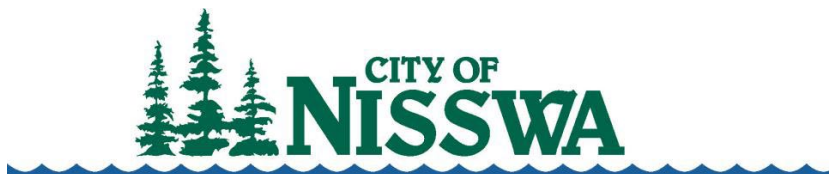


OFFICIAL STATEMENT

\$1,645,000*
General Obligation Bonds, Series 2024A
(the "2024A Bonds")

\$1,100,000*
General Obligation Abatement Bonds, Series 2024B (Taxable)
(the "2024B Bonds")

(Both issues collectively referred to as the "Obligations")



BIDS RECEIVED: For the Obligations until 10:15 A.M. Central Time on
Tuesday, November 19, 2024

PFM Financial Advisors LLC
45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402
(Electronic Proposals accepted)

BIDS CONSIDERED: Tuesday, November 19, 2024

* Preliminary, subject to change.

The date of this official statement is November 8, 2024.

NEW ISSUE: BOOK-ENTRY ONLY

RATING*: APPLIED FOR (MOODY’S INVESTORS SERVICE)

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, at the time of issuance of the 2024A Bonds, interest to be paid on the 2024A Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent from both gross income and taxable net income for Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the 2024A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the 2024A Bonds is taken into account in determining “annual adjusted financial statement income” for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences. See “Tax Considerations” herein.

**CITY OF NISSWA, MINNESOTA
(Crow Wing County)**

\$1,645,000⁽¹⁾

GENERAL OBLIGATION BONDS, SERIES 2024A

Dated Date: December 10, 2024

Minimum Bid: \$1,631,840 (99.2% of Par)

Principal Due: February 1, 2031 through 2040

Good Faith Deposit: Not Required

The \$1,645,000⁽¹⁾ General Obligation Bonds, Series 2024A (the “2024A Bonds”) will be issued by the City of Nisswa, Minnesota (the “City”) pursuant to Minnesota Statutes, Chapter 475 and Sections 475.521 and 469.1812 through 469.1815, and the City Charter. The 2024A Bonds are being issued to finance (a) governmental and economic development purposes, (b) improvements to city hall, and (c) pay the cost of issuance of the 2024A Bonds. The 2024A Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues.

The 2024A Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the 2024A Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2024A Bonds purchased. Principal payable annually on each February 1, commencing on February 1, 2031, and interest, payable semi-annually on each February 1 and August 1, beginning August 1, 2025, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the 2024A Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the “Record Date”).

The 2024A Bonds will mature on February 1 as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>	<u>Yield*</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>	<u>Yield*</u>
2031	\$ 150,000	_____ %	_____ %	2036	\$ 185,000	_____ %	_____ %
2032	155,000	_____ %	_____ %	2037	190,000	_____ %	_____ %
2033	165,000	_____ %	_____ %	2038	200,000	_____ %	_____ %
2034	170,000	_____ %	_____ %	2039	205,000	_____ %	_____ %
2035	160,000	_____ %	_____ %	2040	65,000	_____ %	_____ %

The 2024A Bonds maturing on February 1, 2035, and thereafter are subject to redemption at the option of the City on February 1, 2034, and any date thereafter at a price of par plus accrued interest to the redemption date.

BANK QUALIFIED: The 2024A Bonds will be designated as “Qualified Tax-Exempt Obligations.”

REGISTRAR/PAYING AGENT: U.S. Bank Trust Company, National Association, St. Paul, Minnesota

LEGAL OPINION: Taft Stettinius & Hollister LLP
Minneapolis, Minnesota

PROPOSALS RECEIVED UNTIL: 10:15 A.M. Central Time on Tuesday, November 19, 2024
Offices of PFM Financial Advisors LLC
45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402
(Electronic Bids Accepted)

CONSIDERATION: 7:00 P.M. Central Time on Tuesday, November 19, 2024

The date of this Official Statement is November 8, 2024.

⁽¹⁾ The City reserves the right to adjust the issue size after opening of proposals in multiples of \$5,000. See “Terms of Proposal” herein.
* Interest rates, reoffering yields or prices, CUSIP numbers and rating will be set forth in the Final Official Statement described herein.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The 2024A Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024A Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.



NEW ISSUE: BOOK-ENTRY ONLY

RATING*: APPLIED FOR (MOODY'S INVESTORS SERVICE)

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota, according to present federal and Minnesota laws, regulations, rulings, and decisions, the interest to be paid on the 2024B Bonds will be includible in the income of the receipt for purposes of United States and State of Minnesota income taxation. See "Tax Considerations" herein

**CITY OF NISSWA, MINNESOTA
(Crow Wing County)**

\$1,100,000⁽¹⁾

GENERAL OBLIGATION ABATEMENT BONDS, SERIES 2024B (TAXABLE)

Dated Date: December 10, 2024
Principal Due: February 1, 2026 through 2030

Minimum Bid: \$1,094,500 (99.5% of Par)
Good Faith Deposit: Not Required

The \$1,100,000⁽¹⁾ General Obligation Abatement Bonds, Series 2024B (Taxable) (the "2024B Bonds") will be issued by the City of Nisswa, Minnesota (the "City") pursuant to Minnesota Statutes, Chapter 469.1812 through 469.1815, Chapter 475, and the City Charter. The 2024B Bonds are being issued to finance (a) governmental and economic development purposes, and (b) pay the cost of issuance of the 2024B Bonds. The 2024B Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues.

The 2024B Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the 2024B Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2024B Bonds purchased. Principal payable annually on each February 1, commencing on February 1, 2026, and interest, payable semi-annually on each February 1 and August 1, beginning August 1, 2025, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursements to the beneficial owners of the 2024B Bonds as described herein. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date").

The 2024B Bonds will mature on February 1 as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>	<u>Yield*</u>
2026	\$ 280,000	_____ %	_____ %
2027	190,000	_____ %	_____ %
2028	200,000	_____ %	_____ %
2029	210,000	_____ %	_____ %
2030	220,000	_____ %	_____ %

The 2024B Bonds are not subject to redemption prior to their stated maturities.

- TAX STATUS:** The 2024B Bonds are Taxable.
- REGISTRAR/PAYING AGENT:** U.S. Bank Trust Company, National Association, St. Paul, Minnesota
- LEGAL OPINION:** Taft Stettinius & Hollister LLP
Minneapolis, Minnesota
- PROPOSALS RECEIVED UNTIL:** 10:15 A.M. Central Time on Tuesday, November 19, 2024
Offices of PFM Financial Advisors LLC
45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402
(Electronic Bids Accepted)
- CONSIDERATION:** 7:00 P.M. Central Time on Tuesday, November 19, 2024

The date of this Official Statement is November 8, 2024.

⁽¹⁾ The City reserves the right to adjust the issue size after opening of proposals in multiples of \$5,000. See "Terms of Proposal" herein.
* Interest rates, reoffering yields or prices, CUSIP numbers and rating will be set forth in the Final Official Statement described herein.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The 2024B Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024B Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.



No dealer, broker, salesman or other person has been authorized by the City, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement or the Final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Municipal Advisor or the Underwriters. This Official Statement or the Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or the Final Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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Appendix A – The City’s Annual Financial Report for the Fiscal Year Ended December 31, 2023

Appendix B – Proposed Forms of Legal Opinion

Appendix C – Proposed Form of Continuing Disclosure Undertaking

Appendix D - Request for Proposals

Official Proposal Forms



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INTRODUCTION TO THE PRELIMINARY OFFICIAL STATEMENT

2024A Bonds

The following information is furnished solely to provide limited introductory information regarding issuance of the \$1,645,000⁽¹⁾ General Obligation Bonds, Series 2024A (the “2024A Bonds”) issued by the City of Nisswa, Minnesota (the “City”), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.

Issuer:	City of Nisswa, Minnesota
Authority for Issuance:	The 2024A Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Sections 475.521 and 469.1812 through 469.1815, and the City Charter.
Security:	The 2024A Bonds are general obligations of the City for which the City Pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues. The tax levies for all years shall be specified and such that if collected in full, together with each year’s collection of tax abatement revenues, will be sufficient to pay at least five percent in excess of the amount needed to meet the principal and interest obligation on the Series 2024A Bonds when due.
Purpose:	The 2024A Bonds are being issued to finance (a) governmental and economic development purposes, (b) improvements to city hall, and (c) cost of issuance of the Series 2024A Bonds.
Principal Payments:	Principal of the 2024A Bonds is payable annually on February 1 of the years 2031 through 2040.
Interest Payments:	Interest on the 2024A Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2025.
Redemption Provisions:	The 2024A Bonds maturing on February 1, 2035, and thereafter are subject to redemption at the option of the City on February 1, 2034, and any date thereafter at a price of par plus accrued interest to the redemption date.
Denominations:	\$5,000 or multiples thereof.
Book-Entry Only:	The 2024A Bonds will be issued as book-entry only securities through the Depository Trust Company.
Tax Status:	Generally exempt from federal and state income taxes. The 2024A Bonds will be designated as “Qualified Tax-Exempt Obligations” (See “Tax Exemption” herein).
Professional Consultants:	<i>Municipal Advisor:</i> PFM Financial Advisors LLC Des Moines, Iowa Minneapolis, Minnesota <i>Bond Counsel:</i> Taft Stettinius & Hollister LLP Minneapolis, Minnesota <i>Registrar/ Paying Agent/ Escrow Agent:</i> U.S. Bank Trust Company, National Association St. Paul, Minnesota
Legal Matters:	Validity, tax exemption, and legal matters incident to the authorization and issuance of the 2024A Bonds are subject to the opinion of Taft Stettinius & Hollister LLP, Bond Counsel. The opinion will be substantially in the form set forth in Appendix B attached hereto.
Dated Date/Delivery Date:	The 2024A Bonds will be delivered on or about December 10, 2024.

⁽¹⁾ Preliminary, subject to change.

Continuing Disclosure:

By a Continuing Disclosure Certificate, the City will covenant and agree to provide to the Municipal Securities Rulemaking Board, certain annual financial information of the type included in this Preliminary Official Statement, including audited financial statements, and notice of the occurrence of certain material events. The City is the only “obligated person” in respect of the 2024A Bonds within the meaning of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240.15c2-12. A copy of the proposed certificate is included in Appendix C.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

The Preliminary Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the “Rule”), but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the 2024A Bonds, the City shall provide copies of the Final Official Statement, as that term is used in the Rule, to the purchaser of the 2024A Bonds.

The purchaser of the 2024A Bonds will be supplied with Final Official Statements in a quantity sufficient to meet its request. Up to 20 copies of the Final Official Statement will be furnished without cost.

Questions regarding the 2024A Bonds or the Preliminary Official Statement can be directed to, and additional copies of the Preliminary Official Statement, the City's audited financial reports and the documents described herein may be obtained from PFM Financial Advisors LLC, 45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402 (612-338-3535 and 612-338-7264 FAX), or 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (515-724-5724 and 515-243-6994 FAX), the City's Municipal Advisor.

(The remainder of this page has been left blank intentionally.)

2024B Bonds

The following information is furnished solely to provide limited introductory information regarding issuance of the \$1,100,000⁽¹⁾ General Obligation Abatement Bonds, Series 2024B (Taxable) (the “2024B Bonds”) issued by the City of Nisswa, Minnesota (the “City”), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.

Issuer:	City of Nisswa, Minnesota						
Authority for Issuance:	The 2024B Bonds are being issued pursuant to Minnesota Statutes, Chapter 469.1812 through 469.1815, Chapter 475, and the City Charter.						
Security:	The 2024B Bonds are general obligations of the City for which the City Pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues. The tax levies for all years shall be specified and such that if collected in full, together with each year’s collection of tax abatement revenues, will be sufficient to pay at least five percent in excess of the amount needed to meet the principal and interest obligation on the Series 2024B Bonds when due.						
Purpose:	The 2024B Bonds are being issued to finance (a) governmental and economic development purposes, and (b) cost of issuance of the Series 2024B Bonds.						
Principal Payments:	Principal of the 2024B Bonds is payable annually on February 1 of the years 2026 through 2030.						
Interest Payments:	Interest on the 2024B Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2025.						
Redemption Provisions:	The 2024B Bonds are not subject to redemption prior to their stated maturities.						
Denominations:	\$5,000 or multiples thereof.						
Book-Entry Only:	The 2024B Bonds will be issued as book-entry only securities through the Depository Trust Company.						
Tax Status:	The interest to be paid on the 2024B Bonds is includable in the income of the recipient for purposes of the United States and State of Minnesota income taxation.						
Professional Consultants:	<table><tr><td><i>Municipal Advisor:</i></td><td>PFM Financial Advisors LLC Des Moines, Iowa Minneapolis, Minnesota</td></tr><tr><td><i>Bond Counsel:</i></td><td>Taft Stettinius & Hollister LLP Minneapolis, Minnesota</td></tr><tr><td><i>Registrar/ Paying Agent/ Escrow Agent:</i></td><td>U.S. Bank Trust Company, National Association St. Paul, Minnesota</td></tr></table>	<i>Municipal Advisor:</i>	PFM Financial Advisors LLC Des Moines, Iowa Minneapolis, Minnesota	<i>Bond Counsel:</i>	Taft Stettinius & Hollister LLP Minneapolis, Minnesota	<i>Registrar/ Paying Agent/ Escrow Agent:</i>	U.S. Bank Trust Company, National Association St. Paul, Minnesota
<i>Municipal Advisor:</i>	PFM Financial Advisors LLC Des Moines, Iowa Minneapolis, Minnesota						
<i>Bond Counsel:</i>	Taft Stettinius & Hollister LLP Minneapolis, Minnesota						
<i>Registrar/ Paying Agent/ Escrow Agent:</i>	U.S. Bank Trust Company, National Association St. Paul, Minnesota						
Legal Matters:	Validity and legal matters incident to the authorization and issuance of the 2024B Bonds are subject to the opinion of Taft Stettinius & Hollister LLP, Bond Counsel. The opinion will be substantially in the form set forth in Appendix B attached hereto.						
Dated Date/Delivery Date:	The 2024B Bonds will be delivered on or about December 10, 2024.						

⁽²⁾ Preliminary, subject to change.

Continuing Disclosure:

By a Continuing Disclosure Certificate, the City will covenant and agree to provide to the Municipal Securities Rulemaking Board, certain annual financial information of the type included in this Preliminary Official Statement, including audited financial statements, and notice of the occurrence of certain material events. The City is the only “obligated person” in respect of the 2024B Bonds within the meaning of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240.15c2-12. A copy of the proposed certificate is included in Appendix C.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

The Preliminary Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the “Rule”), but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the 2024B Bonds, the City shall provide copies of the Final Official Statement, as that term is used in the Rule, to the purchaser of the 2024B Bonds.

The purchaser of the 2024B Bonds will be supplied with Final Official Statements in a quantity sufficient to meet its request. Up to 20 copies of the Final Official Statement will be furnished without cost.

Questions regarding the 2024B Bonds or the Preliminary Official Statement can be directed to, and additional copies of the Preliminary Official Statement, the City's audited financial reports and the documents described herein may be obtained from PFM Financial Advisors LLC, 45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402 (612-338-3535 and 612-338-7264 FAX), or 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (515-724-5724 and 515-243-6994 FAX), the City's Municipal Advisor.

(The remainder of this page has been left blank intentionally.)

DESCRIPTION OF THE 2024A BONDS

Authority and Purpose

The 2024A Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 475 and Sections 475.521 and 469.1812 through 469.1815, and the City Charter. The 2024A Bonds are being issued to finance (a) governmental and economic development purposes, (b) improvements to city hall, and (c) cost of issuance of the Series 2024A Bonds.

The maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to Minnesota Statutes, Section 475.521 (including the Series 2024A Bonds) does not equal or exceed 0.16 percent of the estimated market value of property in the City (\$196,493,184).

Security and Source of Payment

The 2024A Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues. The tax levies for all years shall be specified and such that if collected in full, together with each year's collection of tax abatement revenues, will be sufficient to pay at least five percent in excess of the amount needed to meet the principal and interest obligation on the Series 2024A Bonds when due. In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy additional ad valorem taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

Redemption Provisions

Optional Redemption

The 2024A Bonds maturing on February 1, 2035, and thereafter are subject to redemption at the option of the City on February 1, 2034, and any date thereafter at a price of par plus accrued interest to the redemption date.

DESCRIPTION OF THE 2024B BONDS

Authority and Purpose

The 2024B Bonds are being issued pursuant to Minnesota Statutes, Chapters 469 and 475, and the City Charter. The 2024B Bonds are being issued to finance (a) governmental and economic development purposes and (b) cost of issuance of the Series 2024B Bonds.

Security and Source of Payment

The 2024B Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues. The tax levies for all years shall be specified and such that if collected in full, together with each year's collection of tax abatement revenues, will be sufficient to pay at least five percent in excess of the amount needed to meet the principal and interest obligation on the Series 2024B Bonds when due. Thereafter, each year's collection of tax abatement revenues, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 in the collection year and the principal and interest payment due February 1 of the following year. In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy additional ad valorem taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

Redemption Provisions

Optional Redemption

The 2024B Bonds are not subject to redemption prior to their stated maturities.

