

# CITY OF BUFFALO, MINNESOTA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended  
December 31, 2022

*Buffalo*

CITY OF BUFFALO, MINNESOTA

**CITY OF BUFFALO, MINNESOTA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2022**

**PREPARED BY: FINANCE DEPARTMENT**

**CITY OF BUFFALO, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2022**

**INTRODUCTORY SECTION**

|                                 |   |
|---------------------------------|---|
| TRANSMITTAL LETTER              | 1 |
| GFOA CERTIFICATE OF ACHIEVEMENT | 6 |
| ORGANIZATIONAL CHART            | 7 |
| PRINCIPAL OFFICIALS             | 8 |

**FINANCIAL SECTION**

|  |    |
|--|----|
| INDEPENDENT AUDITORS' REPORT   | 9  |
| REQUIRED SUPPLEMENTARY INFORMATION   |    |
| MANAGEMENT'S DISCUSSION AND ANALYSIS   | 13 |
| BASIC FINANCIAL STATEMENTS   |    |
| STATEMENT OF NET POSITION  | 26 |
| STATEMENT OF ACTIVITIES  | 27 |
| GOVERNMENTAL FUNDS   |    |
| BALANCE SHEET  | 29 |
| RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE<br>SHEET TO THE STATEMENT OF NET POSITION — GOVERNMENTAL<br>ACTIVITIES          | 31 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN<br>FUND BALANCE  | 32 |
| RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES,<br>EXPENDITURES, AND CHANGES IN FUND BALANCE TO<br>STATEMENT OF ACTIVITIES | 34 |
| PROPRIETARY FUNDS  |    |
| STATEMENT OF NET POSITION  | 35 |
| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET<br>POSITION  | 39 |
| STATEMENT OF CASH FLOWS  | 41 |
| NOTES TO BASIC FINANCIAL STATEMENTS  | 45 |
| REQUIRED SUPPLEMENTARY INFORMATION   |    |
| SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET<br>PENSION LIABILITY   | 93 |
| SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET<br>PENSION ASSET   | 95 |

**CITY OF BUFFALO, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL SECTION (CONTINUED)**

|   |     |
|---|-----|
| SCHEDULE OF CITY PENSION CONTRIBUTIONS  | 96  |
| SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY<br>AND RELATED RATIOS  | 98  |
| BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  | 99  |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION   | 103 |
| SUPPLEMENTARY INFORMATION   |     |
| COMBINING AND INDIVIDUAL NONMAJOR GOVERNMENTAL FUND<br>FINANCIAL STATEMENTS   |     |
| COMBINING BALANCE SHEET   | 112 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br>CHANGES IN FUND BALANCE   | 114 |
| FIRE SPECIAL REVENUE FUND BUDGETARY COMPARISON<br>SCHEDULE  | 116 |
| LIBRARY SPECIAL REVENUE FUND BUDGETARY COMPARISON<br>SCHEDULE   | 117 |
| CIVIC CENTER SPECIAL REVENUE FUND BUDGETARY<br>COMPARISON SCHEDULE  | 118 |
| AIRPORT SPECIAL REVENUE FUND BUDGETARY COMPARISON<br>SCHEDULE   | 119 |
| OTHER COMBINING SCHEDULES   |     |
| COMBINING BALANCE SHEET – DEBT SERVICE FUND – BY BOND<br>ISSUE  | 120 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br>CHANGES IN FUND BALANCES – DEBT SERVICE FUND – BY BOND<br>ISSUE     | 124 |
| COMBINING BALANCE SHEET – CAPITAL PROJECT FUND – BY<br>PROJECT  | 128 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br>CHANGES IN FUND BALANCES – CAPITAL PROJECT FUND – BY<br>PROJECT     | 132 |
| COMBINING BALANCE SHEET – HRA OF BUFFALO FUND – BY TIF<br>DISTRICT  | 136 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br>CHANGES IN FUND BALANCES – HRA OF BUFFALO FUND – BY TIF<br>DISTRICT | 138 |

**CITY OF BUFFALO, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

**STATISTICAL SECTION**

|   |     |
|---|-----|
| NET POSITION BY COMPONENT   | 141 |
| CHANGES IN NET POSITION BY COMPONENT                                  | 142 |
| FUND BALANCES OF GOVERNMENTAL FUNDS                                   | 144 |
| CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS                        | 145 |
| TAX REVENUES BY SOURCE  | 147 |
| TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE<br>PROPERTY        | 148 |
| PRINCIPAL PROPERTY TAXPAYERS  | 149 |
| PROPERTY TAX LEVIES AND COLLECTIONS                                   | 150 |
| DIRECT AND OVERLAPPING PROPERTY TAX RATES                             | 151 |
| RATIOS OF OUTSTANDING DEBT BY TYPE                                    | 152 |
| RATIOS OF GENERAL BONDED DEBT OUTSTANDING                             | 154 |
| DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT                   | 155 |
| LEGAL DEBT MARGIN INFORMATION   | 156 |
| PLEDGED REVENUE COVERAGE  | 157 |
| DEMOGRAPHIC AND ECONOMIC STATISTICS                                   | 158 |
| PRINCIPAL EMPLOYERS   | 159 |
| FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY<br>FUNCTION/PROGRAM | 160 |
| OPERATING INDICATORS BY FUNCTION/PROGRAM                              | 161 |
| CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM                          | 162 |

## **INTRODUCTORY SECTION**





June 13, 2023

To the Honorable Mayor, Members of City Council, and the Residents of the City of Buffalo:

Minnesota Statutes require all cities to issue an annual report on the City's financial position and activity prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, the City hereby issues the Annual Comprehensive Financial Report (ACFR) of the City of Buffalo, Minnesota (the City) for the year ended December 31, 2022. The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants (AICPA), the Minnesota Office of the State Auditor, and the City Code.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules, statistical tables, etc., rests with the management of the City of Buffalo. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any misstatements. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the city. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by CliftonLarsonAllen, LLP and an unmodified ("clean") opinion has been issued. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditors' report.

## Profile of the City

The City is situated in a prime location on State Highways 55 & 25 just outside the Twin Cities Metro area about 42 miles northwest of downtown Minneapolis and is also a convenient drive to the Saint Cloud Metro area. The City is a freestanding urban fringe community encompassing approximately 9 square miles and a population of 16,502. Buffalo is the county seat of the growing Wright County and is a mix of small community charm and suburban amenities as a regional destination for shopping, services, and leisure.

The city was founded by second-generation Americans who migrated west in the mid-1800s. Incorporated in 1887, the city grew with the arrival of the railroad bringing life and energy to the area. Buffalo owes its existence to the two lakes, Buffalo, and Pulaski. The lakes attracted the earliest settlers, provided food, ice, and recreation for the past 150 years, drew tourists in our resort days, and still today contribute greatly to our quality-of-life, pride and even “notoriety” as a community.

The city is categorized as a 501(a) entity by IRS Code and operates under the “Optional Plan A” form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council composed of an elected mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. Council members serve four-year terms, with two members elected every two years. The mayor is elected for a two-year term. The mayor and members of the City Council are elected at large.

The City provides a full range of services including police protection, a volunteer fire department, street and park maintenance and construction, protection of environmental resources, recreation opportunities, City planning, licensing, permits, inspections, and code enforcement. The City operates an electric utility, a fiber utility, a water & sanitary sewer utility, a storm sewer utility, a sidewalk/trail snowplowing system, a street lighting system, a municipal airport, a community center, an ice arena, and two off-sale liquor stores. The City is committed to delivering quality services at an affordable price. The City Council has directed the City staff to provide services to the community through a clearly defined goal, or Mega End Statement (Vision) that states:

***Buffalo will continue to grow by fostering an environment of superior services, innovation in all areas, and a safe environment to live, work and play. Every citizen will accept responsibility and will be accountable for success!***

In accordance with GASB pronouncements, the City’s financial statements include all funds, departments of the City (the primary government), and its component unit. The component unit, included in the City’s reporting entity, the Buffalo Housing & Redevelopment Authority (HRA), has been included because the City has operational responsibility of the HRA. As a result of applying the entity definition criteria of the GASB, the HRA has been included in the City’s financial statements as a blended component unit.

The City’s budget process begins with a review of the City’s financial management plan which is the document that provides the framework for financial decision making. The Finance Department prepares estimates for an annual budget and submits them to the City Council for approval. The budget is prepared by fund, function (e.g., public works), and department (e.g., streets).

The City Council is required to adopt a final budget by late December for the subsequent year. After the budget is adopted, the City Administrator has the authority to reallocate resources between departments within funds; however, changes to the total budgeted expenditures require approval by the City Council. The legal level of budgetary control is the department level in the General Fund and fund level in all other funds. Budget amendments require City Council approval.

## **Local Economy**

The City is recovering from economic woes that affected many communities in Wright County and throughout the State of Minnesota in the late 2000s, and recently, the COVID-19 pandemic. During the economic downturn, the City lost very few of its local businesses, although some reduced their workforce and scaled back operations. New commercial development came to a virtual standstill and growth remains conservative but is increasing. Residential growth has increased greatly from a decade ago when the economic downturn was still causing slow development, but still has not reached pre-economic downturn levels.



The City's tax base is primarily residential and approximately 20% commercial property. Total market value has fluctuated over the past ten years consistent with the state-wide and nation-wide trends in the housing market. Property value growth consists of both growth from valuation increases on existing properties and growth due to new construction and remodeling.

The local economy has continued to grow as indicated by the building permits, with a construction value of \$31,832,452, being issued in 2022. New construction accounts for \$13,066,312 and additions/remodels make up the remaining \$18,766,140 balance. In 2022 the city issued 37 new housing permits compared to 78 in 2021. Single family homes accounted for 100% of the new housing permits. The average value of a new home is about \$326,117 compared to \$300,745 in 2021. There has been continued interest in both affordable and market rate multi-family housing projects. The City is proactively addressing the needs for redevelopment and housing maintenance as the City ages to continue to maintain the City's healthy property value growth.

Many of Buffalo's largest employers reported stable or steady growth of employment levels between 2021 and 2022. This is largely due to a thriving manufacturing base and a successful, fast-growing business community within the region. The commercial/industrial sector has experienced modest growth, expansion, and reinvestment in 2022. The outlook in this region looks promising with commercial industrial activity and the recent single-family residential development projects.

In 2022, the City received an additional \$898,000 in American Rescue Plan (ARPA) funding to aid in the response and mitigation of the COVID-19 pandemic. The City designated these funds for eligible street improvements and the water department's bulk water filling station in 2022. The City anticipates receiving Federal funds to partially finance the reconstruction of Highway 25 in downtown Buffalo in 2023 and 2024.

### Long-term Financial Planning

The City faces the financial and redevelopment challenges associated with an established yet growing City. Protecting property values of an aging housing stock will become increasingly important to City homeowners as well as maintaining the tax base of the City. The City's property maintenance code enforcement is helping to improve the quality of residences and businesses throughout the community.

Slower growth and reduced state government aid have kept pressure on City budgets. Fortunately, the City is well positioned to deal with these challenges because of the broad diversification of the tax base and long-term financial planning.

The City has developed a financial management plan (FMP) that clearly establishes low tax rates, infrastructure investment, and good standing within the financial community as top priorities. The Financial Management Plan provides a long-range forecast that brings together future expenditures, revenues, and development of the City. The City Council has been diligent in maintaining a level tax rate. The City has experienced a decrease in the tax rate from 60% of net tax capacity in 2018 to 50.5% for 2023. This plan provides the information needed to develop in a manner that will sustain or expand City services while keeping the property taxes stable. Department heads take part in this process to estimate staff additions, service levels, and capital needs for the next ten years. The financial management plan is updated and reviewed annually as part of the annual budget and five-year comprehensive Capital Improvement Plan (CIP) process. The CIP is a five-year planning tool that forecasts the City's capital needs based on the City's long-range plans, goals, and policies. Furthermore, the City has forged partnerships throughout the community that will ensure a coordinated community-wide approach to addressing the challenges and opportunities of the future.

Infrastructure replacement costs will likely consume an increasing portion of the budget as the City's infrastructure ages. The combination of limited new tax base and increased demand for enhanced maintenance and replacement of infrastructure (roads, water and sewer utilities and additional storm water improvements) presents the most significant set of financial challenges for the City of Buffalo. Numerous strategic steps have been taken to improve the City government's responsiveness to these and other anticipated community needs.

Among the most significant steps taken to date has been the commitment by the City Council to allocate a portion of the general property tax levy to fund the City's pavement management program. In addition, the City Council made a commitment to set utility rates to fund system depreciation for adequate maintenance and replacement of the water and sewer utilities and storm water improvements. These steps have placed the City in a proactive stance for preserving the value of the community's more than \$55 million capital asset investment. The City prepares an annual 5-year capital improvements plan for addition and replacement of the City's infrastructure.

The City Council approved a 2023 budget that called for a total increase in tax levy of 8.6%. The adopted 2023 budget addresses fundamental community needs, including maintaining established basic service levels and long-term infrastructure replacement.

## Relevant Financial Policies

The City is currently in the process of reviewing and establishing a comprehensive set of Financial Management Policies that provide the basic framework for the overall fiscal management of the City. Current policies cover investments, purchasing, federal awards, fund balance, and post-issuance debt compliance policies. It is important for the financial stability of the City to maintain reserve funds for unanticipated expenditures or unforeseen emergencies, as well as to provide adequate working capital for current operating needs to avoid short-term borrowing. The City's financial management plan states that the fund balances in the General and Special Revenue Funds will be maintained at a target level of 30-50% of the operating budget; however, this could fluctuate with each year's budget objectives and appropriations such as large capital expenditures and variation in the collection of revenues. The unassigned balance in the general fund is currently within the target level. The financial management plan directs that the use of one-time revenues be used for one-time expenditures.

## Major Initiatives

The City began the first phase in updating the Comprehensive Plan in 2020 with downtown revitalization as a priority focus through 2040. Actions taken in 2022 included the rollout of the Small Cities Development Program (SCDP) funded through the City's HRA and the Minnesota Department of Employment and Economic Development (DEED). The Downtown Plan serves as an element of the Comprehensive plan and acts as a guiding policy document for keeping historic downtown vibrant. Goals of the update include supporting commercial development opportunities, maintaining focus on downtown revitalization and viability, and maintaining/increasing focus on diversified housing. The challenge moving forward will be the implementation of the plan and creating development opportunities within the downtown area for new and existing businesses as well as diversified housing.

The City continues to develop and implement the Financial Management Plan as a long-term planning tool to identify sustainable funding mechanisms for future facilities, streets, equipment, and other infrastructure improvements. This tool is now a part of the annual budget and five-year capital improvement plan development process.

The City continues the process of updating the entire City Code, incorporating all statute changes and best practice recommendations. Ordinances have been updated from time to time as necessary but the last time the City Code was updated was in 1985.

The City had various construction projects ongoing during 2022. Several City streets saw work during the year, which included the continued reconstruction of Dague Avenue at \$6.7 million, the installation of a roundabout in partnership with Wright County and many other maintenance and related improvements throughout the City. The City's Wastewater Treatment Facility also benefited from improvements to its pre-treatment process, and the water department's second water tower was rehabilitated.

## Awards & Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting Program (COA) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal. The goal of the program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Financial Report for the year ended December 31, 2021. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes the current Financial Report conforms to the Certificate of Achievement program requirements, and the City will be submitting the report to the GFOA to determine its eligibility for a certificate.

The 2022 Financial Report meets the highest professional standards and was prepared in a timely and cost-effective manner. The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department, other city department heads, and through the helpful guidance and assistance from our auditing firm, CLA. Credit also must be given to the mayor and City Council for their support in maintaining high standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kelly M. Horn".

Kelly M Horn, CPA  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Buffalo  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF BUFFALO, MINNESOTA  
ORGANIZATIONAL CHART  
DECEMBER 31, 2022**



**CITY OF BUFFALO, MINNESOTA  
PRINCIPAL OFFICIALS  
DECEMBER 31, 2022**

Elected Officials

|                |                  |                   |
|----------------|------------------|-------------------|
| Mayor          | Teri Lachermeier | December 31, 2022 |
| Council Member | Eric Anderson    | December 31, 2022 |
| Council Member | Scott Enter      | December 31, 2022 |
| Council Member | Steve Downer     | December 31, 2024 |
| Council Member | Nick O'Rourke    | December 31, 2024 |

Term Expires

Appointed Officials

|  |                  |
|--|------------------|
| Administrator                                  | Laureen Bodin    |
| Assistant Administrator                        | Taylor Gronau    |
| Finance Director                               | Kelly Horn       |
| Police Chief                                   | Pat Budke        |
| Fire Chief                                     | John Harnois     |
| Parks and Recreation Director                  | Lee Ryan         |
| Community and Economic<br>Development Director | David Kelly      |
| Community Center Manager                       | Adam Leiferman   |
| Director of Liquor Operations                  | Jason Swanson    |
| Human Resources Manager                        | Carmen Merrill   |
| Utilities and IT Director                      | Jason Meusburger |



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Buffalo  
Buffalo, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buffalo, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes of the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, 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.

***Auditors' 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 auditors' 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the City's proportionate share of the net pension liability, the schedule of the City's proportionate share of the net pension asset, the schedule of the City's pension contributions, the schedule of changes in the City's total OPEB liability and related ratios, and the budgetary comparison schedule – general fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining and individual nonmajor governmental fund financial statements and schedules, the debt service fund by bond issue financial statements, the capital project fund by project financial statements and the HRA of Buffalo fund by TIF district financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor governmental fund financial statements and schedules, the debt service fund by bond issue financial statements, the capital project fund by project financial statements and the HRA of Buffalo fund by TIF district financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

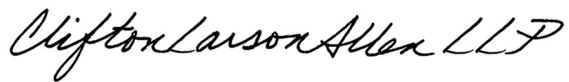
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover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

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

Honorable Mayor and  
Members of the City Council  
City of Buffalo, Minnesota

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
June 13, 2023

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

As management of the City of Buffalo, Minnesota (the City), we offer readers of the City of Buffalo's financial statements this narrative overview and analysis of the financial activities of the City of Buffalo for the fiscal year ended December 31, 2022.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$81,719,726 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$7,104,267.
- The City's total net position increased by \$9,847,275 from 2021 mainly due to receiving construction grants and aids.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,708,114, a decrease of \$3,152,883 in comparison with the prior year. The overall unassigned fund balance is a deficit \$780,238.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,089,791, or 39% of total 2022 General Fund expenditures.
- The City sold the golf course during 2022, resulting in a loss of \$900,294. The Golf Course Fund was closed as of December 31, 2022 as a result of transfers from the Electric, Water and Sewer funds totaling \$4,049,249, \$1,141,003 and \$1,141,003, respectively.
- The City's total bonded debt decreased by \$9,485,000 or 11.4% during the current fiscal period.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements (Continued)**

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned and unused compensated absences). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, and community development. The business-type activities of the City include water, sewer, electric and fiber utilities, liquor stores, and a municipal golf course (Wild Marsh).

The government-wide financial statements can be found on pages 26 to 28 of this report.

**Fund Financial Statements**

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

***Governmental Funds***

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Project Fund, and HRA Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 29 to 34 of this report.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

***Proprietary Funds***

The City maintains four proprietary fund types. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utilities, electric utilities, liquor store operations, and golf course operations.

The proprietary fund statements provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, Electric Fund, Liquor Fund, and Golf Course Fund which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 35-44 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 45 to 92 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information (RSI)* demonstrating the City's compliance with its adopted budget for the General Fund and information regarding defined benefit pension plans and other postemployment benefits that the City participates in. The RSI and related notes can be found on pages 93 to 111 of this report.

**Supplementary Information**

The combining statements referred to earlier in conjunction with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual nonmajor governmental fund statements and schedules can be found on pages 112 to 119. The debt service fund by bond issue financial statements, the capital project fund by project financial statements and the HRA of Buffalo fund by TIF district financial statements can be found on pages 120 to 139.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows by \$81,719,726 at the close of the most recent fiscal year compared to \$71,872,451 at the end of 2021.

By far, the largest portion of the City's net position (83%) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF BUFFALO'S NET POSITION**

|                                       | Governmental Activities |               | Business-Type Activities |               | Total         |               |
|---------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                       | 2022                    | 2021          | 2022                     | 2021          | 2022          | 2021          |
| <b>ASSETS</b>                         |                         |               |                          |               |               |               |
| Current and Other Assets              | \$ 16,323,037           | \$ 16,056,638 | \$ 13,777,867            | \$ 12,326,519 | \$ 30,100,904 | \$ 28,383,157 |
| Capital Assets                        | 62,054,843              | 57,756,608    | 82,095,089               | 84,707,720    | 144,149,932   | 142,464,328   |
| Total Assets                          | 78,377,880              | 73,813,246    | 95,872,956               | 97,034,239    | 174,250,836   | 170,847,485   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                         |               |                          |               |               |               |
|                                       | 5,491,185               | 2,837,186     | 1,369,802                | 1,625,268     | 6,860,987     | 4,462,454     |
| <b>LIABILITIES</b>                    |                         |               |                          |               |               |               |
| Noncurrent Liabilities Outstanding    | 30,312,933              | 25,644,229    | 51,510,757               | 57,729,281    | 81,823,690    | 83,373,510    |
| Other Liabilities                     | 6,508,445               | 6,104,827     | 7,478,336                | 8,570,559     | 13,986,781    | 14,675,386    |
| Total Liabilities                     | 36,821,378              | 31,749,056    | 58,989,093               | 66,299,840    | 95,810,471    | 98,048,896    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                         |               |                          |               |               |               |
|                                       | 3,363,041               | 3,589,079     | 218,585                  | 1,799,513     | 3,581,626     | 5,388,592     |
| <b>NET POSITION</b>                   |                         |               |                          |               |               |               |
| Net Investment in Capital Assets      | 37,828,804              | 32,405,054    | 30,349,338               | 24,169,329    | 68,178,142    | 56,574,383    |
| Restricted                            | 6,437,317               | 7,872,803     | -                        | -             | 6,437,317     | 7,872,803     |
| Unrestricted                          | (581,475)               | 1,034,440     | 7,685,742                | 6,390,825     | 7,104,267     | 7,425,265     |
| Total Net Position                    | \$ 43,684,646           | \$ 41,312,297 | \$ 38,035,080            | \$ 30,560,154 | \$ 81,719,726 | \$ 71,872,451 |

The City's restricted net position (8%) can be used only for debt service, transportation or other restricted purposes. The remaining balance represents unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities**

Governmental activities increased the City's net position by \$2,372,349. The most significant change in governmental net position is due to the following:

A \$1,833,589 increase in operating grants and contributions and a \$888,904 increase in taxes from prior year. The increase in operating grants and contributions were related to federal and state grants received and expended on street improvements. The increase in tax revenues were in line with the budgeted increase in the property tax levy set for 2022.

**Business-Type Activities**

Business-type activities increased the City's net position by \$7,474,926. The most significant change in business-type net position is due to the following:

A \$1,744,375 increase in fees, charges, fines, and other mainly due to an increase in electric, water, and sewer usage. All proprietary funds, excluding the Golf Course Fund, had increased charges over the prior year, primarily related to utility rate increases, and increased consumption/usages in the utility funds, while the Liquor Fund also saw higher sales than the prior year, as well.

**City of Buffalo's Changes in Net Position**

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2022:

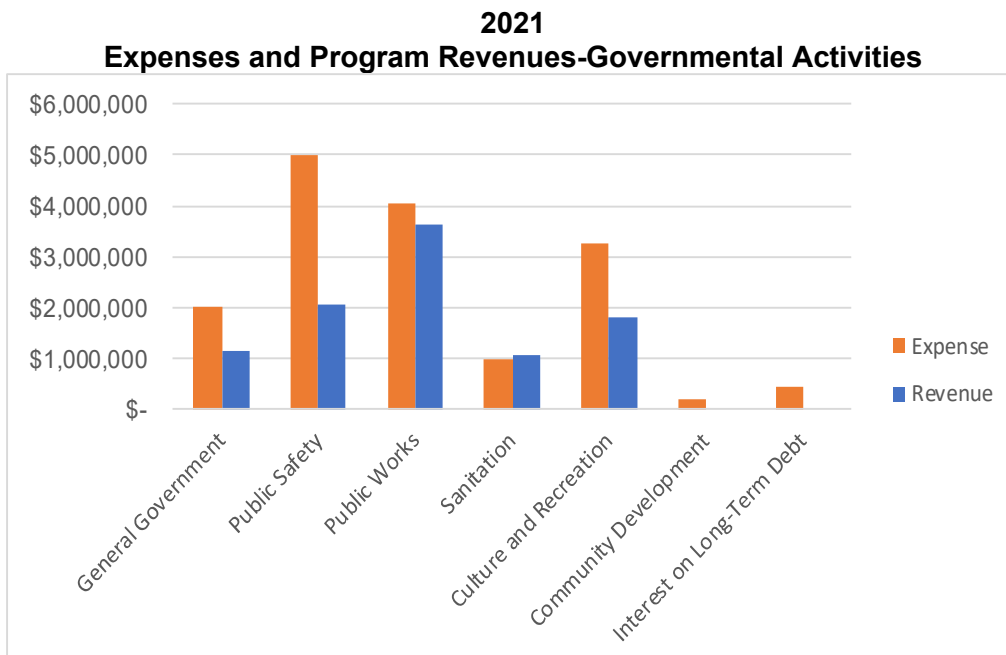
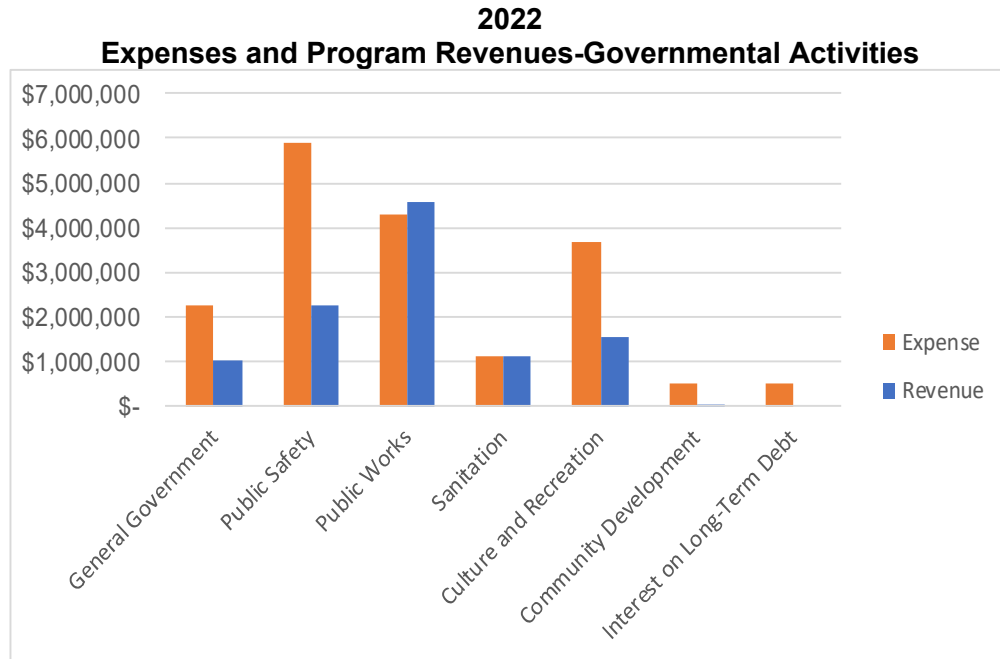
|  | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|  | 2022                    | 2021                 | 2022                     | 2021                 | 2022                 | 2021                 |
| <b>REVENUES</b>  |                         |                      |                          |                      |                      |                      |
| Program Revenues:  |                         |                      |                          |                      |                      |                      |
| Fees, Charges, Fines, and Other  | \$ 5,601,744            | \$ 6,182,182         | \$ 35,906,838            | \$ 34,162,463        | \$ 41,508,582        | \$ 40,344,645        |
| Operating Grants and Contributions                                       | 2,232,408               | 398,819              | 609,180                  | 1,158,460            | 2,841,588            | 1,557,279            |
| Capital Grants and Contributions   | 2,768,137               | 3,075,459            | 718,841                  | 301,631              | 3,486,978            | 3,377,090            |
| General Revenues:  |                         |                      |                          |                      |                      |                      |
| Property Taxes   | 9,150,049               | 8,261,145            | 851,981                  | 951,529              | 10,002,030           | 9,212,674            |
| Tax Increments   | 145,766                 | 134,531              | -                        | -                    | 145,766              | 134,531              |
| Other Taxes  | 3,013                   | 2,435                | -                        | -                    | 3,013                | 2,435                |
| Grants and Contributions, Not Restricted                                 | 1,222,419               | 1,235,155            | 14,890                   | -                    | 1,237,309            | 1,235,155            |
| Unrestricted Investment Earnings   | 31,398                  | 10,652               | 20,055                   | 10,193               | 51,453               | 20,845               |
| Gain on Disposal of Capital Assets                                       | 20,920                  | 228,349              | 13,761                   | 4,048                | 34,681               | 232,397              |
| Miscellaneous  | 307,788                 | 39,216               | 228,992                  | 391,247              | 536,780              | 430,463              |
| Total Revenues   | 21,483,642              | 19,567,943           | 38,364,538               | 36,979,571           | 59,848,180           | 56,547,514           |
| <b>EXPENSES</b>  |                         |                      |                          |                      |                      |                      |
| General Government   | 2,240,135               | 2,015,409            | -                        | -                    | 2,240,135            | 2,015,409            |
| Public Safety  | 5,910,279               | 4,985,280            | -                        | -                    | 5,910,279            | 4,985,280            |
| Public Works   | 4,271,957               | 4,025,170            | -                        | -                    | 4,271,957            | 4,025,170            |
| Culture and Recreation   | 3,656,654               | 3,252,781            | -                        | -                    | 3,656,654            | 3,252,781            |
| Sanitation   | 1,113,625               | 990,076              | -                        | -                    | 1,113,625            | 990,076              |
| Community Development  | 519,705                 | 204,050              | -                        | -                    | 519,705              | 204,050              |
| Interest on Long-Term Debt   | 510,865                 | 456,266              | -                        | -                    | 510,865              | 456,266              |
| Electric   | -                       | -                    | 16,731,752               | 14,946,495           | 16,731,752           | 14,946,495           |
| Water  | -                       | -                    | 3,119,414                | 3,240,860            | 3,119,414            | 3,240,860            |
| Sewer  | -                       | -                    | 4,209,360                | 4,279,897            | 4,209,360            | 4,279,897            |
| Liquor Store   | -                       | -                    | 6,534,322                | 6,253,792            | 6,534,322            | 6,253,792            |
| Golf Course  | -                       | -                    | 282,543                  | 1,208,759            | 282,543              | 1,208,759            |
| Total Expenses   | 18,223,220              | 15,929,032           | 30,877,391               | 29,929,803           | 49,100,611           | 45,858,835           |
| Increase (Decrease) in Net Position<br>Before Transfers and Special Item | 3,260,422               | 3,638,911            | 7,487,147                | 7,049,768            | 10,747,569           | 10,688,679           |
| Transfers  | (888,073)               | 1,406,467            | 888,073                  | (1,406,467)          | -                    | -                    |
| Special Item - Loss on Sale of Golf Course Assets                        | -                       | -                    | (900,294)                | -                    | (900,294)            | -                    |
| <b>CHANGE IN NET POSITION</b>  | 2,372,349               | 5,045,378            | 7,474,926                | 5,643,301            | 9,847,275            | 10,688,679           |
| Net Position - Beginning of Year   | 41,312,297              | 36,266,919           | 30,560,154               | 24,916,853           | 71,872,451           | 61,183,772           |
| <b>NET POSITION - END OF YEAR</b>  | <b>\$ 43,684,646</b>    | <b>\$ 41,312,297</b> | <b>\$ 38,035,080</b>     | <b>\$ 30,560,154</b> | <b>\$ 81,719,726</b> | <b>\$ 71,872,451</b> |

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**City of Buffalo's Changes in Net Position (Continued)**

Below are specific graphs that provide comparisons of the governmental activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

