
-	-	-	-	-	10,000	-	-	10,000
-	-	565	-	247	60	205	1	1,078
-	-	552,728	30,580	90,526	-	-	-	673,834
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,406,127</b>	<b>\$ 86,832</b>	<b>\$ 458,368</b>	<b>\$ 108,726</b>	<b>\$ 357,343</b>	<b>\$ 1,121</b>	<b>\$ 2,553,966</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,396	\$ 55	\$ 2,451
-	-	-	-	-	-	1,144	-	1,144
559	795,110	-	-	-	-	-	-	795,669
-	-	-	-	-	-	164	-	164
<b>\$ 559</b>	<b>\$ 795,110</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,704</b>	<b>\$ 55</b>	<b>\$ 799,428</b>
\$ -	\$ -	\$ 614,142	\$ 33,978	\$ 100,585	\$ -	\$ -	\$ -	\$ 748,705
\$ -	\$ -	\$ 791,985	\$ 52,854	\$ 357,783	\$ -	\$ -	\$ -	\$ 1,202,622
-	-	-	-	-	-	-	-	135,449
-	-	-	-	-	-	191,078	-	191,078
-	-	-	-	-	-	-	1,066	1,066
-	-	-	-	-	-	162,561	-	162,561
-	-	-	-	-	108,726	-	-	108,726
(559)	(795,110)	-	-	-	-	-	-	(795,669)
<b>\$ (559)</b>	<b>\$ (795,110)</b>	<b>\$ 791,985</b>	<b>\$ 52,854</b>	<b>\$ 357,783</b>	<b>\$ 108,726</b>	<b>\$ 353,639</b>	<b>\$ 1,066</b>	<b>\$ 1,005,833</b>
<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,406,127</b>	<b>\$ 86,832</b>	<b>\$ 458,368</b>	<b>\$ 108,726</b>	<b>\$ 357,343</b>	<b>\$ 1,121</b>	<b>\$ 2,553,966</b>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	TIF District 1-3	TIF District 1-4	TIF District 1-5	TIF District 1-6	TIF District 1-7	TIF District 1-8	TIF District 1-9	TIF District 1-11
<b>Revenues</b>								
Taxes	\$ 15,742	\$ 80,053	\$ 62,704	\$ 37,937	\$ 107,662	\$ 39,533	\$ 67,975	\$ 25,329
Charges for services	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Gifts and contributions	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 15,742</b>	<b>\$ 80,053</b>	<b>\$ 62,704</b>	<b>\$ 37,937</b>	<b>\$ 107,662</b>	<b>\$ 39,533</b>	<b>\$ 67,975</b>	<b>\$ 25,329</b>
<b>Expenditures</b>								
<b>Current</b>								
General government	\$ 703	\$ 120,066	\$ 62,704	\$ 20,400	\$ 107,662	\$ 39,533	\$ 67,975	\$ 25,329
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 703</b>	<b>\$ 120,066</b>	<b>\$ 62,704</b>	<b>\$ 20,400</b>	<b>\$ 107,662</b>	<b>\$ 39,533</b>	<b>\$ 67,975</b>	<b>\$ 25,329</b>
<b>Excess of Revenues Over (Under)</b>								
<b>Expenditures</b>	<b>\$ 15,039</b>	<b>\$ (40,013)</b>	<b>\$ -</b>	<b>\$ 17,537</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	\$ -	\$ 6,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 6,351</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 15,039</b>	<b>\$ (33,662)</b>	<b>\$ -</b>	<b>\$ 17,537</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance - January 1 as previously reported</b>	<b>\$ 68,070</b>	<b>\$ 33,662</b>	<b>\$ 21,105</b>	<b>\$ 7,506</b>	<b>\$ 5,814</b>	<b>\$ 162</b>	<b>\$ 216</b>	<b>\$ -</b>
Prior period adjustment	-	-	-	-	-	-	-	-
<b>Fund Balance - January 1, as restated</b>	<b>68,070</b>	<b>33,662</b>	<b>21,105</b>	<b>7,506</b>	<b>5,814</b>	<b>162</b>	<b>216</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 83,109</b>	<b>\$ -</b>	<b>\$ 21,105</b>	<b>\$ 25,043</b>	<b>\$ 5,814</b>	<b>\$ 162</b>	<b>\$ 216</b>	<b>\$ -</b>

**Statement 4**

<u>TIF District 1-12</u>	<u>TIF District 1-13</u>	<u>CDAB Revolving Loan</u>	<u>Northwest Minnesota Housing Revolving Loan</u>	<u>Slow-Second Mortgage Loan</u>	<u>Mult-Events Center</u>	<u>Greenwood Cemetery</u>	<u>TRF Area K-9</u>	<u>Total (Statement 2)</u>
\$ -	\$ 669,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,106,919
-	-	-	-	-	-	49,525	-	49,525
-	-	367	-	216	62	163	-	808
-	-	-	-	-	-	20	700	720
-	-	134,025	14,362	10,815	30,000	18,550	-	207,752
<b>\$ -</b>	<b>\$ 669,984</b>	<b>\$ 134,392</b>	<b>\$ 14,362</b>	<b>\$ 11,031</b>	<b>\$ 30,062</b>	<b>\$ 68,258</b>	<b>\$ 700</b>	<b>\$ 1,365,724</b>
\$ 559	\$ 625,314	\$ -	\$ -	\$ -	\$ -	\$ 139,008	\$ -	\$ 1,209,253
-	-	-	-	-	-	-	1,665	1,665
-	-	-	-	-	1,347	-	-	1,347
-	-	337,441	14,774	-	-	-	-	352,215
<b>\$ 559</b>	<b>\$ 625,314</b>	<b>\$ 337,441</b>	<b>\$ 14,774</b>	<b>\$ -</b>	<b>\$ 1,347</b>	<b>\$ 139,008</b>	<b>\$ 1,665</b>	<b>\$ 1,564,480</b>
<b>\$ (559)</b>	<b>\$ 44,670</b>	<b>\$ (203,049)</b>	<b>\$ (412)</b>	<b>\$ 11,031</b>	<b>\$ 28,715</b>	<b>\$ (70,750)</b>	<b>\$ (965)</b>	<b>\$ (198,756)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,000	\$ -	\$ 71,351
-	(3,838)	-	-	-	-	-	-	(3,838)
<b>\$ -</b>	<b>\$ (3,838)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 65,000</b>	<b>\$ -</b>	<b>\$ 67,513</b>
<b>\$ (559)</b>	<b>\$ 40,832</b>	<b>\$ (203,049)</b>	<b>\$ (412)</b>	<b>\$ 11,031</b>	<b>\$ 28,715</b>	<b>\$ (5,750)</b>	<b>\$ (965)</b>	<b>\$ (131,243)</b>
\$ -	\$ (835,942)	\$ 1,420,059	\$ 101,606	\$ 457,170	\$ 80,011	\$ 359,389	\$ 2,031	\$ 1,720,859
-	-	(425,025)	(48,340)	(110,418)	-	-	-	(583,783)
-	(835,942)	995,034	53,266	346,752	80,011	359,389	2,031	1,137,076
<b>\$ (559)</b>	<b>\$ (795,110)</b>	<b>\$ 791,985</b>	<b>\$ 52,854</b>	<b>\$ 357,783</b>	<b>\$ 108,726</b>	<b>\$ 353,639</b>	<b>\$ 1,066</b>	<b>\$ 1,005,833</b>



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

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2011 Improvement Bonds	2012 Improvement Bonds	2013 Improvement Bonds	2013 Greenwood Improvement Bonds	2014 Improvement Bonds	2015 Improvement Bonds	2016 Improvement Bonds
<b><u>Assets</u></b>							
Cash and pooled investments	\$ 63,200	\$ 70,272	\$ 58,007	\$ 438,281	\$ 89,411	\$ 238,680	\$ 167,670
Taxes receivable							
Current	-	-	-	8,651	-	-	-
Prior	-	-	-	27,801	-	-	-
Special assessments receivable							
Current	96	135	-	-	-	-	440
Prior	1,281	3,071	-	1,748	-	-	522
Special assessments receivable - noncurrent	12,768	46,048	69,346	-	45,337	184,490	316,565
<b>Total Assets</b>	<b>\$ 77,345</b>	<b>\$ 119,526</b>	<b>\$ 127,353</b>	<b>\$ 476,481</b>	<b>\$ 134,748</b>	<b>\$ 423,170</b>	<b>\$ 485,197</b>
<b><u>Deferred Inflows of Resources and Fund Balances</u></b>							
<b>Deferred Inflows of Resources</b>							
Taxes	\$ -	\$ -	\$ -	\$ 27,801	\$ -	\$ -	\$ -
Special assessments	14,049	49,119	69,346	1,748	45,337	184,490	317,087
<b>Total Deferred Inflows of Resources</b>	<b>\$ 14,049</b>	<b>\$ 49,119</b>	<b>\$ 69,346</b>	<b>\$ 29,549</b>	<b>\$ 45,337</b>	<b>\$ 184,490</b>	<b>\$ 317,087</b>
<b>Fund Balances</b>							
Restricted for debt service	\$ 63,296	\$ 70,407	\$ 58,007	\$ 446,932	\$ 89,411	\$ 238,680	\$ 168,110
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 77,345</b>	<b>\$ 119,526</b>	<b>\$ 127,353</b>	<b>\$ 476,481</b>	<b>\$ 134,748</b>	<b>\$ 423,170</b>	<b>\$ 485,197</b>