DESCRIPTION OF THE OBLIGATIONS

Interest Computation

Interest on the Obligations is payable semi-annually on February 1 and August 1, commencing August 1, 2025. Interest will be computed on a 360-day year of twelve 30-day month basis and will be rounded pursuant to the rules of the Municipal Rulemaking Board. Interest and principal shall be paid to the registered holders of a bond as shown on the records of ownership maintained by the Registrar on the fifteenth day of the calendar month next preceding such interest payment date (the “Record Date”).

Source and Uses of Funds

Table 1 presents the estimated sources and uses of funds for the Obligations.

Table 1
Estimated Sources and Uses of Funds for the Obligations⁽¹⁾

Sources of Funds	<u>2024A Bonds</u>	<u>2024B Bonds</u>
Par Amount		
Total Sources of Funds		
Uses of Funds		
Project Fund Deposits:		
Governmental and Economic Development Purposes	\$ 1,068,700	\$ 1,068,700
Improvements to City Hall	516,500	--
Cost of Issuance/Underwriter Discount Allowance		
Contingency		
Total Uses of Funds		

⁽¹⁾ Preliminary, subject to change.

Bondholders' Risks

The following section of Bondholder's risks is intended only as a summary of certain risk factors related to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire official statement and the Appendices.

Factors Beyond Issuer's Control

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow

problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase City property taxes.

Cybersecurity Risks

The City relies heavily on information technology (“IT”) systems, including electronic records, to process, transmit, and store sensitive and confidential data, including personally identifiable information of its employees and proprietary and confidential performance data. IT systems are often subject to computer viruses, cyber-attacks by hackers, ransomware attacks, or breaches due to employee error.

The City evaluates third-party systems for security risks and requires vendors to sign a contract that requires compliance with the Minnesota Government Data Practices Act, Minnesota Statute, Chapter 13. The City continues to hold a cyber liability policy and will continue to invest in cyber security solutions to protect against evolving threats. The City is confident that the strategy outlined above will protect against a material loss event and will protect the City's financial condition.

Environmental Risks

Environmental and climate-related risks may result in indeterminate and unpredictable consequences for the City. Natural disasters such as floods, tornados, windstorms, snow events and other naturally occurring phenomena cannot be predicted with certainty. There can be no assurance that the City will not encounter such risks in the future or that such risks will not have an adverse effect on the operations or financial condition of the City.

Rating Loss

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

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Book-Entry-Only System

The information contained in the following paragraphs of this subsection “Book-Entry-Only ISSUANCE” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC AND BOOK-ENTRY-ONLY ISSUANCE.” The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2024A Bonds and 2024B Bonds (the “Obligations”). The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Obligations, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to Tender/Remarketing Agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to Tender/Remarketing Agent's DTC account.

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

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

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

Limited Continuing Disclosure

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City has agreed for the benefit of the holders and beneficial owners of the Obligations to provide Audited Financial Statements relating to the City (the "Annual Report"), on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2024. The Annual Report and material event notices are to be filed with the MSRB through its Electronic Municipal Market Access system (EMMA) at www.emma.msrb.org. The details and terms of the undertaking, as well as the information to be contained in the annual report or the notices of material events are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Obligations are delivered. Such undertaking will be in substantially the form attached hereto as Appendix C.

The City has never been subject to continuing disclosure undertakings under the Rule. A failure by the City to comply with the undertaking will not constitute an event of default on the Obligations (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

TAX CONSIDERATIONS

Under federal and Minnesota laws, regulations, rulings, and decisions in effect on the date of issuance of the Series 2024A Bonds, interest on the Series 2024A Bonds is not includable in gross income for federal income tax purposes. Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") , however, impose continuing requirements that must be met after the issuance of the Series 2024A Bonds in order for interest thereon to be and remain not includable in federal gross income. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Series 2024A Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with certain covenants or continuing Code requirements may cause the interest on the Series 2024A Bonds to be includable in federal gross income for purposes of federal income taxation, retroactive to the date of issuance of the Series 2024A Bonds, irrespective in some cases of the date on which such noncompliance occurs or is ascertained. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. **No provision has been made for redemption of or for an increase in the interest rate on the Series 2024A Bonds in the event that interest on the Series 2024A Bonds becomes includable in federal gross income.** The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Series 2024A Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of the Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Series 2024A Bonds for cash at original issue and hold the Series 2024A Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of the Series 2024A Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

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

Opinion

An opinion as to the validity of the Series 2024A Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Series 2024A Bonds. The legal opinion will state that the Series 2024A Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Series 2024A Bonds and the enforceability of the Series 2024A Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Series 2024A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences

arising with respect to the Series 2024A Bonds. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

Statement Regarding Bond Counsel Participation

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under “TAX-EXEMPT INTEREST” herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as “APPENDIX B – FORM OF LEGAL OPINION.”

Tax-Exempt Interest

On the date of issuance of the Series 2024A Bonds, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion, that, based on present federal and Minnesota laws, regulations, rulings, and decisions, at the time of the issuance of the Series 2024A Bonds, the interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Series 2024A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining “annual adjusted financial statement income” for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements. Failure to comply with certain of such requirements may cause interest on the Series 2024A Bonds to be included in gross income and taxable net income, retroactive to their date of issuance. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences.

Original Issue Discount

Obligations may be issued at a discount from their principal amount (any such Obligations being “Discount Bonds”). The excess of the principal amount payable on Obligations of a given maturity over their issue price constitutes “original issue discount” (“OID”). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

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

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

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

Market Discount

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

Bond Premium

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

Related Tax Considerations

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

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

Sale or Other Disposition

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

Information Reporting and Backup Withholding

Payments of interest on the Obligations (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Obligations are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished

to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

Federal and State Tax Law Developments

From time to time, legislative proposals are introduced in Congress and in the states which, if enacted, could alter or amend the federal and state tax matters referred to above or would adversely affect the market value of the Obligations. It cannot be predicted whether or in what form any such proposal may be enacted or whether, if enacted, it would apply to bonds (such as the Obligations contemplated herein) issued prior to enactment. In addition, regulatory actions are from time-to-time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Obligations. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Obligations or the market value thereof would be impacted thereby. Purchasers of the Obligations should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Obligations and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The above, including the discussion concerning related tax considerations, is not intended to be a comprehensive list of all federal or state tax consequences which may arise from the receipt of interest on the Obligations. The receipt of interest on the Obligations may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Obligations should consult their tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Obligations, including without limitation the calculations of alternative minimum tax or foreign branch profits tax liability or the inclusion of Social Security or other retirement payments in taxable income.

Taxability

Interest on the Series 2024B Bonds is not excluded from gross income for federal income tax purposes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Series 2024A Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for Federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, validity and issuance of the Bonds are subject to receipt of the unqualified legal opinion of Taft Stettinius & Hollister LLP of Minneapolis, Minnesota, Bond Counsel. The opinion of Bond Counsel for the Bonds is attached to this Official Statement as Appendix B. Copies of the opinion will be available at the time of the initial delivery of the Bonds. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinions with respect to such information. Additionally, except for statements on the cover page of this Official Statement and under the caption “TAX EXEMPT-INTEREST” relating to Bond Counsel’s opinion that the interest on the Series 2024A Bonds is not includable in gross income for federal income tax purposes, Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled

to rely upon their limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained in this Official Statement. See "FORM OF LEGAL OPINION" found in Appendix B.

RATINGS

Rating reviews for the Obligations have been requested from Moody's Investors Service ("Moody's"). A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the Obligations. For an explanation of the significance of the ratings, an investor should communicate with the rating agency.

LITIGATION

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

MUNICIPAL ADVISOR

The City has retained PFM Financial Advisors LLC, Minneapolis, Minnesota and Des Moines, Iowa as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Obligation. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Preliminary Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Obligations.

CERTIFICATION

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Obligations. As of the date of the settlement of this issue, the Purchaser will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its City Administrator has been duly authorized by the City.

CITY OF NISSWA, MINNESOTA

By: /s/ Jenny Max
City Administrator

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THE CITY

The City is located in central Minnesota in a resort area approximately 135 miles northwest of Minneapolis/St. Paul, 115 miles southwest of Duluth, and 15 miles north of Brainerd. The City is surrounded by lakes and is part of the Brainerd Micropolitan Statistical Area. The City has a land area of approximately 6,720 acres.

City Government

The City is governed as a statutory City under a Mayor Council form of government. The City Council consists of the Mayor who is elected to a two-year term, and four Council members, who are elected to two-year or four-year terms of office. City Council meetings are the third Wednesday of the month at 7:00 P.M.

The City Council and Administration is comprised of the following members:

Mayor and Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
John Ryan	Mayor	12/31/2024
Mark Froehle	Council Member	12/31/2026
Joesph Hall	Council Member	12/31/2024
Bruce London	Council Member	12/31/2024
Jesse Zahn	Council Member	12/31/2026

Administration

<u>Name</u>	<u>Position</u>
Jenny Max	City Administrator
Kirstin Lindbery	City Clerk
Maggi Wentler	Finance Specialist
Tom Blomer	Public Works Director

Population

The table below shows the population of the City as recorded in the past five decennial censuses and the most recent estimated available.

Table 2
Population

<u>Year</u>	<u>City of Nisswa</u>
2023 ⁽¹⁾	2,122
2020	1,966
2010	1,971
2000	1,953
1990	1,391
1980	1,406

⁽¹⁾ Estimate.

Sources: United States Census Bureau, www.census.gov

Building Permits

The table below presents the total residential and commercial building permits during the last five calendar years and the current year.

Table 3
Building Permits

<u>Calendar Year</u>	<u>Total Residential</u>		<u>Total Commercial</u>	
	<u>No. of Permits</u>	<u>Estimated Value</u>	<u>No. of Permits</u>	<u>Estimated Value</u>
2024 ⁽¹⁾	80	\$ 10,085,300	18	\$ 3,927,000
2023	97	10,337,650	23	1,228,130
2022	90	20,998,569	23	5,163,700
2021	102	18,429,073	23	9,173,840
2020	92	9,342,506	7	2,184,400
2019	69	5,551,975	27	4,620,662

⁽¹⁾ As of October 25, 2024.

Source: The City.

Labor Force and Unemployment Statistics

The Minnesota Department of Employment and Economic Development computes annualized average figures for labor force and unemployment rates for the State and its municipalities. The following table presents the average labor force and unemployment rate for Crow Wing County and the State of Minnesota for the last five years and the most recent figures available. Seasonally adjusted rates are only available for state and national figures; therefore all rates presented in the table below are not seasonally adjusted figures.

Table 4
Labor Force and Unemployment Statistics

<u>Year</u>	<u>Crow Wing County</u>		<u>State of Minnesota</u>	
	<u>Average Labor Force</u>	<u>Average Unemployment Rate</u>	<u>Average Labor Force</u>	<u>Average Unemployment Rate</u>
2024 ⁽¹⁾	34,804	3.8%	3,115,054	3.9%
2023	33,916	3.4%	3,099,922	2.8%
2022	33,473	3.1%	3,077,500	2.7%
2021	32,875	4.3%	3,049,037	3.7%
2020	32,514	7.3%	3,122,015	6.3%
2019	32,432	4.4%	3,111,673	3.3%

⁽¹⁾ As of August, 2024.

Source: Minnesota Department of Employment and Economic Development, www.deed.state.mn.us

City Employees

The City has a total of 46 full-time and part-time employees including 6 police officers. Three police officers are represented by the Teamsters Local Union #346 under a contract which expires on December 31, 2025.

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Largest Employers

A representative list of larger employers in the City and County is presented in the table below.

Table 5
Largest Employers

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
City of Nisswa		
Grand View Lodge	Resort	896
Nisswa Schools	Education	104
City of Nisswa	Government	93
Schaefer's Foods	Grocery Retailer	87
Nisswa American Legion	Veteran's & Military Organization	87
Viking Label & Packaging, Inc.	Labels – Paper	45
Causeway on Gull Resort	Resorts	43
Bar Harbor	Restaurants	30
Marienemax Nisswa Marine	Boat Retailer Sales & Service	30
Quarterdeck Bar & Grill	Restaurant	30
Good Samaritan Society	Home Care and Hospice	28
Wendy's	Restaurant	25
Re/Max-Team Rickmeyer	Real Estate	23
B Johnson & Assoc Ltd	Accountants	20
Crow Wing County		
Riverwood Healthcare Center	Clinics	1,122
Central Lakes Medical Center	Clinics	1,001
Essentia Health – St. Joseph's MD	Hospital	971
Grand View Lodge	Resorts	800
Brainerd ISD #181	Education	778
Crow Wing County	Government	610
Cuyuna Regional Medical Center	Hospital	595
Good Samaritan Society - Bethany	Nursing & Convalescent Homes	542
Ascensus	Insurance	500
Wal-Mart Supercenter	Discount Retail	500
Anderson Brother Construction	Sand & Gravel	450
Clow Stamping Co.	Metal Fabricator	400
Breezy Point Resort	Resort	400
Graphic Packaging	Paperboard Mills	385
Marina Dining Room	Resort	375
Central Lakes Community College	Education	350
Whitebirch Inc	Hotels & Motels	250
Ruttger's Bay Lake Lodge	Resort	

Sources: Resource USA

City Services

City services include fire (28 volunteers), police (chief, sergeant and 4 officers) and sewer. Water service is not provided (only private wells). The City maintains a fire rating of 6. The City utilizes aerated ponds built in 1990 for its sewage treatment. The plant's capacity is 325,000 gallons per day. Average demand is 110,000 gallons per day. Peak demand is 250,000 gallons per day. The City also operates an on/off sale liquor store and an off sale liquor store.

Education

Independent School District No. 181 (Brainerd), with a 2024-2025 enrollment of 6,413 students, owns and operates six elementary schools, one middle school, one senior high school and three alternative programming sites.

Independent School District No. 186 (Pequot Lakes), with a 2024-2025 enrollment of 1,766 students, owns and operates one elementary school, one middle school and one high school.

Central Lakes College is a two-year higher education facility, a comprehensive community and technical college serving about 5,500 students per year is located approximately 15 miles from the City, in the City of Brainerd. The College offers many different programs of study designed to help students gain employment, upgrade current skills, and prepare to transfer to a four-year college or university.

Pension Plans

Public Employees Retirement Association of Minnesota

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. The Basic Plan was closed to new members in 1967; therefore, all new members must participate in the Coordinated Plan. PERA provides retirement, disability, and death benefits. Benefit provisions are established by State Statute and can only be modified by the State Legislature.

The City makes annual contributions to the pension plans equal to the amount required by Minnesota Statutes. GERF Coordinated Plan members were required to contribute 6.5% of their annual covered salary in 2023. The City's contributions to the GERF for the year December 31, 2023, were \$119,934.

For additional information on the City's retirement plans, see Note 3 of the "Notes to Financial Statement" in Appendix A attached hereto.

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FINANCIAL SUMMARY

(This summary is subject in all respects to more complete information contained in this Official Statement)

Economic Market Value (2023/24)	\$ 1,309,194,376
Estimated Market Value (2023/24)	\$ 1,228,082,400
Taxable Market Value (2023/24)	\$ 1,219,036,375
Net Tax Capacity (2023/24)	\$ 13,981,829
General Obligation Debt Supported by:	
Tax Levy	\$ 1,863,000
Tax Abatements (Includes the Obligations)	\$ 2,209,000
Revenues	\$ 4,307,000
Overlapping Debt	\$ 27,404,669
Population (2023 Estimate) ⁽¹⁾	2,122

Debt Ratios:

	<u>Amount</u>	<u>Per Capita (2,122)</u>	<u>% of Indicated Market Value</u>
General Obligation Debt			
Supported by Tax Levy	\$ 1,863,000	878	0.15%
Supported by Revenue	2,209,000	1,041	0.18%
Supported by Tax Abatement	4,307,000	2,030	0.35%
Overlapping Debt	<u>27,404,669</u>	<u>12,915</u>	<u>2.23%</u>
Total	<u>\$ 35,783,669</u>	<u>16,863</u>	<u>2.91%</u>

⁽¹⁾ Estimate from the U.S. Census Bureau.

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INDEBTNESS OF THE CITY

General Obligation Debt

Table 7 below and Table 8, Table 9 and Table 10 on the following pages present the City’s general obligation debt as of the issuance of the Obligations.

**Table 6
General Obligation Debt
Indebtedness by Issue**

<u>Date Of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Interest Rates Outstanding</u>	<u>Maturities Outstanding</u>	<u>Principal Outstanding</u>
G.O. Debt Supported by Tax Levies					
02/15/2012	\$ 1,500,000	Street Reconstruction Note ⁽¹⁾	1.00%	08/20/2025 - 32	\$ 662,000
03/12/2013	1,945,000	Capital Improvement	0.30% - 2.00%	02/01/2025	175,000
07/17/2018	1,515,000	Street Reconstruction Bonds	5.00%	02/01/2025 - 26	490,000
12/10/2024	536,000	GO Bonds (CIP Portion)	2024A Bonds	02/01/2031 - 40	<u>536,000</u>
Total G.O. Debt Supported by Tax Levies					<u>\$ 1,863,000</u>
G.O. Debt Supported by Tax Abatements					
12/10/2024	\$ 1,109,000 ⁽²⁾	GO Bonds (Abatement Portion)	2024A Bonds	02/01/2031 - 39	<u>\$ 1,109,000⁽²⁾</u>
12/10/2024	1,100,000 ⁽²⁾	Abatement Bonds (Taxable)	2024B Bonds	02/01/2026 - 30	<u>1,100,000⁽²⁾</u>
Total G.O. Debt supported by Tax Abatements					<u>\$ 2,209,000</u>
G.O. Debt Supported by Revenues					
08/22/2012	\$ 1,240,000	Wastewater Improvements	0.50% - 2.60%	12/01/2025 - 27	\$ 300,000
07/24/2020	5,208,648	Wastewater Improvements	1.00%	08/20/2025 – 40	<u>4,007,000</u>
Total G.O. Debt supported by Revenues					<u>\$ 4,307,000</u>
Total General Obligation Debt					<u>\$ 5,633,000</u>

(1) The G.O. Street Reconstruction Note was issued to the Minnesota Public Facilities Authority for the purpose of providing funding for the construction of a pedestrian tunnel under T.H. 371 to connect Nisswa Lake Park and downtown Nisswa.