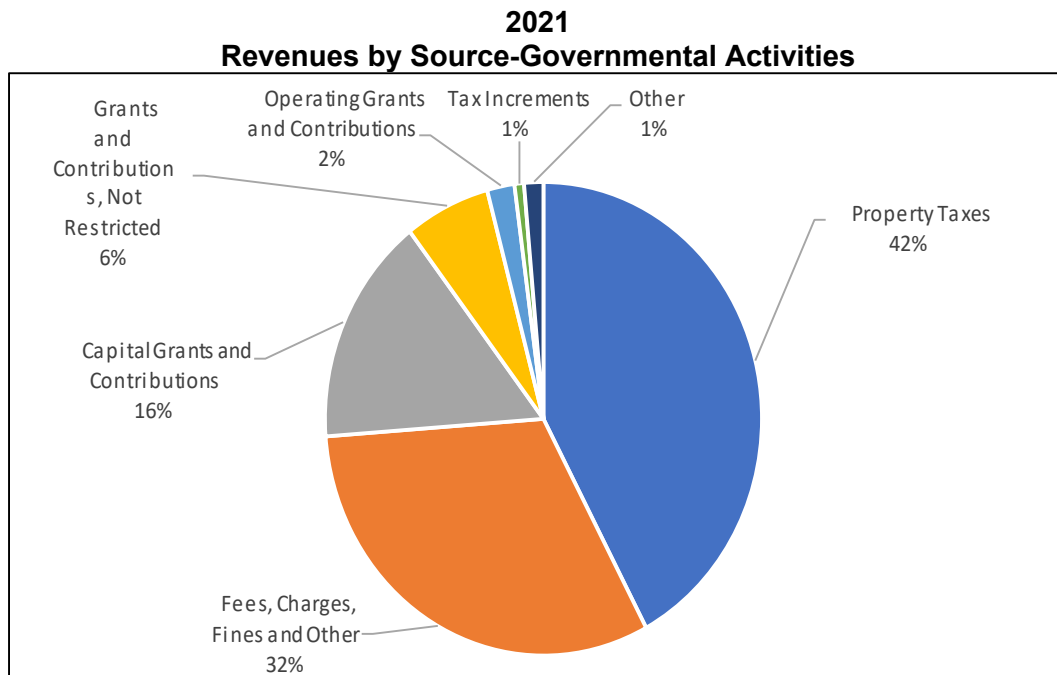
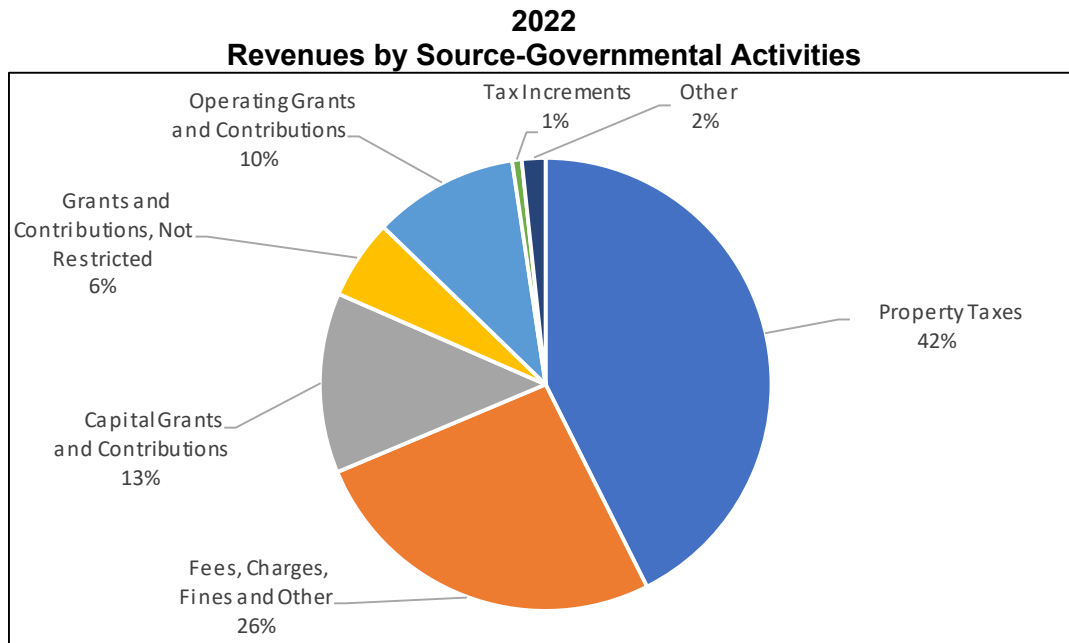




**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**City of Buffalo's Changes in Net Position (Continued)**



**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

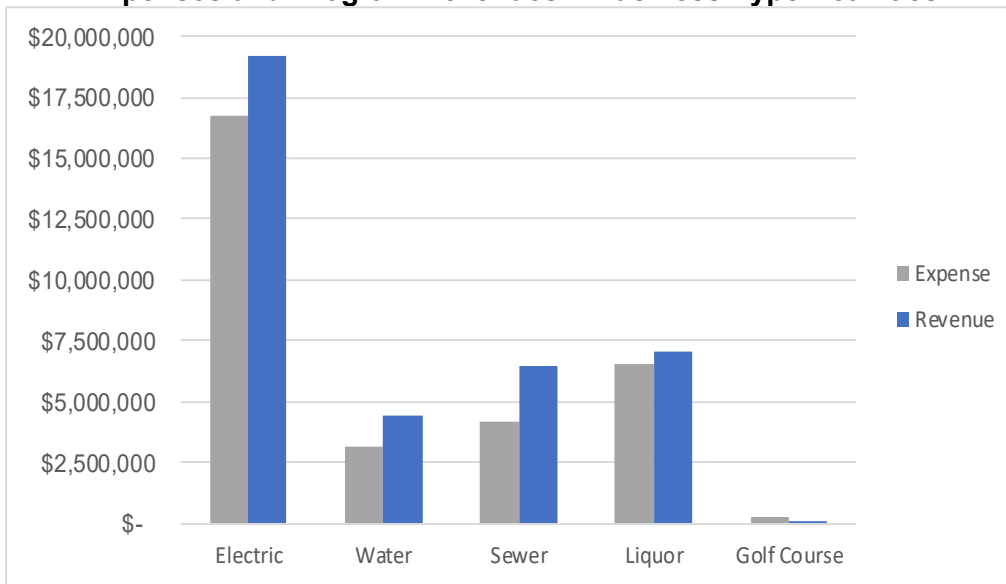
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**City of Buffalo's Changes in Net Position (Continued)**

Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenditures. Excess revenues are retained within each fund until such time that capital replacement is needed.

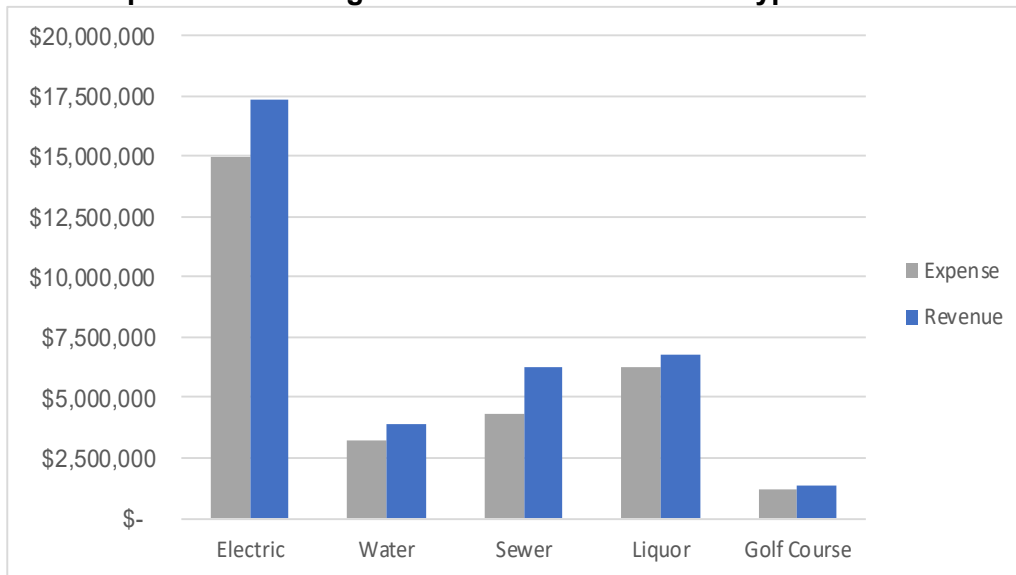
**2022**

**Expenses and Program Revenues – Business-Type Activities**



**2021**

**Expenses and Program Revenues – Business-Type Activities**

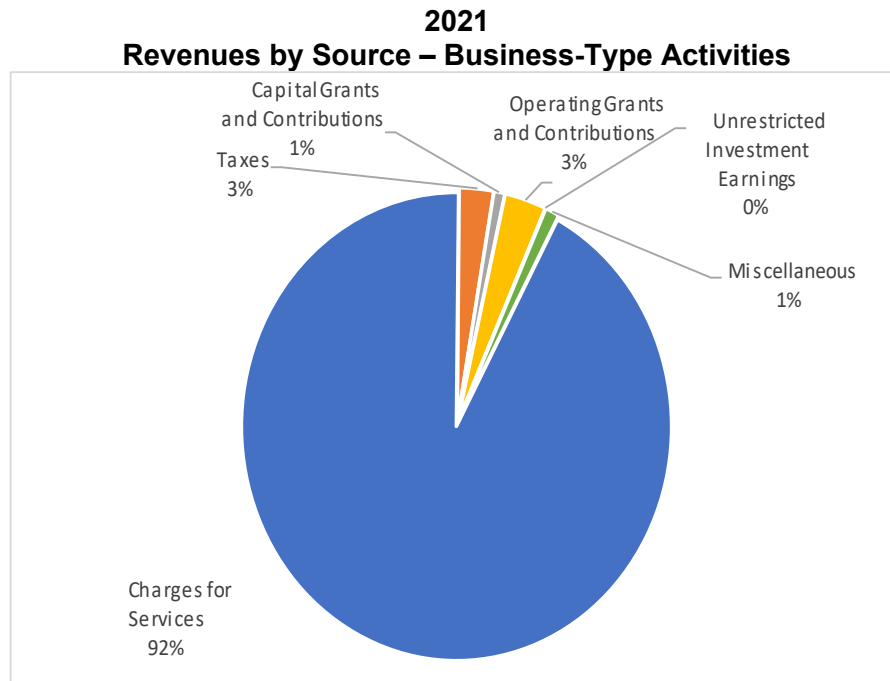
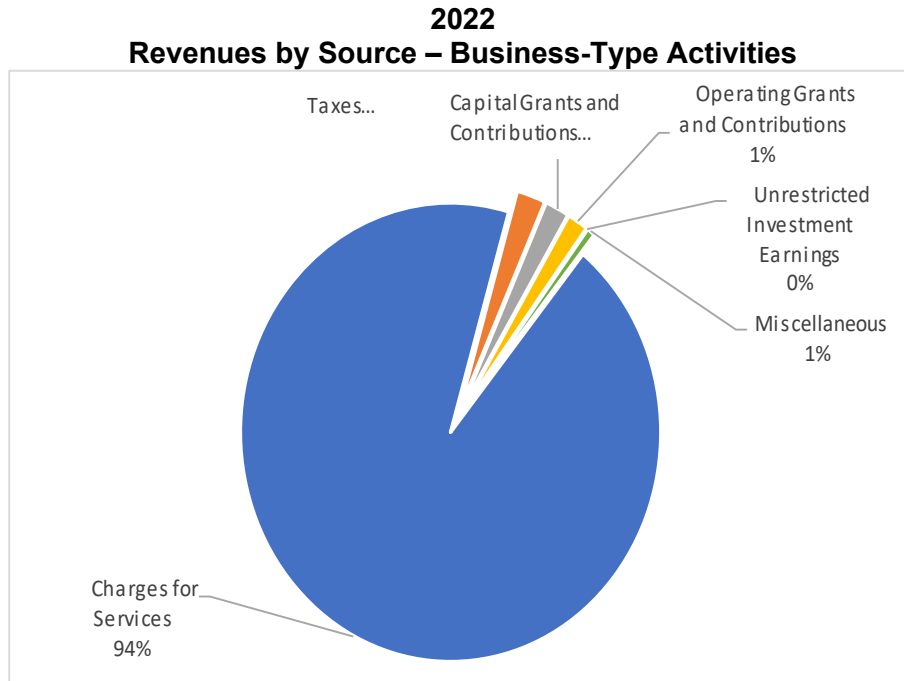


Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in program revenues in the above graphs.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**City of Buffalo's Changes in Net Position (Continued)**



Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in revenues in the above charts.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,708,114, a decrease of \$3,152,883 in comparison with 2021. The City reported deficit unassigned fund balance in the amount of \$780,238. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending. At December 31, 2022 fund balances were as follows:

|                          | <u>Balance</u>      | <u>Increase<br/>(Decrease)<br/>from 2021</u> |
|--------------------------|---------------------|--|
| General Fund             | \$ 6,408,313        | \$ 647,337                                   |
| Debt Service Fund        | 5,365,806           | (308,813)                                    |
| Capital Project Fund     | (1,095,816)         | (3,787,130)                                  |
| HRA Debt Service Fund    | (1,370,664)         | 121,140                                      |
| Other Governmental Funds | (599,525)           | 174,583                                      |
| Total                    | <u>\$ 8,708,114</u> | <u>\$ (3,152,883)</u>                        |

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,089,791.

During the current fiscal year, the City's General Fund balance increased by \$647,337. The increase was a result of revenues, transfers in, and proceeds from sale of capital assets exceeding expenditures and transfers out. Fund balance increased due to changes in transfers.

**Debt Service**

The decrease in the Debt Service Fund balance of \$308,813 was the result of debt payments in excess of revenues.

**Capital Project**

The Capital Projects Fund balance decreased \$3,787,130 as a result of expenditures exceeding revenues and transfers from the General Fund and other financing sources. This is mainly due to a decrease in the receipt of capital grants and contributions in the current year, and the spending of unspent bond proceeds from prior year on the outstanding projects."

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)**

**Governmental Funds (Continued)**

**HRA Debt Service**

The HRA Debt Service Fund balance increased \$121,140 mainly due to the transfer from the HRA of Buffalo Fund to help with the Series 2017C bond payments for a downtown redevelopment project.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position in the Electric Fund at the end of 2022 was \$19,809,810 of which \$4,178,417 is unrestricted. Net position decreased \$2,451,516 during the current year primarily due to a transfer to help close out the Golf Course Fund.

The Water Fund has total net position of \$2,817,192. It has a deficit unrestricted net position of \$189,755. The increase in net position of \$855,193 from 2021 was due to an increase in sales.

The Sewer Fund has total net position of \$13,474,055. It has an unrestricted net position of \$3,106,144. The increase in net position of \$2,339,811 from 2021 was due to an increase in sales.

The Liquor Fund has total net position of \$1,935,962 of which \$592,875 is unrestricted. Net position increased by \$133,252 from 2021. The net position increase is due to an increase in sales and a decrease in costs of sales and services.

The City sold the Wild Marsh Golf Course in 2022 and subsequently closed the fund, transferring cash from Electric Fund, Water Fund, and Sewer Fund to cover operating cash deficits accumulated from the City's annual operating losses of the Golf Course.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues were \$619,575 over budget due mainly to an increase in intergovernmental and charges for services revenues. Expenditures came in over budgeted amounts by \$514,000 primarily due to excess expenditures in financial administration and parks department.

This resulted in a net fund balance increase of \$105,575 compared to budget for the fiscal year. Refer to pages 98-101 of the required supplementary information for additional information.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$144,149,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment and furniture, vehicles, machinery and equipment, other capital assets, and infrastructure. The total increase in the City's investment in capital assets (net of accumulated depreciation) was \$1,685,604 when compared to 2021. This increase is a result of current year capital asset additions.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Capital Assets (Continued)**

Major capital asset events during the current year include the following:

- \$4.08 million increase in governmental activities construction in progress mainly due to the TH25 South reconstruction and Dague Ave/30<sup>th</sup> Street reconstruction projects.
- \$2.90 million decrease in business-type activities capital assets due to selling the golf course.

**CITY OF BUFFALO'S CAPITAL ASSETS  
(Net of Accumulated Depreciation)**

|                                     | Governmental Activities |                      | Business-Type Activities |                      | Total                 |                       |
|-------------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                     | 2022                    | 2021                 | 2022                     | 2021                 | 2022                  | 2021                  |
| Land                                | \$ 2,807,439            | \$ 2,807,439         | \$ 6,614,052             | \$ 7,305,500         | \$ 9,421,491          | \$ 10,112,939         |
| Land Improvements                   | 7,578,409               | 8,210,231            | 462,580                  | 1,783,220            | 8,040,989             | 9,993,451             |
| Buildings and Building Improvements | 7,613,681               | 7,914,401            | 27,520,160               | 28,470,577           | 35,133,841            | 36,384,978            |
| Improvements Other than Building    | 1,232,396               | 1,266,418            | -                        | -                    | 1,232,396             | 1,266,418             |
| Vehicles                            | 2,085,594               | 1,784,548            | -                        | -                    | 2,085,594             | 1,784,548             |
| Equipment                           | 1,727,534               | 1,658,919            | 4,034,179                | 3,334,201            | 5,761,713             | 4,993,120             |
| Infrastructure                      | 19,960,264              | 19,142,421           | -                        | -                    | 19,960,264            | 19,142,421            |
| Utility Distribution Systems        | -                       | -                    | 42,446,294               | 43,290,143           | 42,446,294            | 43,290,143            |
| Construction in Progress            | 19,049,526              | 14,972,231           | 1,017,824                | 524,079              | 20,067,350            | 15,496,310            |
| Total                               | <u>\$ 62,054,843</u>    | <u>\$ 57,756,608</u> | <u>\$ 82,095,089</u>     | <u>\$ 84,707,720</u> | <u>\$ 144,149,932</u> | <u>\$ 142,464,328</u> |

**Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$73,434,998. Of this amount, \$22,190,000 comprises tax supported debt, \$1,945,000 is tax abatement debt, and \$49,299,998 is revenue supported debt. All outstanding debt carries the general obligation backing for which the City is liable in the event of default by the property owners subject to the specific taxes, special assessments, or revenues pledged to the retirement of the debt.

**CITY OF BUFFALO'S OUTSTANDING DEBT  
(General Obligation)**

|                         | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|-------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                         | 2022                    | 2021                 | 2022                     | 2021                 | 2022                 | 2021                 |
| G.O. Tax Supported Debt | \$ 19,936,800           | \$ 21,113,400        | \$ 2,253,200             | \$ 2,996,600         | \$ 22,190,000        | \$ 24,110,000        |
| G.O. Tax Abatement Debt | 1,945,000               | 2,555,000            | -                        | 2,540,000            | 1,945,000            | 5,095,000            |
| G.O. Revenue Debt       | 31,534                  | 46,815               | 49,268,464               | 53,668,183           | 49,299,998           | 53,714,998           |
| Total                   | <u>\$ 21,913,334</u>    | <u>\$ 23,715,215</u> | <u>\$ 51,521,664</u>     | <u>\$ 59,204,783</u> | <u>\$ 73,434,998</u> | <u>\$ 82,919,998</u> |



**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Debt (Continued)**

The City's total bonded debt decreased by \$9,485,000 or (11.4%) during the current fiscal year. There was one new bond issued in the current fiscal year, a \$1,745,000 General Obligation Refunding Bond. The City also issued a partial cash defeasance of \$1,497,916 during the current fiscal year.

The City has an "AA-/Stable" rating from Standard & Poor's for general obligation debt. Refer to Notes 3 and 5 for detailed information on capital assets and long-term debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- \* The unemployment rate for Wright County is currently 3.6% based on Minnesota Department of Employment and Economic Development.
- \* The local economy has continued to grow as indicated by the building permits, with a construction value of \$31,832,452 being issued in 2022. New construction accounts for \$13,766,140 and additions/remodels make up the remaining \$18,766,140 balance. In 2022, the City issued 37 new housing permits compared to 78 in 2021. The increase in residential housing permits is due in large part to the availability of platted residential lots. Single family homes accounted for 100% of the new housing permits. The average value of a new home is about \$326,117 compared to \$300,745 in 2021.
- \* Local Government Aid increased from \$1,015,599 in 2021 to \$1,085,873 in 2022 and is expected to increase an additional \$27,847 in 2023 to \$1,113,720. Although it has increased in the past few years, it is still down significantly from a high of \$1,415,301 received in 2001. The amount for 2024 has not yet been finalized.
- \* The City continued to make improvements to infrastructure in 2022:
  - Mill & overlay street maintenance was completed as part of a pavement management program.
  - Work was completed on several water department projects, including the rehabilitation of the City's second water tower and water treatment plant's filter media, which began in 2021.
  - Work continued on a pretreatment project at the City's water reclamation treatment plant to improve biosolids processing that began in 2018.
  - A street and utility reconstruction, and related roundabout project along Dague Avenue were started in late 2021 and continued throughout 2022 for the City, with expected completion in 2023.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Buffalo's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, City of Buffalo, 212 Central Ave., Buffalo, Minnesota, 55313.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF BUFFALO, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

|   | 2022                       |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>ASSETS</b>                                     |                            |                             |                      |
| Cash and Investments                              | \$ 9,794,945               | \$ 5,159,092                | \$ 14,954,037        |
| Cash with Fiscal Agent                            | -                          | 827,000                     | 827,000              |
| Taxes Receivable                                  | 160,760                    | 9,110                       | 169,870              |
| Special Assessments Receivable                    | 925,400                    | -                           | 925,400              |
| Accounts Receivable                               | 596,425                    | 4,392,422                   | 4,988,847            |
| Due from Other Governments                        | 603,440                    | 169,450                     | 772,890              |
| Accrued Interest Receivable                       | 23,230                     | 23,346                      | 46,576               |
| Internal Balances                                 | (127,916)                  | 127,916                     | -                    |
| Lease Receivable                                  | 3,150,432                  | 157,277                     | 3,307,709            |
| Inventory   | 12,749                     | 2,760,220                   | 2,772,969            |
| Prepaid Items                                     | 168,827                    | 120,110                     | 288,937              |
| Hook-Up Fees Receivable - Noncurrent              | -                          | 31,924                      | 31,924               |
| Loans Receivable                                  | 37,905                     | -                           | 37,905               |
| Land Held for Resale                              | 214,400                    | -                           | 214,400              |
| Net Pension Asset                                 | 762,440                    | -                           | 762,440              |
| Capital Assets:                                   |                            |                             |                      |
| Land and Construction in Progress                 | 21,856,965                 | 7,631,876                   | 29,488,841           |
| Other Capital Assets, Net of Depreciation         | 40,197,878                 | 74,463,213                  | 114,661,091          |
| Total Capital Assets                              | <u>62,054,843</u>          | <u>82,095,089</u>           | <u>144,149,932</u>   |
| Total Assets                                      | <u>78,377,880</u>          | <u>95,872,956</u>           | <u>174,250,836</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                            |                             |                      |
| Refunding Loss on Bonds                           | 43,649                     | 14,265                      | 57,914               |
| Pension Related                                   | 5,069,994                  | 1,136,967                   | 6,206,961            |
| Other Postemployment Benefits Related             | <u>377,542</u>             | <u>218,570</u>              | <u>596,112</u>       |
| Total Deferred Outflows of Resources              | <u>5,491,185</u>           | <u>1,369,802</u>            | <u>6,860,987</u>     |
| <b>LIABILITIES</b>                                |                            |                             |                      |
| Accounts and Contracts Payable                    | 1,424,598                  | 1,684,997                   | 3,109,595            |
| Other Accrued Liabilities                         | 156,945                    | 224,374                     | 381,319              |
| Accrued Interest Payable                          | 265,633                    | 381,739                     | 647,372              |
| Due to Other Governmental Units                   | 51,848                     | 4,384                       | 56,232               |
| Escrow Deposits                                   | 616,821                    | 3,255                       | 620,076              |
| Unearned Revenue                                  | 177,290                    | 130,566                     | 307,856              |
| Noncurrent Liabilities Due Within One Year:       |                            |                             |                      |
| Other Postemployment Benefits Liability           | 44,551                     | 25,792                      | 70,343               |
| Long-Term Debt                                    | <u>3,770,759</u>           | <u>5,023,229</u>            | <u>8,793,988</u>     |
| Noncurrent Liabilities Due in More Than One Year: |                            |                             |                      |
| Net Pension Liability                             | 8,316,514                  | 3,396,611                   | 11,713,125           |
| Other Postemployment Benefits Liability           | 765,070                    | 459,544                     | 1,224,614            |
| Long-Term Debt                                    | <u>21,231,349</u>          | <u>47,654,602</u>           | <u>68,885,951</u>    |
| Total Liabilities                                 | <u>36,821,378</u>          | <u>58,989,093</u>           | <u>95,810,471</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                            |                             |                      |
| Lease Related                                     | 3,006,058                  | 152,210                     | 3,158,268            |
| Refunding Gain on Bonds                           | 7,238                      | 6,396                       | 13,634               |
| Pension Related                                   | 338,584                    | 53,517                      | 392,101              |
| Other Postemployment Benefits Related             | <u>11,161</u>              | <u>6,462</u>                | <u>17,623</u>        |
| Total Deferred Inflows of Resources               | <u>3,363,041</u>           | <u>218,585</u>              | <u>3,581,626</u>     |
| <b>NET POSITION</b>                               |                            |                             |                      |
| Net Investment in Capital Assets                  | 37,828,804                 | 30,349,338                  | 68,178,142           |
| Restricted for:                                   |                            |                             |                      |
| Debt Service                                      | 5,674,877                  | -                           | 5,674,877            |
| Fire Relief Pension                               | 762,440                    | -                           | 762,440              |
| Unrestricted                                      | <u>(581,475)</u>           | <u>7,685,742</u>            | <u>7,104,267</u>     |
| Total Net Position                                | <u>\$ 43,684,646</u>       | <u>\$ 38,035,080</u>        | <u>\$ 81,719,726</u> |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

| Functions/Programs             | 2022          |                                    |                                       |                                     |
|--------------------------------|---------------|------------------------------------|---------------------------------------|-------------------------------------|
|                                | Expenses      | Program Revenues                   |                                       |                                     |
|                                |               | Fees, Charges,<br>Fines, and Other | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions |
| Governmental Activities:       |               |                                    |                                       |                                     |
| General Government             | \$ 2,240,135  | \$ 1,012,017                       | \$ -                                  | \$ -                                |
| Public Safety                  | 5,910,279     | 1,901,771                          | 346,532                               | 14,486                              |
| Public Works                   | 4,271,957     | 179,659                            | 1,761,782                             | 2,645,864                           |
| Sanitation                     | 1,113,625     | 1,136,321                          | -                                     | -                                   |
| Culture and Recreation         | 3,656,654     | 1,335,384                          | 124,094                               | 107,787                             |
| Community Development          | 519,705       | 36,592                             | -                                     | -                                   |
| Interest on Long-Term Debt     | 510,865       | -                                  | -                                     | -                                   |
| Total Governmental Activities  | 18,223,220    | 5,601,744                          | 2,232,408                             | 2,768,137                           |
| Business-Type Activities:      |               |                                    |                                       |                                     |
| Electric                       | 16,731,752    | 19,193,515                         | 30,306                                | -                                   |
| Water                          | 3,119,414     | 4,226,278                          | 187,044                               | 36,750                              |
| Sewer                          | 4,209,360     | 5,407,066                          | 391,830                               | 682,091                             |
| Liquor                         | 6,534,322     | 7,071,931                          | -                                     | -                                   |
| Golf Course                    | 282,543       | 8,048                              | -                                     | -                                   |
| Total Business-Type Activities | 30,877,391    | 35,906,838                         | 609,180                               | 718,841                             |
| Total                          | \$ 49,100,611 | \$ 41,508,582                      | \$ 2,841,588                          | \$ 3,486,978                        |

**General Revenues**

Taxes:  
     Property Taxes, Levied for General Purpose  
     Tax Increments  
     Other Taxes  
 Grants and Contributions not Restricted to Specific Programs  
 Unrestricted Investment Earnings  
 Gain on Disposal of Capital Assets  
 Miscellaneous  
 Special Item - Loss on Sale of Golf Course Assets  
 Transfers  
     Total General Revenues, Special Item, and Transfers

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022  |                             |                |
|---|-----------------------------|----------------|
| Net Revenue (Expense) and Changes in Net Position |                             |                |
| Governmental<br>Activities                        | Business-Type<br>Activities | Total          |
| \$ (1,228,118)                                    | \$ -                        | \$ (1,228,118) |
| (3,647,490)                                       | -                           | (3,647,490)    |
| 315,348   | -                           | 315,348        |
| 22,696  | -                           | 22,696         |
| (2,089,389)                                       | -                           | (2,089,389)    |
| (483,113)   | -                           | (483,113)      |
| (510,865)   | -                           | (510,865)      |
| (7,620,931)                                       | -                           | (7,620,931)    |
| -   | 2,492,069                   | 2,492,069      |
| -   | 1,330,658                   | 1,330,658      |
| -   | 2,271,627                   | 2,271,627      |
| -   | 537,609                     | 537,609        |
| -   | (274,495)                   | (274,495)      |
| -   | 6,357,468                   | 6,357,468      |
| (7,620,931)                                       | 6,357,468                   | (1,263,463)    |
| 9,150,049   | 851,981                     | 10,002,030     |
| 145,766   | -                           | 145,766        |
| 3,013   | -                           | 3,013          |
| 1,222,419   | 14,890                      | 1,237,309      |
| 31,398  | 20,055                      | 51,453         |
| 20,920  | 13,761                      | 34,681         |
| 307,788   | 228,992                     | 536,780        |
| -   | (900,294)                   | (900,294)      |
| (888,073)   | 888,073                     | -              |
| 9,993,280   | 1,117,458                   | 11,110,738     |
| 2,372,349   | 7,474,926                   | 9,847,275      |
| 41,312,297  | 30,560,154                  | 71,872,451     |
| \$ 43,684,646                                     | \$ 38,035,080               | \$ 81,719,726  |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2022**

|   | 2022                 |                         |                            |                             |
|---|----------------------|-------------------------|----------------------------|-----------------------------|
|   | General<br>Fund      | Debt<br>Service<br>Fund | Capital<br>Project<br>Fund | HRA Debt<br>Service<br>Fund |
| <b>ASSETS</b>   |                      |                         |                            |                             |
| Cash and Investments  | \$ 4,206,199         | \$ 4,104,325            | \$ -                       | \$ -                        |
| Taxes Receivable:   |                      |                         |                            |                             |
| Current   | 52,318               | 26,419                  | -                          | -                           |
| Delinquent  | 50,209               | 25,027                  | -                          | -                           |
| Special Assessments Receivable:   |                      |                         |                            |                             |
| Delinquent  | 75                   | -                       | -                          | -                           |
| Noncurrent  | 95,648               | 549,677                 | 280,000                    | -                           |
| Accounts Receivable   | 316,595              | -                       | 202,309                    | -                           |
| Due from Other Governments  | 325,655              | -                       | 28,144                     | -                           |
| Accrued Interest Receivable   | 11,760               | 5,062                   | 4,817                      | -                           |
| Due from Other Funds  | 424,730              | -                       | -                          | -                           |
| Advances to Other Funds   | 2,119,333            | 1,230,000               | -                          | -                           |
| Lease Receivable  | 2,481,986            | -                       | -                          | -                           |
| Inventory   | -                    | -                       | -                          | -                           |
| Prepaid Items   | 79,189               | -                       | -                          | -                           |
| Loans Receivable, Net of Allowance  | -                    | -                       | -                          | -                           |
| Land Held for Resale  | -                    | -                       | -                          | -                           |
|   | <u>-</u>             | <u>-</u>                | <u>-</u>                   | <u>-</u>                    |
| Total Assets  | <u>\$ 10,163,697</u> | <u>\$ 5,940,510</u>     | <u>\$ 515,270</u>          | <u>\$ -</u>                 |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES (DEFICITS)</b> |                      |                         |                            |                             |
| <b>LIABILITIES</b>  |                      |                         |                            |                             |
| Accounts and Contracts Payable  | \$ 470,129           | \$ -                    | \$ 522,367                 | \$ -                        |
| Other Accrued Liabilities   | 105,716              | -                       | -                          | -                           |
| Due to Other Governments  | 51,828               | -                       | -                          | -                           |
| Due to Other Funds  | -                    | -                       | 413,921                    | 10,809                      |
| Advances from Other Funds   | -                    | -                       | -                          | 1,359,855                   |
| Unearned Revenue  | -                    | -                       | 164,345                    | -                           |
| Escrow Deposits   | 609,750              | -                       | -                          | -                           |
| Total Liabilities   | <u>1,237,423</u>     | <u>-</u>                | <u>1,100,633</u>           | <u>1,370,664</u>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                         |                            |                             |
| Unavailable Taxes   | 50,209               | 25,027                  | -                          | -                           |
| Unavailable Special Assessments   | 95,723               | 549,677                 | 280,000                    | -                           |
| Unavailable Grants and Other  | 40,351               | -                       | 230,453                    | -                           |
| Lease Related   | 2,331,678            | -                       | -                          | -                           |
| Unavailable Loans and Interest Receivables  | -                    | -                       | -                          | -                           |
| Total Deferred Inflows of Resources   | <u>2,517,961</u>     | <u>574,704</u>          | <u>510,453</u>             | <u>-</u>                    |
| <b>FUND BALANCES (DEFICITS)</b>   |                      |                         |                            |                             |
| Nonspendable  | 2,198,522            | -                       | -                          | -                           |
| Restricted  | -                    | 5,366,815               | 306,782                    | -                           |
| Committed   | 120,000              | -                       | -                          | -                           |
| Unassigned  | 4,089,791            | (1,009)                 | (1,402,598)                | (1,370,664)                 |
| Total Fund Balances (Deficits)  | <u>6,408,313</u>     | <u>5,365,806</u>        | <u>(1,095,816)</u>         | <u>(1,370,664)</u>          |
|   | <u>-</u>             | <u>-</u>                | <u>-</u>                   | <u>-</u>                    |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances              | <u>\$ 10,163,697</u> | <u>\$ 5,940,510</u>     | <u>\$ 515,270</u>          | <u>\$ -</u>                 |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
GOVERNMENTAL FUNDS  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2022**

| 2022                              |                                |
|-----------------------------------|--------------------------------|
| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| \$ 1,472,507                      | \$ 9,783,031                   |
| 3,495                             | 82,232                         |
| 3,292                             | 78,528                         |
| -                                 | 75                             |
| -                                 | 925,325                        |
| 76,765                            | 595,669                        |
| 249,641                           | 603,440                        |
| 1,591                             | 23,230                         |
| -                                 | 424,730                        |
| -                                 | 3,349,333                      |
| 668,446                           | 3,150,432                      |
| 12,749                            | 12,749                         |
| 7,136                             | 86,325                         |
| 37,905                            | 37,905                         |
| 214,400                           | 214,400                        |
| <u>\$ 2,747,927</u>               | <u>\$ 19,367,404</u>           |

|                     |                      |
|---------------------|----------------------|
| \$ 375,583          | \$ 1,368,079         |
| 46,367              | 152,083              |
| 20                  | 51,848               |
| -                   | 424,730              |
| 2,119,333           | 3,479,188            |
| 12,945              | 177,290              |
| 7,071               | 616,821              |
| <u>2,561,319</u>    | <u>6,270,039</u>     |
| 3,292               | 78,528               |
| -                   | 925,400              |
| 70,556              | 341,360              |
| 674,380             | 3,006,058            |
| 37,905              | 37,905               |
| <u>786,133</u>      | <u>4,389,251</u>     |
| 19,885              | 2,218,407            |
| -                   | 5,673,597            |
| 1,476,348           | 1,596,348            |
| <u>(2,095,758)</u>  | <u>(780,238)</u>     |
| <u>(599,525)</u>    | <u>8,708,114</u>     |
| <u>\$ 2,747,927</u> | <u>\$ 19,367,404</u> |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2022**

|   |                      |
|---|----------------------|
|   | 2022                 |
| Total Fund Balance for Governmental Funds   | \$ 8,708,114         |
| Total net position reported for governmental activities in the Statement of Net Position is different because:  |                      |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:   |                      |
| Land  | 2,807,439            |
| Construction in Progress  | 19,049,526           |
| Land Improvements   | 17,645,041           |
| Buildings and Improvements  | 17,598,033           |
| Improvements Other than Buildings   | 3,812,859            |
| Vehicles  | 5,321,292            |
| Equipment   | 6,132,408            |
| Infrastructure  | 88,130,554           |
| Less: Accumulated Depreciation  | (98,584,313)         |
| The City's net pension asset and liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:  |                      |
| Net Pension Asset   | 762,440              |
| Net Pension Liability   | (8,064,768)          |
| Deferred Inflows of Resources - Pension Related   | (334,617)            |
| Deferred Outflows of Resources - Pension Related  | 4,985,726            |
| The City's other postemployment benefit liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:   |                      |
| Other Postemployment Benefits Liability   | (793,951)            |
| Deferred Inflows of Resources - OPEB Related  | (10,780)             |
| Deferred Outflows of Resources - OPEB Related   | 364,638              |
| Some of the City's property taxes, special assessments, and other receivables will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.   |                      |
|   | 1,383,193            |
| The loss on refunding is reported as a deferred outflow on the statement of net position and amortized over the life of the bonds.  |                      |
|   | 43,649               |
| The gain on refunding is reported as a deferred inflow on the statement of net position and amortized over the life of the bonds.   |                      |
|   | (7,238)              |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position.   |                      |
|   | (265,633)            |
| Internal service funds are used by the City to charge the costs of certain activities to individual funds. The portion of assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund that are used by the governmental funds are included in the governmental activities in the statement of net position. |                      |
|   | (2,324)              |
| Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at year-end are:  |                      |
| Bonds Payable   | (21,913,334)         |
| Unamortized Bond Premiums   | (875,018)            |
| Finance Purchase Obligations  | (1,631,455)          |
| Compensated Absences Payable  | (576,835)            |
| Total Net Position of Governmental Activities   | <u>\$ 43,684,646</u> |

See accompanying Notes to Financial Statements.