**Statement 5**

<b>2017 Improvement Bonds</b>	<b>2018 Improvement Bonds</b>	<b>2019 Software Improvement Bonds</b>	<b>2019 Special Assessment</b>	<b>2020 Software Improvement Bonds</b>	<b>2020 Improvement Bonds</b>	<b>2022 Improvement Bonds</b>	<b>Total (Statement 1)</b>
\$ 185,033	\$ 308,653	\$ 3,366	\$ 320,733	\$ 22,434	\$ 131,747	\$ 81,785	\$ 2,179,272
-	-	-	-	-	-	-	8,651
-	-	-	-	-	-	-	27,801
326	-	-	1,306	-	426	-	2,729
3,120	-	-	6,675	-	262	-	16,679
191,855	346,193	-	400,567	-	148,527	675,451	2,437,147
<b>380,334</b>	<b>654,846</b>	<b>3,366</b>	<b>729,281</b>	<b>22,434</b>	<b>280,962</b>	<b>757,236</b>	<b>\$ 4,672,279</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,801
194,975	346,193	-	407,242	-	148,789	675,451	2,453,826
<b>194,975</b>	<b>346,193</b>	<b>-</b>	<b>407,242</b>	<b>-</b>	<b>148,789</b>	<b>675,451</b>	<b>\$ 2,481,627</b>
\$ 185,359	\$ 308,653	\$ 3,366	\$ 322,039	\$ 22,434	\$ 132,173	\$ 81,785	\$ 2,190,652
<b>380,334</b>	<b>654,846</b>	<b>3,366</b>	<b>729,281</b>	<b>22,434</b>	<b>280,962</b>	<b>757,236</b>	<b>\$ 4,672,279</b>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2011	2012	2013	2013	2014	2015	2016
	Improvement Bonds	Improvement Bonds	Improvement Bonds	Greenwood Improvement Bonds	Improvement Bonds	Improvement Bonds	Improvement Bonds
<b>Revenues</b>							
Taxes	\$ 52,000	\$ 51,000	\$ 29,800	\$ 57,163	\$ 35,300	\$ 17,080	\$ 24,141
Special assessments	13,743	24,334	20,734	-	14,156	45,692	89,848
<b>Total Revenues</b>	<b>\$ 65,743</b>	<b>\$ 75,334</b>	<b>\$ 50,534</b>	<b>\$ 57,163</b>	<b>49,456</b>	<b>62,772</b>	<b>113,989</b>
<b>Expenditures</b>							
<b>Debt service</b>							
Principal retirement	\$ 65,000	\$ 70,000	\$ 35,000	\$ 90,000	\$ 55,000	\$ 65,000	\$ 80,000
Interest	3,186	5,293	5,601	13,726	9,564	9,886	16,507
<b>Total Expenditures</b>	<b>\$ 68,186</b>	<b>\$ 75,293</b>	<b>\$ 40,601</b>	<b>\$ 103,726</b>	<b>\$ 64,564</b>	<b>\$ 74,886</b>	<b>\$ 96,507</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,443)</b>	<b>\$ 41</b>	<b>\$ 9,933</b>	<b>\$ (46,563)</b>	<b>\$ (15,108)</b>	<b>\$ (12,114)</b>	<b>\$ 17,482</b>
<b>Fund Balance - January 1</b>	<b>65,739</b>	<b>70,366</b>	<b>48,074</b>	<b>493,495</b>	<b>104,519</b>	<b>250,794</b>	<b>150,628</b>
<b>Fund Balance - December 31</b>	<b>\$ 63,296</b>	<b>\$ 70,407</b>	<b>\$ 58,007</b>	<b>\$ 446,932</b>	<b>\$ 89,411</b>	<b>\$ 238,680</b>	<b>\$ 168,110</b>

**Statement 6**

<b>2017 Improvement Bonds</b>	<b>2018 Improvement Bonds</b>	<b>2019 Software Improvement Bonds</b>	<b>2019 Special Assessment</b>	<b>2020 Software Improvement Bonds</b>	<b>2020 Improvement Bonds</b>	<b>2022 Improvement Bonds</b>	<b>Total (Statement 2)</b>
\$ 81,597	\$ 152,710	\$ 36,189	\$ 116,618	\$ 24,465	\$ 9,203	\$ 82,376	\$ 769,642
52,168	64,113	-	55,584	-	19,038	-	399,410
<b>133,765</b>	<b>216,823</b>	<b>36,189</b>	<b>172,202</b>	<b>24,465</b>	<b>28,241</b>	<b>82,376</b>	<b>\$ 1,169,052</b>
\$ 100,000	\$ 135,000	\$ 30,000	\$ 130,000	\$ 20,000	\$ 30,000	\$ -	\$ 905,000
30,623	45,330	4,817	31,508	3,530	6,632	591	186,794
<b>\$ 130,623</b>	<b>\$ 180,330</b>	<b>\$ 34,817</b>	<b>\$ 161,508</b>	<b>\$ 23,530</b>	<b>\$ 36,632</b>	<b>\$ 591</b>	<b>\$ 1,091,794</b>
\$ 3,142	\$ 36,493	\$ 1,372	\$ 10,694	\$ 935	\$ (8,391)	\$ 81,785	\$ 77,258
<b>182,217</b>	<b>272,160</b>	<b>1,994</b>	<b>311,345</b>	<b>21,499</b>	<b>140,564</b>	<b>-</b>	<b>2,113,394</b>
<b>\$ 185,359</b>	<b>\$ 308,653</b>	<b>\$ 3,366</b>	<b>\$ 322,039</b>	<b>\$ 22,434</b>	<b>\$ 132,173</b>	<b>\$ 81,785</b>	<b>\$ 2,190,652</b>

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

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Floyd B. Olson Shelter</u>	<u>Local Partnership Project</u>	<u>Swimming Pool</u>	<u>Splash Park</u>	<u>Train Canopy</u>	<u>TH59 Corridor</u>
<b><u>Assets</u></b>						
Cash and pooled investments	\$ 6,152	\$ -	\$ 257,348	\$ 9,179	\$ 34,526	\$ 15
Accounts receivable	-	-	-	-	-	-
Interest receivable	4	-	173	6	23	-
Due from other governments	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 6,156</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 257,521</u></b>	<b><u>\$ 9,185</u></b>	<b><u>\$ 34,549</u></b>	<b><u>\$ 15</u></b>
<b><u>Liabilities and Fund Balances</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,700	-	-	-	21,000
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,700</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 21,000</u></b>
<b>Fund Balances</b>						
<b>Restricted for</b>						
Capital projects	\$ 6,156	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Committed for</b>						
Splash Park	-	-	-	9,185	-	-
Swimming Pool	-	-	257,521	-	-	-
Train Canopy	-	-	-	-	34,549	-
Unassigned	-	(2,700)	-	-	-	(20,985)
<b>Total Fund Balances</b>	<b><u>\$ 6,156</u></b>	<b><u>\$ (2,700)</u></b>	<b><u>\$ 257,521</u></b>	<b><u>\$ 9,185</u></b>	<b><u>\$ 34,549</u></b>	<b><u>\$ (20,985)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 6,156</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 257,521</u></b>	<b><u>\$ 9,185</u></b>	<b><u>\$ 34,549</u></b>	<b><u>\$ 15</u></b>