(2) Preliminary, subject to change.

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Table 7
General Obligation Debt – Supported by Tax Levy
Annual Maturity Schedule

Fiscal Year December 31	Outstanding G.O. Debt Supported by Tax Levy		2024A Bonds – Portion Supported by Tax Levy		Total
	Principal	Interest	Principal ⁽¹⁾	Interest ⁽²⁾	
2025	\$ 495,000	\$ 34,620	\$ --	\$ --	\$ 529,620
2026	331,000	18,320	--	26,076	375,396
2027	81,000	5,010	--	22,840	108,850
2028	82,000	4,200	--	22,840	109,040
2029	83,000	3,380	--	22,840	109,220
2030	84,000	2,550	--	22,840	109,390
2031	85,000	1,710	45,000	22,840	154,550
2032	86,000	860	45,000	20,590	152,450
2033	--	--	50,000	18,340	68,340
2034	--	--	50,000	16,090	66,090
2035	--	--	51,000	13,840	64,840
2036	--	--	55,000	11,800	66,800
2037	--	--	55,000	9,600	64,600
2038	--	--	60,000	7,400	67,400
2039	--	--	60,000	5,000	65,000
2040	--	--	65,000	2,600	67,600
Total	<u>\$ 1,327,000</u>	<u>\$ 128,688</u>	<u>\$ 536,000</u>	<u>\$ 245,536</u>	<u>\$ 2,179,186</u>

(1) Preliminary, subject to change.

(2) Estimated.

Table 8
General Obligation Debt – Supported by Tax Abatement
Annual Maturity Schedule

Fiscal Year December 31	2024A Bonds – Portion Supported by Tax Abatement		2024A Bonds – Portion Supported by Tax Abatement		Total
	Principal ⁽¹⁾	Interest ⁽²⁾	Principal ⁽¹⁾	Interest ⁽²⁾	
2025	\$ --	\$ --	\$ --	\$ --	\$ --
2026	--	54,440	280,000	70,441	404,881
2027	--	47,685	190,000	44,900	282,585
2028	--	47,685	200,000	33,500	281,185
2029	--	47,685	210,000	21,500	279,185
2030	--	47,685	220,000	11,000	278,685
2031	105,000	47,685	--	--	152,685
2032	110,000	42,435	--	--	152,435
2033	115,000	36,935	--	--	151,935
2034	120,000	31,760	--	--	151,760
2035	109,000	26,360	--	--	135,360
2036	130,000	22,000	--	--	152,000
2037	135,000	16,800	--	--	151,800
2038	140,000	11,400	--	--	151,400
2039	145,000	5,800	--	--	150,800
Total	<u>\$ 1,109,000</u>	<u>\$ 486,355</u>	<u>\$ 1,100,000</u>	<u>\$ 181,341</u>	<u>\$ 2,876,696</u>

(1) Preliminary, subject to change.

(2) Estimated.

Table 9
General Obligation Debt – Supported by Revenues
Annual Maturity Schedule

Outstanding G.O. Debt Supported by Revenues			
Fiscal Year December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 256,000	\$ 47,420	\$ 303,420
2026	260,000	43,560	303,560
2027	264,000	39,510	303,510
2028	254,000	35,270	289,270
2029	258,000	32,730	290,730
2030	263,000	30,150	293,150
2031	263,000	27,520	290,520
2032	267,000	24,890	291,890
2033	267,000	22,220	289,220
2034	272,000	19,550	291,550
2035	276,000	16,830	292,830
2036	276,000	14,070	290,070
2037	281,000	11,310	292,310
2038	281,000	8,500	289,500
2039	284,000	5,690	289,690
2040	<u>285,000</u>	<u>2,850</u>	<u>287,850</u>
Total	<u>\$ 4,307,000</u>	<u>\$ 382,070</u>	<u>\$ 4,689,070</u>

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Debt Limit

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the market value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from its gross debt (1) obligations issued for improvements which are payable wholly or partly from special assessments levied against benefited property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from revenues; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) funds held as sinking funds for payment of principal and interest on debt other than those deductible under 1-4 above; (6) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance. The City’s legal debt margin is calculated as follows:

**Table 10
Debt Limit**

Estimated Market Value (2023/2024)	\$ 1,228,082,400
Legal Debt Limit	<u>3.00%</u>
Total Legal Debt Limit (100.00%)	\$ 36,842,472
General Obligation Debt Subject to Debt Limit (3.13%)	<u>1,152,000</u>
Legal Debt Margin (96.87%)	<u>\$ 35,690,472</u>

Future Financing

The City does not anticipate issuing any additional long-term general obligation debt within the next six months.

Overlapping Debt

There are three taxing jurisdictions which overlap the City and which had general obligation outstanding as of December 1, 2023, unless otherwise noted. The table below sets forth the general obligation debt for such jurisdictions and the amount of debt allocable to the City.

**Table 11
Overlapping Debt**

<u>Taxing District</u>	<u>G.O. Debt</u>	<u>% Allocable to the City</u>	<u>Portion Allocable to City</u>
Crow Wing County	\$ --	6.78%	\$ --
Brainerd ISD. No. 181	214,040,000 ⁽¹⁾	12.72%	27,227,554
Pequot Lakes ISD No. 186	30,630,000	0.58%	<u>177,115</u>
Total			<u>\$ 27,404,669</u>

⁽¹⁾ Excludes lease purchase obligations payable from annual appropriation.

Sources: Crow Wing County.
Municipal Securities Rule Making Board, <http://emma.msrb.org>

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FINANCIAL INFORMATION

Financial Statements

The City's accounting system is organized and operated on a fund basis using the modified accrual basis (the proprietary funds use the accrual basis) of accounting and are audited by an independent accountant. The certified public accountant has not consented to distribution of the audited statement and has not undertaken added review of its presentation. Further information regarding the financial performance and copies of prior financial are available upon request from the City's Municipal Advisor, PFM Financial Advisors LLC. The City's December 31, 2023, Financial Statements are attached as Appendix A of this Preliminary Official Statement.

Results of Operations

Statements of cash receipts, disbursements and changes in cash fund balances of the General Fund of the City have been compiled from the City's Financial Statements and have been organized in the table below in such a manner as to facilitate year-to-year comparison. The table below presents a statement of revenues and expenditures of the City's General Fund for the fiscal years ending December 31, 2021, through 2023.

Table 12
Statement of Cash Receipts, Disbursements, and
Changes in Cash Balance for the General Fund
(Years Ended December 31)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Receipts			
Property Taxes	\$ 2,492,386	\$ 2,178,175	\$ 1,896,907
Licenses, Permits and Fees	10,170	10,255	9,203
Intergovernmental	202,012	253,190	329,507
Changes for Services	147,845	165,526	226,145
Fines	17,861	25,579	23,979
Investment Income	100,728	31,200	21,810
Miscellaneous	<u>145,350</u>	<u>53,312</u>	<u>154,301</u>
Total Receipts	<u>\$ 3,116,352</u>	<u>\$ 2,717,237</u>	<u>\$ 2,661,852</u>
Disbursements			
Current			
General Government	\$ 822,590	\$ 714,664	\$ 729,373
Public Safety	1,011,947	817,751	713,252
Public Works	684,132	666,989	596,918
Sanitation	41,934	45,019	38,276
Economic Development	4,895	5,555	4,695
Cemetery	119,945	97,731	89,981
Capital Outlay	<u>270,885</u>	<u>256,933</u>	<u>78,119</u>
Total Disbursements	<u>\$ 2,956,328</u>	<u>\$ 2,604,642</u>	<u>\$ 2,250,614</u>
Excess (Deficiency) or Receipts Over Disbursements	\$ 160,024	\$ 112,595	\$ 411,238
Other Financing Sources (Uses)			
Transfers In	\$ 265,000	\$ 271,500	\$ 275,000
Transfers Out	<u>(311,125)</u>	<u>(373,940)</u>	<u>(526,828)</u>
Total Financing Sources (Uses)	<u>\$ (46,125)</u>	<u>\$ (102,440)</u>	<u>\$ (251,828)</u>
Net Change in Cash Fund Balances	\$ 113,899	\$ 10,155	\$ 159,410
Fund Balance – Beginning	<u>5,026,994</u>	<u>5,016,839</u>	<u>4,857,429</u>
Fund Balance - Ending	<u>\$ 5,140,893</u>	<u>\$ 5,026,994</u>	<u>\$ 5,016,839</u>

Budget for the General Fund

The table below presents the budgeted receipts and disbursements for the general fund for the fiscal year 2024.

Table 13
Budget for the General Fund

	2024 <u>Adopted Budget</u>
Receipts	
Property Taxes	\$ 3,400,951
Business Licenses & Permits	11,150
2% Fire Aid	70,000
Police Aid	39,000
PERA Reimbursement	1,633
Other State Grants and Aids	176,874
Other County Grants and Aids	420
Professional Fees Reimbursements	10,000
Zoning & Subdivision Fees	40,000
Police	5,000
Cemetery Lot Sales	9,500
Opening & Closing	8,000
Fines	15,000
Interest Earnings	50,000
Rents and Royalties	34,800
Miscellaneous	13,000
Refunds & Reimbursements	56,000
Transfers From Other Funds	<u>290,000</u>
Total Receipts	\$ 4,231,328
Disbursements	
Mayor-City Council	\$ 30,000
Admin-Clerk-Finance	370,277
Elections	6,000
Financial Services	30,000
Legal Services	25,000
Planning and Zoning	172,412
General Government Buildings	94,428
Public Restroom	12,034
Police	1,020,505
Fire	239,481
Highways, Streets & Roadways	1,012,171
Street Lighting	21,250
Sanitation	53,000
Economic Development	8,395
Debt Service	584,368
Cemetery	13,500
Unallocated Expenditures	175,464
Interfund Transfer Out	<u>363,043</u>
Total Disbursements	\$ 4,231,328

Funds on Hand

The following table presents the City’s cash and investments as of September 30, 2024.

Table 14
Funds on Hand

<u>Funds</u>	<u>Total Cash and Investment</u>
General Fund	\$ 4,865,789
Special Revenue Funds	116,904
Tax Increment Financing Projects	4,009
Enterprise	<u>1,951,930</u>
Total All Funds	<u>\$ 6,938,932</u>

Source: The City.

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PROPERTY VALUATIONS AND TAXES

Property Values

The County Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a County. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and may be revalued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of five years. Personal property subject to taxation must also be listed and assessed annually as of January 2.

With certain exemptions, all property is valued at its Estimated Market Value (“EMV”), which is the value the assessor determines to be the price the property to be fairly worth. Taxable Market Value (“TMV”) is EMV less certain exclusions and includes for taxes payable in 2012 and thereafter, a homestead market value exclusion (“Homestead Exclusion”) for homesteads valued at under \$413,800. The Homestead Exclusion replaces the former residential homestead market value credit (“Homestead Credit”), which provided an offset of an amount of residential homeowner property taxes with a credit, which was reimbursed to the County by the State. Assuming a constant levy, the repeal of the Homestead Credit should not cause a decline in the total property taxes collected in the County, but will cause the property tax rates to change for certain taxpayers.

Net Tax Capacity (“NTC”) is the value upon which taxes are levied and collected. The NTC is computed by applying the class rate percentages specific to each type of property classification against the TMV. Class rate percentages vary depending on the type of property.

The following table shows the class rates for selected property types for taxes payable in 2024.

Table 15
Property Class Rates

<u>Type of Property</u>	<u>Pay 2024 Class Rates</u>
Residential Homestead	
First \$500,000 Taxable Market Value	1.00%
Over \$500,000 Taxable Market Value	1.25%
Commercial/Industrial	
First \$150,000 Taxable Market Value	1.50%
Over \$150,000 Taxable Market Value	2.00%
Non-Homestead Market Rate Apartments	1.25%

Neither the NTC nor the TMV may accurately represent what a property’s actual market value would be in the marketplace. By dividing the EMV used for tax purposes by the State Equalization Aid Review Committee’s (“EARC”) Sales Ratio for any particular year, an Economic Market Value can be calculated which approximates actual market value. The Economic Market Value replaces the Indicated Market Value which was previously calculated by dividing the TMV by the Sales Ratio.

Sales ratios represent the relationship between the market value used for tax purposes and actual selling prices which were obtained in real estate transactions within a governmental unit in any particular year. The 2023 Sales Ratio for the City is 93.77%

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The table below shows the Economic Market Value, the Estimated Market Value, Taxable Market Value and Net Tax Capacity of taxable property within the City for assessment year 2023/collection year 2024.

Table 16
Property Values

	<u>Economic Market Value⁽¹⁾</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Net Tax Capacity</u>
Real Estate	\$ 1,301,957,876	\$ 1,220,845,900	\$ 1,211,799,875	\$ 13,855,675
Personal Property	7,236,500	7,236,500	7,236,500	144,600
Less: Tax Increment Captured Tax Capacity ⁽²⁾	<u> --</u>	<u> --</u>	<u> --</u>	<u> (18,446)</u>
Total	<u>\$ 1,309,194,376</u>	<u>\$ 1,228,082,400</u>	<u>\$ 1,219,036,375</u>	<u>\$ 13,981,829</u>

⁽¹⁾ Economic Market Value is calculated by dividing Estimated Market Value of real estate by a sales ratio weighted by property type plus the Estimated Market Value of personal property.

⁽²⁾ This value represents the captured tax capacity of a tax increment financing district(s) in the City. Taxes collected on property in the tax increment district(s) accrue to the City to pay debt service on outstanding tax increment debt.

Source: Crow Wing County.

Net Tax Capacity by Class of Property

The table below presents the real estate Net Tax Capacity of taxable property in the City by category for the assessment year 2023.

Table 17
Net Tax Capacity by Class or Property⁽¹⁾
Assessment Year 2023/Collection Year 2024

	<u>Tax Capacity</u>	<u>Percentage of Total</u>
Residential Homestead	\$ 5,075,558	36.63%
Agricultural	8,255	0.06%
Public Utility	4,739	0.03%
All Other Commercial & Industrial	1,587,305	11.46%
Residential Non-Homestead	2,220,290	16.02%
Seasonal Recreational-Residential	<u>4,959,528</u>	<u>35.79%</u>
Total Net Tax Capacity	<u>\$ 13,855,675</u>	<u>100.00%</u>

⁽¹⁾ Does not reflect adjustment for fiscal disparities and captured tax increment tax capacity.

Source: Crow Wing County.

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Trend of Valuations

The table below presents the Indicated Market Value, Estimated Market Value, Taxable Market Value and Net Tax Capacity values of the City for the last six years.

Table 18
Trend of Valuation

<u>Levy/Payable</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Net Tax Capacity⁽¹⁾</u>
2022/23	\$ 1,085,751,700	\$ 1,076,017,102	\$ 12,216,751
2021/20	818,552,100	807,271,630	8,988,118
2020/19	751,970,500	740,782,294	8,139,416
2019/20	721,434,100	709,888,334	7,810,529
2018/19	654,944,300	643,091,800	7,072,475
2017/18	636,581,900	624,538,593	6,882,095

⁽¹⁾ Does not reflect adjustment for fiscal disparities and captured tax increment tax capacity.

Source: Crow Wing County.

Largest Taxpayers

A list of the principal taxpayers in the City with the highest taxable valuations for taxes payable in 2024 is presented in the table below.

Table 19
Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Property/Business</u>	<u>Tax Capacity</u>	<u>% of Total Tax Capacity⁽¹⁾</u>
ETOC Co Inc.	Resort	\$ 362,323	2.59%
Nisswa LLC	Vacant Land	151,734	1.09%
Minnesota Power and Light	Utility	72,896	0.52%
Nature Link Nisswa Property LLC	Residential Property	69,657	0.50%
Northern States Power Company	Utility	67,662	0.48%
GFS Properties LLC	Resort	60,342	0.43%
Individual	Seasonal	59,438	0.43%
CPS Holdings LLC	Seasonal	52,003	0.37%
Individual	Seasonal	47,609	0.34%
Crow Wing Properties LLC	Commercial	<u>42,516</u>	<u>0.30%</u>
Total		<u>\$ 986,180</u>	<u>7.05%</u>

⁽¹⁾ Based on the 2023/2024 Total Net Tax Capacity of \$13,981,829. The total Net Tax Capacity includes real and personal property and is not adjusted for tax increment financing.

Source: Crow Wing County.

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Tax Capacity Rates

The table below presents the City's tax rates over a five-year period.

Table 20
Tax Capacity Rates

	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>
Crow Wing County	22.295%	24.067%	31.650%	33.069%	33.154%
City of Nisswa	24.324%	25.580%	31.039%	30.885%	31.642%
Brainerd ISD No. 181	19.589%	21.489%	27.457%	29.146%	29.058%
Pequot Lakes ISD. No. 186	7.105%	7.971%	10.459%	11.529%	12.170%
Other Special Districts ⁽¹⁾	0.492%	0.544%	0.720%	0.778%	0.815%
Total Tax Rate for City Residents in ISD No. 181	66.700%	71.680%	90.866%	93.878%	94.669%

⁽¹⁾ Includes Regional Development District, County HRA, and Watershed District.