**CITY OF BUFFALO, MINNESOTA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022                |                         |                            |                             |
|--|---------------------|-------------------------|----------------------------|-----------------------------|
|  | General<br>Fund     | Debt<br>Service<br>Fund | Capital<br>Project<br>Fund | HRA Debt<br>Service<br>Fund |
| <b>REVENUES</b>                              |                     |                         |                            |                             |
| General Property Taxes                       | \$ 5,661,522        | \$ 2,909,318            | \$ -                       | \$ -                        |
| Tax Increments                               | -                   | -                       | -                          | -                           |
| Other Taxes                                  | 3,013               | -                       | -                          | -                           |
| Licenses and Permits                         | 473,301             | -                       | -                          | -                           |
| Intergovernmental                            | 1,551,648           | -                       | 4,152,525                  | -                           |
| Special Assessments                          | 4,826               | 4,603                   | 29,230                     | -                           |
| Charges for Services                         | 1,933,560           | -                       | 20,783                     | -                           |
| Fines and Forfeits                           | 46,360              | -                       | -                          | -                           |
| Investment Earnings                          | 14,610              | 6,291                   | 9,341                      | -                           |
| Refunds and Reimbursements                   | 146,065             | -                       | 146,781                    | -                           |
| Contributions and Donations                  | 42,038              | -                       | -                          | -                           |
| Miscellaneous                                | 194,547             | -                       | 13,970                     | -                           |
| Total Revenues                               | 10,071,490          | 2,920,212               | 4,372,630                  | -                           |
| <b>EXPENDITURES</b>                          |                     |                         |                            |                             |
| Current:                                     |                     |                         |                            |                             |
| General Government                           | 1,775,986           | -                       | -                          | -                           |
| Public Safety                                | 3,815,195           | -                       | -                          | -                           |
| Public Works                                 | 1,469,958           | -                       | -                          | -                           |
| Sanitation                                   | 1,114,590           | -                       | -                          | -                           |
| Culture and Recreation                       | 1,692,287           | -                       | -                          | -                           |
| Community Development                        | -                   | -                       | -                          | -                           |
| Capital Outlay:                              |                     |                         |                            |                             |
| General Government                           | 86,454              | -                       | -                          | -                           |
| Public Safety                                | 39,950              | -                       | 137,392                    | -                           |
| Public Works                                 | 118,866             | -                       | 8,452,662                  | -                           |
| Culture and Recreation                       | 144,715             | -                       | 256,093                    | -                           |
| Debt Service:                                |                     |                         |                            |                             |
| Finance Purchase Obligations:                |                     |                         |                            |                             |
| Principal                                    | 220,722             | -                       | -                          | -                           |
| Interest and Fiscal Charges                  | 14,569              | -                       | -                          | -                           |
| Bonds and Loans:                             |                     |                         |                            |                             |
| Principal                                    | -                   | 4,251,881               | -                          | -                           |
| Interest and Fiscal Charges                  | -                   | 749,785                 | -                          | 1,681                       |
| Total Expenditures                           | 10,493,292          | 5,001,666               | 8,846,147                  | 1,681                       |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>     | (421,802)           | (2,081,454)             | (4,473,517)                | (1,681)                     |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                     |                         |                            |                             |
| Transfer In                                  | 1,379,096           | 158,323                 | 27,579                     | 156,216                     |
| Transfer Out                                 | (402,507)           | -                       | -                          | (33,395)                    |
| Issuance of Bonds                            | -                   | 1,525,000               | -                          | -                           |
| Proceeds from Sale of Capital Assets         | 20,920              | -                       | -                          | -                           |
| Insurance Proceeds                           | 71,630              | -                       | -                          | -                           |
| Initiation of Finance Purchase Obligations   | -                   | -                       | 658,808                    | -                           |
| Bond Premium                                 | -                   | 89,318                  | -                          | -                           |
| Total Other Financing Sources (Uses)         | 1,069,139           | 1,772,641               | 686,387                    | 122,821                     |
| <b>NET CHANGE IN FUND BALANCES</b>           | 647,337             | (308,813)               | (3,787,130)                | 121,140                     |
| Fund Balances (Deficit) - Beginning of Year  | 5,760,976           | 5,674,619               | 2,691,314                  | (1,491,804)                 |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b> | <u>\$ 6,408,313</u> | <u>\$ 5,365,806</u>     | <u>\$ (1,095,816)</u>      | <u>\$ (1,370,664)</u>       |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022                              |                                |
|-----------------------------------|--------------------------------|
| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
| \$ 374,272                        | \$ 8,945,112                   |
| 354,461                           | 354,461                        |
| -                                 | 3,013                          |
| -                                 | 473,301                        |
| 270,394                           | 5,974,567                      |
| -                                 | 38,659                         |
| 1,769,567                         | 3,723,910                      |
| -                                 | 46,360                         |
| 2,769                             | 33,011                         |
| 5,394                             | 298,240                        |
| 62,123                            | 104,161                        |
| 9,521                             | 218,038                        |
| <u>2,848,501</u>                  | <u>20,212,833</u>              |
| -                                 | 1,775,986                      |
| 685,630                           | 4,500,825                      |
| -                                 | 1,469,958                      |
| -                                 | 1,114,590                      |
| 1,219,910                         | 2,912,197                      |
| 519,705                           | 519,705                        |
| -                                 | 86,454                         |
| 103,116                           | 280,458                        |
| -                                 | 8,571,528                      |
| 139,045                           | 539,853                        |
| 183,620                           | 404,342                        |
| 12,580                            | 27,149                         |
| -                                 | 4,251,881                      |
| -                                 | 751,466                        |
| <u>2,863,606</u>                  | <u>27,206,392</u>              |
| (15,105)                          | (6,993,559)                    |
| 350,000                           | 2,071,214                      |
| (160,312)                         | (596,214)                      |
| -                                 | 1,525,000                      |
| -                                 | 20,920                         |
| -                                 | 71,630                         |
| -                                 | 658,808                        |
| -                                 | 89,318                         |
| <u>189,688</u>                    | <u>3,840,676</u>               |
| 174,583                           | (3,152,883)                    |
| <u>(774,108)</u>                  | <u>11,860,997</u>              |
| <u>\$ (599,525)</u>               | <u>\$ 8,708,114</u>            |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA**  
**RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

|  |                |
|--|----------------|
|  | 2022           |
| Net Change in Fund Balances-Total Governmental Funds   | \$ (3,152,883) |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |                |
| Governmental funds report capital outlays as expenditures. However, in the the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.  |                |
| Capital Outlays  | 9,496,757      |
| Disposal of Capital Assets   | (62,124)       |
| Capital Assets Contributed to Business-Type Funds  | (1,260,584)    |
| Depreciation Expense   | (3,802,124)    |
| Some capital asset additions are financed through finance purchase obligations. In governmental funds, a finance purchase obligation arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of finance purchase obligation principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.  |                |
| Finance Purchase Obligation Proceeds   | (658,808)      |
| Finance Purchase Assigned to Governmental Activities   | (20,176)       |
| Principal Payments for Finance Purchase Obligations  | 404,342        |
| The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect on these differences in the treatment of general obligation bonds and related items is as follows: |                |
| General Obligation Bond Proceeds   | (1,525,000)    |
| Debt Assigned to Governmental Activities   | (903,643)      |
| Bond Discount/Premium  | (89,318)       |
| Repayment of Bond Principal and Note Payable   | 4,251,881      |
| Change in Accrued Interest Expense for General Obligation Bonds  | 30,131         |
| Amortization of Refunding Loss on Bonds  | 6,979          |
| Amortization of Refunding Gain on Bonds  | 3,399          |
| Amortization of Bond Premium   | 226,034        |
| Change in delinquent and noncurrent property taxes, special assessments receivable, and other receivables will be collected subsequent to year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are deferred in the governmental funds.   |                |
|  | 113,155        |
| Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflow and outflow of resources.  |                |
|  | (331,358)      |
| Net Pension Liability and Related Inflows and Outflows Assigned to Governmental Activities   | (178,670)      |
| OPEB expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.  |                |
|  | (61,220)       |
| In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).   |                |
|  | (67,112)       |
| Internal service funds are used by the City to charge costs of certain activities to individual funds. The portion of net revenues of the internal service fund that are received for governmental funds is reported within governmental activities.   |                |
|  | (47,309)       |
| Change in Net Position of Governmental Activities  | \$ 2,372,349   |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

|   | 2022         |              |
|---|--------------|--------------|
|   | Electric     | Water        |
| <b>ASSETS</b>                                       |              |              |
| <b>CURRENT ASSETS</b>                               |              |              |
| Cash and Cash Equivalents                           | \$ 1,073,509 | \$ 73,617    |
| Cash and Investments with Fiscal Agent              | 827,000      | -            |
| Accounts Receivable, Net of Allowance               | 2,876,503    | 591,817      |
| Accrued Interest Receivable                         | 10,458       | 2,184        |
| Taxes Receivable:                                   |              |              |
| Delinquent  | -            | -            |
| Due from Other Governments                          | 66,632       | -            |
| Lease Receivable                                    | 21,516       | -            |
| Inventory   | -            | 8,335        |
| Supplies  | 1,792,185    | -            |
| Prepaid Items                                       | 90,901       | 11,513       |
| Total Current Assets                                | 6,758,704    | 687,466      |
| <b>LONG-TERM ASSETS</b>                             |              |              |
| Sewer and Water Hook-up Fees Receivable - Long-Term | -            | 15,962       |
| Advance to Other Funds                              | 129,855      | -            |
| Capital Assets:                                     |              |              |
| Land, Buildings, Infrastructure, and Improvements   | 35,954,937   | 39,186,131   |
| Equipment   | 8,653,935    | 887,527      |
| Construction in Progress                            | -            | 4,625        |
| Total Capital Assets                                | 44,608,872   | 40,078,283   |
| Less: Allowance for Depreciation                    | (24,548,826) | (18,605,176) |
| Total Net Capital Assets                            | 20,060,046   | 21,473,107   |
| Total Long-Term Assets                              | 20,189,901   | 21,489,069   |
| Total Assets  | 26,948,605   | 22,176,535   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |              |              |
| Refunding Loss on Bonds                             | -            | 2,289        |
| Pension Related                                     | 430,107      | 237,008      |
| Other Postemployment Benefits Related               | 97,668       | 41,619       |
| Total Deferred Outflows of Resources                | 527,775      | 280,916      |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2022**

| 2022         |             |                |              | 2022                     |
|--------------|-------------|----------------|--------------|--------------------------|
| Sewer        | Liquor      | Golf<br>Course | Total        | Internal<br>Service Fund |
| \$ 3,521,967 | \$ 489,999  | \$ -           | \$ 5,159,092 | \$ 11,914                |
| -            | -           | -              | 827,000      | -                        |
| 923,242      | 860         | -              | 4,392,422    | 756                      |
| 9,831        | 873         | -              | 23,346       | -                        |
| 9,085        | 25          | -              | 9,110        | -                        |
| 102,818      | -           | -              | 169,450      | -                        |
| -            | 135,761     | -              | 157,277      | -                        |
| -            | 959,700     | -              | 968,035      | -                        |
| -            | -           | -              | 1,792,185    | -                        |
| 8,348        | 9,348       | -              | 120,110      | 82,502                   |
| 4,575,291    | 1,596,566   | -              | 13,618,027   | 95,172                   |
| 15,962       | -           | -              | 31,924       | -                        |
| -            | -           | -              | 129,855      | -                        |
| 65,373,964   | 2,075,663   | -              | 142,590,695  | 30,917                   |
| 1,202,256    | 525,336     | -              | 11,269,054   | 855,200                  |
| 1,013,199    | -           | -              | 1,017,824    | -                        |
| 67,589,419   | 2,600,999   | -              | 154,877,573  | 886,117                  |
| (28,370,570) | (1,257,912) | -              | (72,782,484) | (744,113)                |
| 39,218,849   | 1,343,087   | -              | 82,095,089   | 142,004                  |
| 39,234,811   | 1,343,087   | -              | 82,256,868   | 142,004                  |
| 43,810,102   | 2,939,653   | -              | 95,874,895   | 237,176                  |
| 11,976       | -           | -              | 14,265       | -                        |
| 247,105      | 222,747     | -              | 1,136,967    | 84,268                   |
| 42,353       | 36,930      | -              | 218,570      | 12,904                   |
| 301,434      | 259,677     | -              | 1,369,802    | 97,172                   |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2022**

|  | 2022          |              |
|--|---------------|--------------|
|  | Electric      | Water        |
| <b>LIABILITIES</b>   |               |              |
| <b>CURRENT LIABILITIES</b>   |               |              |
| Accounts and Contracts Payable   | \$ 1,070,754  | \$ 88,536    |
| Accrued Expenses   | 99,587        | 15,967       |
| Due to Other Governments   | -             | 411          |
| Accrued Interest   | 57,395        | 144,820      |
| Unearned Revenue   | -             | -            |
| Compensated Absences - Current Portion   | 74,283        | 65,989       |
| Bonds Payable - Current Portion  | 905,000       | 1,471,676    |
| Other Postemployment Benefits Liability  | 11,525        | 4,911        |
| Total Current Liabilities  | 2,218,544     | 1,792,310    |
| <b>LONG-TERM LIABILITIES</b>   |               |              |
| Escrow Deposits  | -             | 3,255        |
| Compensated Absences - Long-Term   | 79,013        | 48,073       |
| Bonds Payable - Long-Term  | 3,823,162     | 16,997,145   |
| Net Pension Liability  | 1,284,915     | 708,044      |
| Other Postemployment Benefits Liability  | 216,287       | 74,932       |
| Total Long-Term Liabilities  | 5,403,377     | 17,831,449   |
| Total Liabilities  | 7,621,921     | 19,623,759   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |               |              |
| Refunding Gain on Bonds  | -             | 4,114        |
| Lease Related  | 21,516        | -            |
| Pension Related  | 20,245        | 11,156       |
| Other Postemployment Benefits Related  | 2,888         | 1,230        |
| Total Deferred Inflows of Resources  | 44,649        | 16,500       |
| <b>NET POSITION</b>  |               |              |
| Net Investment in Capital Assets   | 15,631,393    | 3,006,947    |
| Unrestricted   | 4,178,417     | (189,755)    |
| Total Net Position   | \$ 19,809,810 | \$ 2,817,192 |
| Adjustment to Reflect the Consolidation of Internal Service Fund<br>Activities Related to the Enterprise Funds<br>Total Net Position of Business-Type Activities |               |              |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2022**

| 2022          |              |             |               | 2022                  |
|---------------|--------------|-------------|---------------|-----------------------|
| Sewer         | Liquor       | Golf Course | Total         | Internal Service Fund |
| \$ 320,986    | \$ 204,721   | \$ -        | \$ 1,684,997  | \$ 56,519             |
| 14,966        | 93,854       | -           | 224,374       | 4,862                 |
| -             | 3,973        | -           | 4,384         | -                     |
| 179,524       | -            | -           | 381,739       | -                     |
| 130,566       | -            | -           | 130,566       | -                     |
| 66,597        | 28,566       | -           | 235,435       | 4,896                 |
| 2,411,118     | -            | -           | 4,787,794     | -                     |
| 4,998         | 4,358        | -           | 25,792        | 1,523                 |
| 3,128,755     | 335,472      | -           | 7,475,081     | 67,800                |
| -             | -            | -           | 3,255         | -                     |
| 13,405        | 38,351       | -           | 178,842       | 570                   |
| 26,655,453    | -            | -           | 47,475,760    | -                     |
| 738,210       | 665,442      | -           | 3,396,611     | 251,746               |
| 86,493        | 81,832       | -           | 459,544       | 14,147                |
| 27,493,561    | 785,625      | -           | 51,514,012    | 266,463               |
| 30,622,316    | 1,121,097    | -           | 58,989,093    | 334,263               |
| 2,282         | -            | -           | 6,396         | -                     |
| -             | 130,694      | -           | 152,210       | -                     |
| 11,631        | 10,485       | -           | 53,517        | 3,967                 |
| 1,252         | 1,092        | -           | 6,462         | 381                   |
| 15,165        | 142,271      | -           | 218,585       | 4,348                 |
| 10,367,911    | 1,343,087    | -           | 30,349,338    | 142,004               |
| 3,106,144     | 592,875      | -           | 7,687,681     | (146,267)             |
| \$ 13,474,055 | \$ 1,935,962 | \$ -        | 38,037,019    | \$ (4,263)            |
|               |              |             | (1,939)       |                       |
|               |              |             | \$ 38,035,080 |                       |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022          |              |
|--|---------------|--------------|
|  | Electric      | Water        |
| <b>GROSS PROFIT AND OPERATING REVENUES</b>           |               |              |
| Sales  | \$ -          | \$ -         |
| Costs of Goods Sold                                  | -             | -            |
| Charges for Services                                 | 19,193,515    | 4,226,278    |
| Total Gross Profit and Operating Revenues            | 19,193,515    | 4,226,278    |
| <b>OPERATING EXPENSES</b>                            |               |              |
| Cost of Sales and Services                           | 13,440,945    | 800,538      |
| Compensation and Employee Benefits                   | 1,788,745     | 958,431      |
| Depreciation   | 1,359,886     | 851,211      |
| Total Operating Expenses                             | 16,589,576    | 2,610,180    |
| <b>OPERATING INCOME (LOSS)</b>                       | 2,603,939     | 1,616,098    |
| <b>OTHER INCOME (EXPENSE)</b>                        |               |              |
| Interest Income                                      | 5,654         | 1,104        |
| Interest Expense                                     | (134,943)     | (507,317)    |
| Taxes and Special Assessments                        | -             | -            |
| Intergovernmental Revenues                           | 35,939        | 96,989       |
| Access Fees  | 14,600        | 106,329      |
| Refunds and Reimbursements                           | 22,971        | -            |
| Miscellaneous Revenue                                | 43,290        | 9,504        |
| Gain on Sale of Capital Assets                       | 2,072         | 2,683        |
| Total Other Income (Expense)                         | (10,417)      | (290,708)    |
| <b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>     | 2,593,522     | 1,325,390    |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                   |               |              |
| Transfers In   | -             | -            |
| Transfers Out  | (5,049,249)   | (1,141,003)  |
| Assumption of Liabilities of Governmental Activities | -             | -            |
| Capital Contributions                                | 4,211         | 670,806      |
| Total Contributions and Transfers                    | (5,045,038)   | (470,197)    |
| <b>INCOME (LOSS) BEFORE SPECIAL ITEM</b>             | (2,451,516)   | 855,193      |
| <b>SPECIAL ITEM</b>                                  |               |              |
| Loss on Sale of Golf Course Assets                   | -             | -            |
| <b>CHANGE IN NET POSITION</b>                        | (2,451,516)   | 855,193      |
| Net Position - Beginning of Year                     | 22,261,326    | 1,961,999    |
| <b>NET POSITION - END OF YEAR</b>                    | \$ 19,809,810 | \$ 2,817,192 |

Adjustment to Reflect the Consolidation of Internal Service Fund  
Activities Related to the Enterprise Funds  
Change in Net Position of Business-Type Activities

See accompanying Notes to Financial Statements.



**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022          |              |             |              | 2022                  |
|---------------|--------------|-------------|--------------|-----------------------|
| Sewer         | Liquor       | Golf Course | Total        | Internal Service Fund |
| \$ -          | \$ 7,071,931 | \$ -        | \$ 7,071,931 | \$ -                  |
| -             | (5,158,699)  | (585)       | (5,159,284)  | -                     |
| 5,407,066     | -            | 8,048       | 28,834,907   | 1,029,183             |
| 5,407,066     | 1,913,232    | 7,463       | 30,747,554   | 1,029,183             |
| 1,013,197     | 451,574      | 100,245     | 15,806,499   | 596,313               |
| 950,068       | 861,878      | 22,371      | 4,581,493    | 421,746               |
| 1,384,640     | 60,344       | 74,234      | 3,730,315    | 73,690                |
| 3,347,905     | 1,373,796    | 196,850     | 24,118,307   | 1,091,749             |
| 2,059,161     | 539,436      | (189,387)   | 6,629,247    | (62,566)              |
| 12,213        | 1,084        | -           | 20,055       | -                     |
| (858,883)     | (35)         | (84,575)    | (1,585,753)  | -                     |
| 502,132       | -            | 349,849     | 851,981      | -                     |
| 685,327       | 2,917        | -           | 821,172      | 1,104                 |
| 391,830       | -            | -           | 512,759      | -                     |
| -             | -            | 2,896       | 25,867       | 106                   |
| 63,967        | 64,850       | -           | 181,611      | -                     |
| 2,750         | -            | -           | 7,505        | -                     |
| 799,336       | 68,816       | 268,170     | 835,197      | 1,210                 |
| 2,858,497     | 608,252      | 78,783      | 7,464,444    | (61,356)              |
| -             | -            | 6,331,255   | 6,331,255    | -                     |
| (1,141,003)   | (475,000)    | -           | (7,806,255)  | -                     |
| -             | -            | 1,102,489   | 1,102,489    | -                     |
| 622,317       | -            | -           | 1,297,334    | -                     |
| (518,686)     | (475,000)    | 7,433,744   | 924,823      | -                     |
| 2,339,811     | 133,252      | 7,512,527   | 8,389,267    | (61,356)              |
| -             | -            | (900,294)   | (900,294)    | -                     |
| 2,339,811     | 133,252      | 6,612,233   | 7,488,973    | (61,356)              |
| 11,134,244    | 1,802,710    | (6,612,233) | 30,548,046   | 57,093                |
| \$ 13,474,055 | \$ 1,935,962 | \$ -        | 38,037,019   | \$ (4,263)            |
|               |              |             |              | (14,047)              |
|               |              |             |              | <u>\$ 7,474,926</u>   |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2022**

|   | 2022                |                     |
|---|---------------------|---------------------|
|   | Electric            | Water               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |                     |                     |
| Cash Received from Customers and Service Users                                  | \$ 19,102,493       | \$ 4,189,132        |
| Cash Paid to Suppliers  | (13,836,534)        | (783,625)           |
| Cash Paid to Employees  | (1,609,982)         | (841,188)           |
| Net Cash Provided (Used) by Operating Activities                                | 3,655,977           | 2,564,319           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                          |                     |                     |
| Interfund Borrowing/Transfers   | (1,404,574)         | 101,493             |
| Proceeds on Sale of Golf Course   | -                   | -                   |
| Costs to close Sale of Golf Course  | -                   | -                   |
| Due to/from Other Funds   | -                   | -                   |
| Advance to/from Other Funds   | 21,140              | -                   |
| Property Tax Receipts   | -                   | -                   |
| Intergovernmental Receipts  | 35,939              | 96,989              |
| Net Cash Provided (Used) by Noncapital Financing Activities                     | (1,347,495)         | 198,482             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                 |                     |                     |
| Issuance of Bonds   | -                   | 220,000             |
| Issuance of Bond Premium  | -                   | 14,560              |
| Access Fees   | (34,939)            | 111,764             |
| Lease Revenue   | -                   | -                   |
| Acquisition and Construction of Capital Assets                                  | (866,919)           | (583,328)           |
| Interest Paid on Bonds  | (155,517)           | (651,915)           |
| Interest Paid on Finance Purchase Obligations                                   | (242)               | (126)               |
| Cash paid to Escrow Agent   | -                   | -                   |
| Principal Payments on Loans   | -                   | -                   |
| Principal Payments on Finance Purchase Obligations                              | (53,830)            | (20,007)            |
| Principal Payments on Bonds   | (1,420,000)         | (1,617,154)         |
| Net Cash Used by Capital and Related Financing Activities                       | (2,531,447)         | (2,526,206)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |                     |                     |
| Investment Income (Loss)  | (4,795)             | (1,080)             |
| Proceeds from Sale of Capital Assets  | 2,072               | 2,683               |
| Net Cash Provided (Used) by Investing Activities                                | (2,723)             | 1,603               |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                     | (225,688)           | 238,198             |
| Cash and Cash Equivalents - Beginning of Year                                   | 2,126,197           | (164,581)           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                                  | <u>\$ 1,900,509</u> | <u>\$ 73,617</u>    |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b> |                     |                     |
| Cash and Cash Equivalents   | \$ 1,073,509        | \$ 73,617           |
| Cash and Investments with Fiscal Agent  | 827,000             | -                   |
| Total Cash and Cash Equivalents   | <u>\$ 1,900,509</u> | <u>\$ 73,617</u>    |
| <b>NONCASH TRANSACTIONS</b>   |                     |                     |
| Contributed Capital   | \$ 4,211            | \$ 670,806          |
| Assumption of Debt by Governmental Activities                                   | -                   | -                   |
| Forgiveness of Advances Between Funds   | 3,644,675           | 1,242,496           |
| Amortization of Premiums and Refunding Loss                                     | (7,443)             | (117,911)           |
| Total Noncash Investing, Capital, and Financing Activities                      | <u>\$ 3,641,443</u> | <u>\$ 1,795,391</u> |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022                |                   |                       |                     | 2022                   |
|---------------------|-------------------|-----------------------|---------------------|------------------------|
| Sewer               | Liquor            | Golf Course           | Total               | Internal Services Fund |
| \$ 4,886,264        | \$ 7,135,921      | \$ 13,518             | \$ 35,327,328       | \$ 1,028,592           |
| (986,853)           | (5,612,799)       | (135,672)             | (21,355,483)        | (631,838)              |
| (897,426)           | (828,425)         | (47,410)              | (4,224,431)         | (331,232)              |
| 3,001,985           | 694,697           | (169,564)             | 9,747,414           | 65,522                 |
| 101,493             | (475,000)         | 201,588               | (1,475,000)         | -                      |
| -                   | -                 | 2,034,127             | 2,034,127           | -                      |
| -                   | -                 | (7,581)               | (7,581)             | -                      |
| -                   | -                 | -                     | -                   | (54,712)               |
| -                   | -                 | -                     | 21,140              | -                      |
| 398,905             | 222               | 351,872               | 750,999             | -                      |
| 685,327             | 2,917             | 3,233                 | 824,405             | 1,104                  |
| 1,185,725           | (471,861)         | 2,583,239             | 2,148,090           | (53,608)               |
| -                   | -                 | -                     | 220,000             | -                      |
| -                   | -                 | -                     | 14,560              | -                      |
| 397,265             | -                 | -                     | 474,090             | -                      |
| -                   | (5,067)           | -                     | (5,067)             | -                      |
| (961,007)           | (38,846)          | (116,509)             | (2,566,609)         | -                      |
| (1,029,629)         | (14)              | (42,114)              | (1,879,189)         | -                      |
| (12)                | (21)              | (2,389)               | (2,790)             | -                      |
| -                   | -                 | (1,477,415)           | (1,477,415)         | -                      |
| -                   | -                 | (426,399)             | (426,399)           | -                      |
| (2,389)             | (6,014)           | (193,849)             | (276,089)           | -                      |
| (2,325,965)         | -                 | (155,000)             | (5,518,119)         | -                      |
| (3,921,737)         | (49,962)          | (2,413,675)           | (11,443,027)        | -                      |
| 2,382               | 211               | -                     | (3,282)             | -                      |
| 2,750               | -                 | -                     | 7,505               | -                      |
| 5,132               | 211               | -                     | 4,223               | -                      |
| 271,105             | 173,085           | -                     | 456,700             | 11,914                 |
| 3,250,862           | 316,914           | -                     | 5,529,392           | -                      |
| <u>\$ 3,521,967</u> | <u>\$ 489,999</u> | <u>\$ -</u>           | <u>\$ 5,986,092</u> | <u>\$ 11,914</u>       |
| \$ 3,521,967        | \$ 489,999        | \$ -                  | \$ 5,159,092        | \$ 11,914              |
| -                   | -                 | -                     | 827,000             | -                      |
| <u>\$ 3,521,967</u> | <u>\$ 489,999</u> | <u>\$ -</u>           | <u>\$ 5,986,092</u> | <u>\$ 11,914</u>       |
| \$ 622,317          | \$ -              | \$ -                  | \$ 1,297,334        | \$ -                   |
| -                   | -                 | 1,102,489             | 1,102,489           | -                      |
| 1,242,496           | -                 | (6,129,667)           | -                   | -                      |
| (133,597)           | -                 | 42,939                | (216,012)           | -                      |
| <u>\$ 1,731,216</u> | <u>\$ -</u>       | <u>\$ (4,984,239)</u> | <u>\$ 2,183,811</u> | <u>\$ -</u>            |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

|   | 2022                |                     |
|---|---------------------|---------------------|
|   | Electric            | Water               |
| <b>RECONCILIATION OF OPERATING INCOME TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                     |                     |
| Operating Income  | \$ 2,603,939        | \$ 1,616,098        |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided (Used) by Operating Activities: |                     |                     |
| Depreciation  | 1,359,886           | 851,211             |
| Miscellaneous - Nonoperating  | 66,261              | 9,505               |
| Changes in Assets, Deferred Outflows of Resources, Liabilities,<br>Deferred Inflows of Resources: |                     |                     |
| (Increase) Decrease in Accounts Receivable  | (155,225)           | (41,131)            |
| (Increase) Decrease in Prepaid Items  | (72,833)            | (6,031)             |
| (Increase) Decrease in Supplies   | (371,635)           | -                   |
| (Increase) Decrease in Inventory  | -                   | -                   |
| (Increase) Decrease in Deferred Outflows of Resources - Pension                                   | 75,818              | 28,964              |
| (Increase) Decrease in Deferred Outflows of Resources - Other<br>Postemployment Benefits          | (90,831)            | (39,415)            |
| Increase (Decrease) in Accounts and Contracts Payable   | 54,830              | 22,533              |
| Increase (Decrease) in Accrued Expenses   | 26,569              | 5,664               |
| Increase (Decrease) in Due to Other Governments   | (5,951)             | 411                 |
| Increase (Decrease) in Unearned Revenue   | (2,058)             | -                   |
| Increase (Decrease) in Escrow Deposits  | -                   | (5,520)             |
| Increase (Decrease) in Net Pension Liability  | 631,152             | 364,352             |
| Increase (Decrease) in OPEB Liability   | 108,717             | 46,328              |
| Increase (Decrease) in Deferred Inflows of Resources - Pension                                    | (582,326)           | (305,624)           |
| Increase (Decrease) in Deferred Inflows of Resources - Other<br>Postemployment Benefits           | (1,008)             | (25)                |
| Increase (Decrease) in Accrued Compensated Absences   | 10,672              | 16,999              |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 3,655,977</u> | <u>\$ 2,564,319</u> |

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022                |                   |                     |                     | 2022                  |
|---------------------|-------------------|---------------------|---------------------|-----------------------|
| Sewer               | Liquor            | Golf Course         | Total               | Internal Service Fund |
| \$ 2,059,161        | \$ 539,436        | \$ (189,387)        | \$ 6,629,247        | \$ (62,566)           |
| 1,384,640           | 60,344            | 74,234              | 3,730,315           | 73,690                |
| 63,967              | 64,850            | 2,896               | 207,479             | 106                   |
| 21,444              | (860)             | 3,882               | (171,890)           | (697)                 |
| (75)                | (842)             | 1,830               | (77,951)            | (41,883)              |
| -                   | -                 | -                   | (371,635)           | -                     |
| -                   | (106,500)         | -                   | (106,500)           | -                     |
| 65,123              | 66,353            | -                   | 236,258             | (36,085)              |
| (39,488)            | (33,962)          | 2,009               | (201,687)           | (12,470)              |
| 26,419              | 104,347           | (36,672)            | 171,457             | 6,358                 |
| 2,866               | 9,641             | -                   | 44,740              | 3,180                 |
| -                   | 469               | (199)               | (5,270)             | -                     |
| (606,213)           | -                 | (1,308)             | (609,579)           | -                     |
| -                   | -                 | -                   | (5,520)             | -                     |
| 334,744             | 291,863           | -                   | 1,622,111           | 189,483               |
| 47,144              | 41,110            | (25,705)            | 217,594             | 14,363                |
| (360,241)           | (333,841)         | -                   | (1,582,032)         | (53,421)              |
| (380)               | (600)             | (1,144)             | (3,157)             | 134                   |
| 2,874               | (7,111)           | -                   | 23,434              | (14,670)              |
| <u>\$ 3,001,985</u> | <u>\$ 694,697</u> | <u>\$ (169,564)</u> | <u>\$ 9,747,414</u> | <u>\$ 65,522</u>      |

See accompanying Notes to Financial Statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Buffalo (the City), located in Wright County in Minnesota, conforms to U.S. generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

**A. Financial Reporting Entity**

As required by GAAP, the financial statements of the reporting entity include those of the City and its component unit. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component include whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally dependent upon by the potential component unit.