**Statement 7**

<b>2019 Software Project</b>	<b>2020 Software Project</b>	<b>2021 Street and Utilities</b>	<b>2023 Street and Utilities</b>	<b>Total (Statement 1)</b>
\$ 16,903	\$ 16,973	\$ 179	\$ -	\$ 341,275
-	-	9,200	-	9,200
-	-	-	-	206
-	-	21,653	-	21,653
<b>\$ 16,903</b>	<b>\$ 16,973</b>	<b>\$ 31,032</b>	<b>\$ -</b>	<b>\$ 372,334</b>
\$ 6,110	\$ 1,966	\$ 2,480	\$ -	\$ 10,556
-	-	757,000	900	781,600
<b>\$ 6,110</b>	<b>\$ 1,966</b>	<b>\$ 759,480</b>	<b>\$ 900</b>	<b>\$ 792,156</b>
\$ 10,793	\$ 15,007	\$ -	\$ -	\$ 31,956
-	-	-	-	9,185
-	-	-	-	257,521
-	-	-	-	34,549
-	-	(728,448)	(900)	(753,033)
<b>\$ 10,793</b>	<b>\$ 15,007</b>	<b>\$ (728,448)</b>	<b>\$ (900)</b>	<b>\$ (419,822)</b>
<b>\$ 16,903</b>	<b>\$ 16,973</b>	<b>\$ 31,032</b>	<b>\$ -</b>	<b>\$ 372,334</b>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Floyd B. Olson Shelter</u>	<u>Local Partnership Project</u>	<u>Swimming Pool</u>	<u>Splash Park</u>	<u>Train Canopy</u>	<u>TH59 Corridor</u>
<b>Revenues</b>						
Investment earnings	\$ 6	\$ -	\$ 146	\$ 5	\$ 19	\$ -
Gifts and contributions	5,125	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 5,131</b>	<b>\$ -</b>	<b>\$ 146</b>	<b>\$ 5</b>	<b>\$ 19</b>	<b>\$ -</b>
<b>Expenditures</b>						
<b>Capital Outlay</b>						
General government	\$ -	\$ -	\$ -	\$ -	22	\$ -
Highways and streets	-	2,700	-	-	-	20,985
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ 2,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22</b>	<b>\$ 20,985</b>
<b>Excess of Revenues Over (Under)</b>						
<b>Expenditures</b>	<b>\$ 5,131</b>	<b>\$ (2,700)</b>	<b>\$ 146</b>	<b>\$ 5</b>	<b>\$ (3)</b>	<b>\$ (20,985)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Change in Fund Balance</b>	<b>\$ 5,131</b>	<b>\$ (2,700)</b>	<b>\$ 146</b>	<b>\$ 5</b>	<b>\$ (3)</b>	<b>\$ (20,985)</b>
<b>Fund Balance - January 1</b>	<b>1,025</b>	<b>-</b>	<b>257,375</b>	<b>9,180</b>	<b>34,552</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 6,156</b>	<b>\$ (2,700)</b>	<b>\$ 257,521</b>	<b>\$ 9,185</b>	<b>\$ 34,549</b>	<b>\$ (20,985)</b>

Statement 8

<u>2018 Arena Project</u>	<u>2019 Software Project</u>	<u>2020 Software Project</u>	<u>2021 Street and Utilities</u>	<u>2023 Street and Utilities</u>	<u>Total (Statement 2)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176
-	-	-	-	-	5,125
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,301</u>
-	23,660	62,080	-	-	85,762
-	-	-	728,448	900	753,033
<u>\$ -</u>	<u>\$ 23,660</u>	<u>\$ 62,080</u>	<u>\$ 728,448</u>	<u>\$ 900</u>	<u>\$ 838,795</u>
<u>\$ -</u>	<u>\$ (23,660)</u>	<u>\$ (62,080)</u>	<u>\$ (728,448)</u>	<u>\$ (900)</u>	<u>\$ (833,494)</u>
<u>\$ (386,667)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (386,667)</u>
<u>\$ (386,667)</u>	<u>\$ (23,660)</u>	<u>\$ (62,080)</u>	<u>\$ (728,448)</u>	<u>\$ (900)</u>	<u>\$ (1,220,161)</u>
<u>386,667</u>	<u>34,453</u>	<u>77,087</u>	<u>-</u>	<u>-</u>	<u>800,339</u>
<u><u>\$ -</u></u>	<u><u>\$ 10,793</u></u>	<u><u>\$ 15,007</u></u>	<u><u>\$ (728,448)</u></u>	<u><u>\$ (900)</u></u>	<u><u>\$ (419,822)</u></u>



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

*Statement 9*

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
DECEMBER 31, 2022**

	<u>Storm Water Enterprise</u>	<u>MEC Enterprise</u>	<u>Tourist Park Enterprise</u>	<u>Total (Exhibit 7)</u>
<b><u>Assets</u></b>				
<b>Current Assets</b>				
Cash and pooled investments	\$ 433,873	\$ -	\$ 37,324	\$ 471,197
Accounts receivable	34,125	428	82	34,635
Interest receivable	237	-	-	237
<b>Total Current Assets</b>	<b>\$ 468,235</b>	<b>\$ 428</b>	<b>\$ 37,406</b>	<b>\$ 506,069</b>
<b>Noncurrent Assets</b>				
Capital assets				
Non-depreciable	\$ 40,247	\$ -	\$ -	\$ 40,247
Depreciable - net of accumulated depreciation	4,924,382	133,274	15,988	5,073,644
<b>Total Noncurrent Assets</b>	<b>\$ 4,964,629</b>	<b>\$ 133,274</b>	<b>\$ 15,988</b>	<b>\$ 5,113,891</b>
<b>Total Assets</b>	<b>\$ 5,432,864</b>	<b>\$ 133,702</b>	<b>\$ 53,394</b>	<b>\$ 5,619,960</b>
<b><u>Liabilities</u></b>				
<b>Current Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 41	\$ 41
Salaries payable	359	-	-	359
Interest payable	13,696	-	-	13,696
Due to other governments	53	-	-	53
Due to other funds	-	86,974	-	86,974
GO revenue bonds payable	105,000	-	-	105,000
<b>Total Current Liabilities</b>	<b>\$ 119,108</b>	<b>\$ 86,974</b>	<b>\$ 41</b>	<b>\$ 206,123</b>
<b>Noncurrent Liabilities</b>				
GO revenue bonds payable (net)	\$ 2,103,583	\$ -	\$ -	\$ 2,103,583
<b>Total Liabilities</b>	<b>\$ 2,222,691</b>	<b>\$ 86,974</b>	<b>\$ 41</b>	<b>\$ 2,309,706</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	\$ 2,799,629	\$ 133,274	\$ 15,988	\$ 2,948,891
Unrestricted amounts	410,544	(86,546)	37,365	361,363
<b>Total Net Position</b>	<b>\$ 3,210,173</b>	<b>\$ 46,728</b>	<b>\$ 53,353</b>	<b>\$ 3,310,254</b>

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

*Statement 10*

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Storm Water Enterprise</u>	<u>MEC Enterprise</u>	<u>Tourist Park Enterprise</u>	<u>Total (Exhibit 8)</u>
<b>Sales and Cost of Goods Sold</b>				
Sales	\$ -	\$ 23,942	\$ 77,206	\$ 101,148
<b>Operating Revenues</b>				
Charges for services	\$ 333,740	\$ -	\$ -	\$ 333,740
<b>Operating Expenses</b>				
Personnel services	\$ 44,704	\$ -	\$ -	\$ 44,704
Contracted services	-	105,291	51,487	156,778
Fuel	3,443	-	-	3,443
Insurance	-	1,991	498	2,489
License and permits	10,633	-	-	10,633
Repairs and maintenance	24,276	17,344	3,918	45,538
Supplies	-	2,356	577	2,933
Utilities	715	9,191	23,881	33,787
Miscellaneous	361	1,397	2,727	4,485
Depreciation	174,695	7,938	1,599	184,232
<b>Total Operating Expenses</b>	<b>\$ 258,827</b>	<b>\$ 145,508</b>	<b>\$ 84,687</b>	<b>\$ 489,022</b>
<b>Operating Income (Loss)</b>	<b>\$ 74,913</b>	<b>\$ (121,566)</b>	<b>\$ (7,481)</b>	<b>\$ (54,134)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	\$ 151	\$ -	\$ -	\$ 151
Miscellaneous	241,127	8,053	498	249,678
Interest expense	(30,815)	-	-	(30,815)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 210,463</b>	<b>\$ 8,053</b>	<b>\$ 498</b>	<b>\$ 219,014</b>
<b>Income (Loss) Before Transfers</b>	<b>\$ 285,376</b>	<b>\$ (113,513)</b>	<b>\$ (6,983)</b>	<b>\$ 164,880</b>
Transfers in	\$ -	\$ 83,115	\$ -	\$ 83,115
<b>Change in Net Position</b>	<b>\$ 285,376</b>	<b>\$ (30,398)</b>	<b>\$ (6,983)</b>	<b>\$ 247,995</b>
<b>Net Position - January 1</b>	<b>2,924,797</b>	<b>77,126</b>	<b>60,336</b>	<b>3,062,259</b>
<b>Net Position - December 31</b>	<b>\$ 3,210,173</b>	<b>\$ 46,728</b>	<b>\$ 53,353</b>	<b>\$ 3,310,254</b>