Source: Crown Wing County.

Tax Levies and Collections

The tax year in Minnesota is January 1 to December 31. Taxes are collected by the County Auditor/Treasurer's Office. The sequence of events in the taxation of property begins with the certification of the property tax levy to the County Auditor on or before December 28. The County Auditor then calculates the local tax rates and spreads the taxes designed to meet these budget requirements. The resulting taxes on property are payable the following year. The due dates for taxes on real property are one-half on or before May 15 and one-half on or before October 15. The due dates for payment of agricultural property taxes are one-half on or before May 15th and one-half on or before November 15th.

Penalties on unpaid taxes occur as follows: On May 16, unpaid property taxes on the first one-half are penalized at a rate of 2% on property classified as homestead and 4% on property classified as non-homestead. Thereafter, an additional 1% accrues on the unpaid balance of both homestead and non-homestead property through October. Penalties on the unpaid second half of taxes accrue beginning October 16 at 2% for homestead properties and 4% for non-homestead properties. Additional penalties also accrue on Agricultural homesteads and non-homesteads if the second half has not been paid by November 15th. The penalty rate differs depending on the type of property through December. On January 2, the total penalty on unpaid homestead properties is 10% and on non-homestead properties at 14%. In January following the year in which the taxes were due, interest is also charged based on variable rates per annum, on the full amount of unpaid taxes, penalties, and costs. Personal property tax is also penalized at varying rates determined by the type of property.

The table below sets forth the City's tax levies and collections for the current year and previous four years.

Table 21
Tax Levies and Collections

<u>Collection Year</u>	<u>Gross Tax Levy</u>	<u>Net Tax Levy</u>	<u>Tax Collections</u>	<u>% of Net Levy</u>	<u>Amount Delinquent</u>	<u>Collections as of 09/16/24</u>	<u>% of Net Levy</u>
2024	\$ 3,400,956	\$ 3,400,705	In process of collection				
2023	3,210,390	3,120,244	\$ 3,093,766	99.15%	\$ 26,478	\$ 3,111,043	99.71%
2022	2,786,013	2,785,885	2,773,331	99.55%	12,554	2,784,963	99.97%
2021	2,510,092	2,505,699	2,494,185	99.54%	11,514	2,505,672	100.00%
2020	2,465,095	2,464,183	2,453,222	99.56%	10,961	2,464,171	100.00%

Source: Crow Wing County.

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APPENDIX A

**The City's Annual Financial Report
for the Fiscal Year Ended December 31, 2023**

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City of Nisswa, Minnesota

Audited Financial Statements

For The Year Ended
December 31, 2023

**SCHLENNER
WENNER & Co.**
CPAs

**CITY OF NISSWA, MINNESOTA
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**INTRODUCTORY
SECTION**

**CITY OF NISSWA, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CITY COUNCIL		<u>Term Expires</u>
John Ryan	Mayor	December 31, 2024
Mark Froehle	Council Member	December 31, 2026
Joseph Hall	Council Member	December 31, 2024
Mark Utzinger	Council Member	December 31, 2024
Jesse Zahn	Council Member	December 31, 2026
CITY OFFICIALS		
Jenny Max	Administrator	Appointed
Maggi Wentler	Finance Specialist	Appointed

**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Nisswa, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Nisswa, Minnesota, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective regulatory basis financial position of each major fund and the aggregate remaining fund information of the City of Nisswa, Minnesota, as of December 31, 2023, and their respective regulatory basis changes in financial position and, where applicable, regulatory basis cash flows thereof for the year then ended in accordance with the financial reporting provisions of the State of Minnesota's Office of the State Auditor as described in Note 1.C.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each major fund and the aggregate remaining fund information of the City of Nisswa, Minnesota, as of December 31, 2023, or the respective changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of Minnesota's Office of the State Auditor. Management is also responsible 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, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, budgetary comparison schedule, combining nonmajor fund financial statements, schedule of indebtedness, schedule of accounts receivable, and schedule of accounts payable and contingent liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate 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.

The introductory section, budgetary comparison schedule, schedule of indebtedness, schedule of accounts receivable, and schedule of accounts payable and contingent liabilities have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024 on our consideration of the City of Nisswa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Nisswa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Nisswa's internal control over financial reporting and compliance.



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

March 26, 2024

BASIC FINANCIAL STATEMENTS

CITY OF NISSWA, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Debt Service Fund	Gull Lake Trail	County Road 77/Nokomis Roundabout	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 1,768,133	\$ 340,887	\$ -	\$ -	\$ 392,742	\$ 2,501,762
Due from Other Funds	<u>3,372,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,372,760</u>
TOTAL ASSETS	<u>\$ 5,140,893</u>	<u>\$ 340,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,742</u>	<u>\$ 5,874,522</u>
LIABILITIES						
Due to Other Funds	\$ -	\$ -	\$ 1,848,072	\$ 1,469,914	\$ 19,975	\$ 3,337,961
CASH FUND BALANCES						
Restricted	207,243	340,887	-	-	9,260	557,390
Committed	187,303	-	-	-	303,235	490,538
Assigned	-	-	-	-	87,799	87,799
Unassigned	<u>4,746,347</u>	<u>-</u>	<u>(1,848,072)</u>	<u>(1,469,914)</u>	<u>(27,527)</u>	<u>1,400,834</u>
Total Cash Fund Balances	<u>5,140,893</u>	<u>340,887</u>	<u>(1,848,072)</u>	<u>(1,469,914)</u>	<u>372,767</u>	<u>2,536,561</u>
TOTAL LIABILITIES AND CASH FUND BALANCES	<u>\$ 5,140,893</u>	<u>\$ 340,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,742</u>	<u>\$ 5,874,522</u>

CITY OF NISSWA, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Gull Lake Trail	County Road 77/Nokomis Roundabout	Nonmajor Governmental Funds	Total Governmental Funds
RECEIPTS						
Taxes	\$ 2,492,386	\$ 617,009	\$ -	\$ -	\$ -	\$ 3,109,395
Tax Increment	-	-	-	-	18,608	18,608
Licenses, Permits, and Fees	10,170	-	-	-	-	10,170
Intergovernmental	202,012	-	1,443,416	368,962	89,866	2,104,256
Charges for Services	147,845	-	-	-	308,434	456,279
Fines	17,861	-	-	-	-	17,861
Investment Income	100,728	-	-	-	5,004	105,732
Miscellaneous	145,350	-	-	-	105,080	250,430
TOTAL RECEIPTS	<u>3,116,352</u>	<u>617,009</u>	<u>1,443,416</u>	<u>368,962</u>	<u>526,992</u>	<u>6,072,731</u>
DISBURSEMENTS						
Current:						
General Government	822,590	-	-	-	-	822,590
Public Safety	1,011,947	-	-	-	285,558	1,297,505
Public Works	684,132	-	-	133,292	-	817,424
Sanitation	41,934	-	-	-	-	41,934
Parks and Recreation	-	-	299,519	-	283,077	582,596
Economic Development	4,895	-	-	-	10,904	15,799
Cemetery	119,945	-	-	-	-	119,945
Capital Outlay	270,885	-	2,756,401	1,596,992	520,546	5,144,824
Debt Service:						
Principal	-	523,000	-	-	-	523,000
Interest and Other Charges	-	62,315	-	-	-	62,315
TOTAL DISBURSEMENTS	<u>2,956,328</u>	<u>585,315</u>	<u>3,055,920</u>	<u>1,730,284</u>	<u>1,100,085</u>	<u>9,427,932</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	160,024	31,694	(1,612,504)	(1,361,322)	(573,093)	(3,355,201)
OTHER FINANCING SOURCES (USES)						
Transfers In	265,000	-	-	-	311,125	576,125
Transfers Out	(311,125)	-	-	-	-	(311,125)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(46,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,125</u>	<u>265,000</u>
NET CHANGE IN CASH FUND BALANCES	113,899	31,694	(1,612,504)	(1,361,322)	(261,968)	(3,090,201)
CASH FUND BALANCES - BEGINNING	<u>5,026,994</u>	<u>309,193</u>	<u>(235,568)</u>	<u>(108,592)</u>	<u>634,735</u>	<u>5,626,762</u>
CASH FUND BALANCES - ENDING	<u>\$ 5,140,893</u>	<u>\$ 340,887</u>	<u>\$ (1,848,072)</u>	<u>\$ (1,469,914)</u>	<u>\$ 372,767</u>	<u>\$ 2,536,561</u>

**CITY OF NISSWA, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Liquor Fund	Sewer Fund	Nonmajor Water Fund	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,163,464	\$ 1,754,839	\$ -	\$ 2,918,303
Accounts Receivable	1,750	216,461	-	218,211
Inventory	<u>597,517</u>	<u>-</u>	<u>-</u>	<u>597,517</u>
Total Current Assets	1,762,731	1,971,300	-	3,734,031
Noncurrent Assets				
Capital Assets Not Being Depreciated and Amortized	-	706,546	-	706,546
Capital Assets Being Depreciated and Amortized (Net)	<u>703,954</u>	<u>7,065,271</u>	<u>-</u>	<u>7,769,225</u>
Total Noncurrent Assets	<u>703,954</u>	<u>7,771,817</u>	<u>-</u>	<u>8,475,771</u>
TOTAL ASSETS	2,466,685	9,743,117	-	12,209,802
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	153,763	36,343	-	190,106
LIABILITIES				
Current Liabilities				
Accounts Payable	51,689	17,043	-	68,732
Salaries Payable	38,447	5,722	-	44,169
Due to Other Funds	-	-	34,799	34,799
Accrued Interest	-	14,664	-	14,664
Debt Due Within One Year	<u>91,910</u>	<u>249,000</u>	<u>-</u>	<u>340,910</u>
Total Current Liabilities	182,046	286,429	34,799	503,274
Noncurrent Liabilities				
Compensated Absences Due After One Year	78,239	23,340	-	101,579
Debt Due After One Year	425,676	4,307,000	-	4,732,676
Net Pension Liability	<u>509,016</u>	<u>121,524</u>	<u>-</u>	<u>630,540</u>
Total Noncurrent Liabilities	<u>1,012,931</u>	<u>4,451,864</u>	<u>-</u>	<u>5,464,795</u>
TOTAL LIABILITIES	1,194,977	4,738,293	34,799	5,968,069
DEFERRED INFLOWS OF RESOURCES				
Pensions	148,632	35,485	-	184,117
NET POSITION				
Net Investment in Capital Assets	186,368	3,215,817	-	3,402,185
Unrestricted	<u>1,090,471</u>	<u>1,789,865</u>	<u>(34,799)</u>	<u>2,845,537</u>
TOTAL NET POSITION	<u>\$ 1,276,839</u>	<u>\$ 5,005,682</u>	<u>\$ (34,799)</u>	<u>\$ 6,247,722</u>

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

	Liquor Fund	Sewer Fund	Nonmajor Water Fund	Totals
SALES AND COST OF SALES				
Sales	\$ 5,531,229	\$ -	\$ -	\$ 5,531,229
Cost of Sales	<u>(3,615,463)</u>	<u>-</u>	<u>-</u>	<u>(3,615,463)</u>
GROSS PROFIT	1,915,766	-	-	1,915,766
OPERATING REVENUES				
Charges for Services	<u>-</u>	<u>769,762</u>	<u>-</u>	<u>769,762</u>
TOTAL GROSS PROFIT AND OPERATING REVENUES	1,915,766	769,762	-	2,685,528
OPERATING EXPENSES				
Wages and Benefits	971,332	168,720	-	1,140,052
Materials and Supplies	192,790	119,110	-	311,900
Repairs and Maintenance	57,119	81,321	-	138,440
Insurance	29,770	-	-	29,770
Miscellaneous	157,846	188	-	158,034
Depreciation and Amortization	<u>123,311</u>	<u>338,452</u>	<u>-</u>	<u>461,763</u>
TOTAL OPERATING EXPENSES	<u>1,532,168</u>	<u>707,791</u>	<u>-</u>	<u>2,239,959</u>
NET OPERATING INCOME (LOSS)	383,598	61,971	-	445,569
NONOPERATING INCOME (EXPENSE)				
Connection Fees	-	98,000	-	98,000
Investment Income	-	13,637	-	13,637
Miscellaneous	1,326	-	-	1,326
Interest and Other Charges	<u>(18,106)</u>	<u>(54,124)</u>	<u>-</u>	<u>(72,230)</u>
TOTAL NONOPERATING INCOME (EXPENSE)	<u>(16,780)</u>	<u>57,513</u>	<u>-</u>	<u>40,733</u>
CHANGE IN NET POSITION PRIOR TO TRANSFERS	366,818	119,484	-	486,302
TRANSFERS				
Operating Transfers Out	<u>(265,000)</u>	<u>-</u>	<u>-</u>	<u>(265,000)</u>
CHANGE IN NET POSITION	101,818	119,484	-	221,302
NET POSITION - BEGINNING OF YEAR	<u>1,175,021</u>	<u>4,886,198</u>	<u>(34,799)</u>	<u>6,026,420</u>
NET POSITION - END OF YEAR	<u>\$ 1,276,839</u>	<u>\$ 5,005,682</u>	<u>\$ (34,799)</u>	<u>\$ 6,247,722</u>

**CITY OF NISSWA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Liquor Fund	Sewer Fund	Nonmajor Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 5,529,479	\$ 760,298	\$ -	\$ 6,289,777
Cash Paid to Suppliers	(4,076,691)	(190,316)	-	(4,267,007)
Cash Paid to Employees	(917,823)	(170,212)	-	(1,088,035)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	534,965	399,770	-	934,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other Receipts	1,326	98,000	-	99,326
Net Operating Subsidies and Transfers from (to) Other Funds	(265,000)	-	-	(265,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(263,674)	98,000	-	(165,674)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(22,860)	(81,832)	-	(104,692)
Payments on Lease Liabilities	(88,975)	-	-	(88,975)
Payments on Bond Principal	-	(249,000)	-	(249,000)
Cash Paid for Interest	(18,106)	(54,820)	-	(72,926)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(129,941)	(385,652)	-	(515,593)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	-	13,637	-	13,637
Net Change in Cash and Cash Equivalents	141,350	125,755	-	267,105
Cash and Cash Equivalents - Beginning of Year	1,022,114	1,629,084	-	2,651,198
Cash and Cash Equivalents - End of Year	<u>\$ 1,163,464</u>	<u>\$ 1,754,839</u>	<u>\$ -</u>	<u>\$ 2,918,303</u>

**CITY OF NISSWA, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Liquor Fund	Sewer Fund	Nonmajor Water Fund	Totals
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ 383,598	\$ 61,971	\$ -	\$ 445,569
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	123,311	338,452	-	461,763
Changes in Assets, Liabilities, and Deferrals:				
Accounts Receivable	(1,750)	(9,464)	-	(11,214)
Inventory	(14,465)	-	-	(14,465)
Accounts Payable	(9,238)	10,303	-	1,065
Salaries Payable	5,475	588	-	6,063
Net Pension Liability	(194,335)	(59,546)	-	(253,881)
Deferred Outflows or Resources - Pensions	95,110	27,099	-	122,209
Deferred Inflows or Resources - Pensions	139,286	33,079	-	172,365
Compensated Absences	7,973	(2,712)	-	5,261
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 534,965	\$ 399,770	\$ -	\$ 934,735

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Nisswa, Minnesota (the City), complies with accounting practices prescribed or permitted by the *Reporting and Publishing Requirements for City Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* prescribed by the State of Minnesota's Office of the State Auditor. See Note 1.C. for additional information.

The City has a mayor-council form of government that is governed by an elected mayor and four-member council. The City provides the following services: municipal liquor, sewer, recreation, public improvements, public safety, planning and zoning, and general administrative services.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the primary governmental unit of the City of Nisswa, Minnesota.

In determining the financial reporting entity, the City complies with the provisions of GASB No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has the following blended component unit:

Economic Development Authority

The Authority was established pursuant to the provisions of Minnesota Statutes Section 469.090 through 469.108 to promote and provide incentives for economic development, and to preserve and create jobs, enhance the City's tax base and promote the general welfare of the people.

The financial activity of the Authority is performed by the City of Nisswa and treated as routine City business.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

Related Organizations

The Nisswa Firefighters Relief Association (the Association) is organized as a non-profit organization, legally separate from the City, to provide pension and other benefits to its members in accordance with Minnesota Statutes. Its board of directors is appointed by the membership of the Association which includes three members appointed by the City. The Association issues its own set of financial statements. All funding is conducted in accordance with applicable Minnesota Statutes, whereby State aids flow to the Association, and the Association pays benefits directly to its members. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity. The City's portion of the costs of the Association's pension benefits is included in the fire fund under public safety.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows/outflows, fund equity, receipts/revenues, and disbursements/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, receipts/revenues, or disbursements/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows, liabilities and deferred inflows of resources, receipts/revenues, or disbursements/expenses of that individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by enterprise funds. Ad valorem taxes, special assessments, and tax increment financing are used for the payment of principal and interest on the City's indebtedness.

The *Gull Lake Trail Fund* accounts for financial resources to be used for the Gull Lake Trail project.