The Housing and Redevelopment Authority (HRA) of Buffalo is an entity legally separate from the City. However, for financial reporting purposes, the HRA is a blended component unit and is reported as a Special Revenue Fund of the City. The governing board is appointed by the City Council and it provides services almost entirely to the City. The HRA does not issue separate financial statements.

**B. Basic Financial Statements**

**1. Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall City government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support. Interfund services provided and used are not eliminated in the process of consolidation.

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

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**1. Government-Wide Statements (Continued)**

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

**2. Fund Financial Statements**

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

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

The City reports the following major governmental funds:

**General Fund**

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.

**Debt Service Fund**

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt.

**Capital Project Fund**

The Capital Project Fund accounts for financial resources to be used for acquisition or construction of major capital equipment or facilities (other than those financed by proprietary funds).



**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**2. Fund Financial Statements (Continued)**

**HRA Debt Service Fund**

The HRA Debt Service Fund accounts for the accumulation of resources for, and the payment of, interest, principal, and related costs on general long-term debt for the HRA.

The City reports the following major proprietary funds:

**Electric Fund**

The Electric Fund accounts for customer electric service charges that are used to finance electric operating expenses.

**Water Fund**

The Water Fund accounts for customer water service charges which are used to finance water operating expenses.

**Sewer Fund**

The Sewer Fund accounts for customer sewer service charges which are used to finance sewer operating expenses.

**Liquor Fund**

The Liquor Fund accounts for customer sales that are used to finance liquor store operating expenses and provide funds for general operations of the City.

**Golf Course Fund**

The Golf Course Fund accounts for customer sales that are used to finance golf course operating expenses. The Golf Course Fund ceased operations and the assets were sold on July 22, 2022. Amounts in the financial statements represent operations through that date and a special item for the loss on sale of the assets.

Additionally, the City reports the following funds as well as other governmental nonmajor funds aggregated in the fund financial statements:

**Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments of the City or to other entities, on a cost-reimbursement basis. The City maintains one internal service fund. The Central IT Services Fund is used to account for the maintenance and purchase of technology equipment and services of the City.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Electric, Water, Sewer, Liquor, and Golf Course Funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Budgets**

Annual appropriation budgets are adopted for the following funds: General, Fire, Library, Airport, and Civic Center.

Budgets for the General Fund and certain special revenue funds are adopted on a basis consistent with GAAP.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Budgets (Continued)**

Budgeted amounts are reported as originally adopted, or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments, and the final tax levy and budget are adopted.
3. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and some enterprise funds. Formal budgetary integration is not employed for the capital projects and debt service funds.
5. Budgets are adopted on a basis consistent with GAAP except for the General Fund, as previously described, and enterprise funds where capital expenditures are budgeted for as an operating expense. Budgeted amounts presented are as originally adopted. The City does not budget for some special revenue funds that have minimal transactions nor is an annual budget prepared for the HRA.

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances**

**1. Cash and Investments**

Cash and investment balances from all funds are combined and invested to the extent available in certificates of deposits and other allowable investments. Earnings from investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Short-term highly liquid debt instruments (including commercial paper, bankers' acceptances and U.S. Treasury and Agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**2. Property Tax Revenue Recognition**

Property tax levies are set by the City Council in December of each year and are certified to the county auditor for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. Such taxes become a lien on property on January 1 and are recorded as receivables by the City at that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The county provides tax settlements to cities and other taxing entities three times a year.

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. Taxes which remain unpaid at December 31 are classified as delinquent and are not recognized as revenue in the governmental fund financial statements because they are not known to be available to finance current expenditures. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources in the governmental funds because it is not available to finance current expenditures. No allowances for uncollectible taxes have been provided because such amounts are not expected to be material. Property tax revenue in governmental activities is susceptible to full accrual on the government-wide statements.

**3. Special Assessment Revenue Recognition**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the county auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Within the fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year.

Special assessments are collected by the County and remitted by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent assessments receivable in governmental funds are completely offset by deferred inflows of resources. Special assessment revenue in governmental activities is susceptible to full accrual on the government-wide statements.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**3. Special Assessment Revenue Recognition (Continued)**

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural, or seasonal recreational land in which event the property is subject to such sale after five years.

**4. Utility Billing**

The City bills customers monthly for the following utility services: electric, sewer and water, sanitation, recycling, storm sewer, and internet. The City bills and recognizes the electric, sewer and water services revenue in the month the service is provided.

**5. Inventories**

Materials and supplies, if material, are recorded at original cost and are reported under the consumption method in the Governmental Funds. Inventories in the City's utility funds and liquor store funds are reflected at average cost.

**6. Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables are classified as "due from other funds", "interfund lease receivable", "interfund note receivable", or "advances to other funds" on the balance sheets of the fund financial statements.

**7. Loans Receivable and Allowance for Uncollectible Accounts**

The City records loans receivable for a revolving loan program that assists residents in the rehabilitation of homes. Also, the HRA issues loans to local businesses. An allowance for uncollectible accounts is established with City management believes that some portion of the receivable will not be collected. The City estimates the allowance based on the specific identification method. The estimated allowance as of December 31, 2022 for the revolving loan program is \$-0-.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**8. Property Held for Resale**

These assets are recorded at the lower of original cost or current net realizable value in the governmental fund, which purchased them.

**9. Capital Assets**

Capital assets are capitalized at historical cost, estimated historical cost, or in the case of contributions, at their estimated acquisition value at the time received. In the case of the initial capitalization of infrastructure, the City retroactively implemented the reporting of this item when GASB 34 was implemented. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Capital assets are defined by the City as assets with an original unit cost over \$5,000 and an estimated useful life in excess of one year.

Capital assets related to general governmental activities are recorded in the government-wide statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are normally sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 5 to 10 years for office furnishings, office and computer equipment, vehicles, and large equipment; 20 to 50 years for infrastructure and 40 to 50 years for buildings and plants. Capital assets not being depreciated include land and construction in progress.

Property, plant, and equipment used by proprietary funds are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated acquisition value at the time received.

**10. Leases**

For lease receivables, the City determines if an arrangement is a lease at inception. Leases for periods that exceed twelve months are included in lease receivable and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Balances (Continued)**

**10. Leases (Continued)**

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

**11. Compensated Absences**

**Vacation**

City employees earn vacation days based upon the number of completed years of service. The City compensates employees for unused vacation upon termination of employment. Accordingly, the expenditure for vacation is recognized as it is used in the governmental funds and is recognized as it is earned in the proprietary funds. Accrued vacation (unused) is recorded in the proprietary fund level statements and in the government-wide statements as compensated absences.

**Sick Leave**

Employees are entitled to paid sick leave at various rates for each month of full-time service. Sick pay is recorded as an expenditure when payment is made.

**Severance**

Regular employees who retire from active service receive pay for a percentage of their unused sick leave as severance. The percentage of sick leave varies from 25% to 40% based on years of service. The estimated severance liability is recorded in the fund level statements of the proprietary funds as compensated absences payable and in the government-wide financial statements as a component of long-term debt.

**12. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issue costs are expensed in the year of issuance.

In the governmental fund financial statements, bond premiums, and discounts, as well as bond issue costs are recognized during the current period. The face amount of the debt issue is reported as other financing source. Premiums and discounts received on debt issuances are reported as other financing sources and uses, respectively. Bond issuance costs are reported as debt service expenditures.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**13. Pension Asset/Liability**

For purposes of measuring the net pension asset, the net pension liability, deferred outflow/inflow of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and Buffalo Firefighters Relief Association plans (FRA), and additions to/deductions from PERA's and the FRA's fiduciary net position have been determined on the same basis as they are reported by PERA and the FRA. For this purpose, plan contributions and benefit payments (including refunds of 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.

**14. OPEB**

For purposes of measuring the OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms.

**15. Deferred Outflows of Resources**

The City's financial statements report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period. The City will not recognize the related outflow until a future event occurs. The City has two types of items which are reported as deferred outflows of resources. The first type of deferred outflow of resources relate to pension liabilities and OPEB liabilities, as described in Notes 6-8 to the financial statements. The second type of deferred outflow of resources relate to refunding of bonds.



**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**16. Deferred Inflows of Resources**

The City's financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has four types of items which are reported as deferred inflow of resources. The first type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The second type of deferred inflow of resources relate to pension liabilities and OPEB liabilities, when applicable, as described in Notes 6-8 to the financial statements. The third type of deferred inflow of resources relate to refunding of bonds. The fourth type represents the initial value of the lease receivable plus the amount of any payments received at or before the commencement of the lease term that relates to future periods.

**17. Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures/ expenses made on behalf of another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

All interfund transactions are eliminated except for activity between governmental activities and business-type activities for presentation in the government-wide statements of net position and statements of activities.

**18. Net Position**

In the government-wide financial statements and in the proprietary fund level statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because the City reports all capital assets which make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the City. Unrestricted net position is the remaining net position not included in the previous two categories.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**19. Fund Balance**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable and spendable fund balances. Spendable fund balances include restricted, committed, assigned and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The committed fund balances are self-imposed limitations approved by the City Council by formal action (resolution), which is the highest level of decision-making authority within the City. Only the City Council can remove or change the constraints placed on committed fund balances, through formal action.

Assigned fund balances are resources constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has authorized the City Administrator and the assistant administrator for business and operations to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it's the City's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, it is the City's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position or Fund Balances (Continued)**

**20. Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective December 31, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

**NOTE 2 DEPOSITS AND INVESTMENTS**

The cash balances of substantially all funds are pooled by the City for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2022, based on market prices. Investment earnings on cash and pooled investments are credited to all funds based on their cash balances each month. In addition, some funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2022 were \$40,853.

**A. Deposits and Investments**

In accordance with applicable Minnesota state statutes, the City maintains deposits at financial institutions authorized by the City Council. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. Government treasury bills, notes, and or bonds; securities issued by a U.S. Government agency; general obligations of local governments rated "A" or better; revenue obligations of a state or local governments rated "AA" or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral to be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits and Investments (Continued)**

Custodial Credit Risk – Deposits – In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's deposit policy does not provide additional restrictions beyond Minnesota state statutes.

At December 31, 2022, the deposits were fully insured and collateralized as required by Minnesota Statutes §118A.03.

**Investments**

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

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

Credit Risk – Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City investment policy requires that commercial paper is rated A1/P1 or better, otherwise rating is not applicable.

| Investment Type                    | Credit Rating      | Amount              |
|------------------------------------|--------------------|---------------------|
| Money Market                       | Not Rated          | \$ 2,547,149        |
| Negotiable Certificates of Deposit | Not Rated          | 2,557,703           |
| US Government Agency               | Aaa, AA+           | 1,207,089           |
| Municipal Debt Securities          | Aa3, AA-, Aaa, AAA | 712,491             |
| Total                              |                    | <u>\$ 7,024,432</u> |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits and Investments (Continued)**

Concentration of Credit Risk – The City investment policy places a limit on the amount that the City may invest in commercial paper to \$500,000 and brokered certificates of deposits to \$250,000. The City had no investments at December 31, 2022 which individually comprised more than 5% of total investments.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City's investment policy limits the maturities of investments to 10 years for U.S. Treasuries, federal agencies, and brokered certificates of deposit. The City limits the maturities to 270 days for commercial paper.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City investment policy does not address custodial credit risk.

| Investment Type                    | Total               | 12 Months<br>or Less | 13 to 24<br>Months | 25 to 60<br>Months |
|------------------------------------|---------------------|----------------------|--------------------|--------------------|
| Money Market                       | \$ 2,547,149        | \$ 2,547,149         | \$ -               | \$ -               |
| Negotiable Certificates of Deposit | 2,557,703           | 2,093,854            | 225,981            | 237,868            |
| US Government Agency               | 1,207,089           | 707,999              | 499,090            | -                  |
| Municipal Debt Securities          | 712,491             | 712,491              | -                  | -                  |
| Total                              | <u>\$ 7,024,432</u> | <u>\$ 6,061,493</u>  | <u>\$ 725,071</u>  | <u>\$ 237,868</u>  |

The deposits and investments are presented in these financial statements:

|  |                      |
|--|----------------------|
| Deposits                               | \$ 8,756,605         |
| Investments                            | <u>7,024,432</u>     |
| Total Cash and Cash Equivalents        | <u>\$ 15,781,037</u> |
| Cash and Cash Equivalents              | \$ 14,954,037        |
| Cash and Investments with Fiscal Agent | <u>827,000</u>       |
| Total Cash and Cash Equivalents        | <u>\$ 15,781,037</u> |
| Governmental Activities                | \$ 9,794,945         |
| Business-Type Activities               | <u>5,986,092</u>     |
| Total Cash and Cash Equivalents        | <u>\$ 15,781,037</u> |

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits and Investments (Continued)**

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. Government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. These inputs include bonds valued by a pricing service that uses matrix pricing and valuation multiples.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

| Investment Type                        | Level 1     | Level 2             | Level 3     | Total               |
|--|-------------|---------------------|-------------|---------------------|
| Negotiable Certificates of Deposit     | \$ -        | \$ 2,557,703        | \$ -        | \$ 2,557,703        |
| US Government Agency                   | -           | 1,207,089           | -           | 1,207,089           |
| Municipal Debt Securities              | -           | 712,491             | -           | 712,491             |
| Subtotal                               | <u>\$ -</u> | <u>\$ 4,477,283</u> | <u>\$ -</u> | <u>4,477,283</u>    |
| Investments Measured at Amortized Cost |             |                     |             |                     |
| Money Market                           |             |                     |             | 2,547,149           |
| Total                                  |             |                     |             | <u>\$ 7,024,432</u> |

Negotiable certificates of deposit are valued using a matrix pricing based on the securities' relationship to benchmark quoted prices.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

|  | Beginning<br>Balance | Increases    | Decreases      | Transfers      | Ending<br>Balance |
|--|----------------------|--------------|----------------|----------------|-------------------|
| <b>Governmental Activities:</b>              |                      |              |                |                |                   |
| Capital Assets, Not Being Depreciated:       |                      |              |                |                |                   |
| Land   | \$ 2,807,439         | \$ -         | \$ -           | \$ -           | \$ 2,807,439      |
| Construction in Progress                     | 14,972,231           | 8,167,393    | (2,829,514)    | (1,260,584)    | 19,049,526        |
| Total Capital Assets, Not Being Depreciated  | 17,779,670           | 8,167,393    | (2,829,514)    | (1,260,584)    | 21,856,965        |
| Capital Assets, Being Depreciated:           |                      |              |                |                |                   |
| Land Improvements                            | 17,596,760           | 48,281       | -              | -              | 17,645,041        |
| Buildings and Building Improvements          | 17,506,496           | 122,454      | -              | -              | 17,628,950        |
| Improvements Other than Buildings            | 3,704,397            | 108,462      | -              | -              | 3,812,859         |
| Vehicles                                     | 4,799,460            | 658,359      | (136,527)      | -              | 5,321,292         |
| Equipment                                    | 6,863,042            | 413,508      | (288,942)      | -              | 6,987,608         |
| Infrastructure                               | 85,322,740           | 2,807,814    | -              | -              | 88,130,554        |
| Total Capital Assets, Being Depreciated      | 135,792,895          | 4,158,878    | (425,469)      | -              | 139,526,304       |
| Accumulated Depreciation for:                |                      |              |                |                |                   |
| Land Improvements                            | (9,386,529)          | (680,103)    | -              | -              | (10,066,632)      |
| Buildings and Building Improvements          | (9,592,095)          | (423,174)    | -              | -              | (10,015,269)      |
| Improvements Other than Buildings            | (2,437,979)          | (142,484)    | -              | -              | (2,580,463)       |
| Vehicles                                     | (3,014,912)          | (330,350)    | 109,564        | -              | (3,235,698)       |
| Equipment                                    | (5,204,123)          | (309,732)    | 253,781        | -              | (5,260,074)       |
| Infrastructure                               | (66,180,319)         | (1,989,971)  | -              | -              | (68,170,290)      |
| Total Accumulated Depreciation               | (95,815,957)         | (3,875,814)  | 363,345        | -              | (99,328,426)      |
| Total Capital Assets, Being Depreciated, Net | 39,976,938           | 283,064      | (62,124)       | -              | 40,197,878        |
| Governmental Activities Capital Assets, Net  | \$ 57,756,608        | \$ 8,450,457 | \$ (2,891,638) | \$ (1,260,584) | \$ 62,054,843     |

Depreciation expense was charged to governmental functions as follows:

|   |                     |
|---|---------------------|
| <b>Governmental Activities:</b>                     |                     |
| General Government                                  | \$ 156,642          |
| Public Safety                                       | 358,793             |
| Public Works  | 2,591,677           |
| Parks, Culture, and Recreation                      | 768,702             |
| Total Depreciation Expense, Governmental Activities | <u>\$ 3,875,814</u> |

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

|  | Beginning<br>Balance | Increases           | Decreases             | Transfers           | Ending<br>Balance    |
|--|----------------------|---------------------|-----------------------|---------------------|----------------------|
| <b>Business-Type Activities:</b>             |                      |                     |                       |                     |                      |
| Capital Assets, Not Being Depreciated:       |                      |                     |                       |                     |                      |
| Land and Intangible Assets                   | \$ 7,305,500         | \$ 53,935           | \$ (745,383)          | \$ -                | \$ 6,614,052         |
| Construction in Progress                     | 524,079              | 1,278,870           | (785,125)             | -                   | 1,017,824            |
| Total Capital Assets, Not Being Depreciated  | 7,829,579            | 1,332,805           | (1,530,508)           | -                   | 7,631,876            |
| Capital Assets, Being Depreciated:           |                      |                     |                       |                     |                      |
| Land Improvements                            | 3,279,526            | -                   | (1,874,333)           | -                   | 1,405,193            |
| Buildings and Building Improvements          | 52,479,763           | 865,237             | (1,825,804)           | -                   | 51,519,196           |
| Equipment                                    | 11,378,769           | 277,815             | (1,281,090)           | 893,560             | 11,269,054           |
| Utility Distributions Systems                | 81,695,752           | 989,478             | -                     | 367,024             | 83,052,254           |
| Total Capital Assets, Being Depreciated      | 148,833,810          | 2,132,530           | (4,981,227)           | 1,260,584           | 147,245,697          |
| Accumulated Depreciation for:                |                      |                     |                       |                     |                      |
| Land Improvements                            | (1,496,306)          | (57,500)            | 611,193               | -                   | (942,613)            |
| Buildings and Building Improvements          | (24,009,186)         | (1,130,229)         | 1,140,379             | -                   | (23,999,036)         |
| Equipment                                    | (8,044,568)          | (342,235)           | 1,151,928             | -                   | (7,234,875)          |
| Utility Distributions Systems                | (38,405,609)         | (2,200,351)         | -                     | -                   | (40,605,960)         |
| Total Accumulated Depreciation               | (71,955,669)         | (3,730,315)         | 2,903,500             | -                   | (72,782,484)         |
| Total Capital Assets, Being Depreciated, Net | 76,878,141           | (1,597,785)         | (2,077,727)           | 1,260,584           | 74,463,213           |
| Business-Type Activities Capital Assets, Net | <u>\$ 84,707,720</u> | <u>\$ (264,980)</u> | <u>\$ (3,608,235)</u> | <u>\$ 1,260,584</u> | <u>\$ 82,095,089</u> |

Depreciation expense was charged to business-type activities as follows:

|  |                     |
|--|---------------------|
| <b>Business-Type Activities:</b>                     |                     |
| Electric Fund  | \$ 1,359,886        |
| Water Fund   | 851,211             |
| Sewer Fund   | 1,384,640           |
| Liquor Fund  | 60,344              |
| Golf Course Fund                                     | 74,234              |
| Total Depreciation Expense, Business-Type Activities | <u>\$ 3,730,315</u> |



**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 LONG-TERM LEASE RECEIVABLE**

The City, acting as lessor, leases infrastructure, land, and building space under long-term, noncancelable lease agreements. These leases expire by 2051 bearing implicit interest rates ranging from 0.24%-1.98%. During the year ended December 31, 2022, the City recognized \$360,164 and \$18,743 in lease revenue and interest revenue, respectively, pursuant the contracts.

Total future minimum lease payments to be received under the lease agreements are as follows:

| Year Ending December 31, | Governmental Activities |                   | Business-Type Activities |               |
|--------------------------|-------------------------|-------------------|--------------------------|---------------|
|                          | Principal               | Interest          | Principal                | Interest      |
| 2023                     | \$ 318,079              | \$ 16,568         | \$ 50,667                | \$ 468        |
| 2024                     | 221,151                 | 14,991            | 50,846                   | 289           |
| 2025                     | 229,224                 | 13,624            | 47,125                   | 110           |
| 2026                     | 237,565                 | 12,209            | 4,314                    | 21            |
| 2027                     | 241,851                 | 10,744            | 4,325                    | 11            |
| 2028-2032                | 834,882                 | 34,384            | -                        | -             |
| 2033-2037                | 698,397                 | 17,858            | -                        | -             |
| 2038-2042                | 315,572                 | 6,627             | -                        | -             |
| 2043-2047                | 45,213                  | 2,134             | -                        | -             |
| 2048-2051                | 8,498                   | 262               | -                        | -             |
| Total                    | <u>\$ 3,150,432</u>     | <u>\$ 129,401</u> | <u>\$ 157,277</u>        | <u>\$ 899</u> |

Changes in the lease receivable for the year is as follows:

|                           | Beginning<br>of Year<br>as Restated | Additions | Retirements | End of Year  |
|---------------------------|-------------------------------------|-----------|-------------|--------------|
| Governmental Activities:  |                                     |           |             |              |
| Lease Receivable          | * \$ 3,460,108                      | \$ -      | \$ 309,676  | \$ 3,150,432 |
| Business-Type Activities: |                                     |           |             |              |
| Lease Receivable          | * \$ 207,766                        | \$ -      | \$ 50,489   | \$ 157,277   |

\*The beginning balance was restated due to the implementation of GASB Statement No. 87.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 CITY INDEBTEDNESS**

City indebtedness at December 31, 2022 is composed of the following:

| Description  | Initial<br>Amount<br>Issued | Maturity<br>Date | Interest<br>Rate | Outstanding<br>Principal |
|--|-----------------------------|------------------|------------------|--------------------------|
| <b>General Obligation Bonds:</b>                         |                             |                  |                  |                          |
| Governmental Activities:                                 |                             |                  |                  |                          |
| 2013 G.O. Bonds #2013A                                   | \$ 3,575,000                | 2024             | 2.00%            | \$ 740,000               |
| 2015 G.O. Bonds #2015A                                   | 4,045,000                   | 2031             | 2.00-3.00        | 2,620,000                |
| 2016 G.O. Street Reconstruction Bonds #2016C             | 2,565,000                   | 2032             | 2.00-2.75        | 1,795,000                |
| 2019 G.O. Bonds #2019B                                   | 6,710,000                   | 2040             | 3.00-5.00        | 6,155,000                |
| 2019 G.O. Refunding Bonds #2019C                         | 2,760,000                   | 2025             | 5.00             | 1,785,000                |
| 2020 G.O. Bonds #2020A                                   | 4,433,400                   | 2040             | 2.00-3.00        | 3,976,800                |
| 2020 G.O. Tax Abatement and Refunding Bonds #2020B       | 1,980,000                   | 2027             | 2.00             | 1,340,000                |
| 2022 G.O. Refunding Bonds #2022A                         | 1,525,000                   | 2033             | 2.00-3.00        | 1,525,000                |
| Total Governmental Activities - G.O. Bonds               | 27,593,400                  |                  |                  | 19,936,800               |
| Business-Type Activities:                                |                             |                  |                  |                          |
| 2019 G.O. Refunding Bonds #2019C                         | 1,200,000                   | 2026             | 5.00             | 665,000                  |
| 2020 G.O. Bonds #2020A                                   | 1,496,600                   | 2040             | 2.00-3.00        | 1,368,200                |
| 2022 G.O. Refunding Bonds #2022A                         | 220,000                     | 2033             | 2.00-3.00        | 220,000                  |
| Total Business-Type Activities - G.O. Bonds              | 2,916,600                   |                  |                  | 2,253,200                |
| Total General Obligation Bonds                           | \$ 30,510,000               |                  |                  | \$ 22,190,000            |
| <b>Tax Abatement Bonds:</b>                              |                             |                  |                  |                          |
| Governmental Activities:                                 |                             |                  |                  |                          |
| 2016 G.O. Tax Abatement Bonds #2016A                     | \$ 925,000                  | 2035             | 2.00-3.15        | \$ 925,000               |
| 2020 G.O. Tax Abatement and Refunding Bonds #2020B       | 1,205,000                   | 2027             | 2.00             | 1,020,000                |
| Total Tax Abatement Bonds                                | \$ 2,130,000                |                  |                  | \$ 1,945,000             |
| <b>Finance Purchase Obligations:</b>                     |                             |                  |                  |                          |
| Governmental Activities:                                 |                             |                  |                  |                          |
| 2019 Police, Fire Equipment                              | \$ 733,055                  | 2024             | 3.79%            | \$ 196,346               |
| 2019 Police, Street, Park Equipment                      | 424,540                     | 2024             | 2.21             | 175,462                  |
| 2020 Fire Equipment                                      | 305,585                     | 2025             | 1.74             | 186,258                  |
| 2021 Police, Civil Defense, Street, Park Equipment       | 540,650                     | 2025             | 1.57             | 414,581                  |
| 2022 Police, Civil Defense, Street, Park Equipment       | 658,808                     | 2026             | 4.69             | 658,808                  |
| Total Finance Purchase Obligations                       | \$ 2,662,638                |                  |                  | \$ 1,631,455             |
| <b>General Obligation Revenue Bonds:</b>                 |                             |                  |                  |                          |
| Governmental Activities:                                 |                             |                  |                  |                          |
| 2019 G.O. Water and Sewer Revenue Refunding Bonds #2019A | \$ 89,700                   | 2024             | 3.00-5.00        | \$ 31,534                |
| Business-Type Activities:                                |                             |                  |                  |                          |
| 2012 G.O. Water and Sewer Revenue Bonds #2012A           | 5,610,000                   | 2033             | 2.55-3.00        | 5,610,000                |
| 2014 G.O. Water and Sewer Revenue Refunding Bonds #2014A | 30,860,000                  | 2028             | 3.00-4.00        | 24,450,000               |
| 2014 Electric Revenue Bonds #2014B                       | 1,880,000                   | 2025             | 2.75-3.00        | 1,430,000                |
| 2016 Electric Revenue Bonds #2016B                       | 1,140,000                   | 2026             | 2.00-2.45        | 485,000                  |
| 2017 G.O. Wastewater Revenue Refunding Bonds #2017A      | 6,840,000                   | 2033             | 3.00-3.50        | 6,840,000                |
| 2017 G.O. Water and Sewer Revenue Bonds #2017B           | 3,160,000                   | 2033             | 2.00-3.00        | 2,435,000                |
| 2018 Electric Revenue Bonds #2018A                       | 1,765,000                   | 2028             | 3.00             | 1,110,000                |
| 2018 Electric Revenue Bonds #2018B                       | 2,300,000                   | 2029             | 3.00-3.25        | 1,690,000                |
| 2019 G.O. Water and Sewer Revenue Refunding Bonds #2019A | 8,205,300                   | 2025             | 3.00-5.00        | 3,163,464                |
| 2021 G.O. Water and Sewer Revenue Refunding Bonds #2021A | 2,260,000                   | 2032             | 1.00-2.00        | 2,055,000                |
| Total Business-Type Activities Revenue Bonds             | 64,020,300                  |                  |                  | 49,268,464               |
| Total Revenue Bonds                                      | \$ 64,110,000               |                  |                  | \$ 49,299,998            |

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

The following is a schedule of changes in City indebtedness for the year ended December 31, 2022:

|  | Beginning<br>of Year | Additions    | Retirements   | Transfers | End of Year   | Due Within<br>One Year |
|--|----------------------|--------------|---------------|-----------|---------------|------------------------|
| <b>Governmental Activities:</b>        |                      |              |               |           |               |                        |
| General Obligation Bonds               | \$ 21,113,400        | \$ 1,525,000 | \$ 2,701,600  | \$ -      | \$ 19,936,800 | \$ 2,616,600           |
| General Obligation Tax Abatement Bonds | 2,555,000            | -            | 1,535,000     | 925,000   | 1,945,000     | 255,000                |
| General Obligation Revenue Bond        | 46,815               | -            | 15,281        | -         | 31,534        | 15,606                 |
| Bond Subtotal                          | 23,715,215           | 1,525,000    | 4,251,881     | 925,000   | 21,913,334    | 2,887,206              |
| Bond Premium                           | 1,005,886            | 89,318       | 226,034       | 5,848     | 875,018       | -                      |
| Net Bond Subtotal                      | 24,721,101           | 1,614,318    | 4,477,915     | 930,848   | 22,788,352    | 2,887,206              |
| Finance Purchase Obligations           | 1,356,813            | 658,808      | 404,342       | 20,176    | 1,631,455     | 553,897                |
| Compensated Absences                   | 529,859              | 352,982      | 300,540       | -         | 582,301       | 329,656                |
| Total Governmental Activities          | 26,607,773           | 2,626,108    | 5,182,797     | 951,024   | 25,002,108    | 3,770,759              |
| <b>Business-Type Activities:</b>       |                      |              |               |           |               |                        |
| General Obligation Bonds               | 2,996,600            | 220,000      | 963,400       | -         | 2,253,200     | 353,400                |
| General Obligation Tax Abatement Bonds | 2,540,000            | -            | 1,615,000     | (925,000) | -             | -                      |
| General Obligation Revenue Bonds       | 47,963,183           | -            | 3,409,719     | -         | 44,553,464    | 3,529,394              |
| Electric Revenue Bonds                 | 5,705,000            | -            | 990,000       | -         | 4,715,000     | 905,000                |
| Bond Subtotal                          | 59,204,783           | 220,000      | 6,978,119     | (925,000) | 51,521,664    | 4,787,794              |
| Bond Premium                           | 1,031,654            | 14,560       | 310,172       | (5,848)   | 741,890       | -                      |
| Net Bond Subtotal                      | 60,236,437           | 234,560      | 7,288,291     | (930,848) | 52,263,554    | 4,787,794              |
| Loans Payable - Direct Borrowing       | 426,399              | -            | 426,399       | -         | -             | -                      |
| Finance Purchase Obligations           | 296,265              | -            | 276,089       | (20,176)  | -             | -                      |
| Compensated Absences                   | 390,843              | 222,804      | 199,370       | -         | 414,277       | 235,435                |
| Total Business-Type Activities         | 61,349,944           | 457,364      | 8,190,149     | (951,024) | 52,677,831    | 5,023,229              |
| Total Debt                             | \$ 87,957,717        | \$ 3,083,472 | \$ 13,372,946 | \$ -      | \$ 77,679,939 | \$ 8,793,988           |

Compensated absences are generally liquidated by the General Fund, Fire Fund, Library Fund, Electric Fund, Water Fund, Sewer Fund, Liquor Fund, Civic Center Fund, and Internal Service Fund.