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

**Statement 11**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Storm Water Enterprise</u>	<u>MEC Enterprise</u>	<u>Tourist Park Enterprise</u>	<u>Total (Exhibit 9)</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 328,495	\$ 23,514	\$ 77,248	\$ 429,257
Payments to employees	(44,655)	(105,291)	(51,487)	(201,433)
Payments to suppliers	(89,541)	(32,279)	(31,601)	(153,421)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 194,299</b>	<b>\$ (114,056)</b>	<b>\$ (5,840)</b>	<b>\$ 74,403</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>				
Miscellaneous	\$ 241,127	\$ 8,053	\$ 498	\$ 249,678
<b>Cash Flows from Capital and Related Financing Activities</b>				
Transfers from other funds	\$ -	\$ 83,115	\$ -	\$ 83,115
Purchase of capital assets	(308,774)	-	-	(308,774)
Principal paid on debt	(100,000)	-	-	(100,000)
Interest paid on debt	(34,046)	-	-	(34,046)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (442,820)</b>	<b>\$ 83,115</b>	<b>\$ -</b>	<b>\$ (359,705)</b>
<b>Cash Flows from Investing Activities</b>				
Investment earnings received	\$ 151	\$ -	\$ -	\$ 151
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (7,243)</b>	<b>\$ (22,888)</b>	<b>\$ (5,342)</b>	<b>\$ (35,473)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>441,116</b>	<b>(64,086)</b>	<b>42,666</b>	<b>419,696</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 433,873</b>	<b>\$ (86,974)</b>	<b>\$ 37,324</b>	<b>\$ 384,223</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 74,913	\$ (121,566)	\$ (7,481)	\$ (54,134)
<b>Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities</b>				
Depreciation expense	\$ 174,695	\$ 7,938	\$ 1,599	\$ 184,232
Decrease (increase) in assets				
Accounts receivable	(5,245)	(428)	42	(5,631)
Increase (decrease) in liabilities				
Accounts payable	(121)	-	-	(121)
Salaries payable	49	-	-	49
Due to other governments	(49,992)	-	-	(49,992)
<b>Total adjustments</b>	<b>\$ 119,386</b>	<b>\$ 7,510</b>	<b>\$ 1,641</b>	<b>\$ 128,537</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 194,299</b>	<b>\$ (114,056)</b>	<b>\$ (5,840)</b>	<b>\$ 74,403</b>

## **OTHER SCHEDULES**

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

**Schedule 6**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Shared Revenue**

**State**

Fire Relief Association supplemental benefit	\$	1,000
Fire state aid		81,578
Highway users tax		179,236
Local government aid		3,273,563
Police state aid		142,734

**Total Shared Revenue** **\$ 3,678,111**

**Grants**

**State**

**Minnesota Department of**

Peace Officer Standards & Training Board (POST)	\$	16,237
Public Safety		8,471

**Total State Grants** **\$ 24,708**

**Federal**

Department of		
Justice	\$	2,408
Treasury		482,372
Transportation		11,527

**Total Federal Grants** **\$ 496,307**

**Total Grants** **\$ 521,015**

**Total Intergovernmental Revenue** **\$ 4,199,126**

## **STATISTICAL SECTION**

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

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 25,501,639	\$ 26,147,458	\$ 28,159,954	\$ 29,313,095
Restricted	1,626,963	2,368,030	1,913,844	1,351,401
Unrestricted	<u>5,832,203</u>	<u>5,445,075</u>	<u>2,336,027</u>	<u>2,538,937</u>
<b>Total Governmental Activities Net Position</b>	<b>\$ <u>32,960,805</u></b>	<b>\$ <u>33,960,563</u></b>	<b>\$ <u>32,409,825</u></b>	<b>\$ <u>33,203,433</u></b>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$ 13,211,323	\$ 13,146,651	\$ 12,139,667	\$ 13,474,842
Restricted	351,340	332,692	-	-
Unrestricted	<u>4,618,500</u>	<u>5,640,278</u>	<u>5,603,661</u>	<u>5,075,075</u>
<b>Total Business-type Activities Net Position</b>	<b>\$ <u>18,181,163</u></b>	<b>\$ <u>19,119,621</u></b>	<b>\$ <u>17,743,328</u></b>	<b>\$ <u>18,549,917</u></b>
<b>Total Government</b>				
Net Investment in Capital Assets	\$ 38,712,962	\$ 39,294,109	\$ 40,299,621	\$ 42,787,937
Restricted	1,978,303	2,700,722	1,913,844	1,351,401
Unrestricted	<u>10,450,703</u>	<u>11,085,353</u>	<u>7,939,688</u>	<u>7,614,012</u>
<b>Total Net Position</b>	<b>\$ <u>51,141,968</u></b>	<b>\$ <u>53,080,184</u></b>	<b>\$ <u>50,153,153</u></b>	<b>\$ <u>51,753,350</u></b>

***Table 1***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	27,021,598	\$ 26,102,425	\$ 29,021,623	\$ 20,307,156	\$ 20,311,661	\$ 19,918,618
	3,007,243	3,798,864	3,762,950	5,181,069	4,953,781	4,843,370
	<u>2,849,115</u>	<u>8,743,826</u>	<u>7,261,795</u>	<u>6,166,728</u>	<u>8,122,464</u>	<u>8,996,733</u>
\$	<u><b>32,877,956</b></u>	<u><b>38,645,115</b></u>	<u><b>40,046,368</b></u>	<u><b>31,654,953</b></u>	<u><b>33,387,906</b></u>	<u><b>33,758,721</b></u>
\$	12,209,755	\$ 8,248,469	\$ 14,168,741	\$ 21,392,814	\$ 28,170,772	\$ 28,416,122
	15,788	15,787	31,355	-	-	-
	<u>7,855,683</u>	<u>5,858,466</u>	<u>6,750,251</u>	<u>9,322,254</u>	<u>9,426,423</u>	<u>11,185,697</u>
\$	<u><b>20,081,226</b></u>	<u><b>14,122,722</b></u>	<u><b>20,950,347</b></u>	<u><b>30,715,068</b></u>	<u><b>37,597,195</b></u>	<u><b>39,601,819</b></u>
\$	39,231,353	\$ 34,350,894	\$ 43,190,364	\$ 41,699,970	\$ 48,482,433	\$ 48,334,740
	3,023,031	3,814,651	3,794,305	5,181,069	4,953,781	4,843,370
	<u>10,704,798</u>	<u>14,602,292</u>	<u>14,012,046</u>	<u>15,488,982</u>	<u>17,548,887</u>	<u>20,182,430</u>
\$	<u><b>52,959,182</b></u>	<u><b>52,767,837</b></u>	<u><b>60,996,715</b></u>	<u><b>62,370,021</b></u>	<u><b>70,985,101</b></u>	<u><b>73,360,540</b></u>



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

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2013</u>	<u>2014</u>	<u>2015<sup>2</sup></u>	<u>2016</u>
<b>EXPENSES</b>				
<b>Governmental Activities:</b>				
General Government	\$ 1,546,092	\$ 1,764,593	\$ 2,893,467	\$ 2,524,756
Public Safety	2,590,016	2,833,677	3,057,716	3,733,004
Highways and Streets	-	-	891,613	1,655,387
Streets and Sanitation	4,095,631	2,157,917	-	-
Sanitation	-	-	886,085	899,489
Culture and Recreation	2,140,719	2,302,396	2,371,008	2,533,258
Economic Development	343,884	748,114	355,401	1,247,170
Interest on Long-term Debt	67,906	108,831	116,544	130,924
<b>Total Governmental Activities</b>	<b>\$ 10,784,248</b>	<b>\$ 9,915,528</b>	<b>\$ 10,571,834</b>	<b>\$ 12,723,988</b>
<b>Business-type Activities:</b>				
Liquor Dispensary	\$ 4,078,467	\$ 4,109,374	\$ 4,334,295	\$ 4,235,155
Water Utility	-	-	1,782,408	1,956,647
Electric Utility	12,742,804	13,536,511	13,788,039	13,470,384
Wastewater Utility	-	-	1,008,694	865,938
Storm Water Utility	153,968	135,806	145,947	139,871
Arena	-	-	-	-
MEC	-	-	-	-
Tourist Park	-	-	-	-
Water Systems Utility	1,451,686	2,519,253	-	-
<b>Total Business-type Activities</b>	<b>\$ 18,426,925</b>	<b>\$ 20,300,944</b>	<b>\$ 21,059,383</b>	<b>\$ 20,667,995</b>
<b>Total Expenses</b>	<b>\$ 29,211,173</b>	<b>\$ 30,216,472</b>	<b>\$ 31,631,217</b>	<b>\$ 33,391,983</b>
<b>PROGRAM REVENUES</b>				
<b>Governmental Activities:</b>				
<b>Charges for Services</b>				
General Government	\$ 192,050	\$ 186,619	\$ 1,123,364	\$ 506,643
Public Safety	330,204	243,765	183,729	197,948
Highways and Streets	-	-	298,712	263,101
Streets and Sanitation	856,378	836,365	-	-
Sanitation	-	-	843,753	849,254
Culture and Recreation	719,603	821,970	875,436	885,270
Other Activities	86,491	30,696	15,663	37,325
Operating Grants and Contributions	560,775	957,805	533,066	516,004
Capital Grants and Contributions	4,770,645	1,453,943	1,710,253	3,353,913
<b>Total Governmental Activities</b>	<b>\$ 7,516,146</b>	<b>\$ 4,531,163</b>	<b>\$ 5,583,976</b>	<b>\$ 6,609,458</b>
<b>Business-type Activities:</b>				
<b>Charges for Services</b>				
Liquor Dispensary	\$ 4,562,505	\$ 4,567,025	\$ 4,687,724	\$ 4,650,648
Water Utility	-	-	2,448,445	2,441,482
Electric Utility	13,387,925	14,340,839	14,422,957	14,346,060
Wastewater Utility	-	-	682,631	881,655