The *County Road 77/Nokomis Roundabout Fund* accounts for financial resources to be used for the roundabout project on County Road 77 & Nokomis.

The City reports the following major proprietary funds:

The *Liquor Fund* accounts for business-like activities related to running the municipal liquor stores provided to the general public. These activities are financed primarily by liquor sales, and the measurement of financial activity focuses on net income measurement similar to the private sector.

The *Sewer Fund* accounts for business-like activities related to the operation of a sanitary sewer collection system provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Additionally, the government reports the following nonmajor fund types:

The *Special Revenue Funds* account for funds received by the City with a specific purpose.

The *TIF 1-13 American National Bank Project Fund* accounts for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City and pay-as-you-go debt, other than debt service payments made by enterprise funds.

The *Capital Project Fund* accounts for financial resources to be used for the acquisition or construction of capital projects (other than capital projects financed by proprietary funds).

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B. BASIS OF PRESENTATION (Continued)

The *Water Fund* accounts for business-like activities related to the operation of a water distribution system provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements have been prepared on the regulatory basis of accounting as described in the Minnesota's Office of the State Auditor's *Reporting and Publishing Requirements for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting*. Under this regulatory basis of accounting:

- In the governmental fund statements, receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. These statements do not give effect to receivables, payables, accrued expenses and inventories and, accordingly, are not presented in accordance with accounting principles generally accepted in the United States of America.
- The proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used and are presented in accordance with accounting principles generally accepted in the United States of America.

The basis differs from accounting principles generally accepted in the United States of America primarily because the City has not reported a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities and the City does not recognize governmental receipts and disbursements in accordance with the modified accrual basis of accounting.

1.D. BUDGETARY INFORMATION

An annual budget is adopted on a basis consistent with the regulatory basis of accounting for the general fund. The appropriated budget is prepared by fund, function, and department. The City of Nisswa's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

1.E. USE OF ESTIMATES

The preparation of financial statements in conformity with the regulatory basis of accounting 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 assets, liabilities, and deferred outflows/inflows of resources at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY

Cash and Cash Equivalents

For purposes of the Statement Balances Arising from Cash Transactions and proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, certificates of deposit, and pooled money market accounts. Certificates of deposit are stated at cost, which approximates fair value.

See Note 2.A. for additional information related to Cash and Cash Equivalents.

Prepays

Prepays (when present) represent costs paid that relate to future periods.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “due to/from other funds.” Long-term interfund loans are reported as “advances from and to other funds.” See Note 2.D. for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the fund financial statements, no receivables are recorded in governmental funds. In the proprietary funds, material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year end.

Inventories

The Liquor Fund carries inventory that consists of items held for resale. Inventory is recognized on the last cost method.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental or proprietary fund operations.

Governmental Statements

In the governmental financial statements, capital acquisitions are accounted for as expenditures of the governmental fund upon disbursement of the related financial resources.

Proprietary Statements

In the proprietary financial statements, capital acquisitions are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation.

The City maintains a threshold of \$2,500 or more for capitalizing assets. The system for accumulation of capital asset cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Depreciation and amortization of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation and amortization is provided over the estimated useful lives of the assets using the straight-line method.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Building Improvements	10-50 years
Infrastructure	25-50 years
Furniture and Equipment	3-20 years

Accounts Payable

Payables in the proprietary funds are composed almost entirely of payables to vendors.

Long-Term Debt

The accounting treatment of long-term debt and other long-term obligations depends on whether the liabilities pertain to governmental fund operations or proprietary fund operations.

Governmental Funds

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

Proprietary Funds

Long-term debt of the proprietary funds is to be repaid from proprietary resources and is reported as liabilities in the Statement of Net Position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are recognized in the current period.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. All vacation and sick pay is accrued when incurred in the proprietary fund financial statements.

Net Pension Liability

The net pension liability represents the City's allocation of their pro-rata share of the Statewide General Employees Retirement Fund net pension liability.

PERA

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

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 proprietary fund Statement of Net Position in relation to the activity of the pension funds in which City employees participate.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to future periods, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources in the proprietary fund Statement of Net Position in relation to the activity of the pension funds in which City employees participate.

See Note 3 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

Equity Classifications

Governmental Funds

In the governmental fund financial statements, governmental funds report cash fund balances as either nonspendable, restricted, committed, assigned, or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted cash fund balances, it uses restricted fund balances first unless unrestricted cash fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted cash fund balance classification could be used, it uses cash fund balances in the following order: Committed, assigned, unassigned, in accordance with the City's policies.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact.

Restricted – That portion of cash fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, which is the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned – Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has delegated the authority to assign fund balances to the City Administrator/Treasurer.

Unassigned – This classification represents cash fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City has adopted a policy under which it strives to maintain a minimum unassigned cash fund balance in the General Fund equal to 100 percent of the annual budgeted expenditures.

See Note 2.E. for additional disclosures.

Proprietary Funds

In the proprietary fund financial statements, net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND EQUITY (Continued)

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to consider restricted net position to its depletion before unrestricted net position is applied.

1.G. REVENUES, RECEIPTS, DISBURSEMENTS, AND EXPENSES

Property Tax

Under state law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of October. The County of Crow Wing is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected.

December 31 is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and/or services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating items which include revenue and expenses related to capital and related to financing, noncapital financing, or investing activities.

Disbursements and Expenses

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Capital Outlay
	Debt Service

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report disbursements of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. See additional information at Note 2.D.

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred inflows/outflows of resources, equity, receipts/revenues, and disbursements/expenses.

2.A. CASH AND CASH EQUIVALENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City's Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States Government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated "A" or better;
- A revenue obligation of a state or local government, with taxing powers, rated "AA" or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- Time deposits insured by any federal agency.

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

At December 31, 2023, the City's deposits, including money market savings and certificates of deposit, were not exposed to custodial credit risk. The City's deposits were sufficiently covered by federal depository insurance or by collateral held by the City's agent in the City's name.

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH AND CASH EQUIVALENTS (Continued)

Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The City does not have any investment policies that would further limit investment choices.

Investment balances at December 31, 2023 are as follows:

Deposit/Investment	Credit Rating	Fair Value Level	Fair Value	Investment Maturities (in Years)		
				Less Than 1	1 - 5	6 - 10
Pooled Investments:						
4M Municipal Money Market Fund	N/A	N/A	\$ 205,891	\$ 205,891	\$ -	\$ -

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

- Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City’s investments.
- Custodial credit risk is the risk that in the event of a failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- Concentration of Credit Risk is the risk associated with the magnitude of the City’s investments (considered five percent or more) in the investments of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The City has no formal policy limiting the amounts that may be invested in any one issuer. At December 31, 2023, the City did not have a significant concentration of credit risk.
- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy to address interest rate risk.

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH AND CASH EQUIVALENTS (Continued)

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

The 4M Municipal Money Market Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follow the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares. The investment in the 4M pooled funds is not subject to the credit risk classifications as noted in GASB Statement No. 72.

Deposits and Investments Summary

A reconciliation of cash and investments as shown on the Statement of Balances Arising from Cash Transactions and Statement of Net Position for the City follows:

Carrying Amount of Deposits	\$	5,214,174
Investments		<u>205,891</u>
Total	\$	<u><u>5,420,065</u></u>
Governmental - Cash and Cash Equivalents	\$	2,501,762
Proprietary - Cash and Cash Equivalents		<u>2,918,303</u>
Total	\$	<u><u>5,420,065</u></u>

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<i>Proprietary Funds:</i>					
Capital Assets, not Being Depreciated or Amortized					
Land	\$ 706,546	\$ -	\$ -	\$ -	\$ 706,546
Capital Assets, Being Depreciated and Amortized					
Equipment	1,144,888	71,694	-	-	1,216,582
Buildings	553,773	-	-	-	553,773
Infrastructure	11,821,161	32,998	-	-	11,854,159
Leased Building	691,381	-	-	-	691,381
Total Capital Assets Being Depreciated and Amortized	14,211,203	104,692	-	-	14,315,895
Less Accumulated Depreciation for					
Equipment	866,638	47,649	-	-	914,287
Buildings	370,782	20,288	-	-	391,070
Infrastructure	4,752,124	298,464	-	-	5,050,588
Less Accumulated Amortization for Leased Building	95,363	95,362	-	-	-
Total Accumulated Depreciation and Amortization	6,084,907	461,763	-	-	6,546,670
Total Capital Assets Being Depreciated and Amortized, Net	8,126,296	(357,071)	-	-	7,769,225
Proprietary Funds Capital Assets, Net	<u>\$ 8,832,842</u>	<u>\$ (357,071)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,475,771</u>

2.C. NONCURRENT LIABILITIES

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental funds and amounts to be repaid from proprietary funds.

There are a number of limitations and restrictions contained in the general obligation bond indentures.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. NONCURRENT LIABILITIES (Continued)

Debt Detail

General Obligation Bonds and Notes

The City of Nisswa issues general obligation bonds and notes to finance the acquisition and construction of major capital facilities and infrastructure throughout the City. General obligation bonds have been issued for both activities pertaining to governmental funds and proprietary funds. General obligation bonds and notes are direct obligations and pledge the full faith and credit of the City of Nisswa. General obligation bonds and notes outstanding at December 31, 2023 consist of the following:

Governmental Funds

General Obligation Bonds

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
3/13	\$ 1,945,000	\$155,000-\$175,000	0.30-2.00%	02/25	\$ 345,000
7/18	1,515,000	\$185,000-\$250,000	5.00%	02/26	715,000
					<u>\$ 1,060,000</u>

General Obligation Note

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
02/12	\$ 1,500,000	\$72,000-\$84,000	1.00%	08/32	<u>\$ 741,000</u>

Taxable General Obligation Bond

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
07/13	\$ 585,000	\$50,000-\$65,000	3.00-3.35%	02/24	<u>\$ 65,000</u>

Proprietary Funds

General Obligation Revenue Bond

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
8/12	\$ 1,240,000	\$75,000-\$100,000	0.50-2.60%	12/27	<u>\$ 385,000</u>

General Obligation Revenue Note

Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
8/20	\$ 5,208,648	\$164,000-\$285,000	1.00%	8/40	<u>\$ 4,171,000</u>

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. NONCURRENT LIABILITIES (Continued)

Lease Liabilities

The City of Nisswa currently leases a building for the purpose of facilitating the operations of the City’s Liquor Fund. Because of the nature of the terms of the lease, a long-term lease liability has been recorded in an amount equal to the present value to the future lease payments. Additionally, a corresponding right-of-use asset has been recorded and incorporated into the City’s capital asset records. Terms of the City’s leasing arrangements as of December 31, 2023 are detailed below:

Proprietary Funds

Lease Liabilities					
Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
1/22	\$ 691,381	\$84,820-\$104,652	3.25%	3/29	\$ 517,586

Changes in Noncurrent Liabilities

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<i>Governmental Funds:</i>					
General Obligation Bonds	\$ 1,440,000	\$ -	\$ (380,000)	\$ 1,060,000	\$ 395,000
General Obligation Note	819,000	-	(78,000)	741,000	79,000
Taxable General Obligation Bond	<u>130,000</u>	-	<u>(65,000)</u>	<u>65,000</u>	<u>65,000</u>
Total Governmental Funds	<u>\$ 2,389,000</u>	<u>\$ -</u>	<u>\$ (523,000)</u>	<u>\$ 1,866,000</u>	<u>\$ 539,000</u>
<i>Proprietary Funds:</i>					
General Obligation Revenue Bonds	\$ 470,000	\$ -	\$ (85,000)	\$ 385,000	\$ 85,000
General Obligation Revenue Note	4,335,000	-	(164,000)	4,171,000	164,000
Lease Liabilities	606,561	-	(88,975)	517,586	91,910
Compensated Absences	<u>96,318</u>	<u>36,640</u>	<u>(31,379)</u>	<u>101,579</u>	<u>-</u>
Total Proprietary Funds	<u>\$ 5,507,879</u>	<u>\$ 36,640</u>	<u>\$ (369,354)</u>	<u>\$ 5,175,165</u>	<u>\$ 340,910</u>

Governmental fund debt is typically funded through the Debt Service Funds, proprietary fund bonds and notes are funded through the Sewer Fund, and lease liabilities are funded through the Liquor Fund. Compensated absences are funded through the proprietary fund in which the employee’s wages are recorded.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. NONCURRENT LIABILITIES (Continued)

Annual Debt Service Requirements

At December 31, 2023, the estimated annual debt service requirements to maturity including principal and interest, and excluding compensated absences, are as follows:

Years Ending December 31,	Governmental Funds		
	General Obligation Bonds and Notes		
	Principal	Interest	Total
2024	\$ 539,000	\$ 43,718	\$ 582,718
2025	495,000	26,870	521,870
2026	331,000	12,070	343,070
2027	81,000	5,010	86,010
2028	82,000	4,200	86,200
2029-2032	338,000	8,500	346,500
Total	<u>\$ 1,866,000</u>	<u>\$ 100,368</u>	<u>\$ 1,966,368</u>

Years Ending December 31,	Proprietary Funds		
	General Obligation Bonds and Notes		
	Principal	Interest	Total
2024	\$ 249,000	\$ 50,845	\$ 299,845
2025	256,000	47,420	303,420
2026	260,000	43,560	303,560
2027	264,000	39,510	303,510
2028	254,000	35,270	289,270
2029-2033	1,318,000	137,510	1,455,510
2034-2038	1,386,000	70,260	1,456,260
2039-2040	569,000	8,540	577,540
Total	<u>\$ 4,556,000</u>	<u>\$ 432,915</u>	<u>\$ 4,988,915</u>

Years Ending December 31,	Proprietary Funds		
	Lease Liabilities		
	Principal	Interest	Total
2024	\$ 91,910	\$ 15,170	\$ 107,080
2025	94,942	12,138	107,080
2026	98,074	9,006	107,080
2027	101,310	5,771	107,081
2028	104,652	2,429	107,081
2029	26,698	74	26,772
Total	<u>\$ 517,586</u>	<u>\$ 44,588</u>	<u>\$ 562,174</u>

Interest and fiscal charge expense totals \$62,315 in the Statement of Receipts, Disbursements, and Changes in Cash Fund Balances-Governmental Funds. Interest expense totals \$72,230 in the Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds.

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2023:

Major Funds	Transfers In					Total
	Transfers Out	Major Funds General	Nonmajor Funds		Total	
			Community Center	Parks and Recreation		
General	\$ 311,125	\$ -	\$ 23,739	\$ 287,386	\$ 311,125	
Liquor	265,000	265,000	-	-	265,000	
	\$ 576,125	\$ 265,000	\$ 23,739	\$ 287,386	\$ 576,125	

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The interfund balances are as follows:

Short-Term Balances			
Due to Fund	Due From Fund		
General	Economic Development Authority	\$ 19,975	Eliminate negative cash
General	Gull Lake Trail	1,848,072	Eliminate negative cash
General	County Rd 77/Nokomis Roundabout	1,469,914	Eliminate negative cash
General	Water Fund	34,799	Eliminate negative cash
Total Interfund Balances		\$ 3,372,760	

The interfund balance for the Economic Development Authority, Gull Lake Trail, County Road 77/Nokomis Roundabout, and Water Fund cash deficits are to be repaid as cash flows become available. The City anticipates receiving significant cash reimbursements from grants and other local government entities in 2024 in relation to the Gull Lake Trail and County Road 77/Nokomis Roundabout projects.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.E. FUND BALANCES

At December 31, 2023, governmental fund balances consist of the following:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund				
Restricted for Police Department	\$ 29,990	\$ -	\$ -	\$ -
Restricted for Parks	177,253	-	-	-
Committed for Planning and Zoning	-	52,400	-	-
Committed for Police Department	-	87,983	-	-
Committed for Public Works	-	46,920	-	-
Unassigned	-	-	-	4,746,347
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total General Fund Balance	<u>\$ 207,243</u>	<u>\$ 187,303</u>	<u>\$ -</u>	<u>\$ 4,746,347</u>
Debt Service Fund				
Restricted for Debt Service	<u>\$ 340,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Gull Lake Trail Fund				
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,848,072)</u>
County Road 77/Nokomis Roundabout Fund				
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,469,914)</u>
Nonmajor Governmental Funds				
Restricted for Tax Increment Financing	\$ 9,260	\$ -	\$ -	\$ -
Committed for Fire Department Capital Purchases	-	44,483	-	-
Committed for Park and Recreation Capital Purchases	-	132,200	-	-
Committed for Community Center Capital Purchases	-	119,000	-	-
Committed for Capital Projects	-	7,552	-	-
Assigned for Fire Department	-	-	71,383	-
Assigned for Park and Recreation	-	-	16,416	-
Unassigned	-	-	-	(27,527)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Nonmajor Governmental Funds Balance	<u>\$ 9,260</u>	<u>\$ 303,235</u>	<u>\$ 87,799</u>	<u>\$ (27,527)</u>

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.E. FUND BALANCES (Continued)

Additionally, nonmajor funds with deficit fund balances at December 31, 2023 are as follows:

Nonmajor Funds	Fund Deficit
Special Revenue Funds	
Economic Development Authority	<u>\$ (19,975)</u>
Proprietary Funds	
Water Fund	<u>\$ (34,799)</u>

These fund deficits are expected to be covered from future revenues, tax levies or transfers.