Transfers represent the assumption of the Golf Course Fund debt by Governmental Activities.

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows:

| Year Ending December 31, | Governmental Activities |              |                              |           |               |
|--------------------------|-------------------------|--------------|------------------------------|-----------|---------------|
|                          | Bonded Debt             |              | Finance Purchase Obligations |           |               |
|                          | Principal               | Interest     | Principal                    | Interest  | Totals        |
| 2023                     | \$ 2,887,206            | \$ 625,298   | \$ 553,897                   | \$ 43,941 | \$ 4,110,342  |
| 2024                     | 2,970,928               | 539,295      | 449,114                      | 27,623    | 3,986,960     |
| 2025                     | 2,508,400               | 462,626      | 452,004                      | 15,185    | 3,438,215     |
| 2026                     | 1,671,800               | 366,651      | 176,440                      | 4,514     | 2,219,405     |
| 2027                     | 1,600,000               | 317,063      | -                            | -         | 1,917,063     |
| 2028-2032                | 6,155,000               | 975,670      | -                            | -         | 7,130,670     |
| 2033-2037                | 2,940,000               | 336,286      | -                            | -         | 3,276,286     |
| 2038-2040                | 1,180,000               | 49,975       | -                            | -         | 1,229,975     |
| Total                    | \$ 21,913,334           | \$ 3,672,864 | \$ 1,631,455                 | \$ 91,263 | \$ 27,308,916 |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

| <u>Year Ending December 31,</u> | Business-Type Activities |                     |                      |
|---------------------------------|--------------------------|---------------------|----------------------|
|                                 | Bonded Debt              |                     |                      |
|                                 | Principal                | Interest            | Totals               |
| 2023                            | \$ 4,787,794             | \$ 1,630,629        | \$ 6,418,423         |
| 2024                            | 5,889,070                | 1,439,977           | 7,329,047            |
| 2025                            | 6,451,600                | 1,226,743           | 7,678,343            |
| 2026                            | 6,258,200                | 1,042,357           | 7,300,557            |
| 2027                            | 6,215,000                | 859,412             | 7,074,412            |
| 2028-2032                       | 18,690,000               | 1,836,151           | 20,526,151           |
| 2033                            | 3,230,000                | 72,588              | 3,302,588            |
| Total                           | <u>\$ 51,521,664</u>     | <u>\$ 8,107,857</u> | <u>\$ 59,629,521</u> |

The annual requirements to amortize all long-term debt outstanding as of December 31, 2022, including interest of \$11,871,984 are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u>        |
|---------------------------------|----------------------|
| 2023                            | \$ 10,528,765        |
| 2024                            | 11,316,007           |
| 2025                            | 11,116,558           |
| 2026                            | 9,519,962            |
| 2027                            | 8,991,475            |
| 2028-2032                       | 27,656,821           |
| 2033-2037                       | 6,578,874            |
| 2037-2040                       | 1,229,975            |
| Total                           | <u>\$ 86,938,437</u> |

In 2022, the City entered into a finance purchase agreement that totaled \$658,808 to acquire equipment. The agreement carries an interest rate of 4.69% and is set to end in 2026.

In 2022, the City issued \$1,745,000 in General Obligation Refunding Bonds (Series 2022A) for the purpose of effecting current refundings of certain outstanding general obligations of the City. The bonds carry an interest rate between 2.0% and 3.0% and will mature in 2033. The refunding was undertaken to reduce total debt service payments in the amount of \$63,864 over the next 11 years and resulted in economic gain of \$68,481.

During the year ended December 31, 2022, the City placed \$1,497,916 of existing resources in an account held by an escrow agent to defease the 2016A bonds in the amount of \$1,460,000. The defeasance was undertaken as a result of the city selling the golf course and the proceeds were used to defease the debt. Total cash flows to service the defeased debt is \$1,535,385.

During 2020, the City placed resources in an account held by an escrow agent to defease debt. As of December 31, 2022 the amount of defeased debt that is outstanding on the 2015C bonds totals \$2,525,000.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

Future revenue pledged for payment of long-term debt is as follows:

| Bond Issue   | Use of Proceeds            | Type                                       | Revenue Pledged               |                | Remaining Principal and Interest | Current Year                |                          |
|--|----------------------------|--|-------------------------------|----------------|----------------------------------|-----------------------------|--------------------------|
|  |                            |  | Percent of Total Debt Service | Term of Pledge |                                  | Principal and Interest Paid | Pledged Revenue Received |
| G.O. Sewer & Water Revenue Bonds, Series 2012A           | Water & Sewer              | Water & Sewer Utility Charges              | 100%                          | 2012 - 2033    | \$ 7,065,900                     | \$ 157,493                  | \$ 5,407,066             |
| G.O. Sewer & Water Revenue Refunding Bonds, Series 2014A | Water & Sewer              | Water & Sewer Utility Charges              | 100%                          | 2014 - 2028    | \$27,853,416                     | \$ 2,218,295                | \$ 5,407,066             |
| Electric Revenue Bonds, Series 2014B                     | Electric                   | Electric Utility Charges                   | 100%                          | 2014 - 2025    | \$ 1,499,523                     | \$ 350,956                  | \$ 19,193,515            |
| Electric Revenue Bonds, Series 2016B                     | Electric                   | Electric Utility Charges                   | 100%                          | 2016 - 2026    | \$ 507,771                       | \$ 126,905                  | \$ 19,193,515            |
| G.O. Sewer Revenue Bonds, Series 2017A                   | Sewer                      | Sewer Utility Charges                      | 100%                          | 2017 - 2033    | \$ 8,706,256                     | \$ 215,988                  | \$ 5,407,066             |
| G.O. Sewer & Water Revenue Bonds, Series 2017B           | Water & Sewer              | Water & Sewer Utility Charges              | 100%                          | 2017 - 2033    | \$ 2,791,275                     | \$ 254,300                  | \$ 5,407,066             |
| Electric Revenue Bonds, Series 2018A                     | Electric                   | Electric Utility Charges                   | 100%                          | 2018 - 2028    | \$ 1,213,200                     | \$ 200,775                  | \$ 19,193,515            |
| Electric Revenue Bonds, Series 2018B                     | Electric                   | Electric Utility Charges                   | 100%                          | 2018 - 2029    | \$ 1,882,969                     | \$ 270,538                  | \$ 19,193,515            |
| G.O. Water & Sewer Revenue Refunding Bonds, Series 2019A | Water, Sewer & Storm Sewer | Water, Sewer & Storm Sewer Utility Charges | 100%                          | 2019 - 2025    | \$ 3,353,032                     | \$ 1,899,152                | \$ 5,407,066             |
| G.O. Refunding Bonds, Series 2019C                       | Water & Sewer              | Water & Sewer Utility Charges              | 30%                           | 2019 - 2026    | \$ 739,000                       | \$ 222,250                  | \$ 5,407,066             |
| G.O. Bonds, Series 2020A                                 | Water & Sewer              | Water & Sewer Utility Charges              | 25%                           | 2020 - 2033    | \$ 1,549,262                     | \$ 167,123                  | \$ 5,407,066             |
| G.O. Bonds, Series 2021A                                 | Water & Sewer              | Water & Sewer Utility Charges              | 25%                           | 2021 - 2032    | \$ 2,224,215                     | \$ 249,456                  | \$ 5,407,066             |
| G.O. Bonds, Series 2022A                                 | Water & Sewer              | Water & Sewer Utility Charges              | 25%                           | 2022 - 2029    | \$ 243,700                       | \$ 2,713                    | \$ 5,407,066             |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS**

**A. Plan Description**

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

**1. General Employees Retirement Plan**

All full-time and 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.

**2. Public Employees Police and Fire Plan**

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

**B. Benefits Provided**

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

**1. General Employees Plan Benefits**

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

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**1. General Employees Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**2. Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

**C. Contributions**

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

**1. General Employees Plan Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City contributions to the General Employees Fund for the year ended December 31, 2022 were \$442,199. The City contributions were equal to the required contributions as set by state statute.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

**2. Police and Fire Plan Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022 were \$270,497. The City contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2022, the City reported a liability of \$6,042,984 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 nonemployer 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 \$177,305. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0763% at the end of the measurement period and 0.0729% for the beginning of the period.

|  |                            |
|--|----------------------------|
| City's Proportionate Share of the Net Pension Liability                              | \$ 6,042,984               |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the City | <u>177,305</u>             |
| Total Proportionate Share of the Net Pension<br>Liability Associated with the City   | <u><u>\$ 6,220,289</u></u> |

For the year ended December 31, 2022, the City recognized pension expense of \$984,556 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$12,208 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.



**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

| Description                                   | Deferred<br>Outflow of<br>Resources | Deferred<br>Inflow of<br>Resources |
|---|-------------------------------------|------------------------------------|
| Differences Between Expected and Actual       |                                     |                                    |
| Economic Experience                           | \$ 50,476                           | \$ 64,554                          |
| Changes in Actuarial Assumptions              | 1,367,637                           | 24,578                             |
| Net Difference Between Projected and Actual   |                                     |                                    |
| Earnings on Pension Plan Investments          | 104,819                             | -                                  |
| Changes in Proportion and Differences Between |                                     |                                    |
| City Contributions and Proportionate          |                                     |                                    |
| Share of Contributions                        | 273,975                             | 6,082                              |
| City Contributions Subsequent to the          |                                     |                                    |
| Measurement Date                              | 225,895                             | -                                  |
| Total   | <u>\$ 2,022,802</u>                 | <u>\$ 95,214</u>                   |

The \$225,895 reported as deferred outflow 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, 2023. Other amounts reported as deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | Pension<br>Expense<br>Amount |
|---------------------------------|------------------------------|
| 2023                            | \$ 704,575                   |
| 2024                            | 595,936                      |
| 2025                            | (145,314)                    |
| 2026                            | 546,496                      |
| Total                           | <u>\$ 1,701,693</u>          |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs**

At December 31, 2022, the City reported a liability of \$5,670,141 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1303% at the end of the measurement period and 0.1193% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$247,717.

|  |                            |
|--|----------------------------|
| City's Proportionate Share of the Net Pension Liability                              | \$ 5,670,141               |
| State's Proportionate Share of the Net Pension Liability<br>Associated with the City | <u>247,717</u>             |
| Total Proportionate Share of the Net Pension<br>Liability Associated with the City   | <u><u>\$ 5,917,858</u></u> |

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2022, the City recognized pension expense of \$499,298 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$48,051 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$11,727 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

| Description                                   | Deferred<br>Outflow of<br>Resources | Deferred<br>Inflow of<br>Resources |
|---|-------------------------------------|------------------------------------|
| Differences Between Expected and Actual       |                                     |                                    |
| Economic Experience                           | \$ 346,323                          | \$ -                               |
| Changes in Actuarial Assumptions              | 3,337,752                           | 34,086                             |
| Net Difference Between Projected and Actual   |                                     |                                    |
| Earnings on Pension Plan Investments          | 75,999                              | -                                  |
| Changes in Proportion and Differences Between |                                     |                                    |
| City Contributions and Proportionate          |                                     |                                    |
| Share of Contributions                        | 242,376                             | -                                  |
| City Contributions Subsequent to the          |                                     |                                    |
| Measurement Date                              | 136,616                             | -                                  |
| Total   | <u>\$ 4,139,066</u>                 | <u>\$ 34,086</u>                   |

The \$136,616 reported as deferred outflow 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 ending December 31, 2023. Other amounts reported as deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Pension<br>Expense<br>Amount |
|--------------------------|------------------------------|
| 2023                     | \$ 782,803                   |
| 2024                     | 780,994                      |
| 2025                     | 693,490                      |
| 2026                     | 1,213,859                    |
| 2027                     | 497,218                      |
| Total                    | <u>\$ 3,968,364</u>          |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Summary**

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

|  | General<br>Employees<br>Fund | Police and<br>Fire Fund | Fire Relief | Total         |
|--|------------------------------|-------------------------|-------------|---------------|
| Net Pension Liability                              | \$ 6,042,984                 | \$ 5,670,141            | \$ -        | \$ 11,713,125 |
| Net Pension Asset                                  | -                            | -                       | 762,440     | 762,440       |
| Deferred Outflows of Resources Related to Pensions | 2,022,802                    | 4,139,066               | 45,093      | 6,206,961     |
| Deferred Inflows of Resources Related to Pensions  | 95,214                       | 34,086                  | 262,801     | 392,101       |
| Pension Expense                                    | 996,764                      | 547,349                 | 92,480      | 1,636,593     |

**E. Long-Term Expected Return on Investment**

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

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

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**F. Actuarial Methods and Assumptions (Continued)**

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 PENSION PLANS (CONTINUED)**

**G. Discount Rate**

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

**H. Pension Liability Sensitivity**

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

|             | Proportionate Share of the        |                       |                                       |                       |
|-------------|-----------------------------------|-----------------------|---------------------------------------|-----------------------|
|             | General Employees Retirement Plan |                       | Public Employees Police and Fire Plan |                       |
|             | Discount Rate                     | Net Pension Liability | Discount Rate                         | Net Pension Liability |
| 1% Decrease | 5.50 %                            | \$ 9,545,212          | 4.40 %                                | \$ 8,581,032          |
| Current     | 6.50                              | 6,042,984             | 5.40                                  | 5,670,141             |
| 1% Increase | 7.50                              | 3,170,619             | 6.40                                  | 3,316,861             |

**I. Pension Plan Fiduciary Net Position**

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

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

Firefighters of the City are members of the Buffalo Firefighters Relief Association (the Association). The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes, Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2022, membership includes 34 active members and 10 inactive members entitled to benefits, but not yet receiving them.

**B. Benefits Provided**

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the fire department, has served at least 20 years of active service with such department before retirement, shall be entitled to a lump sum service pension in the amount of \$5,200 for each year of active fire department service, but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum \$5,200 for each year the member was an active member of the Buffalo Fire Department. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension. A death benefit is also available, which is payable to a survivor.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

**C. Contributions**

Minnesota Statutes Chapter 69.772 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN  
(CONTINUED)**

**C. Contributions (Continued)**

The minimum contribution from the City and state aid is determined as follows:

|  |             |
|--|-------------|
| Normal Cost  | \$ 126,767  |
| Amortization Payment on Unfunded Accrued Liability Prior to Any Change | 62,266      |
| Administrative Expenses  | 2,836       |
| Anticipated State Aid  | (131,061)   |
| Projected Investment Earnings  | (60,808)    |
| Total Contribution Required  | <u>\$ -</u> |

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$149,052 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2022 was \$-0-.

**D. Pension Costs**

At December 31, 2022, the City reported an asset of \$762,440 for the Association's net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$92,480 for the year ended December 31, 2022. At December 31, 2022, the City reported deferred outflow of resources and deferred inflow of resources from the following sources:

| Description  | Deferred<br>Outflow of<br>Resources | Deferred<br>Inflow of<br>Resources |
|--|-------------------------------------|------------------------------------|
| Differences Between Expected and Actual Economic Experience                      | \$ -                                | \$ 46,400                          |
| Changes in Actuarial Assumptions   | 42,593                              | 7,151                              |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | -                                   | 209,250                            |
| Association Contributions Subsequent to the Measurement Date                     | 2,500                               | -                                  |
| Total  | <u>\$ 45,093</u>                    | <u>\$ 262,801</u>                  |



**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN  
(CONTINUED)**

**D. Pension Costs (Continued)**

The \$2,500 reported as deferred outflow of resources related to pensions resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflow and inflow of resources related to the Association's pension will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Pension<br/>Expense<br/>Amount</u> |
|---------------------------------|---------------------------------------|
| 2023                            | \$ (51,925)                           |
| 2024                            | (97,822)                              |
| 2025                            | (54,113)                              |
| 2026                            | (23,945)                              |
| 2027                            | 4,271                                 |
| Thereafter                      | 3,326                                 |
| Total                           | <u><u>\$ (220,208)</u></u>            |

**E. Actuarial Assumptions**

The actuarial total pension liability was determined as of December 31, 2020. The measurement period for year ended December 31, 2022 is December 31, 2021. The following actuarial assumptions were used to calculate the total pension liability, applied to all periods included in the measurement:

|                               |                   |
|-------------------------------|-------------------|
| Valuation Date:               | December 31, 2020 |
| Actuarial Cost Method:        | Entry Age Normal  |
| Amortization Method:          | Level Dollar      |
| <b>Actuarial Assumptions:</b> |                   |
| Discount Rate                 | 4.75 %            |
| Investment Rate of Return     | 4.75              |
| Inflation                     | 2.25              |
| 20-Year Municipal Bond Yield  | 2.00              |
| Age of Service Retirement     | 50                |

Mortality rates for healthy pre-retirement was based on RP-2014 employee generational mortality tables projected with mortality improvement scale MP-2019, from a base year of 2006. Mortality rates for healthy post-retirement and disabled were based on RP-2014 annuitant generational mortality tables projected with mortality improvement scale MP-2019, from a based year of 2006. Male rates are adjusted by a factor of 0.96%.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN  
(CONTINUED)**

**E. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighing the expected future real rates of return by the current asset allocation percentage and by adding expected inflation (2.25%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2020 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standards deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

The following assumptions changes have been made since the prior valuation:

- The expected investment return and discount rate decrease from 5.25% to 4.75% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation.
- The inflation assumption decrease from 2.50% to 2.25%.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2020 are summarized in the following table:

| Asset Class                                     | Target<br>Allocation at<br>Measurement<br>Date | Long-Term<br>Expected<br>Real Rate<br>of Return | Long-Term<br>Expected<br>Nominal Rate<br>of Return |
|---|--|---|--|
| Cash  | 5.0 %  | 0.09 %  | 2.34 %   |
| Domestic Equity                                 | 60.0   | 4.90  | 7.15   |
| International Equity                            | -  | 5.32  | 7.57   |
| Fixed Income                                    | 35.0   | 1.40  | 3.65   |
| Real Estate and Alternatives                    | -  | 4.43  | 6.68   |
| Total   | <u>100.0 %</u>                                 |   | 6.01   |
| Reduced for Assumed Investment Expense          |  |   | <u>(1.20)</u>                                      |
| Net Assumed Investment Return (Rounded to 1/4%) |  |   | <u>4.75 %</u>                                      |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN  
(CONTINUED)**

**F. Discount Rate**

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

**G. Pension Asset Sensitivity**

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

|                               | <u>1% Decrease</u> | <u>Selected<br/>Discount Rate</u> | <u>1% Increase</u> |
|-------------------------------|--------------------|-----------------------------------|--------------------|
| Net Pension Liability (Asset) | \$ (714,186)       | \$ (762,440)                      | \$ (808,654)       |
| Discount Rate                 | 3.75%              | 4.75%                             | 5.75%              |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN  
(CONTINUED)**

**H. Plan's Fiduciary Net Position**

Information about changes in the Plan's net pension asset is as follows:

|   | Measurement<br>Date        |
|---|----------------------------|
|   | December 31,<br>2021       |
| <u>Total Pension Liability</u>  |                            |
| Service Cost  | \$ 76,906                  |
| Interest  | 74,799                     |
| Change of Benefit Terms   | 117,672                    |
| Benefit Payments, Including Member Refunds                                      | <u>(179,880)</u>           |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>                                    | 89,497                     |
| Total Pension Liability - Beginning of Year                                     | <u>1,587,741</u>           |
| <b>TOTAL PENSION LIABILITY - END OF YEAR (a)</b>                                | 1,677,238                  |
| <u>Plan Fiduciary Net Position</u>  |                            |
| Municipal Contributions   | 2,500                      |
| State Contributions   | 140,676                    |
| Net Investment Income   | 240,500                    |
| Benefit Payments  | (179,880)                  |
| Administrative Expenses   | <u>(3,164)</u>             |
| <b>NET CHANGE IN FIDUCIARY NET POSITION</b>                                     | 200,632                    |
| Fiduciary Net Position - Beginning of Year                                      | <u>2,239,046</u>           |
| <b>FIDUCIARY NET POSITION - END OF YEAR (b)</b>                                 | <u>2,439,678</u>           |
| <b>ASSOCIATION'S NET PENSION LIABILITY/<br/>(ASSET) - END OF YEAR (a) - (b)</b> | <u><u>\$ (762,440)</u></u> |

Detailed information about the pension plan's fiduciary net position is available in a separately issued financial statement. That report may be obtained by writing to City of Buffalo, City Hall at 212 Central Avenue, Buffalo, Minnesota 55313.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. Plan Description**

The City operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the City's health insurance plan. There are 92 active participants, 6 retired participant receiving payments, and 3 spouse receiving payments. There are no inactive employees entitled to but not receiving benefits. Benefit and eligibility provisions are established through negotiations between the City and the City's employees. The Plan does not issue a publicly available financial report.

**B. Funding Policy**

The City does not have assets designated to pay for OPEB related costs. Contribution requirements are negotiated between the City and the City's employees. The eligibility for, amount of, duration of, and City's contribution to the cost of the benefits provided varies by contract and date of retirement. The City is funding this liability on a pay-as-you-go basis. For the year ended December 31, 2022, the City did not contribute to the plan.

**C. Actuarial Methods and Assumptions**

The City's OPEB liability was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                     |   |
|---------------------|---|
| Inflation           | 2.00%   |
| Salary Increases    | Service Graded Table  |
| Medical Trend Rates | 6.50% Decreasing<br>to 5.00% Over 6<br>Years then to<br>4.00% Over Next<br>48 Years |

Mortality Rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2021 generational improvement scale.

The actuarial assumptions used in the January 1, 2022 valuation were based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019 and a review of the inflation assumption.

The discount rate used to measure the total OPEB liability was 2.00%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**C. Actuarial Methods and Assumptions (Continued)**

Since the most recent actuarial valuation, the following actuarial assumptions changes have been made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 generations improvement scale to the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2021 generations improvement scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

Since the most recent actuarial valuation, the following plan provision changes have been made:

- There have been no changes since the prior valuation.

**D. Changes in the OPEB Liability**

|  | Total OPEB<br>Liability |
|--|-------------------------|
| Balances at December 31, 2021                      | \$ 657,109              |
| Changes for the Year:                              |                         |
| Service Cost                                       | 42,616                  |
| Interest Cost                                      | 19,871                  |
| Change of Assumptions                              | 89,758                  |
| Differences between Expected and Actual Experience | 514,827                 |
| Benefit Payments                                   | (29,224)                |
| Net Change in Total OPEB Liability                 | 637,848                 |
| Balances at December 31, 2022                      | <u>\$ 1,294,957</u>     |

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

|                | 1% Decrease<br>(1.00%) | Discount Rate<br>(2.00%) | 1% Increase<br>(3.00%) |
|----------------|------------------------|--------------------------|------------------------|
| OPEB Liability | \$ 1,406,438           | \$ 1,294,957             | \$ 1,195,171           |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**D. Changes in the OPEB Liability (Continued)**

The following presents the OPEB liability of the City, as well as what the City's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4% over six years) or 1% higher (7.50% decreasing to 6% over six years) than the current healthcare cost trend rates:

|                | 1% Decrease<br>(5.50%<br>Decreasing to 4%<br>Over 6 Years) | Current Trend<br>Rates (6.50%<br>Decreasing to 5%<br>Over 6 Years) | 1% Increase<br>(7.50%<br>Decreasing to 6%<br>Over 6 Years) |
|----------------|--|--|--|
| OPEB Liability | \$ 1,184,858   | \$ 1,294,957   | \$ 1,420,559   |

For the year ended December 31, 2022, the City recognized OPEB Expense of \$146,338. At December 31, 2022, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

| Description                                      | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Difference Between Expected and Actual Liability | \$ 441,280                        | \$ 8,897                         |
| Change of Assumptions                            | 84,490                            | 8,726                            |
| Benefits Paid Subsequent to the Measurement Date | 70,342                            | -                                |
| Total  | <u>\$ 596,112</u>                 | <u>\$ 17,623</u>                 |

The \$70,342 reported as deferred outflows of resources related to OPEB resulting from City benefit payments subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending December 31,</u> | <u>Expenses<br/>Amount</u> |
|---------------------------------|----------------------------|
| 2023                            | \$ 83,851                  |
| 2024                            | 83,851                     |
| 2025                            | 83,851                     |
| 2026                            | 83,859                     |
| 2027                            | 86,370                     |
| Thereafter                      | 86,365                     |
| Total                           | <u>\$ 508,147</u>          |

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Balances/Net Position**

The City has deficit fund balances/net position at December 31, 2022 as follows:

|                           |                |
|---------------------------|----------------|
| Governmental Funds:       |                |
| Capital Project Fund      | \$ (1,095,816) |
| HRA Debt Service          | (1,370,664)    |
| Other Governmental Funds: |                |
| Civic Center Fund         | (2,089,725)    |
| Internal Service Fund     | (4,263)        |

The City intends to fund these deficits through future tax levies, special assessment levies, tax increments, transfers from other funds, and various other sources.

**B. Expenditures in Excess of Budget**

For the year ended December 31, 2022, expenditures exceeded budget in the General Fund by \$514,000. These expenditures were funded by current year revenues and transfers from other funds.

**NOTE 10 DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT**

General obligation bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the county auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2022 because they have not yet been levied against the properties by the county.

Future scheduled tax levies for all bonds outstanding at December 31, 2022 totaled \$19,394,463.



**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 11 INTERFUND ADVANCES AND TRANSFERS**

**A. Advances To/From Other Funds**

| Fund                     | Advances to<br>Other Funds | Advances from<br>Other Funds |
|--------------------------|----------------------------|------------------------------|
| General Fund             | \$ 2,119,333               | \$ -                         |
| Debt Service Fund        | 1,230,000                  | -                            |
| HRA Debt Service Fund    | -                          | 1,359,855                    |
| Other Governmental Funds | -                          | 2,119,333                    |
| Proprietary Funds:       |                            |                              |
| Electric Fund            | 129,855                    | -                            |
| Total Advances           | <u>\$ 3,479,188</u>        | <u>\$ 3,479,188</u>          |

The Debt Service Fund and Electric Fund advanced \$1,230,000 and \$129,855, respectively, to the HRA Debt Service Fund as the City issued debt for the downtown enhancement project for which the HRA spent the proceeds.

The General Fund advanced \$2,119,333 to the Civic Center Fund to eliminate deficit cash balance. The amount is not expected to be repaid within one year.

**B. Due To/From Other Funds**

| Fund                  | Due from<br>Other Funds | Due to<br>Other Funds |
|-----------------------|-------------------------|-----------------------|
| General Fund          | \$ 424,730              | \$ -                  |
| Capital Project Fund  | -                       | 413,921               |
| HRA Debt Service Fund | -                       | 10,809                |
| Total Due To/From     | <u>\$ 424,730</u>       | <u>\$ 424,730</u>     |

The Capital Project Fund and HRA Debt Service Fund borrowed \$413,921 and \$10,809, respectively, from the General Fund to eliminate deficit cash balances. The amount is expected to be repaid within one year.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 11 INTERFUND ADVANCES AND TRANSFERS (CONTINUED)**

**C. Transfers**

Transfers between funds during 2022 are as follows:

|  | Amount              | Description                |
|--|---------------------|----------------------------|
| <b><u>Major Governmental Funds</u></b>         |                     |                            |
| Transfers to General Fund from:                |                     |                            |
| HRA Fund                                       | \$ 4,096            | Re-allocate expenses       |
| Electric Fund                                  | 900,000             | Annual Contribution        |
| Liquor Fund                                    | 475,000             | Annual Park Contribution   |
| Total Transfers to General Fund                | <u>1,379,096</u>    |                            |
| Transfers to Debt Service Fund from:           |                     |                            |
| General Fund                                   | 124,928             | Transfer of Debt Payment   |
| HRA Debt Service Fund                          | 33,395              | Transfer of Debt Payment   |
| Total Transfers to Debt Service Fund           | <u>158,323</u>      |                            |
| Transfers to Capital Projects Fund from:       |                     |                            |
| General Fund                                   | 27,579              | Park Dedications           |
| Transfers to HRA Debt Service Fund from:       |                     |                            |
| HRA Fund                                       | <u>156,216</u>      | Transfer of Debt Payment   |
| Total Transfers to Major Governmental Funds    | 1,721,214           |                            |
| <b><u>Nonmajor Governmental Funds</u></b>      |                     |                            |
| Transfers to Civic Center Fund from:           |                     |                            |
| General Fund                                   | 200,000             | Annual Contribution        |
| Electric Fund                                  | 100,000             | Annual Contribution        |
| Total Transfers to Civic Center Fund           | <u>300,000</u>      |                            |
| Transfers to Airport Fund from:                |                     |                            |
| General Fund                                   | <u>50,000</u>       | Annual Contribution        |
| Total Transfers to Nonmajor Governmental Funds | 350,000             |                            |
| <b><u>Enterprise Funds</u></b>                 |                     |                            |
| Transfers to Golf Course Fund from:            |                     |                            |
| Electric Fund                                  | 4,049,249           | Close out Golf Course Fund |
| Water Fund                                     | 1,141,003           | Close out Golf Course Fund |
| Sewer Fund                                     | 1,141,003           | Close out Golf Course Fund |
| Total Transfers to Golf Course Fund            | <u>6,331,255</u>    |                            |
| Total Interfund Transfers                      | <u>\$ 8,402,469</u> |                            |

The governmental activities assumed the long-term liabilities including pension benefits that were previously allocated to the Golf Course Fund totaling \$1,102,489. Capital assets totaling \$1,260,584 were transferred from governmental activities to business type activities.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 12 FUND BALANCE CLASSIFICATIONS**

The fund balance classifications of the governmental funds as of December 31, 2022 were as follows:

|                        | General<br>Fund | Debt<br>Service<br>Fund | Capital<br>Project<br>Fund | HRA Debt<br>Service<br>Fund | Nonmajor<br>Governmental<br>Funds | Governmental<br>Funds Total |
|------------------------|-----------------|-------------------------|----------------------------|-----------------------------|-----------------------------------|-----------------------------|
| <b>Nonspendable:</b>   |                 |                         |                            |                             |                                   |                             |
| Inventory              | \$ -            | \$ -                    | \$ -                       | \$ -                        | \$ 12,749                         | \$ 12,749                   |
| Prepaid Items          | 79,189          | -                       | -                          | -                           | 7,136                             | 86,325                      |
| Advance to Other Funds | 2,119,333       | -                       | -                          | -                           | -                                 | 2,119,333                   |
| Total Nonspendable     | 2,198,522       | -                       | -                          | -                           | 19,885                            | 2,218,407                   |
| <b>Restricted:</b>     |                 |                         |                            |                             |                                   |                             |
| Debt Service           | -               | 5,366,815               | -                          | -                           | -                                 | 5,366,815                   |
| Capital Projects       | -               | -                       | 306,782                    | -                           | -                                 | 306,782                     |
| Total Restricted       | -               | 5,366,815               | 306,782                    | -                           | -                                 | 5,673,597                   |
| <b>Committed:</b>      |                 |                         |                            |                             |                                   |                             |
| Library                | -               | -                       | -                          | -                           | 118,203                           | 118,203                     |
| Future Purchases       | 120,000         | -                       | -                          | -                           | -                                 | 120,000                     |
| Fire Operations        | -               | -                       | -                          | -                           | 491,645                           | 491,645                     |
| The Buffalo HRA        | -               | -                       | -                          | -                           | 595,084                           | 595,084                     |
| Airport                | -               | -                       | -                          | -                           | 271,416                           | 271,416                     |
| Total Committed        | 120,000         | -                       | -                          | -                           | 1,476,348                         | 1,596,348                   |
| <b>Unassigned</b>      | 4,089,791       | (1,009)                 | (1,402,598)                | (1,370,664)                 | (2,095,758)                       | (780,238)                   |
| Total Fund Balance     | \$ 6,408,313    | \$ 5,365,806            | \$ (1,095,816)             | \$ (1,370,664)              | \$ (599,525)                      | \$ 8,708,114                |

**NOTE 13 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers' compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers' Compensation Reinsurance Association (WCRA) as required by law. For workers' compensation, the City is not subject to a deductible. The City's workers' compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 13 RISK MANAGEMENT (CONTINUED)**

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**NOTE 14 TAX ABATEMENTS**

The City has seven pay-as-you-go tax increment financing districts with local businesses to promote economic development within the City as authorized under Minnesota Statutes §469.17. The City is currently collecting tax increments that are paid through the property tax collection process. The requirement for businesses to receive the excess tax increments from the City is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. The agreements call for 90% of the property tax increments collected to be returned to the developers less administrative fees.

The first district is a qualified housing tax increment financing district to facilitate construction of senior rental housing development within the City. The district will stop collections as of the earlier of December 31, 2027 or when the plan is satisfied. For the year ended December 31, 2022, the City paid excess tax increment in the amount of \$56,606.

The second district is to facilitate the reconstruction of a local business which was destroyed by a fire within the City. The district will stop collections as of the earlier of December 31, 2028 or when the plan is satisfied. For the year ended December 31, 2022, the City paid excess tax increment in the amount of \$12,924.

The third district is created to facilitate development of 24 affordable rental town home units within the City. The district will stop collections as of the earlier of December 31, 2037 or when the plan is satisfied. For the year ended December 31, 2022, the City paid excess tax increment in the amount of \$3,430.