**Table 2**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 2,812,715	\$ 4,355,765	\$ 1,721,080	\$ 2,445,795	\$ 2,612,158	\$ 3,827,650
3,538,649	3,363,286	3,524,019	4,343,323	3,751,058	4,190,328
2,870,989	835,546	1,032,958	2,068,471	747,027	995,999
-	-	-	-	-	-
893,556	873,945	900,730	1,394,929	957,552	1,101,620
2,541,220	2,802,383	2,962,045	819,818	673,028	862,130
552,079	658,599	883,940	669,790	4,546,058	645,855
135,566	172,761	218,719	264,931	236,516	280,244
<u>\$ 13,344,774</u>	<u>\$ 13,062,285</u>	<u>\$ 11,243,491</u>	<u>\$ 12,007,057</u>	<u>\$ 13,523,397</u>	<u>\$ 11,903,826</u>
\$ 4,180,895	\$ 4,345,170	\$ 4,598,819	\$ 5,293,988	\$ 5,031,984	\$ 4,817,873
1,976,273	2,361,459	2,282,810	2,338,156	2,296,598	2,630,648
13,745,213	15,306,747	14,372,428	15,831,346	14,799,352	15,124,534
831,731	805,943	768,811	828,838	794,868	1,031,312
180,866	324,047	164,887	279,464	362,710	289,642
-	-	-	1,872,437	1,436,328	1,833,473
-	-	-	-	105,107	145,508
-	-	-	-	50,665	84,687
-	-	-	-	-	-
<u>\$ 20,914,978</u>	<u>\$ 23,143,366</u>	<u>\$ 22,187,755</u>	<u>\$ 26,444,229</u>	<u>\$ 24,877,612</u>	<u>\$ 25,957,677</u>
<u>\$ 34,259,752</u>	<u>\$ 36,205,651</u>	<u>\$ 33,431,246</u>	<u>\$ 38,451,286</u>	<u>\$ 38,401,009</u>	<u>\$ 37,861,503</u>
\$ 357,811	\$ 605,649	\$ 554,237	\$ 1,039,823	\$ 456,831	\$ 452,731
219,565	294,682	311,403	274,709	301,966	225,662
263,150	253,516	75,190	176,522	30,513	44,446
-	-	-	-	-	-
940,374	995,540	1,063,076	1,120,585	1,194,238	1,270,810
1,020,599	977,447	924,164	162,760	82,048	63,509
683,000	71,881	171,144	138,027	148,823	1,008,239
694,399	705,779	1,313,394	545,158	449,236	449,326
948,193	166,143	5,254,625	1,734,299	5,153,923	1,232,676
<u>\$ 5,127,091</u>	<u>\$ 4,070,637</u>	<u>\$ 9,667,233</u>	<u>\$ 5,191,883</u>	<u>\$ 7,817,578</u>	<u>\$ 4,747,399</u>
\$ 4,538,364	\$ 4,690,353	\$ 4,941,914	\$ 5,837,878	\$ 5,450,266	\$ 5,078,482
2,632,047	2,719,355	2,828,934	2,978,426	3,103,184	3,081,193
14,441,869	15,523,038	15,692,497	16,422,386	16,438,982	17,136,975
964,000	992,290	1,089,640	1,155,933	1,192,894	1,180,951

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

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2013</u>	<u>2014</u>	<u>2015<sup>1</sup></u>	<u>2016</u>	
Storm Water Utility	\$ 157,496	\$ 157,942	\$ 158,244	\$ 163,147	\$
Arena	-	-	-	-	
MEC	-	-	-	-	
Tourist Park	-	-	-	-	
Water Systems Utility	2,729,716	3,034,946	-	-	
Capital Grants and Contributions	307,495	141,390	-	3,710	
<b>Total Business-type Activities</b>	<b>\$ 20,265,541</b>	<b>\$ 18,047,530</b>	<b>\$ 16,636,964</b>	<b>\$ 22,486,702</b>	<b>\$</b>
<b>Total Revenues</b>	<b>\$ 22,735,181</b>	<b>\$ 20,858,690</b>	<b>\$ 21,200,923</b>	<b>\$ 27,092,714</b>	<b>\$</b>
<b>Net (Expense) / Revenue</b>					
Governmental Activities	\$ (3,268,102)	\$ (5,384,365)	\$ (5,251,796)	\$ (6,114,530)	\$
Business-type Activities	1,718,212	1,941,198	(12,271,331)	1,818,707	
<b>Total Net (Expense) / Revenue</b>	<b>\$ (1,549,890)</b>	<b>\$ (3,443,167)</b>	<b>\$ (17,523,127)</b>	<b>\$ (4,295,823)</b>	<b>\$</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>					
<b>Governmental Activities:</b>					
Taxes					
Property Taxes	\$ 1,765,186	\$ 1,744,667	\$ 1,811,021	\$ 2,215,619	\$
Taxes- Lodging	128,632	136,503	158,506	119,025	
Franchise Fees	132,719	133,926	145,082	191,046	
Grants not restricted to specific programs	2,630,076	3,102,887	2,969,872	2,984,925	
Unrestricted Investment Earnings	106,664	128,524	44,284	41,653	
Gain on Sale of Capital Assets	70,100	29,751	-	-	
Other General Revenue	216,819	65,365	-	-	
Transfers	497,968	1,042,500	1,141,804	1,114,419	
<b>Total Governmental Activities</b>	<b>\$ 5,548,164</b>	<b>\$ 6,384,123</b>	<b>\$ 6,270,569</b>	<b>\$ 6,666,687</b>	<b>\$</b>
<b>Business-type Activities:</b>					
Unrestricted Investment Earnings	\$ 18,914	\$ 39,760	\$ 24,652	\$ 34,987	\$
Other General Revenue	-	-	155	67,314	
Gain on Sale of Capital Assets	8,034	-	-	-	
Transfers	(497,968)	(1,042,500)	(1,141,804)	(1,114,419)	
<b>Total Business-type Activities</b>	<b>\$ (471,020)</b>	<b>\$ (1,002,740)</b>	<b>\$ (1,116,997)</b>	<b>\$ (1,012,118)</b>	<b>\$</b>
<b>Total General Revenues</b>	<b>\$ 5,077,144</b>	<b>\$ 5,381,383</b>	<b>\$ 5,153,572</b>	<b>\$ 5,654,569</b>	<b>\$</b>
<b>CHANGE IN NET POSITION</b>					
Governmental Activities	\$ 2,280,062	\$ 999,758	\$ 1,018,773	\$ 552,157	\$
Business-type Activities	1,247,192	938,458	(13,388,328)	806,589	
<b>Total Change in Net Position</b>	<b>\$ 3,527,254</b>	<b>\$ 1,938,216</b>	<b>\$ (12,369,555)</b>	<b>\$ 1,358,746</b>	<b>\$</b>

<sup>1</sup>Effective January 1, 2015 the City separated the Water and Wastewater Funds into their respective funds; and separated the Sanitation Fund from the Street Department in the General Fund.

<sup>2</sup>Effective January 1, 2020 the Ralph Engelstad Arena entered into a contract with Venuworks and the financial reporting was separated from the General Fund into the Arena Enterprise Fund.

<sup>3</sup>Effective January 1, 2021 the MEC and Tourist Park, which are also managed by Venuworks, were separated from the Arena Enterprise Fund into the MEC Enterprise Fund and the Tourist Park Enterprise Fund.