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Plan Description

The City 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 are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Benefits Provided

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

General 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 receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**CITY OF NISSWA, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023**

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City’s contributions to the General Employees Fund for the year ended December 31, 2023 were \$119,934, of which \$70,071 came from the City’s proprietary funds. The City’s contributions are equal to the required contributions as set by State Statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$1,079,234, of which \$630,540 was reported in the City’s proprietary funds, for its proportionate share of the General Employees Fund’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$29,703.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0193 percent at the end of the measurement period and 0.0189 percent for the beginning of the period.

City’s proportionate share of the net pension liability:	\$1,079,234
State of Minnesota’s proportionate share of the net pension liability associated with the City:	29,703
Total	\$1,108,937

For the year ended December 31, 2023, the City recognized pension expense of \$21,234 for its proportionate share of the General Employees Plan’s pension expense associated with the City’s proprietary funds. In addition, the City recognized an additional \$78 as pension expense (and grant revenue) associated with the City’s proprietary funds for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 35,266	\$ 6,664
Changes in actuarial assumptions	157,186	295,809
Differences between projected and actual investment earnings	-	12,661
Changes in proportionate share	69,915	-
Contributions paid to PERA subsequent to the measurement date	61,480	-
 Total Deferred Outflows/Inflows	 \$ 323,847	 \$ 315,134
 Proprietary Funds - Deferred Outflows/Inflows	 \$ 190,106	 \$ 184,117

The \$61,480 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024, of which \$36,819 was paid from proprietary funds. 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
2024	\$ 59,991
2025	(119,599)
2026	30,253
2027	(23,412)
 Total	 \$ (52,767)

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	<u>25.0%</u>	5.90%
Total	<u>100%</u>	

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

Pension Liability Sensitivity

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

	Sensitivity of Net Pension Liability at Current Single Discount Rate		
	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Entire City	\$1,909,252	\$1,079,234	\$396,513
Proprietary Funds	\$1,115,475	\$630,540	\$231,662

Pension Plan Fiduciary Net Position

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

NOTE 4 OTHER NOTES

4.A. RISK MANAGEMENT

Claims and Judgements

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

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

4.B. OTHER EMPLOYEE BENEFITS

The City provides eligible employees future retirement benefits through participation in the Minnesota Deferred Compensation Plan (MNDCP), which is a Section 457 plan administered by the Minnesota State Retirement System. Eligible employees of the City may begin participating in the MNDCP commencing on the date of their employment by electing to have a percentage of their pay contributed to the Plan. The City does not make employer contributions to the Plan.

**CITY OF NISSWA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 OTHER NOTES (Continued)

4.C. TAX INCREMENT FINANCING DISTRICT

The City occasionally enters into tax increment financing arrangements with local businesses, for the purpose of stimulating economic growth within the City. Eligibility for business seeking tax abatements of this nature is determined in accordance with the applicable Minnesota Statutes, and such arrangements generally include a commitment by the local business to use the abated funds for financing a development or redevelopment project. Any tax increment generated by the district and not retained by the City for administrative costs is returned to the business to finance the debt incurred for the related improvements.

The following is a summary of the City’s current tax increment financing districts:

	District #1-13
Business Name	American National Bank
Purpose	Redevelopment
Authorizing MN Statute:	469.174
Year Established:	2018
Duration of District:	Through 2042
Original Base Net Tax Capacity:	\$ 10,334
Current Net Tax Capacity:	\$ 28,580
Captured Net Tax Capacity:	
Retained by City	\$ 18,246
Amount Abated	\$ 10,904
Shared with Other Taxing Districts	\$ -
Total Pay-as-you-go Debt Issued:	\$ 332,500
Balance at 12/31/2023:	\$ 345,612

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF NISSWA, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS (Presented Prospectively)

For the Measurement Year Ended June 30	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<i>General Employees Retirement Pension Plan</i>							
2023	0.0193%	\$ 1,079,234	\$ 29,703	\$ 1,108,937	\$ 1,469,599	75.46%	83.10%
2022	0.0189%	\$ 1,496,886	\$ 43,762	\$ 1,540,648	\$ 1,333,173	115.56%	76.67%
2021	0.0173%	\$ 738,788	\$ 22,525	\$ 761,313	\$ 1,185,027	64.24%	87.00%
2020	0.0165%	\$ 989,250	\$ 30,489	\$ 1,019,739	\$ 1,123,267	90.78%	79.06%
2019	0.0157%	\$ 868,018	\$ 26,999	\$ 895,017	\$ 1,059,400	84.48%	80.20%
2018	0.0155%	\$ 859,876	\$ 28,191	\$ 888,067	\$ 996,907	89.08%	79.50%
2017	0.0146%	\$ 932,054	\$ 11,712	\$ 943,766	\$ 865,813	109.00%	75.90%
2016	0.0135%	\$ 1,096,133	\$ 14,341	\$ 1,110,474	\$ 839,000	132.36%	68.90%
2015	0.0130%	\$ 673,727	\$ -	\$ 673,727	\$ 730,456	92.23%	78.20%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF NISSWA, MINNESOTA
SCHEDULE OF CITY PENSION CONTRIBUTIONS
LAST TEN YEARS (Presented Prospectively)

For the Fiscal Year Ended December 31	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>General Employees Retirement Pension Plan</i>					
2023	\$ 119,934	\$ 119,934	\$ -	\$ 1,599,118	7.50%
2022	\$ 104,560	\$ 104,560	\$ -	\$ 1,394,133	7.50%
2021	\$ 93,707	\$ 93,707	\$ -	\$ 1,249,427	7.50%
2020	\$ 85,313	\$ 85,313	\$ -	\$ 1,137,507	7.50%
2019	\$ 82,199	\$ 82,199	\$ -	\$ 1,095,987	7.50%
2018	\$ 78,297	\$ 78,297	\$ -	\$ 1,043,960	7.50%
2017	\$ 68,738	\$ 68,738	\$ -	\$ 916,507	7.50%
2016	\$ 61,801	\$ 61,801	\$ -	\$ 824,013	7.50%
2015	\$ 59,443	\$ 59,443	\$ -	\$ 792,569	7.50%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF NISSWA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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.

CITY OF NISSWA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. 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 percent for the period July 1, 2020, through December 31, 2023 and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality 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.

CITY OF NISSWA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

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 percent to 3 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.
- Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of-Living Adjustment, not less than 1 percent and not more than 1.5 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- 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.

CITY OF NISSWA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

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.

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.

SUPPLEMENTARY INFORMATION

CITY OF NISSWA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
RECEIPTS			
Taxes			
Property Taxes	\$ 2,496,795	\$ 2,492,386	\$ (4,409)
Licenses and Permits	12,000	10,170	(1,830)
Intergovernmental Receipts			
State Receipts			
Market Value Credit	120	146	26
PERA Aid	1,633	-	(1,633)
Police and Fire Aid	-	195,805	195,805
Other State Grants and Aids	5,500	6,061	561
Total Intergovernmental Receipts	7,253	202,012	194,759
Charges for Services			
General Government	98,950	103,897	4,947
Police and Fire Contracts	5,000	11,883	6,883
Parks and Recreation	-	22,065	22,065
Cemetery	15,000	10,000	(5,000)
Total Charges for Services	118,950	147,845	28,895
Fines and Forfeitures	20,000	17,861	(2,139)
Miscellaneous Receipts			
Investment Earnings	18,000	100,728	82,728
Sale of Assets	-	4,867	4,867
Refunds and Reimbursements	10,000	106,938	96,938
Contributions and Donations	-	5,765	5,765
Other Miscellaneous	114,000	27,780	(86,220)
Total Miscellaneous Receipts	142,000	246,078	104,078
TOTAL RECEIPTS	2,796,998	3,116,352	319,354

**CITY OF NISSWA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
DISBURSEMENTS			
General Government			
Mayor and Council	30,000	24,084	(5,916)
Administration and Finance	346,108	345,729	(379)
Other General Government	340,334	452,777	112,443
Capital Outlay	<u>8,700</u>	<u>8,177</u>	<u>(523)</u>
Total General Government	725,142	830,767	105,625
Public Safety			
Police			
Current	957,528	1,011,947	54,419
Capital Outlay	<u>62,500</u>	<u>19,263</u>	<u>(43,237)</u>
Total Public Safety	1,020,028	1,031,210	11,182
Public Works			
Street Maintenance and Storm Sewers	698,008	657,152	(40,856)
Street Lighting	29,000	26,980	(2,020)
Capital Outlay - Street Construction	52,000	85,185	33,185
Capital Outlay - Other	<u>70,068</u>	<u>158,260</u>	<u>88,192</u>
Total Public Works	849,076	927,577	78,501
Sanitation			
Other Sanitation	78,000	41,934	(36,066)
Housing and Economic Development			
Economic Development			
Current	8,395	4,895	(3,500)
Miscellaneous Disbursements			
Cemetery			
Current	104,446	119,945	15,499
Capital Outlay	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
Total Miscellaneous Disbursements	<u>108,446</u>	<u>119,945</u>	<u>11,499</u>
TOTAL DISBURSEMENTS	<u>2,789,087</u>	<u>2,956,328</u>	<u>167,241</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS			
	7,911	160,024	152,113

**CITY OF NISSWA, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
OTHER FINANCING SOURCES (USES)			
Transfers			
From Other Funds	265,000	265,000	-
To Other Funds	(311,125)	(311,125)	-
TOTAL OTHER FINANCING SOURCES (USES)	(46,125)	(46,125)	-
NET CHANGE IN CASH FUND BALANCE	\$ (38,214)	113,899	\$ 152,113
CASH FUND BALANCE - BEGINNING		5,026,994	
CASH FUND BALANCE - ENDING		\$ 5,140,893	

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

Note 1 - Disbursements in Excess of Budget

Actual disbursements in the General Fund of \$2,956,328 were in excess of final budgeted amounts by \$167,241 for the current year. This is primarily due to unbudgeted costs in Other General Government for professional services and Public Works Capital Outlay.

CITY OF NISSWA, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
ALL NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Total Nonmajor Special Revenue Funds	TIF 1-13 American National Bank Project	Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 375,930	\$ 9,260	\$ 7,552	\$ 392,742
LIABILITIES				
Due to Other Funds	\$ 19,975	\$ -	\$ -	\$ 19,975
CASH FUND BALANCES				
Restricted	-	9,260	-	9,260
Committed	295,683	-	7,552	303,235
Assigned	87,799	-	-	87,799
Unassigned	(27,527)	-	-	(27,527)
Total Cash Fund Balances	<u>355,955</u>	<u>9,260</u>	<u>7,552</u>	<u>372,767</u>
TOTAL LIABILITIES AND CASH FUND BALANCES				
	<u>\$ 375,930</u>	<u>\$ 9,260</u>	<u>\$ 7,552</u>	<u>\$ 392,742</u>

CITY OF NISSWA, MINNESOTA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Total Nonmajor Special Revenue Funds	TIF 1-13 American National Bank Project	Capital Project Fund	Total Nonmajor Governmental Funds
RECEIPTS				
Tax Increment	\$ -	\$ 18,608	\$ -	\$ 18,608
Intergovernmental	89,866	-	-	89,866
Charges for Services	308,434	-	-	308,434
Investment Income	4,887	-	117	5,004
Miscellaneous	<u>105,080</u>	<u>-</u>	<u>-</u>	<u>105,080</u>
TOTAL RECEIPTS	<u>508,267</u>	<u>18,608</u>	<u>117</u>	<u>526,992</u>
DISBURSEMENTS				
Current:				
Public Safety	285,558	-	-	285,558
Parks and Recreation	283,077	-	-	283,077
Economic Development	-	10,904	-	10,904
Capital Outlay	<u>520,546</u>	<u>-</u>	<u>-</u>	<u>520,546</u>
TOTAL DISBURSEMENTS	<u>1,089,181</u>	<u>10,904</u>	<u>-</u>	<u>1,100,085</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(580,914)	7,704	117	(573,093)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>311,125</u>	<u>-</u>	<u>-</u>	<u>311,125</u>
NET CHANGE IN CASH FUND BALANCES	(269,789)	7,704	117	(261,968)
CASH FUND BALANCES - BEGINNING	<u>625,744</u>	<u>1,556</u>	<u>7,435</u>	<u>634,735</u>
CASH FUND BALANCES - ENDING	<u>\$ 355,955</u>	<u>\$ 9,260</u>	<u>\$ 7,552</u>	<u>\$ 372,767</u>

CITY OF NISSWA, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2023

	Fire Fund	Parks & Recreation	Community Center	Economic Development Authority	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and Cash Equivalents	\$ 115,866	\$ 148,616	\$ 111,448	\$ -	\$ 375,930
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ -	\$ 19,975	\$ 19,975
CASH FUND BALANCES					
Committed	44,483	132,200	119,000	-	295,683
Assigned	71,383	16,416	-	-	87,799
Unassigned	-	-	(7,552)	(19,975)	(27,527)
Total Cash Fund Balances	115,866	148,616	111,448	(19,975)	355,955
TOTAL LIABILITIES AND CASH FUND BALANCES					
	\$ 115,866	\$ 148,616	\$ 111,448	\$ -	\$ 375,930

CITY OF NISSWA, MINNESOTA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Fire Fund	Parks & Recreation	Community Center	Economic Development Authority	Total Nonmajor Special Revenue Funds
RECEIPTS					
Intergovernmental	\$ 89,866	\$ -	\$ -	\$ -	\$ 89,866
Charges for Services	265,649	18,007	24,778	-	308,434
Investment Income	3,857	1,030	-	-	4,887
Miscellaneous	96,730	400	7,950	-	105,080
TOTAL RECEIPTS	<u>456,102</u>	<u>19,437</u>	<u>32,728</u>	-	<u>508,267</u>
DISBURSEMENTS					
Current:					
Public Safety	285,558	-	-	-	285,558
Parks and Recreation	-	251,679	31,398	-	283,077
Capital Outlay	507,195	9,997	3,354	-	520,546
TOTAL DISBURSEMENTS	<u>792,753</u>	<u>261,676</u>	<u>34,752</u>	-	<u>1,089,181</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(336,651)	(242,239)	(2,024)	-	(580,914)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	287,386	23,739	-	311,125
NET CHANGE IN CASH FUND BALANCES	(336,651)	45,147	21,715	-	(269,789)
CASH FUND BALANCES - BEGINNING	<u>452,517</u>	<u>103,469</u>	<u>89,733</u>	<u>(19,975)</u>	<u>625,744</u>
CASH FUND BALANCES - ENDING	<u>\$ 115,866</u>	<u>\$ 148,616</u>	<u>\$ 111,448</u>	<u>\$ (19,975)</u>	<u>\$ 355,955</u>

**CITY OF NISSWA, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/23	Issued	Paid	Outstanding Balance 12/31/23	Principal Due Within One Year
GOVERNMENTAL INDEBTEDNESS									
<u>General Obligation Bonds</u>									
G.O. Capital Imp Plan Bonds 2013A	3/12/2013	0.30-2.00%	2/1/2025	\$ 1,945,000	\$ 510,000	\$ -	\$ 165,000	\$ 345,000	\$ 170,000
G.O. Street Recon 2018A	7/17/2018	5.00%	2/1/2026	1,515,000	930,000	-	215,000	715,000	225,000
				3,460,000	1,440,000	-	380,000	1,060,000	395,000
<u>General Obligation Note</u>									
G.O. Street Recon Note 2012	2/15/2012	1.00%	8/20/2032	1,500,000	819,000	-	78,000	741,000	79,000
<u>Taxable General Obligation Bonds</u>									
G.O. Abatement Bonds 2013B	7/11/2013	3.00-3.35%	2/1/2024	585,000	130,000	-	65,000	65,000	65,000
TOTAL GOVERNMENTAL DEBTS				5,545,000	2,389,000	-	523,000	1,866,000	539,000
ENTERPRISE INDEBTEDNESS									
<u>General Obligation Bonds</u>									
GO Sewer Revenue Bonds, Series 2012A	8/22/2012	0.50-2.60%	12/1/2027	1,240,000	470,000	-	85,000	385,000	85,000
G.O. Sewer Revenue Note 2020	8/26/2020	1.00%	8/20/2040	1,728,697	4,335,000	-	164,000	4,171,000	164,000
				2,968,697	4,805,000	-	249,000	4,556,000	249,000
<u>Leases</u>									
Liquor Building Lease	1/1/2022	3.25%	3/15/2029	691,381	606,561	-	88,975	517,586	91,910
TOTAL ENTERPRISE DEBTS				3,660,078	5,411,561	-	337,975	5,073,586	340,910
TOTAL INDEBTEDNESS				<u>\$ 9,205,078</u>	<u>\$ 7,800,561</u>	<u>\$ -</u>	<u>\$ 860,975</u>	<u>\$ 6,939,586</u>	<u>\$ 879,910</u>

**CITY OF NISSWA, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2023
(UNAUDITED)**

<u>Fund</u>	<u>Item and Purpose</u>	<u>Amounts</u>
General	Property Taxes	\$ 37,648
Debt Service	Property Taxes	8,052
Gull Lake Trail	Construction Reimbursements	400,000
	Grants Receivable	1,207,131
County Road 77/Nokomis Roundabout	LRIF Grants Receivable	716,263
Sewer	Customer Charges	216,461
Liquor	Pull Tab Booth Rental	<u>1,750</u>
Total Accounts Receivable		<u>\$ 2,587,305</u>