The fourth district is a redevelopment tax increment financing district that was created to facilitate the renovation of one substandard structure and the construction of two new commercial buildings within the City. The district will stop collections as of the earlier of December 31, 2041 or when the plan is satisfied. For the year ended December 31, 2022, the City paid excess tax increment in the amount of \$5,660.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 14 TAX ABATEMENTS (CONTINUED)**

The fifth district is an economic development district to facilitate the construction of a 20,000-square-foot expansion to a manufacturing facility in the City. The district will stop collections as of the earlier of December 31, 2025 or when the plan is satisfied. For the year ended December 31, 2022, the City paid excess tax increment in the amount of \$52,986.

The sixth district is a housing district to facilitate making the land in the Project Area available for development by private enterprise in conformance with the Redevelopment Plan. The district will stop collections as of the earlier of December 31, 2046 or when the plan is satisfied. For the year ended December 31, 2022, the City paid in excess tax increment in the amount of \$115,462.

The seventh district is a housing district to facilitate making the land in the Project Area available for development by private enterprise in conformance with the Redevelopment Plan. The district will stop collections as of the earlier of February 1, 2048 or when the plan is satisfied. For the year ended December 31, 2022, the City paid in excess tax increment in the amount of \$83,909.

The City participates in a 10-year tax abatement program with Buffalo Healthcare Investors, LLC under Minnesota Statutes, Sections 469.1813 through 469.1815. Under these statutes, the City is able to grant tax abatements for development purposes including general economic development, such as increasing the property tax base or the number of jobs in the area and providing access to services for residents such as healthcare. The assessed value attributable to land at Lot 2, Block 1, Kaysons Third Addition, Wright County, Minnesota shall be abated from property taxes for 10 years. The abatement shall not apply to any special assessments that are levied against the property. For the year ended December 31, 2022, the City abated property taxes totaling \$-0-. No other commitments were made by the City as part of these agreements.

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Funds**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. Management is not aware of any disallowed claims at this time.

During 2010, the City received federal funding for an airport project. As part of that grant agreement the City is required to operate the airport as a licensed, municipally-owned public airport at all times of the year for a period of 20 years.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 15 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**B. Electric Power Purchase Agreement**

The City has entered into a contract with Minnesota Municipal Power Agency (MMPA) for the purchase of electric power and energy. The rates vary depending on numerous factors as outlined in the contract. The contract became effective January 1, 2006 and remains in effect through October 31, 2040. If not then terminated by five years written notice by either party, the contract continues in full force until so terminated.

**C. Construction Commitments**

The City entered into construction contracts for various construction projects started during the year. The following contracts had been entered into and were at various stages of completion at December 31, 2022:

| Project                           | Contract<br>Cost    | Estimated<br>Project Costs<br>Incurred to Date* | Remaining<br>Committed |
|-----------------------------------|---------------------|---|------------------------|
| 2022 Division Street Improvements | \$ 294,945          | \$ 241,570                                      | \$ 53,375              |
| Dague Ave Roundabout              | 494,815             | 407,578   | 87,237                 |
| WWTP Pretreatment Improvements    | 920,470             | 624,577   | 295,893                |
| Total                             | <u>\$ 1,710,230</u> | <u>\$ 1,273,725</u>                             | <u>\$ 436,505</u>      |

\* Includes Contracts Payable Amount

**NOTE 16 DISPOSAL OF ASSETS – GOLF COURSE**

The City operated the Golf Course under lease until July 22, 2022. The City then sold the golf course assets. As a result of the sale, the City recognized a loss of \$900,294 as a special item. Proceeds from the sale totaled \$2,062,080. The golf course property, golf cart fleet, restaurant and grounds equipment, inventory and intellectual property used or held for sale in the conduct of the business were transferred in the sale. The City Council approved forgiving all advances to the Golf Course Fund and approved assumption of debt and long-term liabilities of the fund by the Governmental Activities in order to close out the Golf Course Fund as of December 31, 2022.

|                             |                     |
|-----------------------------|---------------------|
| Sales Proceeds              | \$ 2,062,080        |
| Costs Related to the Sale   | (7,581)             |
| Inventory Transfer          | (15,173)            |
| Property and Equipment Sold | (2,939,620)         |
| Special Item                | <u>\$ (900,294)</u> |

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BUFFALO, MINNESOTA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**LAST TEN MEASUREMENT PERIODS**

|  | Measurement Date    |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | June 30, 2022       | June 30, 2021       | June 30, 2020       |
| <b>GENERAL EMPLOYEES RETIREMENT PLAN</b>   |                     |                     |                     |
| City's Proportion of the Net Pension Liability   | 0.0763%             | 0.0729%             | 0.0731%             |
| City's Proportionate Share of the Net Pension Liability  | \$ 6,042,984        | \$ 3,113,157        | \$ 4,382,680        |
| State's Proportionate Share of the Net Pension Liability Associated with the City of Buffalo   | 177,305             | 95,163              | 135,228             |
| Total Proportionate Share of the Net Pension Liability Associated with the City of Buffalo     | <u>\$ 6,220,289</u> | <u>\$ 3,208,320</u> | <u>\$ 4,517,908</u> |
| City's Covered Payroll   | \$ 5,718,188        | \$ 5,250,464        | \$ 5,203,754        |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 106%                | 59%                 | 84%                 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                     | 76.70%              | 87.00%              | 79.06%              |
|  |                     |                     |                     |
|  | Measurement Date    |                     |                     |
|  | June 30, 2022       | June 30, 2021       | June 30, 2020       |
| <b>PUBLIC EMPLOYEES POLICE AND FIRE PLAN</b>   |                     |                     |                     |
| City's Proportion of the Net Pension Liability   | 0.1303%             | 0.1193%             | 0.1122%             |
| City's Proportionate Share of the Net Pension Liability  | \$ 5,670,141        | \$ 920,870          | \$ 1,478,916        |
| State's Proportionate Share of the Net Pension Liability Associated with the City of Buffalo   | 247,717             | 41,379              | 34,858              |
| Total Proportionate Share of the Net Pension Liability Associated with the City of Buffalo     | <u>\$ 5,917,858</u> | <u>\$ 962,249</u>   | <u>\$ 1,513,774</u> |
| City's Covered Payroll   | \$ 1,582,442        | \$ 1,409,680        | \$ 1,265,831        |
| City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 358%                | 65%                 | 117%                |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                     | 70.50%              | 93.70%              | 87.19%              |

\* Additional information will be added as it becomes available.

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*



**CITY OF BUFFALO, MINNESOTA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY (CONTINUED)**  
**LAST TEN MEASUREMENT PERIODS**

| Measurement Date    |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| June 30, 2019       | June 30, 2018       | June 30, 2017       | June 30, 2016       | June 30, 2015       |
| 0.0648%             | 0.0640%             | 0.0652%             | 0.0620%             | 0.0651%             |
| \$ 3,582,647        | \$ 3,550,459        | \$ 4,162,325        | \$ 5,034,092        | \$ 3,373,820        |
| 111,328             | 116,463             | 52,338              | 65,737              | -                   |
| <u>\$ 3,693,975</u> | <u>\$ 3,666,922</u> | <u>\$ 4,214,663</u> | <u>\$ 5,099,829</u> | <u>\$ 3,373,820</u> |
| \$ 4,582,991        | \$ 4,305,175        | \$ 4,195,877        | \$ 3,841,975        | \$ 3,794,647        |
| 78%                 | 82%                 | 99%                 | 131%                | 89%                 |
| 80.20%              | 79.50%              | 75.90%              | 68.90%              | 78.75%              |

| Measurement Date    |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| June 30, 2019       | June 30, 2018       | June 30, 2017       | June 30, 2016       | June 30, 2015       |
| 0.1115%             | 0.1066%             | 0.1060%             | 0.1030%             | 0.1080%             |
| \$ 1,187,029        | \$ 1,136,246        | \$ 1,431,126        | \$ 4,133,569        | \$ 1,227,133        |
| -                   | -                   | -                   | -                   | -                   |
| <u>\$ 1,187,029</u> | <u>\$ 1,136,246</u> | <u>\$ 1,431,126</u> | <u>\$ 4,133,569</u> | <u>\$ 1,227,133</u> |
| \$ 1,175,987        | \$ 1,123,750        | \$ 1,089,355        | \$ 996,175          | \$ 1,002,211        |
| 101%                | 101%                | 131%                | 415%                | 122%                |
| 89.30%              | 88.80%              | 85.40%              | 63.90%              | 78.75%              |

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**FIREFIIGHTERS RELIEF ASSOCIATION PLAN**  
**LAST TEN MEASUREMENT PERIODS**

|   | Measurement Date    |                     |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                |
| <b>Total Pension Liability</b>  |                     |                     |                     |                     |                     |                     |                     |
| Service Cost  | \$ 76,906           | \$ 75,436           | \$ 73,596           | \$ 65,652           | \$ 73,848           | \$ 82,609           | \$ 76,388           |
| Interest  | 74,799              | 79,816              | 81,595              | 83,406              | 80,258              | 71,998              | 70,260              |
| Changes in Experience   | -                   | (12,538)            | -                   | (34,654)            | (50,068)            | -                   | -                   |
| Changes in Assumptions  | -                   | 30,069              | -                   | 36,728              | (881)               | (28,618)            | -                   |
| Changes of Benefit Terms  | 117,672             | 52,860              | -                   | 113,172             | -                   | -                   | -                   |
| Benefit Payments, Including Member Refunds                                  | (179,880)           | (165,556)           | (216,281)           | -                   | (85,000)            | (216,977)           | (22,551)            |
| <b>NET CHANGE IN TOTAL PENSION LIABILITY</b>                                | 89,497              | 60,087              | (61,090)            | 264,304             | 18,157              | (90,988)            | 124,097             |
| Total Pension Liability - Beginning of Year                                 | 1,587,741           | 1,527,654           | 1,588,744           | 1,324,440           | 1,306,283           | 1,397,271           | 1,273,174           |
| <b>TOTAL PENSION LIABILITY - END OF YEAR (a)</b>                            | 1,677,238           | 1,587,741           | 1,527,654           | 1,588,744           | 1,324,440           | 1,306,283           | 1,397,271           |
| <b>Plan Fiduciary Net Position</b>  |                     |                     |                     |                     |                     |                     |                     |
| Municipal Contributions   | 2,500               | 2,500               | 10,715              | 11,095              | 9,884               | 2,500               | 2,500               |
| State Contributions   | 140,676             | 133,061             | 126,268             | 119,581             | 117,197             | 119,295             | 114,407             |
| Net Investment Income   | 240,500             | 197,915             | 311,072             | (116,981)           | 237,287             | 121,906             | (69,541)            |
| Benefit Payments  | (179,880)           | (165,556)           | (216,281)           | -                   | (85,000)            | (216,977)           | (22,551)            |
| Administrative Expenses   | (3,164)             | (2,740)             | (11,283)            | (11,323)            | (10,141)            | (11,374)            | (4,990)             |
| Other Changes   | -                   | 11                  | -                   | -                   | 1,481               | 8,534               | 2,232               |
| <b>NET CHANGE IN FIDUCIARY NET POSITION</b>                                 | 200,632             | 165,191             | 220,491             | 2,372               | 270,708             | 23,884              | 22,057              |
| Fiduciary Net Position - Beginning of Year                                  | 2,239,046           | 2,073,855           | 1,853,364           | 1,850,992           | 1,580,284           | 1,556,400           | 1,534,343           |
| <b>FIDUCIARY NET POSITION - END OF YEAR (b)</b>                             | 2,439,678           | 2,239,046           | 2,073,855           | 1,853,364           | 1,850,992           | 1,580,284           | 1,556,400           |
| <b>ASSOCIATION'S NET PENSION LIABILITY/ (ASSET) - END OF YEAR (a) - (b)</b> | <u>\$ (762,440)</u> | <u>\$ (651,305)</u> | <u>\$ (546,201)</u> | <u>\$ (264,620)</u> | <u>\$ (526,552)</u> | <u>\$ (274,001)</u> | <u>\$ (159,129)</u> |
| Fiduciary Net Position as a Percentage of the Total Net Pension Asset       | 145.46%             | 141.02%             | 135.75%             | 116.66%             | 139.76%             | 120.98%             | 111.39%             |
| Covered-Employee Payroll  | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 |
| Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll   | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 | N/A                 |

\* Additional information will be added as it becomes available.

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA  
SCHEDULE OF CITY PENSION CONTRIBUTIONS  
LAST TEN YEARS**

|   | 2022         | 2021         | 2020         |
|---|--------------|--------------|--------------|
| <b>GENERAL EMPLOYEES RETIREMENT PLAN</b>                                |              |              |              |
| Contractually Required Contribution                                     | \$ 442,199   | \$ 396,598   | \$ 404,207   |
| Contributions in Relation to the Contractually<br>Required Contribution | (442,199)    | (396,598)    | (404,207)    |
| Contribution Deficiency (Excess)  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| City's Covered Payroll  | \$ 5,895,987 | \$ 5,287,965 | \$ 5,389,427 |
| Contributions as a Percentage of<br>Covered Payroll                     | 7.50%        | 7.50%        | 7.50%        |
| <b>PUBLIC EMPLOYEES POLICE AND FIRE PLAN</b>                            |              |              |              |
| Contractually Required Contribution                                     | \$ 270,497   | \$ 264,477   | \$ 246,464   |
| Contributions in Relation to the Contractually<br>Required Contribution | (270,497)    | (264,477)    | (246,464)    |
| Contribution Deficiency (Excess)  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| City's Covered Payroll  | \$ 1,528,232 | \$ 1,494,221 | \$ 1,392,458 |
| Contributions as a Percentage of<br>Covered Payroll                     | 17.70%       | 17.70%       | 17.70%       |
| <b>FIRE RELIEF ASSOCIATION PLAN</b>                                     |              |              |              |
| Statutorily Required Contribution                                       | \$ -         | \$ -         | \$ -         |
| Contributions in Relation to the Statutorily<br>Required Contribution   | -            | -            | -            |
| Contribution Deficiency/(Excess)  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |

\* Additional information will be added as it becomes available.

**CITY OF BUFFALO, MINNESOTA**  
**SCHEDULE OF CITY PENSION CONTRIBUTIONS (CONTINUED)**  
**LAST TEN YEARS**

| 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 374,706   | \$ 328,752   | \$ 320,722   | \$ 300,006   | \$ 284,732   | \$ 265,184   |
| (374,706)    | (328,752)    | (320,722)    | (300,006)    | (284,732)    | (265,184)    |
| <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| \$ 4,995,075 | \$ 4,382,887 | \$ 4,276,293 | \$ 4,000,083 | \$ 3,794,647 | \$ 3,870,990 |
| 7.50%        | 7.50%        | 7.50%        | 7.50%        | 7.50%        | 6.85%        |
| \$ 205,864   | \$ 183,432   | \$ 181,013   | \$ 168,059   | \$ 162,358   | \$ 158,513   |
| (205,864)    | (183,432)    | (181,013)    | (168,059)    | (162,358)    | (158,513)    |
| <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |
| \$ 1,214,536 | \$ 1,132,298 | \$ 1,117,364 | \$ 1,037,404 | \$ 1,002,211 | \$ 975,188   |
| 16.95%       | 16.20%       | 16.20%       | 16.20%       | 16.20%       | 16.25%       |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| -            | -            | -            | -            | -            | -            |
| <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  |

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA**  
**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB**  
**LIABILITY AND RELATED RATIOS**

|   | Measurement<br>Date<br>January 1, 2022 | Measurement<br>Date<br>January 1, 2021 | Measurement<br>Date<br>January 1, 2020 | Measurement<br>Date<br>January 1, 2019 | Measurement<br>Date<br>January 1, 2018 |
|---|--|--|--|--|--|
| <b>Total OPEB Liability</b>                                 |  |  |  |  |  |
| Service Cost  | \$ 42,616                              | \$ 55,361                              | \$ 53,618                              | \$ 46,525                              | \$ 48,843                              |
| Interest Cost   | 19,871                                 | 18,807                                 | 22,374                                 | 17,926                                 | 15,962                                 |
| Changes of Assumptions                                      | 89,758                                 | -                                      | 13,223                                 | (17,459)                               | -                                      |
| Differences between Expected and Actual Experience          | 514,827                                | -                                      | (15,572)                               | -                                      | -                                      |
| Benefit Payments  | (29,224)                               | (20,275)                               | (11,113)                               | (5,969)                                | -                                      |
| <b>Net Change in Total OPEB Liability</b>                   | <b>637,848</b>                         | <b>53,893</b>                          | <b>62,530</b>                          | <b>41,023</b>                          | <b>64,805</b>                          |
| Total OPEB Liability - Beginning                            | 657,109                                | 603,216                                | 540,686                                | 499,663                                | 434,858                                |
| <b>Total OPEB Liability - Ending (a)</b>                    | <b>\$ 1,294,957</b>                    | <b>\$ 657,109</b>                      | <b>\$ 603,216</b>                      | <b>\$ 540,686</b>                      | <b>\$ 499,663</b>                      |
| Covered-Employee Payroll                                    | \$ 6,973,877                           | \$ 6,019,256                           | \$ 5,829,788                           | \$ 5,149,933                           | \$ 4,999,935                           |
| City's OPEB Liability as a Percentage of<br>Covered Payroll | 18.57%                                 | 10.92%                                 | 10.35%                                 | 10.50%                                 | 9.99%                                  |

Note 1: The City implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to ten years of information as the information becomes available.

Note 2: No assets are accumulated in a trust and there are no required contributions.

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

|                             | 2022               |                 |              |                               |
|-----------------------------|--------------------|-----------------|--------------|-------------------------------|
|                             | Original<br>Budget | Final<br>Budget | Actual       | Variance from<br>Final Budget |
| <b>REVENUES</b>             |                    |                 |              |                               |
| Taxes:                      |                    |                 |              |                               |
| General Property Taxes      | \$ 5,663,445       | \$ 5,663,445    | \$ 5,661,522 | \$ (1,923)                    |
| Other Taxes                 | 2,200              | 2,200           | 3,013        | 813                           |
| Total Taxes                 | 5,665,645          | 5,665,645       | 5,664,535    | (1,110)                       |
| Licenses and Permits        | 506,400            | 506,400         | 473,301      | (33,099)                      |
| Intergovernmental:          |                    |                 |              |                               |
| Federal:                    |                    |                 |              |                               |
| Federal Grants              | 2,300              | 2,300           | 8,928        | 6,628                         |
| State:                      |                    |                 |              |                               |
| Local Government Aid        | 1,030,245          | 1,030,245       | 1,085,873    | 55,628                        |
| PERA Indirect Aid           | -                  | -               | 23,454       | 23,454                        |
| Market Value Credit         | -                  | -               | 432          | 432                           |
| State Police Aid            | 145,000            | 145,000         | 167,775      | 22,775                        |
| State Highway Aid           | 215,000            | 215,000         | 242,624      | 27,624                        |
| Other                       | 15,000             | 15,000          | 22,562       | 7,562                         |
| Total Intergovernmental     | 1,407,545          | 1,407,545       | 1,551,648    | 144,103                       |
| Special Assessments         | 5,000              | 5,000           | 4,826        | (174)                         |
| Charges for Services:       |                    |                 |              |                               |
| General Government          | 154,550            | 154,550         | 240,899      | 86,349                        |
| Public Safety               | 41,500             | 41,500          | 50,011       | 8,511                         |
| Culture and Recreation      | 50,500             | 50,500          | 74,095       | 23,595                        |
| Sanitation                  | 1,047,025          | 1,047,025       | 1,136,321    | 89,296                        |
| Storm Sewer                 | 415,000            | 415,000         | 432,234      | 17,234                        |
| Total Charges for Services  | 1,708,575          | 1,708,575       | 1,933,560    | 224,985                       |
| Fines and Forfeits          | 37,000             | 37,000          | 46,360       | 9,360                         |
| Investment Earnings         | 20,000             | 20,000          | 14,610       | (5,390)                       |
| Refunds/Reimbursements      | 50,000             | 50,000          | 146,065      | 96,065                        |
| Contributions and Donations | 41,000             | 41,000          | 42,038       | 1,038                         |
| Miscellaneous               | 10,750             | 10,750          | 194,547      | 183,797                       |
| Total Revenues              | 9,451,915          | 9,451,915       | 10,071,490   | 619,575                       |

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

|                                | 2022               |                 |           |                               |
|--------------------------------|--------------------|-----------------|-----------|-------------------------------|
|                                | Original<br>Budget | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| <b>EXPENDITURES</b>            |                    |                 |           |                               |
| General Government:            |                    |                 |           |                               |
| Mayor and Council:             |                    |                 |           |                               |
| Current:                       |                    |                 |           |                               |
| Personal Services              | \$ 85,138          | \$ 85,138       | \$ 67,716 | \$ 17,422                     |
| Financial Administration:      |                    |                 |           |                               |
| Current:                       |                    |                 |           |                               |
| Salaries                       | 274,043            | 274,043         | 400,055   | (126,012)                     |
| Employee Benefits              | 137,771            | 137,771         | 126,231   | 11,540                        |
| Other Expenses:                |                    |                 |           |                               |
| Audit / Accounting             | 15,000             | 15,000          | 12,783    | 2,217                         |
| Insurance                      | 30,000             | 30,000          | 20,218    | 9,782                         |
| Planning and Zoning            | 305,201            | 305,201         | 249,219   | 55,982                        |
| Assessor                       | 100,000            | 100,000         | 101,724   | (1,724)                       |
| City Attorney                  | -                  | -               | 158       | (158)                         |
| City Clerk                     | 150,286            | 150,286         | 157,918   | (7,632)                       |
| Professional Services          | 25,000             | 25,000          | 24,604    | 396                           |
| Elections                      | 31,913             | 31,913          | 40,636    | (8,723)                       |
| Other Expense                  | 299,696            | 299,696         | 346,475   | (46,779)                      |
| Capital Outlay                 | -                  | -               | 86,454    | (86,454)                      |
| Total Financial Administration | 1,368,910          | 1,368,910       | 1,566,475 | (197,565)                     |
| Engineering:                   |                    |                 |           |                               |
| Current:                       |                    |                 |           |                               |
| Salaries                       | 131,779            | 131,779         | 109,928   | 21,851                        |
| Employee Benefits              | 20,200             | 20,200          | 16,914    | 3,286                         |
| Other Services and Charges     | 72,968             | 72,968          | 101,407   | (28,439)                      |
| Total Engineering              | 224,947            | 224,947         | 228,249   | (3,302)                       |
| Transportation:                |                    |                 |           |                               |
| Current:                       |                    |                 |           |                               |
| Other Services and Charges     | 8,150              | 8,150           | -         | 8,150                         |
| Total General Government       | 1,687,145          | 1,687,145       | 1,862,440 | (175,295)                     |

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

|                                 | 2022               |                 |            |                               |
|---------------------------------|--------------------|-----------------|------------|-------------------------------|
|                                 | Original<br>Budget | Final<br>Budget | Actual     | Variance from<br>Final Budget |
| <b>EXPENDITURES (CONTINUED)</b> |                    |                 |            |                               |
| Public Safety:                  |                    |                 |            |                               |
| Police Protection:              |                    |                 |            |                               |
| Current:                        |                    |                 |            |                               |
| Office Wages and Benefits       | \$ 281,701         | \$ 281,701      | \$ 269,662 | \$ 12,039                     |
| Officer Wages and Benefits      | 2,119,501          | 2,119,501       | 2,014,343  | 105,158                       |
| Training                        | 11,990             | 11,990          | 9,528      | 2,462                         |
| Legal Fees                      | 65,000             | 65,000          | 76,589     | (11,589)                      |
| Other Services and Charges      | 665,056            | 665,056         | 701,010    | (35,954)                      |
| Capital Outlay                  | -                  | -               | 39,950     | (39,950)                      |
| Finance Purchase Obligations:   |                    |                 |            |                               |
| Principal                       | 82,025             | 82,025          | 71,850     | 10,175                        |
| Interest                        | 50,293             | 50,293          | 15,232     | 35,061                        |
| Total Police                    | 3,275,566          | 3,275,566       | 3,198,164  | 77,402                        |
| Fire Protection:                |                    |                 |            |                               |
| Current:                        | 519,859            | 519,859         | 528,205    | (8,346)                       |
| Finance Purchase Obligations:   |                    |                 |            |                               |
| Principal                       | 5,260              | 5,260           | 5,260      | -                             |
| Interest                        | 406                | 406             | 406        | -                             |
| Total Fire Protection           | 525,525            | 525,525         | 533,871    | (8,346)                       |
| Civil Defense                   | 2,850              | 2,850           | 1,293      | 1,557                         |
| Building Inspections            | 214,500            | 214,500         | 214,565    | (65)                          |
| Total Public Safety             | 4,018,441          | 4,018,441       | 3,947,893  | 70,548                        |
| Public Works:                   |                    |                 |            |                               |
| Street Department:              |                    |                 |            |                               |
| Current:                        |                    |                 |            |                               |
| Employee Benefits               | 93,621             | 93,621          | 79,189     | 14,432                        |
| Street Maintenance              | 631,996            | 631,996         | 605,973    | 26,023                        |
| Storm Sewer Maintenance         | 103,902            | 103,902         | 62,996     | 40,906                        |
| Snow and Ice Removal            | 120,940            | 120,940         | 112,579    | 8,361                         |
| Other                           | 589,845            | 589,845         | 609,221    | (19,376)                      |
| Capital Outlay                  | -                  | -               | 118,866    | (118,866)                     |
| Finance Purchase Obligations:   |                    |                 |            |                               |
| Principal                       | 77,905             | 77,905          | 77,905     | -                             |
| Interest                        | 18,214             | 18,214          | 19,175     | (961)                         |
| Total Public Works              | 1,636,423          | 1,636,423       | 1,685,904  | (49,481)                      |
| Sanitation:                     |                    |                 |            |                               |
| Current                         | 1,034,221          | 1,034,221       | 1,114,590  | (80,369)                      |

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*



**CITY OF BUFFALO, MINNESOTA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

|   | 2022               |                  |                     |                               |
|---|--------------------|------------------|---------------------|-------------------------------|
|   | Original<br>Budget | Final<br>Budget  | Actual              | Variance from<br>Final Budget |
| Culture and Recreation:                 |                    |                  |                     |                               |
| Parks:                                  |                    |                  |                     |                               |
| Current:                                |                    |                  |                     |                               |
| Wages and Benefits                      | \$ 642,307         | \$ 642,307       | \$ 723,610          | \$ (81,303)                   |
| Supply and Maintenance                  | 461,181            | 461,181          | 519,203             | (58,022)                      |
| School District #877 Joint Programs     | 50,000             | 50,000           | 44,974              | 5,026                         |
| Miscellaneous                           | 86,287             | 86,287           | 94,864              | (8,577)                       |
| Finance Purchase Obligations:           |                    |                  |                     |                               |
| Principal                               | 65,344             | 65,344           | 42,927              | 22,417                        |
| Interest                                | 3,493              | 3,493            | 2,536               | 957                           |
| Capital Outlay                          | -                  | -                | 144,715             | (144,715)                     |
| Total Parks Department                  | 1,308,612          | 1,308,612        | 1,572,829           | (264,217)                     |
| Community Center:                       |                    |                  |                     |                               |
| Current:                                |                    |                  |                     |                               |
| Wages, Contract Pay, and Benefits       | 143,460            | 143,460          | 191,382             | (47,922)                      |
| Maintenance and Repair                  | 20,000             | 20,000           | 16,603              | 3,397                         |
| Utilities                               | 65,950             | 65,950           | 16,058              | 49,892                        |
| Miscellaneous                           | 65,040             | 65,040           | 85,593              | (20,553)                      |
| Total Community Center                  | 294,450            | 294,450          | 309,636             | (15,186)                      |
| Total Culture and Recreation            | 1,603,062          | 1,603,062        | 1,882,465           | (279,403)                     |
| Total Expenditures                      | 9,979,292          | 9,979,292        | 10,493,292          | (514,000)                     |
| <b>REVENUES OVER (UNDER)</b>            |                    |                  |                     |                               |
| <b>EXPENDITURES</b>                     | (527,377)          | (527,377)        | (421,802)           | 105,575                       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                  |                     |                               |
| Transfer In                             | 925,000            | 925,000          | 1,379,096           | 454,096                       |
| Transfer Out                            | (421,839)          | (421,839)        | (402,507)           | 19,332                        |
| Proceeds from Sale of Capital Assets    | 105,000            | 105,000          | 20,920              | (84,080)                      |
| Insurance Proceeds                      | -                  | -                | 71,630              | 71,630                        |
| Total Other Financing<br>Sources (Uses) | 608,161            | 608,161          | 1,069,139           | 460,978                       |
| <b>NET CHANGE IN FUND BALANCE</b>       | <u>\$ 80,784</u>   | <u>\$ 80,784</u> | <u>647,337</u>      | <u>\$ 566,553</u>             |
| Fund Balance - Beginning of Year        |                    |                  | 5,760,976           |                               |
| <b>FUND BALANCE - END OF YEAR</b>       |                    |                  | <u>\$ 6,408,313</u> |                               |

*The Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

**NOTE 1 BASIS OF ACCOUNTING**

The General Fund budgetary comparison schedule is prepared on a budgetary basis of accounting. See Note 3 of the Notes to Required Supplementary Information for a reconciliation of the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 2 BUDGETARY INFORMATION**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Council chambers at City Hall to obtain taxpayer comments, and the final budget is adopted and the tax levy certified.
3. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Reported budget amounts are final, as amended by the City Council in 2022.
4. The City has legally adopted budgets for the general fund, certain special revenue funds, and some enterprise funds. Formal budgetary integration is not employed for the capital projects and debt service funds. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, capital outlay, etc.) within each program. All amounts over budget have been approved by the City Council through the disbursement process. The City is not legally required to adopt an annual budget for the Capital Projects, Debt Service funds, or HRA of Buffalo fund.
5. Budgeted amounts are as originally adopted, or as amended by the City Council. All annual appropriations lapse at fiscal year-end.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**DECEMBER 31, 2022**

**NOTE 3 EXPENDITURES IN EXCESS OF BUDGET**

For the year ended December 31, 2022, expenditures exceeded budget in the general fund by \$514,000. These expenditures were funded by current year revenues and transfers from other funds.

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

A. General Employees Fund

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019

Changes 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 BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2018

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% 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 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, 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 in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA load are now 0.0% for active member liability, 15% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.0% per year for all years to 1.0% per year through 2044 and 2.5% 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.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% 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.

**B. Police and Fire Fund**

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

**2021 (Continued)**

**Changes in Actuarial Assumptions (Continued)**

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

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**2020**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**2019**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**2018**

**Changes in Actuarial Assumptions**

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

**CITY OF BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

2018 (Continued)

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019 and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30% for vested and nonvested, deferred members. The CSA has been changed to 33% for vested members and 2.0% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.



**CITY OF BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 4 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

**2017 (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- The assumed postretirement benefit increase rate was changed from 1.0% for all years to 1.0% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**2016**

**Changes in Actuarial Assumptions**

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%.
- The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**2015**

**Changes in Actuarial Assumptions**

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

**Changes in Plan Provisions**

- The postretirement benefit increase to be paid after the attainment of the 90% funding threshold was changed from inflation up to 2.5%, to a fixed rate of 2.5%.