**Table 2**  
**(Continued)**

<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020<sup>2</sup></b>	<b>2021<sup>3</sup></b>	<b>2022</b>
187,361	\$ 211,952	\$ 251,223	\$ 274,249	\$ 305,970	\$ 333,740
-	-	-	350,641	401,423	825,412
-	-	-	-	9,422	23,942
-	-	-	-	74,721	77,206
-	-	-	-	-	-
5,544	4,902	14,457	4,011	3,279	2,869
<b>18,143,335</b>	<b>\$ 24,141,890</b>	<b>\$ 24,818,665</b>	<b>\$ 27,023,524</b>	<b>\$ 27,105,295</b>	<b>\$ 27,740,770</b>
<b>25,659,481</b>	<b>\$ 28,212,527</b>	<b>\$ 34,485,898</b>	<b>\$ 32,215,407</b>	<b>\$ 32,297,178</b>	<b>\$ 27,740,770</b>
(8,217,683)	\$ (7,677,857)	\$ (1,576,258)	\$ (6,815,174)	\$ (4,151,310)	\$ (7,156,427)
1,854,207	998,524	2,630,910	579,295	2,070,249	1,783,093
<b>(6,363,476)</b>	<b>\$ (6,679,333)</b>	<b>\$ 1,054,652</b>	<b>\$ (6,235,879)</b>	<b>\$ (2,081,061)</b>	<b>\$ (5,373,334)</b>
2,285,390	\$ 2,448,291	\$ 2,363,191	\$ 2,865,416	\$ 3,945,123	\$ 4,062,900
118,315	143,154	151,967	115,226	163,703	153,074
211,829	224,199	376,933	226,326	224,335	232,151
3,002,226	3,093,314	3,082,762	3,173,095	3,463,782	3,273,563
38,652	126,673	201,591	121,373	(9,913)	5,501
1,368,062	-	-	-	-	-
-	88,771	177,977	25,795	125,157	56,019
867,731	7,320,614	(3,407,552)	2,052,505	(2,027,924)	327,817
<b>7,892,205</b>	<b>\$ 13,445,016</b>	<b>\$ 2,946,869</b>	<b>\$ 8,579,736</b>	<b>\$ 5,884,263</b>	<b>\$ 8,111,025</b>
57,846	\$ 100,111	\$ 224,711	\$ 172,016	\$ (645)	\$ 6,051
486,987	263,475	568,884	909,938	1,919,501	543,297
-	-	-	-	-	-
(867,731)	(7,320,614)	3,407,552	(2,052,505)	2,027,924	(327,817)
<b>(322,898)</b>	<b>\$ (6,957,028)</b>	<b>\$ 4,201,147</b>	<b>\$ (970,551)</b>	<b>\$ 3,946,780</b>	<b>\$ 221,531</b>
<b>7,569,307</b>	<b>\$ 6,487,988</b>	<b>\$ 7,148,016</b>	<b>\$ 7,609,185</b>	<b>\$ 9,831,043</b>	<b>\$ 8,332,556</b>
(325,478)	\$ 5,767,159	\$ 1,370,611	\$ 1,764,562	\$ 1,732,953	\$ 954,598
1,531,309	(5,958,504)	6,832,057	(391,256)	6,017,029	2,004,624
<b>1,205,831</b>	<b>\$ (191,345)</b>	<b>\$ 8,202,668</b>	<b>\$ 1,373,306</b>	<b>\$ 7,749,982</b>	<b>\$ 2,959,222</b>

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

*Table 3*

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year	Property Tax	Lodging Tax	Franchise Tax		Total
			Cable	Gas	
2013	\$ 1,765,186	\$ 128,632	\$ 63,300	\$ 69,419	\$ 2,026,537
2014	1,744,667	136,503	65,676	68,250	2,015,096
2015	1,811,021	158,506	68,799	76,283	2,114,609
2016	2,215,619	119,025	72,421	118,625	2,525,690
2017	2,285,390	118,315	74,617	137,213	2,615,535
2018	2,448,291	143,154	77,793	146,406	2,815,644
2019	2,363,191	151,967	80,204	296,729	2,892,091
2020	2,865,416	115,226	80,857	145,469	3,206,968
2021	3,945,123	163,703	78,450	145,885	4,333,161
2022	4,062,900	153,074	79,049	153,102	4,448,125

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

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
<b>General Fund</b>					
Restricted	\$ -	\$ -	\$ -	\$ -	\$
Committed	-	-	184,556	203,984	
Assigned	19,504	86,476	-	-	
Unassigned	<u>2,482,273</u>	<u>2,248,868</u>	<u>2,586,500</u>	<u>2,115,511</u>	
<b>Total General Fund</b>	<b>\$ <u>2,501,777</u></b>	<b>\$ <u>2,335,344</u></b>	<b>\$ <u>2,771,056</u></b>	<b>\$ <u>2,319,495</u></b>	<b>\$</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ -	\$ 855,689	\$ 751,897	\$
Restricted	552,261	532,864	678,944	1,351,401	
Committed	2,238,637	2,247,083	1,407,850	1,400,191	
Assigned	1,533,202	1,660,730	1,558,649	2,129,173	
Unassigned	<u>(3,366)</u>	<u>(322,024)</u>	<u>(815,989)</u>	<u>(714,018)</u>	
<b>Total All Other Governmental Funds</b>	<b>\$ <u>4,320,734</u></b>	<b>\$ <u>4,118,653</u></b>	<b>\$ <u>3,685,143</u></b>	<b>\$ <u>4,918,644</u></b>	<b>\$</b>

**Table 4**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
- \$	- \$	- \$	- \$	- \$	840,332
-	-	-	2,750,906	3,100,872	3,124,993
305,191	3,576,104	4,114,439	1,519,920	1,409,398	1,724,605
1,894,460	2,770,185	3,100,386	4,474,066	6,187,909	5,848,086
<u>2,199,651</u> \$	<u>6,346,289</u> \$	<u>7,214,825</u> \$	<u>8,744,892</u> \$	<u>10,698,179</u> \$	<u>11,538,016</u>
651,561 \$	413,739 \$	378,364 \$	689,796 \$	583,783 \$	-
3,115,779	3,385,125	3,517,828	4,491,273	4,330,601	4,009,195
465,920	478,571	484,984	489,675	303,138	302,321
2,735,984	1,831,066	3,178,405	345,973	253,012	271,287
(638,428)	(286,677)	(26,824)	(181,706)	(835,942)	(1,548,702)
<u>6,330,816</u> \$	<u>5,821,824</u> \$	<u>7,532,757</u> \$	<u>5,835,011</u> \$	<u>4,634,592</u> \$	<u>3,034,101</u>





**Table 5**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 <sup>2</sup></u>	<u>2021</u>	<u>2022</u>
2,604,417 \$	2,811,088 \$	2,895,174 \$	3,131,787 \$	4,394,646 \$	4,421,316
332,751	355,864	469,934	836,819	384,097	416,102
120,308	444,049	180,851	163,698	168,241	186,346
3,928,282	4,680,893	8,959,634	4,775,938	8,747,975	4,199,126
2,386,711	2,365,982	2,396,659	1,638,974	1,667,991	1,688,595
67,410	50,618	59,734	55,462	66,209	53,250
57,306	65,848	25,774	11,958	19,235	11,260
33,057	126,673	201,591	121,373	(9,913)	5,501
473,083	218,479	605,599	1,044,403	423,949	342,264
<b><u>10,003,325</u></b> \$	<b><u>11,119,494</u></b> \$	<b><u>15,794,950</u></b> \$	<b><u>11,780,412</u></b> \$	<b><u>15,862,430</u></b> \$	<b><u>11,323,760</u></b>
1,670,141 \$	1,805,401 \$	1,673,869 \$	2,022,383 \$	2,612,158 \$	2,889,985
3,122,606	3,282,943	3,427,616	3,835,351	3,751,058	3,725,086
-	-	-	-	-	-
857,296	772,799	908,427	745,356	747,027	864,327
852,130	901,141	845,765	1,062,720	957,552	1,038,921
2,015,255	2,307,273	2,149,944	773,499	673,028	778,176
552,079	658,599	883,940	669,790	4,546,058	645,855
-	-	-	-	-	-
535,000	610,000	525,000	903,708	1,007,618	975,313
125,220	154,262	196,431	198,751	236,516	189,596
2,474,276	8,080,163	6,779,381	4,940,700	1,236,908	2,856,189
<b><u>12,204,003</u></b> \$	<b><u>18,572,581</u></b> \$	<b><u>17,390,373</u></b> \$	<b><u>15,152,258</u></b> \$	<b><u>15,767,923</u></b> \$	<b><u>13,963,448</u></b>
<b>(2,200,678)</b> \$	<b>(7,453,087)</b> \$	<b>(1,595,423)</b> \$	<b>(3,371,846)</b> \$	<b>94,507</b> \$	<b>(2,639,688)</b>
1,772,589 \$	10,592,712 \$	1,355,897 \$	1,482,818 \$	1,638,062 \$	1,361,243
(1,021,565)	(2,457,655)	(201,556)	(72,926)	(979,701)	(1,033,426)
1,368,062	-	-	-	-	-
1,369,317	2,955,676	1,985,000	3,021,887	-	2,135,000
<b><u>3,488,403</u></b> \$	<b><u>11,090,733</u></b> \$	<b><u>3,139,341</u></b> \$	<b><u>4,431,779</u></b> \$	<b><u>658,361</u></b> \$	<b><u>2,462,817</u></b>
<b><u>1,287,725</u></b> \$	<b><u>3,637,646</u></b> \$	<b><u>1,543,918</u></b> \$	<b><u>1,059,933</u></b> \$	<b><u>752,868</u></b> \$	<b><u>(176,871)</u></b>
7%	8%	7%	12%	9%	12%