CITY OF NISSWA, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
DECEMBER 31, 2023
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amounts</u>
General	Forum Communication	Advertising	\$ 29.87
	Nisswa Hardware	Operating	7.99
	Nisswa Hardware	Repairs & Maintenance Contractual	38.10
	Nisswa Hardware	Repairs & Maintenance	257.51
	S-N-K Carwash	Repairs & Maintenance Contractual	271.50
	Schaefer's Foods	Other	187.89
	Verizon Wireless	Communication	488.70
	Waste Partners	Operating	177.59
	Waste Partners	Other	2,961.42
	Wex Bank	Operating	1,361.25
	Baker Tilly	TIF Reporting	<u>1,500.00</u>
			\$ 7,281.82
Gull Lake Trail	Anderson Brothers	Construction - Retainage	138,609.49
Nonmajor	Brainerd Truck & Trailers	Repairs & Maintenance Contractual	250.97
	Mid-State Safety	Small Tools	72.00
	Nisswa Hardware	Repairs & Maintenance	49.29
	S-N-K Carwash	Repairs & Maintenance Contractual	182.65
	Verizon Wireless	Communication	190.05
	Waste Partners	Other	213.10
	Wex Bank	Operating	731.40
	American National Bank	Tax Increment	<u>5,865.00</u>
Wastewater	Cardmember Services	Uniform	14.76
	Cardmember Services	Repairs and Maintenance	38.91
	Gopher State One-Call	Other	13.50
	Nisswa Hardware	Repairs and Maintenance	12.99
	PFM Financial Advisors	Professional Fees	6,500.00
	Rasinski Excavating	Repairs & Maintenance Contractual	10,005.00
	The Wagon	Repairs and Maintenance Contractual	165.00
	Wex Bank	Operating	<u>292.77</u>
			17,042.93

CITY OF NISSWA, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
DECEMBER 31, 2023
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amounts</u>
Liquor	MN Department of Revenue	Sales Tax Payable	27,112.00
	MN Department of Revenue	Sales Tax Payable	8,522.00
	American Welding	Operating	56.82
	Aramark Uniform	Operating	306.77
	Artisan Beer Company	Merchandise for Resale	(220.92)
	Breakthru Beverage	Merchandise for Resale	802.94
	Breakthru Beverage	Transportation	3.83
	Cardmember Service	Advertising	100.00
	Cardmember Service	Office Supplies	260.42
	Cardmember Service	Other	52.72
	Cardmember Service	Repairs & Maintenance	(44.57)
	Central McGowan	Rental	63.35
	Johnson Brothers	Merchandise for Resale	13,489.48
	Johnson Brothers	Transportation	239.80
	Nisswa Hardware	Operating	41.85
	Nisswa Hardware	Repairs & Maintenance	19.46
	Schaefer's Foods	Merchandise for Resale	86.13
	Schaefer's Foods	Operating	262.57
	Southern Glazer's Wine & Spirits	Transportation	0.30
	Waste Partners	Operating	519.15
	Wine Merchants	Merchandise for Resale	14.13
			<u>51,688.23</u>
		Total	<u>\$ 222,176.93</u>

OTHER REQUIRED REPORTS

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

Honorable Mayor and City Council
City of Nisswa, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the City of Nisswa (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Nisswa's basic financial statements and have issued our report thereon dated March 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying *Schedule of Findings and Responses* as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Responses* as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Nisswa failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, 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 Nisswa's Response to Findings

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

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



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

March 26, 2024

**CITY OF NISSWA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL STATEMENT FINDINGS

Finding 2023-001 Limited Segregation of Duties

Condition: During our audit we reviewed procedures over cash receipts, cash disbursements, payroll and financial reporting and found the City to have limited segregation of duties over those transaction cycles.

Criteria: Internal control that supports the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties. In other words, no one person has control over two or more of these responsibilities.

Cause: Limited number of staff members.

Effect: The existence of limited segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Recommendation: Although the number of staff members may not be large enough to eliminate this deficiency, we recommend the City evaluate current procedures and segregate where possible and implement compensating controls. It is important that the Council is aware of this condition and monitor all financial information.

*Views of Responsible
Officials And Planned
Corrective Actions:*

Management agrees with the recommendation. See corresponding Corrective Action Plan.

Finding 2023-002 Material Audit Adjustments

Condition: Prior to the audit, the City's financial statements contained misstatements, the nature of which could potentially be material.

Criteria: The City is required to report financial information in accordance with the regulatory basis of accounting prescribed by the State of Minnesota's Office of the State Auditor.

Cause: The City failed to record all year-end adjustments required under the regulatory basis of accounting and various other adjustments were required to correct misstatements.

Effect: The misstatements in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation in accordance with accounting practices prescribed by the State of Minnesota's Office of the State Auditor.

Recommendation: While the City may not have adequate controls in place to eliminate this finding, the City should continue to document its annual review of the adjustments and provide additional training to staff.

*Views of Responsible
Officials And Planned
Corrective Actions:*

Management agrees with the recommendation. See corresponding Corrective Action Plan.

**CITY OF NISSWA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2023-003

Financial Statement Preparation

Condition: Schlenner Wenner & Co. drafted the audited financial statements and related footnote disclosures for the City. It is management's responsibility to provide for the preparation of financial statements and the auditor's responsibility to determine the fairness of the presentation. This deficiency could result in a material misstatement that could have been prevented or detected by management.

Criteria: Internal controls over financial reporting should be in place to provide for the preparation of financial statements on an annual basis.

Cause: The City's staff does not possess the expertise to prepare financial statements internally. This is not unusual for a City of your size.

Effect: The inability to internally prepare the City's financial statements can result in undetected errors in financial reporting.

Recommendation: We recommend that management review a draft of the financial statements in detail for accuracy. During review we recommend a disclosure checklist be utilized to ensure all required disclosures are presented and the City should agree the financial statement numbers to their accounting software. The City may not have the ability to eliminate this finding.

*Views of Responsible
Officials And Planned
Corrective Actions:*

Management agrees with the recommendation. See corresponding Corrective Action Plan.

**CITY OF NISSWA, MINNESOTA
CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL STATEMENT FINDINGS

Finding 2023-001 Limited Segregation of Duties

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City currently has the following procedures in place:
 - The City Council reviews the monthly invoices and approves the expenditures.The City will review current procedures and implement additional controls where possible.
3. Official Responsible
Jenny Max, City Administrator, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

Finding 2023-002 Material Audit Adjustments

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will thoroughly review the trial balance prior to audit fieldwork and make any adjusting entries before submitting the trial balance to the auditors.
3. Official Responsible
Jenny Max, City Administrator, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

**CITY OF NISSWA, MINNESOTA
CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2023-003 Financial Statement Preparation

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
The City may continue to have the auditor prepare the financial statements and will continue to document the annual review of the financial statements and related footnote disclosures. The City will revisit this decision on an ongoing, annual basis.

3. Official Responsible
Jenny Max, City Administrator, is the official responsible for ensuring corrective action.

4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.

5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

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APPENDIX B

Form of Legal Opinion

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PROPOSED FORM OF LEGAL OPINION

\$1,645,000
GENERAL OBLIGATION BONDS, SERIES 2024A
CITY OF NISSWA
CROW WING COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Nisswa, Crow Wing County, Minnesota (the "Issuer"), of its \$1,645,000 General Obligation Bonds, Series 2023A, bearing a date of original issue of December 10, 2024 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

TAFT STETTINIUS & HOLLISTER LLP

PROPOSED FORM OF LEGAL OPINION

\$1,100,000
GENERAL OBLIGATION TAXABLE ABATEMENT BONDS, SERIES 2024B
CITY OF NISSWA
CROW WING COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Nisswa, Crow Wing County, Minnesota (the "Issuer"), of its \$1,100,000 General Obligation Taxable Abatement Bonds, Series 2024B, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

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

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are a valid and binding general obligation of the Issuer and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bond is included in gross income for United States income tax purposes and is included, to the same extent, in both gross income and taxable net income for State of Minnesota income tax purposes.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

TAFT STETTINIUS & HOLLISTER LLP

APPENDIX C

Form of Continuing Disclosure Undertaking

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PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Nisswa, Minnesota (the "Issuer"), in connection with the issuance of its \$1,645,000 General Obligation Bonds, Series 2024A and its \$1,100,000 General Obligation Taxable Abatement Bonds, Series 2024B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on November 19, 2024 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

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

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 4 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated _____, 2024, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2024, the Issuer shall, or shall cause the Dissemination Agent to provide, at least annually to the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, its Audited Financial Statements for the most recent Fiscal Year, which is the only financial information or operating data which is customarily prepared by the Issuer and publicly available, by not later than December 31, 2025, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB its Audited Financial Statements by the date required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Reporting of Significant Events. This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive

- agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB.

SECTION 5. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 6. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 8. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 9. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 10. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 11. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 7 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: December 10, 2024

CITY OF NISSWA, MINNESOTA

By _____
Its Mayor

By _____
Its City ADMINISTRATOR

APPENDIX D

Request for Proposals

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Request for Proposals

CITY OF NISSWA, MINNESOTA

\$1,645,000⁽¹⁾

General Obligation Bonds, Series 2024A

Proposals for the purchase of the \$1,645,000⁽¹⁾ General Obligation Bonds, Series 2024A (the “2024A Bonds”) issued by the City of Nisswa, Minnesota (the “City”) will be received on Tuesday, November 19, 2024 via electronic Internet bid submitted through the Parity[®] electronic bidding system until 10:15 A.M. Central Time after which time they will be tabulated. Questions regarding the sale of the 2024A Bonds should be directed to the City’s Municipal Advisor, PFM Financial Advisors LLC at (612) 338-3535 or (515) 243-2600. The City Council will consider award of the 2024A Bonds at 7:00 o'clock P.M. Central Time, on the same day.

PURPOSE AND SECURITY FOR THE 2024A BONDS

The 2024A Bonds are being issued to finance (a) governmental and economic development purposes, (b) improvements to city hall, and (c) cost of issuance of the Series 2024A Bonds.

The 2024A Bonds are general obligations of the City for which the City Pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues. The tax levies for all years shall be specified and such that if collected in full, together with each year’s collection of tax abatement revenues, will be sufficient to pay at least five percent in excess of the amount needed to meet the principal and interest obligation on the Series 2024A Bonds when due.

FORM OF PROPOSALS

Proposals must be submitted on or in substantial compliance with the Request for Proposals provided by the City or through Parity[®] (the “Electronic Bid System”). The City shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bidding, facsimile facilities or the means used to deliver or complete a proposal. The use of such facilities or means is at the sole risk of the prospective proposer who shall be bound by the terms of the proposal as received.

No bid will be received after 10:15 A.M. Central Time on Tuesday, November 19, 2024, as specified in the Official Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all proposals submitted. A proposal may be withdrawn before the proposal deadline using the same method used to submit the proposal. If more than one proposal is received from a proposer, the last proposal received shall be considered.

Electronic Bidding: Electronic proposals must be submitted through Parity (the “Electronic Bid System”). Information about the Electronic Bid System may be obtained by contacting Parity[®] at i-Deal/Parity[®], Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018 (212) 849-5021.

Each proposal shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Request for Proposals. The City is permitting proposers to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the City. Provisions of the Request for Proposals or Official Bid Form shall control in the event of conflict with information provided by the Electronic Bid System.

DETAILS OF THE 2024A BONDS

The 2024A Bonds will be dated December 10, 2024, as the date of original issue, with interest payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

The 2024A Bonds will mature on February 1, in the following years and amounts:

<u>Year</u>	<u>Amount</u> ⁽¹⁾	<u>Year</u>	<u>Amount</u> ⁽¹⁾
2031	\$ 150,000	2036	\$ 185,000
2032	155,000	2037	190,000
2033	165,000	2038	200,000
2034	170,000	2039	205,000
2035	160,000	2040	65,000

⁽¹⁾ Preliminary, subject to change.

ADJUSTMENT TO PRINCIPAL AFTER DETERMINATION OF BEST PROPOSAL

The aggregate principal amount of the 2024A Bonds, and each scheduled maturity thereof, are subject to adjustment by the City or its designee after the determination of the successful bidder ("Purchaser"). Such adjustments shall be in the sole discretion of the City in multiples of \$5,000, provided that the City or its designee shall only make such adjustments in order to size the 2024A Bonds to establish a debt service structure that is acceptable to the City.

The dollar amount of the purchase price specified by the Purchaser will be changed if the aggregate principal amount of the 2024A Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the 2024A Bonds is increased or reduced; provided that the City’s Municipal Advisor will make every effort to ensure that the net compensation to the Purchaser as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above

TERM BOND OPTION

The 2024A Bonds maturing in 2031 through 2040 may be designated as serial bonds or term bonds subject to mandatory redemption so long as the amount of principal maturing or subject to mandatory redemption in those years conforms to the maturity schedule set forth above.

OPTIONAL REDEMPTION

2024A Bonds maturing on February 1, 2035, and thereafter are subject to redemption at the option of the City on February 1, 2034, and any date thereafter at a price of par plus accrued interest to the redemption date.

BOOK-ENTRY-ONLY SYSTEM

The 2024A Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The 2024A Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the 2024A Bonds maturing in each year will be registered in the name

of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the 2024A Bonds. Individual purchases of the 2024A Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest on the 2024A Bonds will be paid to DTC or its nominee as registered owner of the 2024A Bonds by the City’s registrar and Paying Agent. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the 2024A Bonds, will be required to deposit the bond certificates with DTC.

FORM OF PROPOSALS AND GOOD FAITH DEPOSIT

Proposals shall be for not less than **\$1,631,840 (99.2% of Par)** plus accrued interest from the date of the 2024A Bonds to the date of delivery must be submitted through PARITY® and received prior to the time specified above. All proposals shall be deemed to incorporate the provisions of this Terms of Proposal. Rates shall be in integral multiples of 1/20 or 1/8 of 1% and must be in ascending order. 2024A Bonds of the same maturity shall bear a single rate from the date of the 2024A Bonds to the date of maturity. No conditional proposals will be accepted.

A Good Faith Deposit (the “Deposit”) is not required. If proposals are delivered to the City’s Municipal Advisor, the Deposit, payable to the City Clerk-Treasurer, shall be retained in the office of the City’s Municipal Advisor with the same effect as if delivered to the City Clerk-Treasurer.

AWARD

The 2024A Bonds will be awarded to the proposer offering the lowest interest rate to be determined on a True Interest Cost (“TIC”) basis. The TIC is computed as a discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the 2024A Bonds, produces an amount equal to the purchase price. The TIC shall be as determined by the Municipal Advisor based on the Terms of Proposal and all amendments, and on the proposal as submitted. The Municipal Advisor's computation of the TIC of each proposal shall be controlling. If two or more proposals provide the same lowest TIC, the City shall determine by lot which proposal shall be accepted, and such determination shall be final.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the 2024A Bonds, (ii) reject all proposals without cause, and, (iii) reject any proposal which the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER’S OPTION

If the 2024A Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the Purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance of the 2024A Bonds resulting from such a purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the 2024A Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the 2024A Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the 2024A Bonds.

INFORMATION FROM PURCHASER

The Purchaser will be required to provide, in a timely manner, certain information related to the initial reoffering price of the 2024A Bonds necessary to compute the yield on the 2024A Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the 2024A Bonds for federal income tax purposes, the City requires proposers to agree to the following, and by submitting a proposal, each proposer agrees to the following.

If a proposal is submitted by a potential underwriter, the proposer confirms that (i) the underwriters have offered or reasonably expect to offer the 2024A Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the proposal and (ii) the proposer, if it is the winning proposer (the “Purchaser”), shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the 2024A Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, 2024A Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the proposer’s own account in a capacity other than as an underwriter of the 2024A Bonds, and the proposer has no current intention to sell, reoffer, or otherwise dispose of the 2024A Bonds, the proposer shall notify the City to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the Purchaser intends to act as an underwriter, the City shall advise the Purchaser at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, substantially in the form attached hereto as “Issue Price Certificate”, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the “hold-the-offering price” rule applies, the Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the 2024A Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as “Issue Price Certificate”, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by PFM Financial Advisors LLC, the City’s municipal advisor.

Proposers should prepare their proposals on the assumption that the 2024A Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Request for Proposals shall be considered a firm offer for the purchase of the 2024A Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the 2024A Bonds and the Purchaser must agree in the proposal to pay the cost thereof. In no event will the City, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said 2024A Bonds shall not be cause for the Purchaser to refuse to accept delivery of said 2024A Bonds. The City will assume no obligation for the assignment of CUSIP numbers to the 2024A Bonds or for the correctness of any such numbers printed thereon, but the City will permit such printing to be done at the expense of the Purchaser, provided that such printing does not result in any delay of the date of delivery of the 2024A Bonds. PFM Financial Advisors LLC, the District’s municipal advisor, will request the assignment of CUSIP numbers prior to the sale of the 2024A Bonds.

CONTINUING DISCLOSURE

In order to assist proposers in complying with S.E.C. Rule 15c2-12(B)(5), the City will undertake, pursuant to the resolution for the 2024A Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of this undertaking is set forth in Appendix C of this Preliminary Official Statement. Any failure on the part of the City to deliver the same shall relieve the Purchaser of its obligation to purchase the 2024A Bonds.

DELIVERY

The 2024A Bonds will be delivered without cost to the Purchaser, anywhere in the United States within 45 days against payment in immediately available funds, to a location mutually agreed upon by the Purchaser and the City. Delivery will be subject to the approving legal opinion of the City's Bond Counsel, Taft Stettinius & Hollister LLP, Minneapolis, Minnesota and customary closing 2024A Bonds, including a certificate that the Official Statement did not at the date of delivery of the 2024A Bonds contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an arbitrage certificate. The 2024A Bonds will be delivered against payment in immediately available funds at the City's designated depository on the date of delivery. The 2024A Bonds will be available for delivery on or about December 10, 2024.