**NOTE 5 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS**

**2022**

**Changes in Actuarial Assumptions**

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 generations improvement scale to the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2021 generations improvement scale.
- The salary increase rates were updated to reflect the latest experience study.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2022**

**NOTE 5 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISIONS, ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

2022 (Continued)

Changes in Actuarial Assumptions (Continued)

- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The expected investment return and discount rate decrease from 5.25% to 4.75% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation.
- The inflation assumption decrease from 2.50% to 2.25%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 mortality tables (blue collar for public safety, white collar for others) with MP-2017 generational improvement scale to the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 generations improvement scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.80% to 2.90%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

- The discount rate was changed from 3.30% to 3.80%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

## **SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL NONMAJOR  
GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**CITY OF BUFFALO, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2022**

|  | 2022              |                   |                         |
|--|-------------------|-------------------|-------------------------|
|  | Fire<br>Fund      | Library<br>Fund   | Civic<br>Center<br>Fund |
| <b>ASSETS</b>  |                   |                   |                         |
| Cash and Investments   | \$ 632,762        | \$ 124,468        | \$ 200                  |
| Taxes Receivable   |                   |                   |                         |
| Current  | -                 | 728               | -                       |
| Delinquent   | -                 | 704               | -                       |
| Accounts Receivable  | 769               | -                 | 71,702                  |
| Due from Other Governments   | -                 | -                 | 24,624                  |
| Accrued Interest Receivable  | 1,076             | 226               | -                       |
| Lease Receivable   | 36,456            | -                 | 334,318                 |
| Inventory  | -                 | -                 | -                       |
| Prepaid Items  | 1,103             | -                 | 6,033                   |
| Loans Receivable, Net of Allowance   | -                 | -                 | -                       |
| Land Held for Resale   | -                 | -                 | -                       |
|  | <u>-</u>          | <u>-</u>          | <u>-</u>                |
| Total Assets   | <u>\$ 672,166</u> | <u>\$ 126,126</u> | <u>\$ 436,877</u>       |
| <b>LIABILITIES, DEFERRED INFLOW OF<br/>RESOURCES, AND FUND BALANCE (DEFICIT)</b> |                   |                   |                         |
| <b>LIABILITIES</b>   |                   |                   |                         |
| Accounts and Contracts Payable   | \$ 105,649        | \$ 7,194          | \$ 49,287               |
| Other Accrued Liabilities  | 38,495            | 25                | 6,701                   |
| Advance From Other Funds   | -                 | -                 | 2,119,333               |
| Due to Other Governments   | -                 | -                 | 20                      |
| Unearned Revenue   | -                 | -                 | 5,600                   |
| Escrow Deposits  | -                 | -                 | 3,500                   |
| Total Liabilities  | <u>144,144</u>    | <u>7,219</u>      | <u>2,184,441</u>        |
| <b>DEFERRED INFLOW OF RESOURCES</b>  |                   |                   |                         |
| Unavailable Taxes  | -                 | 704               | -                       |
| Unavailable State Aid  | -                 | -                 | -                       |
| Unavailable Lease Related  | 35,274            | -                 | 342,161                 |
| Unavailable Loans Receivables  | -                 | -                 | -                       |
| Total Deferred Inflow of Resources   | <u>35,274</u>     | <u>704</u>        | <u>342,161</u>          |
| <b>FUND BALANCES (DEFICIT)</b>   |                   |                   |                         |
| Nonspendable   | 1,103             | -                 | 6,033                   |
| Committed  | 491,645           | 118,203           | -                       |
| Unassigned   | -                 | -                 | (2,095,758)             |
| Total Fund Balances (Deficit)  | <u>492,748</u>    | <u>118,203</u>    | <u>(2,089,725)</u>      |
|  | <u>\$ 672,166</u> | <u>\$ 126,126</u> | <u>\$ 436,877</u>       |
| Total Liabilities, Deferred Inflow of<br>Resources, and Fund Balances (Deficit)  | <u>\$ 672,166</u> | <u>\$ 126,126</u> | <u>\$ 436,877</u>       |

**CITY OF BUFFALO, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2022**

| The HRA<br>of Buffalo<br>Fund | Airport<br>Fund   | 2022<br>Total       |
|-------------------------------|-------------------|---------------------|
| \$ 556,138                    | \$ 158,939        | \$ 1,472,507        |
| 2,767                         | -                 | 3,495               |
| 2,585                         | 3                 | 3,292               |
| -                             | 4,294             | 76,765              |
| -                             | 225,017           | 249,641             |
| -                             | 289               | 1,591               |
| -                             | 297,672           | 668,446             |
| -                             | 12,749            | 12,749              |
| -                             | -                 | 7,136               |
| 37,905                        | -                 | 37,905              |
| 214,400                       | -                 | 214,400             |
| <u>\$ 813,795</u>             | <u>\$ 698,963</u> | <u>\$ 2,747,927</u> |

|                |               |                  |
|----------------|---------------|------------------|
| \$ 174,650     | \$ 38,803     | \$ 375,583       |
| -              | 1,146         | 46,367           |
| -              | -             | 2,119,333        |
| -              | -             | 20               |
| -              | 7,345         | 12,945           |
| 3,571          | -             | 7,071            |
| <u>178,221</u> | <u>47,294</u> | <u>2,561,319</u> |

|               |                |                |
|---------------|----------------|----------------|
| 2,585         | 3              | 3,292          |
| -             | 70,556         | 70,556         |
| -             | 296,945        | 674,380        |
| 37,905        | -              | 37,905         |
| <u>40,490</u> | <u>367,504</u> | <u>786,133</u> |

|                |                |                  |
|----------------|----------------|------------------|
| -              | 12,749         | 19,885           |
| 595,084        | 271,416        | 1,476,348        |
| -              | -              | (2,095,758)      |
| <u>595,084</u> | <u>284,165</u> | <u>(599,525)</u> |

|                   |                   |                     |
|-------------------|-------------------|---------------------|
| <u>\$ 813,795</u> | <u>\$ 698,963</u> | <u>\$ 2,747,927</u> |
|-------------------|-------------------|---------------------|

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

|   | 2022              |                   |                         |
|---|-------------------|-------------------|-------------------------|
|   | Fire<br>Fund      | Library<br>Fund   | Civic<br>Center<br>Fund |
| <b>REVENUE</b>  |                   |                   |                         |
| General Property Taxes  | \$ -              | \$ 77,144         | \$ -                    |
| Tax Increments  | -                 | -                 | -                       |
| Intergovernmental   | 159,332           | -                 | -                       |
| Charges for Services  | 781,872           | -                 | 658,230                 |
| Investment Earnings (Loss)  | 1,337             | 281               | -                       |
| Refunds and Reimbursements  | 769               | -                 | 4,625                   |
| Contributions and Donations   | 2,173             | -                 | 59,950                  |
| Miscellaneous   | 100               | -                 | 5,003                   |
| Total Revenue   | 945,583           | 77,425            | 727,808                 |
| <b>EXPENDITURES</b>   |                   |                   |                         |
| Current:  |                   |                   |                         |
| Public Safety   | 685,630           | -                 | -                       |
| Culture and Recreation  | -                 | 78,281            | 782,767                 |
| Community Development   | -                 | -                 | -                       |
| Capital Outlay:   |                   |                   |                         |
| Public Safety   | 103,116           | -                 | -                       |
| Culture and Recreation  | -                 | -                 | 54,012                  |
| Debt Service:   |                   |                   |                         |
| Principal   | 183,620           | -                 | -                       |
| Interest and Fiscal Charges   | 12,580            | -                 | -                       |
| Total Expenditures  | 984,946           | 78,281            | 836,779                 |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>OVER (UNDER) EXPENDITURES</b> | (39,363)          | (856)             | (108,971)               |
| <b>OTHER FINANCING SOURCES (USES)</b>                               |                   |                   |                         |
| Transfer In   | -                 | -                 | 300,000                 |
| Transfer Out  | -                 | -                 | -                       |
| Total Other Financing Sources (Uses)                                | -                 | -                 | 300,000                 |
| <b>NET CHANGE IN FUND BALANCE</b>                                   | (39,363)          | (856)             | 191,029                 |
| Fund Balance (Deficit) - Beginning of Year                          | 532,111           | 119,059           | (2,280,754)             |
| <b>FUND BALANCE (DEFICIT) - END OF YEAR</b>                         | <u>\$ 492,748</u> | <u>\$ 118,203</u> | <u>\$ (2,089,725)</u>   |

**CITY OF BUFFALO, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| The HRA<br>of Buffalo<br>Fund | Airport<br>Fund   | 2022<br>Total       |
|-------------------------------|-------------------|---------------------|
| \$ 297,128                    | \$ -              | \$ 374,272          |
| 354,461                       | -                 | 354,461             |
| 37,272                        | 73,790            | 270,394             |
| 10,885                        | 318,580           | 1,769,567           |
| 792                           | 359               | 2,769               |
| -                             | -                 | 5,394               |
| -                             | -                 | 62,123              |
| -                             | 4,418             | 9,521               |
| <u>700,538</u>                | <u>397,147</u>    | <u>2,848,501</u>    |
| -                             | -                 | 685,630             |
| -                             | 358,862           | 1,219,910           |
| 519,705                       | -                 | 519,705             |
| -                             | -                 | 103,116             |
| -                             | 85,033            | 139,045             |
| -                             | -                 | 183,620             |
| -                             | -                 | 12,580              |
| <u>519,705</u>                | <u>443,895</u>    | <u>2,863,606</u>    |
| 180,833                       | (46,748)          | (15,105)            |
| -                             | 50,000            | 350,000             |
| (160,312)                     | -                 | (160,312)           |
| <u>(160,312)</u>              | <u>50,000</u>     | <u>189,688</u>      |
| 20,521                        | 3,252             | 174,583             |
| <u>574,563</u>                | <u>280,913</u>    | <u>(774,108)</u>    |
| <u>\$ 595,084</u>             | <u>\$ 284,165</u> | <u>\$ (599,525)</u> |



**CITY OF BUFFALO, MINNESOTA  
FIRE SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

|                                   | 2022                |                     |                   |                         |
|-----------------------------------|---------------------|---------------------|-------------------|-------------------------|
|                                   | Original<br>Budget  | Final<br>Budget     | Actual            | Variance with<br>Budget |
| <b>REVENUES</b>                   |                     |                     |                   |                         |
| Fire Contracts and Charges        | \$ 780,346          | \$ 780,346          | \$ 781,872        | \$ 1,526                |
| Intergovernmental:                |                     |                     |                   |                         |
| State Aid and Grants              | 123,500             | 123,500             | 159,332           | 35,832                  |
| Contributions and Donations       | -                   | -                   | 2,173             | 2,173                   |
| Investment Earnings               | 1,000               | 1,000               | 1,337             | 337                     |
| Refunds and Reimbursements        | -                   | -                   | 769               | 769                     |
| Miscellaneous                     | -                   | -                   | 100               | 100                     |
| Total Revenues                    | <u>904,846</u>      | <u>904,846</u>      | <u>945,583</u>    | <u>40,737</u>           |
| <b>EXPENDITURES</b>               |                     |                     |                   |                         |
| Public Safety:                    |                     |                     |                   |                         |
| Fire Relief                       | 120,000             | 120,000             | 149,052           | (29,052)                |
| Wages and Benefits                | 239,755             | 239,755             | 248,805           | (9,050)                 |
| Truck Expense                     | 10,000              | 10,000              | 11,156            | (1,156)                 |
| Supplies                          | 42,500              | 42,500              | 23,070            | 19,430                  |
| Repairs and Maintenance           | 57,500              | 57,500              | 36,095            | 21,405                  |
| Radio and Telephone               | 28,500              | 28,500              | 19,491            | 9,009                   |
| Utilities                         | 75,000              | 75,000              | 49,764            | 25,236                  |
| Insurance                         | 95,000              | 95,000              | 78,483            | 16,517                  |
| Training                          | 16,190              | 16,190              | 17,964            | (1,774)                 |
| Other                             | 51,054              | 51,054              | 51,750            | (696)                   |
| Capital Outlay                    | 75,000              | 75,000              | 103,116           | (28,116)                |
| Debt Service:                     |                     |                     |                   |                         |
| Principal                         | 183,620             | 183,620             | 183,620           | -                       |
| Interest                          | 12,580              | 12,580              | 12,580            | -                       |
| Total Expenditures                | <u>1,006,699</u>    | <u>1,006,699</u>    | <u>984,946</u>    | <u>21,753</u>           |
| <b>NET CHANGE IN FUND BALANCE</b> | <u>\$ (101,853)</u> | <u>\$ (101,853)</u> | <u>(39,363)</u>   | <u>\$ 62,490</u>        |
| Fund Balance - Beginning of Year  |                     |                     | <u>532,111</u>    |                         |
| <b>FUND BALANCE - END OF YEAR</b> |                     |                     | <u>\$ 492,748</u> |                         |

**CITY OF BUFFALO, MINNESOTA  
LIBRARY SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

|                                   | 2022               |                  |                   |                               |
|-----------------------------------|--------------------|------------------|-------------------|-------------------------------|
|                                   | Original<br>Budget | Final<br>Budget  | Actual            | Variance from<br>Final Budget |
| <b>REVENUES</b>                   |                    |                  |                   |                               |
| General Property Taxes            | \$ 89,739          | \$ 89,739        | \$ 77,144         | \$ (12,595)                   |
| Intergovernmental                 | 55,628             | 55,628           | -                 | (55,628)                      |
| Investment Earnings               | 300                | 300              | 281               | (19)                          |
| Total Revenues                    | 145,667            | 145,667          | 77,425            | (68,242)                      |
| <b>EXPENDITURES</b>               |                    |                  |                   |                               |
| Culture and Recreation:           |                    |                  |                   |                               |
| Wages and Benefits                | 3,240              | 3,240            | 619               | 2,621                         |
| Supplies and Maintenance          | 25,800             | 25,800           | 38,458            | (12,658)                      |
| Insurance                         | 1,750              | 1,750            | 1,599             | 151                           |
| Telephone                         | 750                | 750              | 894               | (144)                         |
| Utilities                         | 29,000             | 29,000           | 25,297            | 3,703                         |
| Other                             | 27,854             | 27,854           | 11,414            | 16,440                        |
| Total Expenditures                | 88,394             | 88,394           | 78,281            | 10,113                        |
| <b>NET CHANGE IN FUND BALANCE</b> | <u>\$ 57,273</u>   | <u>\$ 57,273</u> | (856)             | <u>\$ (58,129)</u>            |
| Fund Balance - Beginning of Year  |                    |                  | 119,059           |                               |
| <b>FUND BALANCE - END OF YEAR</b> |                    |                  | <u>\$ 118,203</u> |                               |

**CITY OF BUFFALO, MINNESOTA  
CIVIC CENTER SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022               |                   |                       |                               |
|--|--------------------|-------------------|-----------------------|-------------------------------|
|  | Original<br>Budget | Final<br>Budget   | Actual                | Variance from<br>Final Budget |
| <b>REVENUES</b>  |                    |                   |                       |                               |
| Charges for Services:  |                    |                   |                       |                               |
| Ice Time   | \$ 495,000         | \$ 495,000        | \$ 562,869            | \$ 67,869                     |
| Building Rent  | 12,000             | 12,000            | 22,435                | 10,435                        |
| Lease Payment  | 40,000             | 40,000            | 43,432                | 3,432                         |
| Gate Receipts and Concessions  | 5,500              | 5,500             | 3,133                 | (2,367)                       |
| Other  | 10,000             | 10,000            | 26,361                | 16,361                        |
| Contributions and Donations  | 50,000             | 50,000            | 59,950                | 9,950                         |
| Investment Earnings (Loss)   | (8,000)            | (8,000)           | -                     | 8,000                         |
| Refunds and Reimbursements   | -                  | -                 | 4,625                 | 4,625                         |
| Miscellaneous  | 1,200              | 1,200             | 5,003                 | 3,803                         |
| Total Revenues   | <u>605,700</u>     | <u>605,700</u>    | <u>727,808</u>        | <u>122,108</u>                |
| <b>EXPENDITURES</b>  |                    |                   |                       |                               |
| Culture and Recreation:  |                    |                   |                       |                               |
| Wages and Benefits   | 331,201            | 331,201           | 343,732               | (12,531)                      |
| Maintenance and Repair   | 70,000             | 70,000            | 59,008                | 10,992                        |
| Utilities  | 185,000            | 185,000           | 270,294               | (85,294)                      |
| Other  | 61,235             | 61,235            | 83,954                | (22,719)                      |
| Insurance  | 25,000             | 25,000            | 25,351                | (351)                         |
| Interest Expense   | -                  | -                 | 428                   | (428)                         |
| Capital Outlay   | 202,150            | 202,150           | 54,012                | 148,138                       |
| Total Expenditures   | <u>874,586</u>     | <u>874,586</u>    | <u>836,779</u>        | <u>37,807</u>                 |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (268,886)          | (268,886)         | (108,971)             | 159,915                       |
| <b>OTHER FINANCING SOURCES</b>                                       |                    |                   |                       |                               |
| Transfer In  | 300,000            | 300,000           | 300,000               | -                             |
| Issuance of Bonds  | 160,000            | 160,000           | -                     | (160,000)                     |
| Total Other Financing Sources  | <u>460,000</u>     | <u>460,000</u>    | <u>300,000</u>        | <u>(160,000)</u>              |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <u>\$ 191,114</u>  | <u>\$ 191,114</u> | 191,029               | <u>\$ (85)</u>                |
| Fund Deficit - Beginning of Year                                     |                    |                   | <u>(2,280,754)</u>    |                               |
| <b>FUND DEFICIT - END OF YEAR</b>                                    |                    |                   | <u>\$ (2,089,725)</u> |                               |

**CITY OF BUFFALO, MINNESOTA  
AIRPORT SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022               |                  |                   |                               |
|--|--------------------|------------------|-------------------|-------------------------------|
|  | Original<br>Budget | Final<br>Budget  | Actual            | Variance from<br>Final Budget |
| <b>REVENUES</b>  |                    |                  |                   |                               |
| Intergovernmental:   |                    |                  |                   |                               |
| Federal Grants   | \$ 180,000         | \$ 180,000       | \$ 45,793         | \$ (134,207)                  |
| State Aid and Grants   | 59,882             | 59,882           | 27,997            | (31,885)                      |
| Total Intergovernmental  | 239,882            | 239,882          | 73,790            | (166,092)                     |
| Charges for Services   | 313,150            | 313,150          | 318,580           | 5,430                         |
| Investment Earnings (Loss)   | 250                | 250              | 359               | 109                           |
| Miscellaneous  | -                  | -                | 4,418             | 4,418                         |
| Total Revenues   | 553,282            | 553,282          | 397,147           | (156,135)                     |
| <b>EXPENDITURES</b>  |                    |                  |                   |                               |
| Culture and Recreation:  |                    |                  |                   |                               |
| Wages and Benefits   | 38,671             | 38,671           | 44,006            | (5,335)                       |
| Other  | 286,583            | 286,583          | 314,856           | (28,273)                      |
| Capital Outlay   | 255,000            | 255,000          | 85,033            | 169,967                       |
| Total Expenditures   | 580,254            | 580,254          | 443,895           | 136,359                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (26,972)           | (26,972)         | (46,748)          | (19,776)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                    |                  |                   |                               |
| Transfer In  | 50,000             | 50,000           | 50,000            | -                             |
| <b>NET CHANGE IN FUND BALANCE</b>                                    | <u>\$ 23,028</u>   | <u>\$ 23,028</u> | 3,252             | <u>\$ (19,776)</u>            |
| Fund Balance - Beginning of Year                                     |                    |                  | <u>280,913</u>    |                               |
| <b>FUND BALANCE - END OF YEAR</b>                                    |                    |                  | <u>\$ 284,165</u> |                               |

## **OTHER COMBINING SCHEDULES**

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND – BY BOND ISSUE  
DECEMBER 31, 2022**

|   | 2022                        |                             |                             |   |
|---|-----------------------------|-----------------------------|-----------------------------|---|
|   | G.O. Bonds,<br>Series 2020A | G.O. Bonds,<br>Series 2010C | G.O. Bonds,<br>Series 2013A | G.O. Tax<br>Abatement<br>Bonds,<br>Series 2016A |
| <b>ASSETS</b>   |                             |                             |                             |   |
| Cash and Investments  | \$ 406,341                  | \$ -                        | \$ 434,868                  | \$ 72,258                                       |
| Taxes Receivable:   |                             |                             |                             |   |
| Current   | 4,159                       | -                           | 1,398                       | -   |
| Delinquent  | -                           | 1,660                       | 3,555                       | -   |
| Special Assessments Receivable:   |                             |                             |                             |   |
| Delinquent  | -                           | -                           | 4,520                       | -   |
| Accrued Interest Receivable   | 296                         | -                           | 810                         | 8   |
| Advances to Other Funds   | -                           | -                           | -                           | -   |
|   | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    | <u>-</u>  |
| Total Assets  | <u>\$ 410,796</u>           | <u>\$ 1,660</u>             | <u>\$ 445,151</u>           | <u>\$ 72,266</u>                                |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES (DEFICITS)</b> |                             |                             |                             |   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                             |                             |                             |   |
| Unavailable Taxes   | \$ -                        | \$ 1,660                    | \$ 3,555                    | \$ -  |
| Unavailable Special Assessments   | -                           | -                           | 4,520                       | -   |
| Total Deferred Inflows of Resources   | <u>-</u>                    | <u>1,660</u>                | <u>8,075</u>                | <u>-</u>  |
| <b>FUND BALANCES (DEFICITS)</b>   |                             |                             |                             |   |
| Restricted  | 410,796                     | -                           | 437,076                     | 72,266  |
| Unassigned  | -                           | -                           | -                           | -   |
| Total Fund Balances (Deficits)  | <u>410,796</u>              | <u>-</u>                    | <u>437,076</u>              | <u>72,266</u>                                   |
|   | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    | <u>-</u>  |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances              | <u>\$ 410,796</u>           | <u>\$ 1,660</u>             | <u>\$ 445,151</u>           | <u>\$ 72,266</u>                                |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
DECEMBER 31, 2022**

| 2022   |  |   |   |   |  |                             |
|--|--|---|---|---|--|-----------------------------|
| G.O. Water<br>and Sewer<br>Revenue<br>Refunding Bonds,<br>Series 2019A | G.O. Refunding<br>Bonds,<br>Series 2019C | G.O Tax<br>Abatement<br>and Refunding<br>Bonds,<br>Series 2020B | G.O. Bonds,<br>Refunding<br>Series 1996 | G.O.<br>Refunding<br>Bonds,<br>Series 2012B | 2012C<br>G.O.<br>Refunding<br>Bonds,<br>Series 2022A | G.O. Bonds,<br>Series 2015A |
| \$ (1,009)   | \$ 707,222                               | \$ 804,845  | \$ 14,393                               | \$ 17,749                                   | \$ 24,053  | \$ 589,188                  |
| -  | 4,825                                    | 7,520   | -                                       | 32  | -  | 2,296                       |
| -  | 4,535                                    | -   | -                                       | 135   | -  | 2,994                       |
| -  | -  | -   | 218,962                                 | 267,204                                     | -  | -                           |
| -  | 1,179                                    | 601   | 29                                      | 34  | 7  | 894                         |
| -  | -  | -   | -                                       | -   | 1,230,000  | -                           |
| <u>\$ (1,009)</u>  | <u>\$ 717,761</u>                        | <u>\$ 812,966</u>   | <u>\$ 233,384</u>                       | <u>\$ 285,154</u>                           | <u>\$ 1,254,060</u>                                  | <u>\$ 595,372</u>           |
|  |  |   |   |   |  |                             |
| \$ -   | \$ 4,535                                 | \$ -  | \$ -                                    | \$ 135                                      | \$ -   | \$ 2,994                    |
| -  | -  | -   | 218,962                                 | 267,204                                     | -  | -                           |
| -  | 4,535                                    | -   | 218,962                                 | 267,339                                     | -  | 2,994                       |
|  |  |   |   |   |  |                             |
| -  | 713,226                                  | 812,966   | 14,422                                  | 17,815                                      | 1,254,060  | 592,378                     |
| (1,009)  | -  | -   | -                                       | -   | -  | -                           |
| <u>(1,009)</u>   | <u>713,226</u>                           | <u>812,966</u>  | <u>14,422</u>                           | <u>17,815</u>                               | <u>1,254,060</u>                                     | <u>592,378</u>              |
|  |  |   |   |   |  |                             |
| <u>\$ (1,009)</u>  | <u>\$ 717,761</u>                        | <u>\$ 812,966</u>   | <u>\$ 233,384</u>                       | <u>\$ 285,154</u>                           | <u>\$ 1,254,060</u>                                  | <u>\$ 595,372</u>           |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
DECEMBER 31, 2022**

|   | 2022  |  |  |                            |
|---|---|--|--|----------------------------|
|   | G.O. Street<br>Reconstruction<br>Bonds,<br>Series 2016C | G.O. Capital<br>Improvement<br>Refunding<br>Bonds,<br>Series 2011A | 2013B<br>G.O.<br>Refunding<br>Bonds,<br>Series 2022A | G.O. Bonds,<br>Series 2002 |
| <b>ASSETS</b>   |   |  |  |                            |
| Cash and Investments  | \$ 272,217  | \$ -   | \$ 1,002   | \$ -                       |
| Taxes Receivable:   |   |  |  |                            |
| Current   | 1,996   | -  | -  | -                          |
| Delinquent  | 1,871   | 6,394  | -  | 16                         |
| Special Assessments Receivable:   |   |  |  |                            |
| Delinquent  | -   | -  | -  | 58,991                     |
| Accrued Interest Receivable   | 291   | -  | -  | -                          |
| Advances to Other Funds   | -   | -  | -  | -                          |
|   | <u>-</u>  | <u>-</u>   | <u>-</u>   | <u>-</u>                   |
| Total Assets  | <u>\$ 276,375</u>                                       | <u>\$ 6,394</u>  | <u>\$ 1,002</u>                                      | <u>\$ 59,007</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES (DEFICITS)</b> |   |  |  |                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |   |  |  |                            |
| Unavailable Taxes   | \$ 1,871  | \$ 6,394   | \$ -   | \$ 16                      |
| Unavailable Special Assessments   | -   | -  | -  | 58,991                     |
| Total Deferred Inflows of Resources   | <u>1,871</u>  | <u>6,394</u>   | <u>-</u>   | <u>59,007</u>              |
| <b>FUND BALANCES (DEFICITS)</b>   |   |  |  |                            |
| Restricted  | 274,504   | -  | 1,002  | -                          |
| Unassigned  | -   | -  | -  | -                          |
| Total Fund Balances (Deficits)  | <u>274,504</u>  | <u>-</u>   | <u>1,002</u>   | <u>-</u>                   |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances              | <u>\$ 276,375</u>                                       | <u>\$ 6,394</u>  | <u>\$ 1,002</u>                                      | <u>\$ 59,007</u>           |



**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
DECEMBER 31, 2022**

| <u>2022</u>                         |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <u>G.O. Bonds,<br/>Series 2019B</u> | <u>G.O. Bonds,<br/>Series 2005B</u> | <u>Total Debt<br/>Service<br/>Fund</u> |
| \$ 757,490                          | \$ 3,708                            | \$ 4,104,325                           |
| 4,193                               | -                                   | 26,419                                 |
| 3,867                               | -                                   | 25,027                                 |
| -                                   | -                                   | 549,677                                |
| 906                                 | 7                                   | 5,062                                  |
| -                                   | -                                   | 1,230,000                              |
| <u>\$ 766,456</u>                   | <u>\$ 3,715</u>                     | <u>\$ 5,940,510</u>                    |
|                                     |                                     |  |
| \$ 3,867                            | \$ -                                | \$ 25,027                              |
| -                                   | -                                   | 549,677                                |
| <u>3,867</u>                        | <u>-</u>                            | <u>574,704</u>                         |
|                                     |                                     |  |
| 762,589                             | 3,715                               | 5,366,815                              |
| -                                   | -                                   | (1,009)                                |
| <u>762,589</u>                      | <u>3,715</u>                        | <u>5,365,806</u>                       |
| <u>\$ 766,456</u>                   | <u>\$ 3,715</u>                     | <u>\$ 5,940,510</u>                    |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND – BY BOND ISSUE  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022                        |                             |                             |   |
|--|-----------------------------|-----------------------------|-----------------------------|---|
|  | G.O. Bonds,<br>Series 2020A | G.O. Bonds,<br>Series 2010C | G.O. Bonds,<br>Series 2013A | G.O. Tax<br>Abatement<br>Bonds,<br>Series 2016A |
| <b>REVENUES</b>                              |                             |                             |                             |   |
| General Property Taxes                       | \$ 445,083                  | \$ -                        | \$ 149,548                  | \$ 84,513                                       |
| Special Assessments                          | -                           | -                           | 964                         | -   |
| Investment Earnings                          | 367                         | -                           | 1,007                       | 9   |
| Total Revenues                               | 445,450                     | -                           | 151,519                     | 84,522  |
| <b>EXPENDITURES</b>                          |                             |                             |                             |   |
| Debt Service:                                |                             |                             |                             |   |
| Bonds and Loans:                             |                             |                             |                             |   |
| Principal                                    | 321,600                     | -                           | 365,000                     | -   |
| Interest and Fiscal Charges                  | 112,348                     | -                           | 18,787                      | 12,256  |
| Total Expenditures                           | 433,948                     | -                           | 383,787                     | 12,256  |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>     | 11,502                      | -                           | (232,268)                   | 72,266  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                             |                             |                             |   |
| Transfer In                                  | -                           | -                           | -                           | -   |
| Issuance of Bonds                            | -                           | -                           | -                           | -   |
| Bond Premium                                 | -                           | -                           | -                           | -   |
| Total Other Financing Sources                | -                           | -                           | -                           | -   |
| <b>NET CHANGE IN FUND BALANCES</b>           | 11,502                      | -                           | (232,268)                   | 72,266  |
| Fund Balances (Deficit) - Beginning of Year  | 399,294                     | -                           | 669,344                     | -   |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b> | <u>\$ 410,796</u>           | <u>\$ -</u>                 | <u>\$ 437,076</u>           | <u>\$ 72,266</u>                                |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022   |  |   |   |   |  |                             |
|--|--|---|---|---|--|-----------------------------|
| G.O. Water<br>and Sewer<br>Revenue<br>Refunding Bonds,<br>Series 2019A | G.O. Refunding<br>Bonds,<br>Series 2019C | G.O Tax<br>Abatement<br>and Refunding<br>Bonds,<br>Series 2020B | G.O. Bonds,<br>Refunding<br>Series 1996 | G.O.<br>Refunding<br>Bonds,<br>Series 2012B | 2012C<br>G.O.<br>Refunding<br>Bonds,<br>Series 2022A | G.O. Bonds,<br>Series 2015A |
| \$ -   | \$ 516,296                               | \$ 804,710  | \$ -                                    | \$ 1,198                                    | \$ -   | \$ 245,686                  |
| -  | -  | -   | -                                       | -   | -  | -                           |
| -  | 1,465                                    | 747   | 36                                      | 43  | 8  | 1,110                       |
| -  | 517,761                                  | 805,457   | 36                                      | 1,241                                       | 8  | 246,796                     |
| 15,281   | 375,000                                  | 825,000   | -                                       | -   | 1,350,000  | 255,000                     |
| 2,018  | 108,475                                  | 55,925  | -                                       | -   | 78,588   | 68,418                      |
| 17,299   | 483,475                                  | 880,925   | -                                       | -   | 1,428,588  | 323,418                     |
| (17,299)   | 34,286                                   | (75,468)  | 36                                      | 1,241                                       | (1,428,580)  | (76,622)                    |
| 16,290   | -  | -   | -                                       | -   | 33,395   | -                           |
| -  | -  | -   | -                                       | -   | 1,230,000  | -                           |
| -  | -  | -   | -                                       | -   | 69,811   | -                           |
| 16,290   | -  | -   | -                                       | -   | 1,333,206  | -                           |
| (1,009)  | 34,286                                   | (75,468)  | 36                                      | 1,241                                       | (95,374)   | (76,622)                    |
| -  | 678,940                                  | 888,434   | 14,386                                  | 16,574                                      | 1,349,434  | 669,000                     |
| \$ (1,009)   | \$ 713,226                               | \$ 812,966  | \$ 14,422                               | \$ 17,815                                   | \$ 1,254,060   | \$ 592,378                  |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022  |  |  |                            |
|--|---|--|--|----------------------------|
|  | G.O. Street<br>Reconstruction<br>Bonds,<br>Series 2016C | G.O. Capital<br>Improvement<br>Refunding<br>Bonds,<br>Series 2011A | 2013B<br>G.O.<br>Refunding<br>Bonds,<br>Series 2022A | G.O. Bonds,<br>Series 2002 |
| <b>REVENUES</b>                              |   |  |  |                            |
| General Property Taxes                       | \$ 213,640  | \$ -   | \$ -   | \$ -                       |
| Special Assessments                          | -   | -  | -  | -                          |
| Investment Earnings                          | 362   | -  | 2  | -                          |
| Total Revenues                               | 214,002   | -  | 2  | -                          |
| <b>EXPENDITURES</b>                          |   |  |  |                            |
| Debt Service:                                |   |  |  |                            |
| Bonds and Loans:                             |   |  |  |                            |
| Principal                                    | 160,000   | -  | 300,000  | -                          |
| Interest and Fiscal Charges                  | 43,888  | -  | 16,907   | -                          |
| Total Expenditures                           | 203,888   | -  | 316,907  | -                          |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>     | 10,114  | -  | (316,905)  | -                          |
| <b>OTHER FINANCING SOURCES (USES)</b>        |   |  |  |                            |
| Transfer In                                  | -   | -  | 3,638  | -                          |
| Issuance of Bonds                            | -   | -  | 295,000  | -                          |
| Bond Premium                                 | -   | -  | 19,507   | -                          |
| Total Other Financing Sources                | -   | -  | 318,145  | -                          |
| <b>NET CHANGE IN FUND BALANCES</b>           | 10,114  | -  | 1,240  | -                          |
| Fund Balances (Deficit) - Beginning of Year  | 264,390   | -  | (238)  | -                          |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b> | <u>\$ 274,504</u>                                       | <u>\$ -</u>  | <u>\$ 1,002</u>                                      | <u>\$ -</u>                |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022                        |                             |                               |
|-----------------------------|-----------------------------|-------------------------------|
| G.O. Bonds,<br>Series 2019B | G.O. Bonds,<br>Series 2005B | Total Debt<br>Service<br>Fund |
| \$ 448,644                  | \$ -                        | \$ 2,909,318                  |
| 3,639                       | -                           | 4,603                         |
| 1,126                       | 9                           | 6,291                         |
| <u>453,409</u>              | <u>9</u>                    | <u>2,920,212</u>              |
| 285,000                     | -                           | 4,251,881                     |
| 232,175                     | -                           | 749,785                       |
| <u>517,175</u>              | <u>-</u>                    | <u>5,001,666</u>              |
| (63,766)                    | 9                           | (2,081,454)                   |
| 105,000                     | -                           | 158,323                       |
| -                           | -                           | 1,525,000                     |
| -                           | -                           | 89,318                        |
| <u>105,000</u>              | <u>-</u>                    | <u>1,772,641</u>              |
| 41,234                      | 9                           | (308,813)                     |
| 721,355                     | 3,706                       | 5,674,619                     |
| <u>\$ 762,589</u>           | <u>\$ 3,715</u>             | <u>\$ 5,365,806</u>           |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUND – BY PROJECT  
DECEMBER 31, 2022**