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

**Table 6**

**ASSESSED TAX CAPACITY AND ESTIMATED MARKET VALUE  
OF ALL TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	Real Property		Personal Property		Total		Tax Capacity as a Percentage of Estimated Market Value
	Assessed Tax Capacity	Estimated Market Value	Assessed Tax Capacity	Estimated Market Value	Assessed Tax Capacity	Estimated Market Value	
2013	\$ 3,623,535	\$ 363,005,300	\$ 61,053	\$ 3,239,000	\$ 3,684,588	\$ 366,244,300	1.01
2014	3,875,272	382,563,700	61,693	3,311,000	3,936,965	385,874,700	1.02
2015	4,101,067	401,131,600	66,133	3,542,600	4,167,200	404,674,200	1.03
2016	4,414,145	430,835,900	70,538	3,757,200	4,484,683	434,593,100	1.03
2017	4,775,096	460,138,500	81,743	4,301,800	4,856,839	464,440,300	1.05
2018	5,063,356	484,039,400	114,791	5,958,600	5,178,147	489,998,000	1.06
2019	5,123,987	490,440,900	103,865	5,407,200	5,227,852	495,848,100	1.05
2020	5,413,189	507,659,600	113,894	5,909,200	5,527,083	513,568,800	1.08
2021	5,865,825	538,549,100	130,511	6,702,600	5,996,336	545,251,700	1.10
2022	6,183,261	566,884,900	112,323	5,981,400	6,295,584	572,866,300	1.10

Source: Pennington County Auditor/Treasurer

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

*Table 7*

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	City	Overlapping Rates					Total Direct and Overlapping Rates
		Pennington County	Thief River Falls School District No. 564	Red Lake Watershed District	Northwest Regional Development Commission	Northwest Minnesota Multi-County HRA	
2013	42.746 %	72.243 %	40.336 %	5.374 %	0.257 %	0.401 %	161.357 %
2014	39.984	68.366	35.280	5.355	0.242	0.417	149.644
2015	39.254	62.826	30.389	3.854	0.207	0.402	136.530
2016	43.846	58.006	33.243	3.846	0.181	0.408	139.530
2017	42.930	65.737	32.735	3.910	0.192	0.446	145.950
2018	42.861	66.058	33.887	5.220	0.198	0.441	148.667
2019	43.927	67.486	35.191	5.316	0.207	0.456	152.583
2020	49.093	70.534	36.411	4.138	0.217	0.462	168.855
2021	52,854	73,763	37,329	4,270	0.223	0.467	168,906
2022	53,166	73,442	38,008	4,089	0.213	0.450	169,368

Source: Pennington County Auditor/Treasurer

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

Table 8

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR**

<u>Taxpayer</u>	<u>2022</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
DK Real Estate Holdings LLC	\$ 598,125	1	9.50 %
MeritCare Medical Group	141,328	2	2.24
Wal-Mart RE Business Trust	134,316	3	2.13
West River Falls Estates, LLC	116,199	4	1.85
TRF Investments LLC	109,299	5	1.74
MN Energy Resources Corp	105,598	6	1.68
Arctco	91,078	7	1.45
Sanford Medical Center	76,375	8	1.21
Minnkota Power Coop	60,332	9	0.96
Taks Partners LLC	52,949	10	0.84
	<u><u>\$ 1,485,599</u></u>		<u><u>23.60 %</u></u>

Source: Pennington County Auditor/Treasurer

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

**Table 9**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended December 31</b>	<b>Levy for Fiscal Year</b>	<b>Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2013	1,516,778	1,499,188	98.84 %	15,730	1,514,918	99.88 %
2014	1,516,778	1,498,293	98.78 %	16,284	1,514,577	99.85 %
2015	1,562,271	1,546,077	98.96 %	12,792	1,558,869	99.78 %
2016	1,874,657	1,850,159	98.69 %	14,893	1,865,052	99.49 %
2017	1,987,106	1,957,116	98.49 %	14,515	1,971,631	99.22 %
2018	2,115,918	2,084,383	98.51 %	21,187	2,105,570	99.51 %
2019	2,186,813	2,154,521	98.52 %	22,225	2,176,746	99.54 %
2020	2,588,762	2,483,620	95.94 %	20,981	2,504,601	96.75 %
2021	2,795,858	2,756,289	98.58 %	95,838	2,852,127	102.01 %
2022	2,959,824	2,906,996	98.22 %	25,117	2,932,113	99.06 %

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

*Table 10*

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Per Capita
	General Obligation Improvement Bonds	Revenue Bonds	Notes Payable	Capital Lease	General Obligation Improvement Bonds	Revenue Bonds		
2013	\$ 3,515,000	\$ 875,000	\$ 8,333	\$ -	\$ -	\$ 5,992,753	\$ 10,391,086	\$ 1,203
2014	3,995,000	715,000	-	-	1,615,000	5,711,051	12,036,051	1,390
2015	4,565,000	545,000	-	-	1,615,000	5,842,892	12,567,892	1,436
2016	5,285,000	370,000	-	-	1,460,000	5,708,244	12,823,244	1,463
2017	6,225,000	190,000	-	-	3,967,060	8,175,000	18,557,060	2,100
2018	8,760,000	-	-	-	1,269,298	14,990,000	25,019,298	2,801
2019	10,220,000	-	-	-	940,050	15,044,950	26,205,000	2,931
2020	10,010,000	-	-	137,931	760,000	20,230,000	31,137,931	3,433
2021	8,145,000	-	-	70,313	575,000	19,975,000	28,765,313	3,288
2022	9,375,000	-	-	-	385,000	19,285,000	29,045,000	3,320

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

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

*Table 11*

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Improvement Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Market Value<sup>1</sup></b>	<b>Per Capita</b>
2013	\$ 3,515,000	\$ 459,181	\$ 3,055,819	0.91%	\$ 354
2014	5,610,000	397,693	5,212,307	1.44%	598
2015	6,180,000	413,347	5,766,653	1.44%	666
2016	5,400,000	1,178,612	4,221,388	1.05%	482
2017	6,415,000	1,578,936	4,836,064	1.21%	550
2018	8,760,000	1,661,607	7,098,393	1.65%	803
2019	10,220,000	1,712,457	8,507,543	1.85%	952
2020	10,010,000	2,037,563	7,972,437	1.65%	892
2021	8,145,000	2,091,374	6,053,626	1.25%	667
2022	9,375,000	2,179,272	7,195,728	1.26%	822

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Assessed Tax Capacity and Estimated Market Value of All Taxable Property (Table 7) for property value data.



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

Table 12

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Thief River Falls School District No. 564	\$ 47,479,458	33.72%	\$ 16,010,073
Pennington County	14,025,000	36.31%	<u>5,092,478</u>
<b>Total Overlapping Debt</b>			<b>21,102,551</b>
City of Thief River Falls Direct Debt	29,045,000	100.00%	<u>29,045,000</u>
<b>Total Direct and Overlapping Debt</b>			<b>\$ <u><u>50,147,551</u></u></b>

Source: Pennington County Auditor/Treasurer

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the school district's and county's taxable assessed value that is within the City's boundaries and dividing it by the school district's and county's total taxable assessed value.

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

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 7,324,886	\$ 7,717,494	\$ 8,093,484	\$ 8,691,862
Total Net Debt Applicable to Limit	<u>1,393,333</u>	<u>1,385,000</u>	<u>1,310,000</u>	<u>1,230,000</u>
<b>Legal Debt Margin</b>	<b><u>\$ 5,931,553</u></b>	<b><u>\$ 6,332,494</u></b>	<b><u>\$ 6,783,484</u></b>	<b><u>7,461,862</u></b>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.02%	17.95%	16.19%	14.15%

**Table 13**

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 9,288,806	\$ 9,799,960	\$ 9,916,962	\$ 15,407,064	\$ 16,357,551	\$ 17,185,989
<u>1,145,000</u>	<u>1,060,000</u>	<u>940,050</u>	<u>760,000</u>	<u>2,035,813</u>	<u>1,605,000</u>
<u><b>8,143,806</b></u>	<u><b>8,739,960</b></u>	<u><b>8,976,912</b></u>	<u><b>14,647,064</b></u>	<u><b>14,321,738</b></u>	<u><b>15,580,989</b></u>
12.33%	10.82%	9.48%	4.93%	12.45%	9.34%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2022**

<b>Assessed Value</b>	<b>\$ 572,866,300</b>
<b>Debt Limit (2% of Total Assessed Value)</b>	<b>\$ 11,457,326</b>
<b>Debt Applicable to Limit:</b>	
General Obligation Debt	\$ 1,605,000
Less: Amount Set aside for Repayment of General Obligation Debt	<u>2,179,272</u>
<b>Total Net Debt Applicable to Limit</b>	<b>\$ <u>3,784,272</u></b>
<b>Legal Debt Margin</b>	<b>\$ <u><u>7,673,054</u></u></b>