LEGAL OPINION

An opinion as to the validity of the 2024A Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP. The legal opinion will accompany the 2024A Bonds and will state that the 2024A Bonds are valid and binding general obligations of the City enforceable in accordance with their terms, except to the extent to which enforceability may be limited by principles of equity and by state or United States laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

CONCURRENT SALES

The City will offer for sale General Obligation Abatement Bonds, Series 2024B (Taxable) (the "2024B Bonds") on the same day as it offers for sale the 2024A Bonds. Proposals for the Series 2024A Bonds will be received separately from proposals for the Series 2024B Bonds pursuant to separate Requests for Proposals appended to the Official Statements dated November 8, 2024.

TAXABILITY OF INTEREST

The interest to be paid on the 2024A Bonds is includable in the income of the recipient for purposes of the United States and State of Minnesota income taxation.

RATING

The City has applied for ratings on the 2024A Bonds from Moody's Investors Service ("Moody's"). A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the 2024A Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the 2024A Bonds and said Preliminary Official Statement will serve as a Near Final Official Statement within the

meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective proposer is referred to the City's Municipal Advisor, PFM Financial Advisors LLC, 45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402 (612-338-3535), or 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (515-724-5724).

The Preliminary Official Statement, when further supplemented with maturity dates, principal amounts and interest rates of the 2024A Bonds and rating, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the 2024A Bonds, as that term is defined in Rule 15c2-12. By awarding the 2024A Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the 2024A Bonds are awarded up to 20 copies of the Final Official Statement for the 2024A Bonds. The City designates the senior managing underwriter of the syndicate to which the 2024A Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter delivering a proposal with respect to the 2024A Bonds agrees thereby that if the City accepts its proposal, it shall enter into a contractual relationship with all participating underwriters of the 2024A Bonds for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

BY ORDER OF THE CITY COUNCIL

/s/ _____
City Administrator
City of Nisswa, Minnesota

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Request for Proposals

CITY OF NISSWA, MINNESOTA

\$1,100,000⁽¹⁾

General Obligation Abatement Bonds, Series 2024B (Taxable)

Proposals for the purchase of the \$1,100,000⁽¹⁾ General Obligation Abatement Bonds, Series 2024B (Taxable) (the “2024B Bonds”) issued by the City of Nisswa, Minnesota (the “City”) will be received on Tuesday, November 19, 2024 via electronic Internet bid submitted through the Parity® electronic bidding system until 10:15 A.M. Central Time after which time they will be tabulated. Questions regarding the sale of the 2024B Bonds should be directed to the City’s Municipal Advisor, PFM Financial Advisors LLC at (612) 338-3535 or (515) 243-2600. The City Council will consider award of the 2024B Bonds at 7:00 o'clock P.M. Central Time, on the same day.

PURPOSE AND SECURITY FOR THE 2024B BONDS

The 2024B Bonds are being issued to finance (a) governmental and economic development purposes and (b) cost of issuance of the Series 2024B Bonds.

The 2024B Bonds are general obligations of the City for which the City Pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge available tax abatement revenues. The tax levies for all years shall be specified and such that if collected in full, together with each year’s collection of tax abatement revenues will be sufficient to pay at least five percent in excess of the amount needed to meet the principal and interest obligation on the Series 2024B Bonds when due.

FORM OF PROPOSALS

Proposals must be submitted on or in substantial compliance with the Request for Proposals provided by the City or through Parity® (the “Electronic Bid System”). The City shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic bidding, facsimile facilities or the means used to deliver or complete a proposal. The use of such facilities or means is at the sole risk of the prospective proposer who shall be bound by the terms of the proposal as received.

No bid will be received after 10:15 A.M. Central Time on Tuesday, November 19, 2024, as specified in the Official Notice of Sale. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all proposals submitted. A proposal may be withdrawn before the proposal deadline using the same method used to submit the proposal. If more than one proposal is received from a proposer, the last proposal received shall be considered.

Electronic Bidding: Electronic proposals must be submitted through Parity (the “Electronic Bid System”). Information about the Electronic Bid System may be obtained by contacting Parity® at i-Deal/Parity®, Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018 (212) 849-5021.

Each proposal shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Request for Proposals. The City is permitting proposers to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding and the Electronic Bid System is not an agent of the City. Provisions of the Request for Proposals or Official Bid Form shall control in the event of conflict with information provided by the Electronic Bid System.

DETAILS OF THE 2024B BONDS

The 2024B Bonds will be dated December 10, 2024, as the date of original issue, with interest payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025. Interest and principal shall be paid to the registered holder of a bond as shown on the records of ownership maintained by the registrar as of the fifteenth day of the calendar month next preceding such interest payment date (the “Record Date”). Interest will be computed on the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board.

The 2024B Bonds will mature on February 1, in the following years and amounts:

<u>Year</u>	<u>Amount⁽¹⁾</u>
2026	\$ 280,000
2027	190,000
2028	200,000
2029	210,000
2030	220,000

⁽¹⁾ Preliminary, subject to change.

ADJUSTMENT TO PRINCIPAL AFTER DETERMINATION OF BEST PROPOSAL

The aggregate principal amount of the 2024B Bonds, and each scheduled maturity thereof, are subject to adjustment by the City or its designee after the determination of the successful bidder (“Purchaser”). Such adjustments shall be in the sole discretion of the City in multiples of \$5,000, provided that the City or its designee shall only make such adjustments in order to size the 2024B Bonds to establish a debt service structure that is acceptable to the City.

The dollar amount of the purchase price specified by the Purchaser will be changed if the aggregate principal amount of the 2024B Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the 2024B Bonds is increased or reduced; provided that the City’s Municipal Advisor will make every effort to ensure that the net compensation to the Purchaser as a percentage of the adjusted par amount does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above

TERM BOND OPTION

The 2024B Bonds maturing in 2026 through 2030 may be designated as serial bonds or term bonds subject to mandatory redemption so long as the amount of principal maturing or subject to mandatory redemption in those years conforms to the maturity schedule set forth above.

OPTIONAL REDEMPTION

The 2024B Bonds are not subject to redemption prior to their stated maturities.

BOOK-ENTRY-ONLY SYSTEM

The 2024B Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The 2024B Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the 2024B Bonds maturing in each year will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as

securities depository of the 2024B Bonds. Individual purchases of the 2024B Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest on the 2024B Bonds will be paid to DTC or its nominee as registered owner of the 2024B Bonds by the City's registrar and Paying Agent. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The Purchaser, as a condition of delivery of the 2024B Bonds, will be required to deposit the bond certificates with DTC.

FORM OF PROPOSALS AND GOOD FAITH DEPOSIT

Proposals shall be for not less than **\$1,094,500 (99.5% of Par)** plus accrued interest from the date of the 2024B Bonds to the date of delivery must be submitted through PARITY® and received prior to the time specified above. All proposals shall be deemed to incorporate the provisions of this Terms of Proposal. Rates shall be in integral multiples of 1/20 or 1/8 of 1% and must be in ascending order. 2024B Bonds of the same maturity shall bear a single rate from the date of the 2024B Bonds to the date of maturity. No conditional proposals will be accepted.

A Good Faith Deposit (the "Deposit") is not required. If proposals are delivered to the City's Municipal Advisor, the Deposit, payable to the City Clerk-Treasurer, shall be retained in the office of the City's Municipal Advisor with the same effect as if delivered to the City Clerk-Treasurer.

AWARD

The 2024B Bonds will be awarded to the proposer offering the lowest interest rate to be determined on a True Interest Cost ("TIC") basis. The TIC is computed as a discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the 2024B Bonds, produces an amount equal to the purchase price. The TIC shall be as determined by the Municipal Advisor based on the Terms of Proposal and all amendments, and on the proposal as submitted. The Municipal Advisor's computation of the TIC of each proposal shall be controlling. If two or more proposals provide the same lowest TIC, the City shall determine by lot which proposal shall be accepted, and such determination shall be final.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the 2024B Bonds, (ii) reject all proposals without cause, and, (iii) reject any proposal which the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

If the 2024B Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the Purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Any increased costs of issuance of the 2024B Bonds resulting from such a purchase of insurance shall be paid by the Purchaser, except that, if the City has requested and received a rating on the 2024B Bonds from a rating agency, the City will pay that initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the 2024B Bonds.

INFORMATION FROM PURCHASER

The Purchaser will be required to provide, in a timely manner, certain information related to the initial reoffering price of the 2024B Bonds necessary to compute the yield on the 2024B Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures (“CUSIP”) numbers will be printed on the 2024B Bonds and the Purchaser must agree in the proposal to pay the cost thereof. In no event will the City, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said 2024B Bonds shall not be cause for the Purchaser to refuse to accept delivery of said 2024B Bonds. The City will assume no obligation for the assignment of CUSIP numbers to the 2024B Bonds or for the correctness of any such numbers printed thereon, but the City will permit such printing to be done at the expense of the Purchaser, provided that such printing does not result in any delay of the date of delivery of the 2024B Bonds. PFM Financial Advisors LLC, the District’s municipal advisor, will request the assignment of CUSIP numbers prior to the sale of the 2024B Bonds.

CONTINUING DISCLOSURE

In order to assist proposers in complying with S.E.C. Rule 15c2-12(B)(5), the City will undertake, pursuant to the resolution for the 2024B Bonds, to provide certain annual financial information and notices of the occurrence of certain material events. A description of this undertaking is set forth in Appendix C of this Preliminary Official Statement. Any failure on the part of the City to deliver the same shall relieve the Purchaser of its obligation to purchase the 2024B Bonds.

DELIVERY

The 2024B Bonds will be delivered without cost to the Purchaser, anywhere in the United States within 45 days against payment in immediately available funds, to a location mutually agreed upon by the Purchaser and the City. Delivery will be subject to the approving legal opinion of the City’s Bond Counsel, Taft Stettinius & Hollister LLP, Minneapolis, Minnesota and customary closing 2024B Bonds, including a certificate that the Official Statement did not at the date of delivery of the 2024B Bonds contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an arbitrage certificate. The 2024B Bonds will be delivered against payment in immediately available funds at the City’s designated depository on the date of delivery. The 2024B Bonds will be available for delivery on or about December 10, 2024.

LEGAL OPINION

An opinion as to the validity of the 2024B Bonds will be furnished by Taft Stettinius & Hollister LLP. The legal opinion will accompany the 2024B Bonds and will state that the 2024B Bonds are valid and binding general obligations of the City enforceable in accordance with their terms, except to the extent to which enforceability may be limited by principles of equity and by state or United States laws relating to bankruptcy, reorganization, moratorium or creditors’ rights generally.

TAXABILITY OF INTEREST

The interest to be paid on the 2024B Bonds is includable in the income of the recipient for purposes of the United States and State of Minnesota income taxation.

CONCURRENT SALES

The City will offer for sale General Obligation Bonds, Series 2024A (the “2024A Bonds”) on the same day as it offers for sale the 2024B Bonds. Proposals for the 2024A Bonds will be received separately from proposals for the 2024B Bonds pursuant to separate Requests for Proposals appended to the Official Statements dated November 8, 2024.

RATING

The City has applied for ratings on the 2024B Bonds from Moody’s Investors Service (“Moody’s”). A rating is subject to withdrawal at any time; withdrawal of a rating may have an adverse effect on the marketability of the 2024B Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the 2024B Bonds and said Preliminary Official Statement will serve as a Near Final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective proposer is referred to the City’s Municipal Advisor, PFM Financial Advisors LLC, 45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402 (612-338-3535), or 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (515-724-5724).

The Preliminary Official Statement, when further supplemented with maturity dates, principal amounts and interest rates of the 2024B Bonds and rating, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the 2024B Bonds, as that term is defined in Rule 15c2-12. By awarding the 2024B Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the 2024B Bonds are awarded up to 20 copies of the Final Official Statement for the 2024B Bonds. The City designates the senior managing underwriter of the syndicate to which the 2024B Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter delivering a proposal with respect to the 2024B Bonds agrees thereby that if the City accepts its proposal, it shall enter into a contractual relationship with all participating underwriters of the 2024B Bonds for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

BY ORDER OF THE CITY COUNCIL

/s/

City Administrator
City of Nisswa, Minnesota

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Statement or for any additional information prior to sale, any prospective proposer is referred to the City's Municipal Advisor, PFM Financial Advisors LLC, 45 South Seventh Street, Suite 2950, Minneapolis, Minnesota 55402 (612-338-3535), or 801 Grand Avenue, Suite 3300, Des Moines, Iowa 50309 (515-724-5724).

The Preliminary Official Statement, when further supplemented with maturity dates, principal amounts and interest rates of the 2024B Bonds and rating, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the 2024B Bonds, as that term is defined in Rule 15c2-12. By awarding the 2024B Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the 2024B Bonds are awarded up to 20 copies of the Final Official Statement for the 2024B Bonds. The City designates the senior managing underwriter of the syndicate to which the 2024B Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each participating underwriter. Any underwriter delivering a proposal with respect to the 2024B Bonds agrees thereby that if the City accepts its proposal, it shall enter into a contractual relationship with all participating underwriters of the 2024B Bonds for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

BY ORDER OF THE CITY COUNCIL

/s/

City Administrator
City of Nisswa, Minnesota

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OFFICIAL PROPOSAL FORM

(Electronic Proposals available via i-Deal/Parity®; see Request for Proposals)

**City of Nisswa, Minnesota
\$1,645,000⁽¹⁾ General Obligation Bonds, Series 2024A**

**Members of the City Council
City of Nisswa, Minnesota
c/o PFM Financial Advisors LLC**

**Sale Date: November 19, 2024
Until 10:15 A.M. C.T.**

For the principal amount of \$1,645,000⁽¹⁾ General Obligation Bonds, Series 2024A (the “2024A Bonds”), legally issued and as described in the Request for Proposals, we will pay the City \$_____ (not less than \$1,631,840) plus accrued interest on the total principal of \$1,645,000 ⁽¹⁾ to date of delivery, provided the 2024A Bonds bear the following interest rates:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>
2031	\$ 150,000	_____ %	2036	\$ 185,000	_____ %
2032	155,000	_____ %	2037	190,000	_____ %
2033	165,000	_____ %	2038	200,000	_____ %
2034	170,000	_____ %	2039	205,000	_____ %
2035	160,000	_____ %	2040	65,000	_____ %

⁽¹⁾ Preliminary, subject to change.

We hereby designate that the following bonds be aggregated into term bonds maturing on February 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

The 2024A Bonds mature on February 1, in each of the years as indicated above and said interest is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025. **In making this offer, we accept the terms and conditions as defined in the Request for Proposals published in the Official Statement dated November 8, 2024, and certify that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.** All blank spaces of this offer are intentional and are not to be construed as an omission.

NOT PART OF THIS PROPOSAL:

Respectfully submitted,

Explanatory Note: According to our computation, this proposal involves the following:

\$ _____
Net Interest Cost

_____ %
True Interest Rate (TIC)

Syndicate Manager

By _____

(A list of the firms associated with us in this proposal is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of the City of Nisswa, Minnesota, this 19th day of November, 2024.

Mayor

City Clerk

⁽¹⁾ The City reserves the right after proposals are opened and prior to award of the 2024A Bonds to change the aggregate par amount and the maturity amounts of the 2024A Bonds in multiples of \$5,000.

OFFICIAL PROPOSAL FORM

(Electronic Proposals available via i-Deal/Parity®; see Request for Proposals)

**City of Nisswa, Minnesota
\$1,100,000⁽¹⁾ General Obligation Abatement Bonds, Series 2024B (Taxable)**

**Members of the City Council
City of Nisswa, Minnesota
c/o PFM Financial Advisors LLC**

**Sale Date: November 19, 2024
Until 10:15 A.M. C.T.**

For the principal amount of \$1,100,000⁽¹⁾ General Obligation Abatement Bonds, Series 2024B (Taxable) (the “2024B Bonds”), legally issued and as described in the Request for Proposals, we will pay the City \$ _____ (not less than \$1,094,500) plus accrued interest on the total principal of \$1,100,000 ⁽¹⁾ to date of delivery, provided the 2024B Bonds bear the following interest rates:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>
2026	\$ 280,000	_____ %
2027	190,000	_____ %
2028	200,000	_____ %
2029	210,000	_____ %
2030	220,000	_____ %

⁽²⁾ Preliminary, subject to change.

We hereby designate that the following bonds be aggregated into term bonds maturing on February 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

The 2024B Bonds mature on February 1, in each of the years as indicated above and said interest is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025. **In making this offer, we accept the terms and conditions as defined in the Request for Proposals published in the Official Statement dated November 8, 2024, and certify that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.** All blank spaces of this offer are intentional and are not to be construed as an omission.

NOT PART OF THIS PROPOSAL:

Respectfully submitted,

Explanatory Note: According to our computation, this proposal involves the following:

\$ _____
Net Interest Cost

_____ %
True Interest Rate (TIC)

Syndicate Manager

By _____

(A list of the firms associated with us in this proposal is on the reverse side of this proposal.)

The foregoing offer is hereby accepted by and on behalf of the City of Nisswa, Minnesota, this 19th day of November, 2024.

Mayor

City Clerk

⁽¹⁾ The City reserves the right after proposals are opened and prior to award of the 2024B Bonds to change the aggregate par amount and the maturity amounts of the 2024B Bonds in multiples of \$5,000.