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

*Table 14*

**PLEGDED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

<b>Water Revenue Bonds <sup>1</sup></b>								
<b>Fiscal Year</b>	<b>Water Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>		
				<b>Principal</b>	<b>Interest</b>			
2015	\$ 2,491,923	\$ 1,285,811	\$ 1,206,112	\$ 425,000	\$ 165,800	2.04		
2016	2,449,869	1,388,851	1,061,018	812,000	189,014	1.06		
2017	2,632,047	1,702,712	929,335	563,000	149,367	1.30		
2018	2,719,355	2,041,888	677,467	622,050	319,571	0.72		
2019	2,828,934	1,963,693	865,241	630,200	319,117	0.91		
2020	2,978,426	2,017,732	960,694	698,200	309,083	0.95		
2021	3,103,184	2,025,817	1,077,367	760,850	280,515	1.03		
2022	3,081,193	2,350,967	730,226	777,200	264,493	0.70		

<b>Wastewater Revenue Bonds <sup>1</sup></b>								
<b>Fiscal Year</b>	<b>Wastewater Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>		
				<b>Principal</b>	<b>Interest</b>			
2015	\$ 711,448	\$ 824,696	\$ (113,248)	\$ 53,155	\$ 10,914	(1.77)		
2016	888,617	672,090	216,527	64,648	13,838	2.76		
2017	964,000	818,236	145,764	66,184	11,922	1.87		
2018	992,290	792,279	200,011	80,712	13,664	2.12		
2019	1,089,640	747,679	341,961	84,098	21,132	3.25		
2020	1,155,933	772,976	382,957	48,800	24,451	5.23		
2021	1,192,894	729,537	463,357	218,150	66,137	1.63		
2022	1,180,951	969,341	211,610	193,800	66,921	0.81		

<b>Water Systems Revenue Bonds</b>								
<b>Fiscal Year</b>	<b>Water Charges and Other</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>		
				<b>Principal</b>	<b>Interest</b>			
2013	\$ 3,042,526	\$ 1,827,462	\$ 1,215,064	\$ 370,290	\$ 131,080	2.42		
2014	3,188,208	1,886,836	1,301,372	406,702	155,531	2.31		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Water and Wastewater charges and other other includes investment earnings and special assessments. Operating Expenses do not include interest or depreciation.

<sup>1</sup> Effective January 1, 2015 the City separated the Water and Wastewater Funds into their respective funds;

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

*Table 15*

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>City Population<sup>1</sup></b>	<b>Pennington County</b>			<b>Pennington County</b>	
		<b>Personal Income<sup>2</sup></b>	<b>Population<sup>2</sup></b>	<b>Per Capita Income<sup>2</sup></b>	<b>Total Employment<sup>3</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
2013	8,716	660,101,000	14,138	46,690	8,885	5.4 %
2014	8,656	674,625,000	14,110	47,812	8,857	8.2 %
2015	8,752	709,034,000	14,234	49,813	9,099	6.9 %
2016	8,796	730,144,000	14,207	51,393	9,031	5.8 %
2017	8,836	750,993,000	14,191	52,920	9,127	5.6 %
2018	8,940	785,442,000	14,178	55,399	10,125	4.9 %
2019	9,071	809,537,000	14,119	57,337	10,186	4.2 %
2020	8,749	857,761,000	13,874	61,825	9,577	4.7 %
2021	8,647	901,439,000	13,780	65,416	8,211	3.7 %
2022	8,903	Data Unavailable	Data Unavailable	Data Unavailable	8,522	3.3 %

<sup>1</sup> U.S. Census and Minnesota State Demographic Center

<sup>2</sup> U.S. Department of Commerce Bureau of Economic Analysis

<sup>3</sup> MN Department of Employment and Economic Development

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

**Table 16**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Digi-Key Corporation	3,705	43.48 %	2,547	28.52 %
Textron/Arctic Cat, Incorporated	776	9.11 %	1,172	13.12 %
Sanford Health - Thief River Falls	564	6.62 %	600	6.72 %
Seven Clans Casino Hotel & Indoor Waterpark	283	3.32 %	500	5.60 %
Thief River Falls School District No. 564	400	4.69 %	350	3.92 %
Northern Pride, Inc.	185	2.17 %	200	2.24 %
Northland Community & Technical College	151	1.77 %	165	1.85 %
Pennington County	140	1.64 %	130	1.46 %
Hugos	140	1.64 %	-	-
City of Thief River Falls	100	0.84 %	102	1.14 %
Dean Foods	-	-	75	0.84 %
	<u><u>6,444</u></u>	<u><u>75.27 %</u></u>	<u><u>5,841</u></u>	<u><u>65.41 %</u></u>

Source: Minnesota Department of Employment & Economic Development - Community Profile

## **MANAGEMENT AND COMPLIANCE SECTION**



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



Hoffman, Philipp, & Martell, PLLC

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

City Council  
City of Thief River Falls

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Thief River Falls as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Thief River Falls' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However,

material weaknesses may exist that have not been identified. We did identify certain a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as item 2022-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute, § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories for compliance.

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

### **City of Thief River Falls' Responses to Findings**

*Government Auditing Standards* requires the auditor perform limited procedures on the City of Thief River Falls' responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City of Thief River Falls' responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and no to provide an opinion on the effectiveness of the City of Thief River Falls' internal control over financial reporting or on compliance. This 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. Accordingly, this communication is not suitable for any other purpose.



Hoffman, Philipp, & Martell, PLLC  
June 28, 2023

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

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

**I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

**Finding Number: 2022-001**

**Prior Year Finding Number: 2021-001**

**Repeat Finding Since: 2016**

**Finding Title: Segregation of Duties and Internal Controls**

**Criteria:** Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or regularities. Internal control over financial reporting is a process designed to provide reliable assurance about the achievement of the City's objectives with regard to reliability of financial reporting and compliance with applicable laws and regulations. These controls must include a process for monitoring controls to ensure effectiveness and efficiency of operations.

**Condition:** Due to the limited number of personnel within the City offices, segregation of the accounting duties necessary to ensure adequate internal accounting control is not possible. The Administrator's office generally tries to segregate the record-keeping function from the custody function. However, due to employee vacations, sickness, etc. the record-keeping and custody functions may be overlapped.

**Context:** This is not unusual in a small City; however, the City's management should constantly be aware of this condition and continually improve upon their procedures and processes.

**Effect:** Inadequate segregation of duties could adversely affect the City's ability to detect errors and irregularities in a timely manner by employees in the normal course of performing their assigned job duties.

**Cause:** The City has limited personnel in some departments.

**Recommendation:** Management should continually be mindful of the risks due to limited segregation of duties which increases the risks in safeguarding the City's assets and proper record-keeping activity, and where possible, implement oversight procedures to ensure that internal control policies and procedures are being followed by City personnel.

**City Administrator's Response:** *The City is aware of this and will provide oversight where needed.*



# City of Thief River Falls

CITY ADMINISTRATOR

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## CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2022

**Finding Number:** 2022-001

**Finding Title:** Segregation of Duties and Internal Controls

**Name of Contact Person Responsible for Corrective Action:** City Council and management.

**Corrective Action Planned:** The City of Thief River Falls is aware of the segregation of duties and internal controls issues. Management will implement oversight procedures where and whenever possible.

**Anticipated Completion Date:** December 31, 2023. *Management is continually aware that segregation of duties is not adequate from an internal control point of view. The City Council continues to implement oversight procedures and monitor those procedures to determine if they are still effective.*



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## SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2022

**Finding Number: 2021-001**  
**Repeat Finding Since: 2016**  
**Finding Title: Segregation of Duties**

**Summary of Condition:** Due to the limited number of personnel within the City, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible.

**Summary of Corrective Action:** Management is continually aware that segregation of duties is not adequate from an internal control point of view. The City Council continues to implement oversight procedures and monitor those procedures to determine if they are still effective.

**Status:** Not fully corrected.

**Finding Number: 2021-002**  
**Finding Title: Contract Compliance**

**Summary of Condition:** The City was not in compliance with the following State of Minnesota contracting and bid law requirements:

- **Contractor Requirement:** Minn. Stat. § 574.26 requires that contractors doing public work are required to provide both performance and payment bonds in an amount not less than the contract price if the contract is more than \$175,000. The City did not have the required bonds in place from the contractor.
- **Contract Language:** Minn. Stat. § 471.425, subd. 4a., requires that the contract between the government entity and a prime contractor contain language that requires the prime contractor to pay subcontractors within ten days of receipt of payment from the government entity or pay interest at the rate of 1.5 percent per month or any part of a month. The City did not include this specific language in the contract with the prime contractor.
- **Responsible Contractor Requirement:** Minn. Stat. § 16C.285 requires that the contractor submit a verification of compliance signed under oath by an owner or officer verifying compliance with the minimum criteria set forth in Minn. Stat. § 16C.285, subd. 3. The City did not have the required form from the contractor on file.

**Summary of Corrective Action:** The City is in compliance with all contract requirements.

**Status:** Corrected.