|   | 2022                   |                          |                          |                             |
|---|------------------------|--------------------------|--------------------------|-----------------------------|
|   | Pavement<br>Management | Ice Arena<br>Improvement | Downtown<br>Fire Station | Park Capital<br>Improvement |
| <b>ASSETS</b>   |                        |                          |                          |                             |
| Cash and Investments  | \$ 557,716             | \$ 754,353               | \$ 363,256               | \$ 163,195                  |
| Special Assessments Receivable:   |                        |                          |                          |                             |
| Noncurrent  | -                      | -                        | -                        | -                           |
| Accounts Receivable   | -                      | -                        | -                        | -                           |
| Due from Other Governments  | -                      | -                        | -                        | -                           |
| Accrued Interest Receivable   | -                      | 1,504                    | 2,058                    | 313                         |
|   | <u>-</u>               | <u>1,504</u>             | <u>2,058</u>             | <u>313</u>                  |
| Total Assets  | <u>\$ 557,716</u>      | <u>\$ 755,857</u>        | <u>\$ 365,314</u>        | <u>\$ 163,508</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES (DEFICITS)</b> |                        |                          |                          |                             |
| <b>LIABILITIES</b>  |                        |                          |                          |                             |
| Accounts and Contracts Payable  | \$ 53,094              | \$ -                     | \$ 117,750               | \$ -                        |
| Due to Other Funds  | 413,921                | -                        | -                        | -                           |
| Unearned Revenue  | 164,345                | -                        | -                        | -                           |
| Total Liabilities   | <u>631,360</u>         | <u>-</u>                 | <u>117,750</u>           | <u>-</u>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                        |                          |                          |                             |
| Unavailable Special Assessments   | -                      | -                        | -                        | -                           |
| Unavailable Grants and Other  | -                      | -                        | -                        | -                           |
| Total Deferred Inflows of Resources   | <u>-</u>               | <u>-</u>                 | <u>-</u>                 | <u>-</u>                    |
| <b>FUND BALANCES (DEFICITS)</b>   |                        |                          |                          |                             |
| Restricted  | -                      | -                        | 247,298                  | -                           |
| Unassigned  | (73,644)               | 755,857                  | 266                      | 163,508                     |
| Total Fund Balances (Deficits)  | <u>(73,644)</u>        | <u>755,857</u>           | <u>247,564</u>           | <u>163,508</u>              |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances              | <u>\$ 557,716</u>      | <u>\$ 755,857</u>        | <u>\$ 365,314</u>        | <u>\$ 163,508</u>           |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)  
DECEMBER 31, 2022**

| 2022                 |                                 |                           |                            |                            |                    |                            |
|----------------------|---------------------------------|---------------------------|----------------------------|----------------------------|--------------------|----------------------------|
| Capital<br>Equipment | Annual<br>Trail<br>Replacements | TH25 S.<br>Reconstruction | 2021 Street<br>Maintenance | Douglas Dr.<br>Improvement | SE Area<br>Phase 3 | 2020 Street<br>Maintenance |
| \$ 17,148            | \$ (6,728)                      | \$ (953,259)              | \$ (41,962)                | \$ (18,453)                | \$ 85,098          | \$ 25,947                  |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | 213                        | 292                | 52                         |
| <u>\$ 17,148</u>     | <u>\$ (6,728)</u>               | <u>\$ (953,259)</u>       | <u>\$ (41,962)</u>         | <u>\$ (18,240)</u>         | <u>\$ 85,390</u>   | <u>\$ 25,999</u>           |
|                      |                                 |                           |                            |                            |                    |                            |
| \$ -                 | \$ -                            | \$ 211,525                | \$ 270                     | \$ 230                     | \$ 180             | \$ -                       |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | 211,525                   | 270                        | 230                        | 180                | -                          |
|                      |                                 |                           |                            |                            |                    |                            |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | 32,732                     | 26,752             | -                          |
| 17,148               | (6,728)                         | (1,164,784)               | (42,232)                   | (51,202)                   | 58,458             | 25,999                     |
| 17,148               | (6,728)                         | (1,164,784)               | (42,232)                   | (18,470)                   | 85,210             | 25,999                     |
| <u>\$ 17,148</u>     | <u>\$ (6,728)</u>               | <u>\$ (953,259)</u>       | <u>\$ (41,962)</u>         | <u>\$ (18,240)</u>         | <u>\$ 85,390</u>   | <u>\$ 25,999</u>           |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)  
DECEMBER 31, 2022**

|   | 2022                     |   |                         |                           |
|---|--------------------------|---|-------------------------|---------------------------|
|   | Dague Ave.<br>Roundabout | Dague Ave. &<br>30th St. NE<br>Reconstruction | Bentfield<br>Renovation | Baker Ave.<br>Improvement |
| <b>ASSETS</b>   |                          |   |                         |                           |
| Cash and Investments  | \$ (75,268)              | \$ (703,539)                                  | \$ (34,406)             | \$ (19,390)               |
| Special Assessments Receivable:   |                          |   |                         |                           |
| Noncurrent  | -                        | 280,000                                       | -                       | -                         |
| Accounts Receivable   | -                        | 202,309                                       | -                       | -                         |
| Due from Other Governments  | 28,144                   | -   | -                       | -                         |
| Accrued Interest Receivable   | -                        | 385   | -                       | -                         |
|   | <u>-</u>                 | <u>385</u>                                    | <u>-</u>                | <u>-</u>                  |
| Total Assets  | <u>\$ (47,124)</u>       | <u>\$ (220,845)</u>                           | <u>\$ (34,406)</u>      | <u>\$ (19,390)</u>        |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES (DEFICITS)</b> |                          |   |                         |                           |
| <b>LIABILITIES</b>  |                          |   |                         |                           |
| Accounts and Contracts Payable  | \$ 10,491                | \$ 128,827                                    | \$ -                    | \$ -                      |
| Due to Other Funds  | -                        | -   | -                       | -                         |
| Unearned Revenue  | -                        | -   | -                       | -                         |
| Total Liabilities   | <u>10,491</u>            | <u>128,827</u>                                | <u>-</u>                | <u>-</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                          |   |                         |                           |
| Unavailable Special Assessments   | -                        | 280,000                                       | -                       | -                         |
| Unavailable Grants and Other  | <u>28,144</u>            | <u>202,309</u>                                | <u>-</u>                | <u>-</u>                  |
| Total Deferred Inflows of Resources   | <u>28,144</u>            | <u>482,309</u>                                | <u>-</u>                | <u>-</u>                  |
| <b>FUND BALANCES (DEFICITS)</b>   |                          |   |                         |                           |
| Restricted  | -                        | -   | -                       | -                         |
| Unassigned  | <u>(85,759)</u>          | <u>(831,981)</u>                              | <u>(34,406)</u>         | <u>(19,390)</u>           |
| Total Fund Balances (Deficits)  | <u>(85,759)</u>          | <u>(831,981)</u>                              | <u>(34,406)</u>         | <u>(19,390)</u>           |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances              | <u>\$ (47,124)</u>       | <u>\$ (220,845)</u>                           | <u>\$ (34,406)</u>      | <u>\$ (19,390)</u>        |



**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)  
DECEMBER 31, 2022**

| <u>2022</u>                    |   |
|--------------------------------|---|
| <u>Fire Training<br/>Tower</u> | <u>Total Capital<br/>Project<br/>Fund</u> |
| \$ (113,708)                   | \$ -                                      |
| -                              | 280,000                                   |
| -                              | 202,309                                   |
| -                              | 28,144                                    |
| -                              | 4,817                                     |
| <u>\$ (113,708)</u>            | <u>\$ 515,270</u>                         |
|                                |   |
| \$ -                           | \$ 522,367                                |
| -                              | 413,921                                   |
| -                              | 164,345                                   |
| -                              | 1,100,633                                 |
|                                |   |
| -                              | 280,000                                   |
| -                              | 230,453                                   |
| -                              | 510,453                                   |
|                                |   |
| -                              | 306,782                                   |
| <u>(113,708)</u>               | <u>(1,402,598)</u>                        |
| <u>(113,708)</u>               | <u>(1,095,816)</u>                        |
|                                |   |
| <u>\$ (113,708)</u>            | <u>\$ 515,270</u>                         |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUND – BY PROJECT  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022                   |                          |                          |                             |
|--|------------------------|--------------------------|--------------------------|-----------------------------|
|  | Pavement<br>Management | Ice Arena<br>Improvement | Downtown<br>Fire Station | Park Capital<br>Improvement |
| <b>REVENUES</b>                              |                        |                          |                          |                             |
| Intergovernmental                            | \$ 985,589             | \$ -                     | \$ -                     | \$ -                        |
| Special Assessments                          | -                      | -                        | -                        | -                           |
| Charges for Services                         | -                      | -                        | -                        | 8,472                       |
| Investment Earnings (Loss)                   | -                      | 1,869                    | 5,344                    | 388                         |
| Refunds and Reimbursements                   | -                      | -                        | -                        | -                           |
| Miscellaneous                                | 13,970                 | -                        | -                        | -                           |
| Total Revenues                               | 999,559                | 1,869                    | 5,344                    | 8,860                       |
| <b>EXPENDITURES</b>                          |                        |                          |                          |                             |
| Capital Outlay:                              |                        |                          |                          |                             |
| Public Safety                                | -                      | -                        | -                        | -                           |
| Public Works                                 | 1,073,247              | -                        | 494,734                  | -                           |
| Culture and Recreation                       | -                      | -                        | -                        | -                           |
| Total Expenditures                           | 1,073,247              | -                        | 494,734                  | -                           |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>     | (73,688)               | 1,869                    | (489,390)                | 8,860                       |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                        |                          |                          |                             |
| Transfer In                                  | -                      | -                        | -                        | -                           |
| Initiation of Finance Purchase Obligations   | -                      | -                        | -                        | -                           |
| Total Other Financing Sources                | -                      | -                        | -                        | -                           |
| <b>NET CHANGE IN FUND BALANCES</b>           | (73,688)               | 1,869                    | (489,390)                | 8,860                       |
| Fund Balances (Deficit) - Beginning of Year  | 44                     | 753,988                  | 736,954                  | 154,648                     |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b> | <u>\$ (73,644)</u>     | <u>\$ 755,857</u>        | <u>\$ 247,564</u>        | <u>\$ 163,508</u>           |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022                 |                                 |                           |                            |                            |                    |                            |
|----------------------|---------------------------------|---------------------------|----------------------------|----------------------------|--------------------|----------------------------|
| Capital<br>Equipment | Annual<br>Trail<br>Replacements | TH25 S.<br>Reconstruction | 2021 Street<br>Maintenance | Douglas Dr.<br>Improvement | SE Area<br>Phase 3 | 2020 Street<br>Maintenance |
| \$ -                 | \$ -                            | \$ 348,115                | \$ -                       | \$ -                       | \$ -               | \$ -                       |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | (47)                      | -                          | 264                        | 1,014              | 65                         |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| -                    | -                               | 348,068                   | -                          | 264                        | 1,014              | 65                         |
| 137,392              | -                               | -                         | -                          | -                          | -                  | -                          |
| 265,404              | 6,728                           | 1,290,097                 | 5,740                      | 80,454                     | 38,097             | -                          |
| 256,093              | -                               | -                         | -                          | -                          | -                  | -                          |
| 658,889              | 6,728                           | 1,290,097                 | 5,740                      | 80,454                     | 38,097             | -                          |
| (658,889)            | (6,728)                         | (942,029)                 | (5,740)                    | (80,190)                   | (37,083)           | 65                         |
| -                    | -                               | -                         | -                          | -                          | -                  | -                          |
| 658,808              | -                               | -                         | -                          | -                          | -                  | -                          |
| 658,808              | -                               | -                         | -                          | -                          | -                  | -                          |
| (81)                 | (6,728)                         | (942,029)                 | (5,740)                    | (80,190)                   | (37,083)           | 65                         |
| 17,229               | -                               | (222,755)                 | (36,492)                   | 61,720                     | 122,293            | 25,934                     |
| \$ 17,148            | \$ (6,728)                      | \$ (1,164,784)            | \$ (42,232)                | \$ (18,470)                | \$ 85,210          | \$ 25,999                  |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022                     |   |                         |                           |
|--|--------------------------|---|-------------------------|---------------------------|
|  | Dague Ave.<br>Roundabout | Dague Ave. &<br>30th St. NE<br>Reconstruction | Bentfield<br>Renovation | Baker Ave.<br>Improvement |
| <b>REVENUES</b>                              |                          |   |                         |                           |
| Intergovernmental                            | \$ 422,558               | \$ 2,396,263                                  | \$ -                    | \$ -                      |
| Special Assessments                          | -                        | 29,230  | -                       | -                         |
| Charges for Services                         | -                        | 12,311  | -                       | -                         |
| Investment Earnings (Loss)                   | (7)                      | 478   | (6)                     | -                         |
| Refunds and Reimbursements                   | 92,881                   | 53,900  | -                       | -                         |
| Miscellaneous                                | -                        | -   | -                       | -                         |
| Total Revenues                               | 515,432                  | 2,492,182                                     | (6)                     | -                         |
| <b>EXPENDITURES</b>                          |                          |   |                         |                           |
| Capital Outlay:                              |                          |   |                         |                           |
| Public Safety                                | -                        | -   | -                       | -                         |
| Public Works                                 | 565,968                  | 4,615,319                                     | -                       | 16,874                    |
| Culture and Recreation                       | -                        | -   | -                       | -                         |
| Total Expenditures                           | 565,968                  | 4,615,319                                     | -                       | 16,874                    |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>     | (50,536)                 | (2,123,137)                                   | (6)                     | (16,874)                  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                          |   |                         |                           |
| Transfer In                                  | -                        | 27,579  | -                       | -                         |
| Initiation of Finance Purchase Obligations   | -                        | -   | -                       | -                         |
| Total Other Financing Sources                | -                        | 27,579  | -                       | -                         |
| <b>NET CHANGE IN FUND BALANCES</b>           | (50,536)                 | (2,095,558)                                   | (6)                     | (16,874)                  |
| Fund Balances (Deficit) - Beginning of Year  | (35,223)                 | 1,263,577                                     | (34,400)                | (2,516)                   |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b> | <u>\$ (85,759)</u>       | <u>\$ (831,981)</u>                           | <u>\$ (34,406)</u>      | <u>\$ (19,390)</u>        |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

| 2022                   |                                  |
|------------------------|----------------------------------|
| Fire Training<br>Tower | Total Capital<br>Project<br>Fund |
| \$ -                   | \$ 4,152,525                     |
| -                      | 29,230                           |
| -                      | 20,783                           |
| (21)                   | 9,341                            |
| -                      | 146,781                          |
| -                      | 13,970                           |
| (21)                   | 4,372,630                        |
| -                      | 137,392                          |
| -                      | 8,452,662                        |
| -                      | 256,093                          |
| -                      | 8,846,147                        |
| (21)                   | (4,473,517)                      |
| -                      | 27,579                           |
| -                      | 658,808                          |
| -                      | 686,387                          |
| (21)                   | (3,787,130)                      |
| (113,687)              | 2,691,314                        |
| <u>\$ (113,708)</u>    | <u>\$ (1,095,816)</u>            |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
HRA OF BUFFALO FUND – BY TIF DISTRICT  
DECEMBER 31, 2022**

|   | 2022                   |                    |                                |                                |
|---|------------------------|--------------------|--------------------------------|--------------------------------|
|   | HRA<br>General<br>Fund | TIF #20<br>Willows | TIF #25<br>Settlers<br>Commons | TIF #21<br>Pfeifer<br>Property |
| <b>ASSETS</b>   |                        |                    |                                |                                |
| Cash and Investments  | \$ 380,356             | \$ 27,150          | \$ -                           | \$ -                           |
| Taxes Receivable:   |                        |                    |                                |                                |
| Current   | 2,767                  | -                  | -                              | -                              |
| Delinquent  | 2,585                  | -                  | -                              | -                              |
| Advances to Other Funds   | 17,483                 | -                  | -                              | -                              |
| Loans Receivable, Net of Allowance  | 37,905                 | -                  | -                              | -                              |
| Land Held for Resale  | 214,400                | -                  | -                              | -                              |
|   | <u>214,400</u>         | <u>-</u>           | <u>-</u>                       | <u>-</u>                       |
| Total Assets  | <u>\$ 655,496</u>      | <u>\$ 27,150</u>   | <u>\$ -</u>                    | <u>\$ -</u>                    |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES (DEFICITS)</b> |                        |                    |                                |                                |
| <b>LIABILITIES</b>  |                        |                    |                                |                                |
| Accounts and Contracts Payable  | \$ 19,059              | \$ -               | \$ -                           | \$ 6                           |
| Advances From Other Funds   | -                      | -                  | 8,000                          | 9,483                          |
| Escrow Deposits   | -                      | -                  | -                              | -                              |
| Total Liabilities   | <u>19,059</u>          | <u>-</u>           | <u>8,000</u>                   | <u>9,489</u>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                        |                    |                                |                                |
| Unavailable Taxes   | 2,585                  | -                  | -                              | -                              |
| Unavailable Loans and Interest Receivables  | 37,905                 | -                  | -                              | -                              |
| Total Deferred Inflows of Resources   | <u>40,490</u>          | <u>-</u>           | <u>-</u>                       | <u>-</u>                       |
| <b>FUND BALANCES (DEFICITS)</b>   |                        |                    |                                |                                |
| Committed   | <u>595,947</u>         | <u>27,150</u>      | <u>(8,000)</u>                 | <u>(9,489)</u>                 |
| Total Fund Balances (Deficits)  | <u>595,947</u>         | <u>27,150</u>      | <u>(8,000)</u>                 | <u>(9,489)</u>                 |
| Total Liabilities, Deferred Inflows of Resources,<br>and Fund Balances              | <u>\$ 655,496</u>      | <u>\$ 27,150</u>   | <u>\$ -</u>                    | <u>\$ -</u>                    |

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
HRA OF BUFFALO FUND – BY TIF DISTRICT (CONTINUED)  
DECEMBER 31, 2022**

| 2022                        |                   |                         |                                |                             |                    |                                 |
|-----------------------------|-------------------|-------------------------|--------------------------------|-----------------------------|--------------------|---------------------------------|
| TIF #14<br>Village<br>Place | TIF #15<br>Logerg | TIF #22<br>Whirltronics | TIF #23<br>Havenwood/<br>Roers | TIF #24<br>1st Ave<br>Lofts | Eliminations       | Total HRA<br>of Buffalo<br>Fund |
| \$ 38,081                   | \$ 2,911          | \$ 26,674               | \$ 49,369                      | \$ 31,597                   | \$ -               | \$ 556,138                      |
| -                           | -                 | -                       | -                              | -                           | -                  | 2,767                           |
| -                           | -                 | -                       | -                              | -                           | -                  | 2,585                           |
| -                           | -                 | -                       | -                              | -                           | (17,483)           | -                               |
| -                           | -                 | -                       | -                              | -                           | -                  | 37,905                          |
| -                           | -                 | -                       | -                              | -                           | -                  | 214,400                         |
| <u>\$ 38,081</u>            | <u>\$ 2,911</u>   | <u>\$ 26,674</u>        | <u>\$ 49,369</u>               | <u>\$ 31,597</u>            | <u>\$ (17,483)</u> | <u>\$ 813,795</u>               |
|                             |                   |                         |                                |                             |                    |                                 |
| \$ 28,303                   | \$ 1,103          | \$ 26,493               | \$ 57,731                      | \$ 41,955                   | \$ -               | \$ 174,650                      |
| -                           | -                 | -                       | -                              | -                           | (17,483)           | -                               |
| 3,571                       | -                 | -                       | -                              | -                           | -                  | 3,571                           |
| <u>31,874</u>               | <u>1,103</u>      | <u>26,493</u>           | <u>57,731</u>                  | <u>41,955</u>               | <u>(17,483)</u>    | <u>178,221</u>                  |
|                             |                   |                         |                                |                             |                    |                                 |
| -                           | -                 | -                       | -                              | -                           | -                  | 2,585                           |
| -                           | -                 | -                       | -                              | -                           | -                  | 37,905                          |
| -                           | -                 | -                       | -                              | -                           | -                  | 40,490                          |
|                             |                   |                         |                                |                             |                    |                                 |
| 6,207                       | 1,808             | 181                     | (8,362)                        | (10,358)                    | -                  | 595,084                         |
| <u>6,207</u>                | <u>1,808</u>      | <u>181</u>              | <u>(8,362)</u>                 | <u>(10,358)</u>             | <u>-</u>           | <u>595,084</u>                  |
|                             |                   |                         |                                |                             |                    |                                 |
| <u>\$ 38,081</u>            | <u>\$ 2,911</u>   | <u>\$ 26,674</u>        | <u>\$ 49,369</u>               | <u>\$ 31,597</u>            | <u>\$ (17,483)</u> | <u>\$ 813,795</u>               |

**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
HRA OF BUFFALO FUND – BY TIF DISTRICT  
YEAR ENDED DECEMBER 31, 2022**

|  | 2022                   |                    |                                |                                |
|--|------------------------|--------------------|--------------------------------|--------------------------------|
|  | HRA<br>General<br>Fund | TIF #20<br>Willows | TIF #25<br>Settlers<br>Commons | TIF #21<br>Pfeifer<br>Property |
| <b>REVENUES</b>                              |                        |                    |                                |                                |
| General Property Taxes                       | \$ 297,128             | \$ -               | \$ -                           | \$ -                           |
| Tax Increments                               | -                      | 18,812             | -                              | 6,288                          |
| Intergovernmental                            | 37,272                 | -                  | -                              | -                              |
| Charges for Services                         | 10,885                 | -                  | -                              | -                              |
| Investment Earnings                          | 792                    | -                  | -                              | -                              |
| Total Revenues                               | 346,077                | 18,812             | -                              | 6,288                          |
| <b>EXPENDITURES</b>                          |                        |                    |                                |                                |
| Current:                                     |                        |                    |                                |                                |
| Community Development                        | 168,564                | 4,300              | 8,000                          | 6,550                          |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b>     | 177,513                | 14,512             | (8,000)                        | (262)                          |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                        |                    |                                |                                |
| Transfer Out                                 | (160,312)              | -                  | -                              | -                              |
| <b>NET CHANGE IN FUND BALANCES</b>           | 17,201                 | 14,512             | (8,000)                        | (262)                          |
| Fund Balances (Deficit) - Beginning of Year  | 578,746                | 12,638             | -                              | (9,227)                        |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b> | <u>\$ 595,947</u>      | <u>\$ 27,150</u>   | <u>\$ (8,000)</u>              | <u>\$ (9,489)</u>              |



**CITY OF BUFFALO, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
HRA OF BUFFALO FUND – BY TIF DISTRICT  
YEAR ENDED DECEMBER 31, 2022**

| 2022                        |                   |                         |                                |                             |                                 |
|-----------------------------|-------------------|-------------------------|--------------------------------|-----------------------------|---------------------------------|
| TIF #14<br>Village<br>Place | TIF #15<br>Logerg | TIF #22<br>Whirltronics | TIF #23<br>Havenwood/<br>Roers | TIF #24<br>1st Ave<br>Lofts | Total HRA<br>of Buffalo<br>Fund |
| \$ -                        | \$ -              | \$ -                    | \$ -                           | \$ -                        | \$ 297,128                      |
| 59,586                      | 2,207             | 58,873                  | 115,462                        | 93,233                      | 354,461                         |
| -                           | -                 | -                       | -                              | -                           | 37,272                          |
| -                           | -                 | -                       | -                              | -                           | 10,885                          |
| -                           | -                 | -                       | -                              | -                           | 792                             |
| 59,586                      | 2,207             | 58,873                  | 115,462                        | 93,233                      | 700,538                         |
| 57,811                      | 12,924            | 53,777                  | 117,001                        | 90,778                      | 519,705                         |
| 1,775                       | (10,717)          | 5,096                   | (1,539)                        | 2,455                       | 180,833                         |
| -                           | -                 | -                       | -                              | -                           | (160,312)                       |
| 1,775                       | (10,717)          | 5,096                   | (1,539)                        | 2,455                       | 20,521                          |
| 4,432                       | 12,525            | (4,915)                 | (6,823)                        | (12,813)                    | 574,563                         |
| <u>\$ 6,207</u>             | <u>\$ 1,808</u>   | <u>\$ 181</u>           | <u>\$ (8,362)</u>              | <u>\$ (10,358)</u>          | <u>\$ 595,084</u>               |

## **STATISTICAL SECTION**

## STATISTICAL SECTION

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

### **Financial Trends** – Pages 140-145

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time.

### **Revenue Capacity** – Pages 146-150

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).

### **Debt Capacity** – Pages 151-156

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

### **Demographic and Economic Information** – Pages 157-159

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information** – Pages 160-161

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

**CITY OF BUFFALO, MINNESOTA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
| <b>Governmental Activities</b>              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 33,072,698        | \$ 33,343,229        | \$ 35,513,483        | \$ 28,396,065        | \$ 27,743,024        | \$ 30,006,342        | \$ 26,852,763        | \$ 28,720,904        | \$ 32,405,054        | \$ 37,828,804        |
| Restricted                                  | 7,455,318            | 7,348,168            | 9,540,087            | 9,583,475            | 7,152,683            | 7,156,148            | 3,969,324            | 6,415,845            | 7,872,803            | 6,437,317            |
| Unrestricted                                | (3,330,214)          | (3,908,301)          | (7,724,971)          | (3,652,914)          | (1,602,550)          | (3,996,045)          | 3,251,794            | 1,130,170            | 1,034,440            | (581,475)            |
| Total Governmental Activities Net Position  | <u>\$ 37,197,802</u> | <u>\$ 36,783,096</u> | <u>\$ 37,328,599</u> | <u>\$ 34,326,626</u> | <u>\$ 33,293,157</u> | <u>\$ 33,166,445</u> | <u>\$ 34,073,881</u> | <u>\$ 36,266,919</u> | <u>\$ 41,312,297</u> | <u>\$ 43,684,646</u> |
| <b>Business-Type Activities</b>             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 13,928,354        | \$ 12,651,454        | \$ 13,257,732        | \$ 14,764,051        | \$ 17,179,822        | \$ 13,849,617        | \$ 18,443,346        | \$ 21,274,431        | \$ 24,169,329        | \$ 30,349,338        |
| Unrestricted                                | 1,181,712            | 1,285,988            | (1,669,718)          | (1,555,450)          | (3,638,477)          | 2,052,970            | 1,500,117            | 3,642,422            | 6,390,825            | 7,685,742            |
| Total Business-Type Activities Net Position | <u>\$ 15,110,066</u> | <u>\$ 13,937,442</u> | <u>\$ 11,588,014</u> | <u>\$ 13,208,601</u> | <u>\$ 13,541,345</u> | <u>\$ 15,902,587</u> | <u>\$ 19,943,463</u> | <u>\$ 24,916,853</u> | <u>\$ 30,560,154</u> | <u>\$ 38,035,080</u> |
| <b>Primary Government</b>                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets            | \$ 47,001,052        | \$ 45,994,683        | \$ 48,771,215        | \$ 43,160,116        | \$ 44,922,846        | \$ 43,855,959        | \$ 45,296,109        | \$ 49,995,335        | \$ 56,574,383        | \$ 68,178,142        |
| Restricted                                  | 7,455,318            | 7,348,168            | 9,540,087            | 9,583,475            | 7,152,683            | 7,156,148            | 3,969,324            | 6,415,845            | 7,872,803            | 6,437,317            |
| Unrestricted                                | (2,148,502)          | (2,622,313)          | (9,394,689)          | (5,208,364)          | (5,241,027)          | (1,943,075)          | 4,751,911            | 4,772,592            | 7,425,265            | 7,104,267            |
| Total Primary Government Net Position       | <u>\$ 52,307,868</u> | <u>\$ 50,720,538</u> | <u>\$ 48,916,613</u> | <u>\$ 47,535,227</u> | <u>\$ 46,834,502</u> | <u>\$ 49,069,032</u> | <u>\$ 54,017,344</u> | <u>\$ 61,183,772</u> | <u>\$ 71,872,451</u> | <u>\$ 81,719,726</u> |

**CITY OF BUFFALO, MINNESOTA  
CHANGES IN NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
| <b>Expenses:</b>                                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General Government                              | \$ 1,222,696         | \$ 1,533,487         | \$ 1,125,873         | \$ 1,151,021         | \$ 1,291,084         | \$ 1,534,471         | \$ 2,062,016         | \$ 1,849,830         | \$ 2,015,409         | \$ 2,240,135         |
| Public Safety                                   | 2,944,725            | 2,952,940            | 3,123,618            | 2,961,898            | 3,698,554            | 3,681,813            | 3,799,258            | 5,691,705            | 4,985,280            | 5,910,279            |
| Highways and Streets                            | 4,205,373            | 4,676,084            | 6,139,374            | 6,514,018            | 4,142,942            | 4,133,639            | 4,292,886            | 4,249,987            | 4,025,170            | 4,271,957            |
| Sanitation                                      | 731,827              | 758,092              | 781,798              | 761,236              | 882,131              | 912,767              | 930,813              | 945,299              | 990,076              | 1,113,625            |
| Culture and Recreation                          | 2,553,652            | 2,604,422            | 2,961,901            | 2,848,075            | 3,038,166            | 2,993,193            | 3,097,006            | 3,277,492            | 3,252,781            | 3,656,654            |
| Community Development                           | 183,456              | 161,506              | 198,414              | 146,380              | 605,787              | 291,164              | 173,874              | 661,033              | 204,050              | 519,705              |
| Interest on Long-Term Debt                      | 872,144              | 675,889              | 737,836              | 488,283              | 756,520              | 701,076              | 1,061,980            | 928,355              | 456,266              | 510,865              |
| Total Governmental Activities Expenses          | 12,713,873           | 13,362,420           | 15,068,814           | 14,870,911           | 14,415,184           | 14,248,123           | 15,417,833           | 17,603,701           | 15,929,032           | 18,223,220           |
| Business-Type Activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Electric  | 11,015,306           | 11,371,393           | 11,525,954           | 12,130,203           | 12,387,553           | 13,379,943           | 13,340,725           | 13,493,745           | 14,946,495           | 16,731,752           |
| Water   | 2,275,587            | 2,864,191            | 2,718,563            | 2,717,375            | 2,742,449            | 2,858,491            | 2,704,783            | 3,330,399            | 3,240,860            | 3,119,414            |
| Sewer   | 4,555,992            | 4,472,785            | 4,090,073            | 3,776,268            | 4,300,615            | 4,381,615            | 4,266,795            | 4,402,631            | 4,279,897            | 4,209,360            |
| Liquor  | 4,012,702            | 4,137,544            | 4,493,031            | 4,595,069            | 4,694,375            | 4,830,726            | 4,992,017            | 6,216,700            | 6,253,792            | 6,534,322            |
| Golf Course                                     | 1,225,553            | 1,139,642            | 1,203,375            | 858,249              | 983,798              | 970,695              | 1,980,357            | 1,477,938            | 1,208,759            | 282,543              |
| Total Business-Type Activities Expenses         | 23,085,140           | 23,985,555           | 24,030,996           | 24,077,164           | 25,108,790           | 26,421,470           | 27,284,677           | 28,921,413           | 29,929,803           | 30,877,391           |
| Total Primary Government Expenses               | <u>\$ 35,799,013</u> | <u>\$ 37,347,975</u> | <u>\$ 39,099,810</u> | <u>\$ 38,948,075</u> | <u>\$ 39,523,974</u> | <u>\$ 40,669,593</u> | <u>\$ 42,702,510</u> | <u>\$ 46,525,114</u> | <u>\$ 45,858,835</u> | <u>\$ 49,100,611</u> |
| <b>Program Revenues:</b>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental Activities:                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for Services:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General Government                              | \$ 807,146           | \$ 897,932           | \$ 1,160,401         | \$ 981,992           | \$ 987,760           | \$ 1,042,374         | \$ 1,560,261         | \$ 1,047,702         | \$ 1,130,179         | \$ 1,012,017         |
| Public Safety                                   | 667,141              | 691,320              | 689,598              | 701,239              | 726,723              | 708,271              | 752,111              | 1,533,403            | 1,837,408            | 1,901,771            |
| Highways and Streets                            | 3,025                | 2,722                | 5,815                | 27,954               | 122,239              | 5,534                | 34,002               | 8,741                | 895,129              | 179,659              |
| Sanitation                                      | 863,975              | 876,341              | 895,712              | 912,988              | 939,105              | 952,871              | 962,600              | 978,536              | 1,052,378            | 1,136,321            |
| Culture and Recreation                          | 991,944              | 905,078              | 924,473              | 867,766              | 919,619              | 1,114,543            | 1,000,931            | 891,895              | 1,267,088            | 1,335,384            |
| Community Development                           | 84,728               | 45,237               | 58,158               | 26,720               | 160,000              | 178,211              | 155,587              | 164,727              | -                    | 36,592               |
| Interest on Long-Term Debt                      | -                    | -                    | -                    | 60,403               | 79,919               | 78,050               | 63,683               | -                    | -                    | -                    |
| Operating Grants and Contributions              | 489,657              | 526,392              | 536,123              | 633,031              | 645,969              | 654,612              | 1,043,447            | 1,914,315            | 398,819              | 2,232,408            |
| Capital Grants and Contributions                | 627,005              | 2,074,658            | 6,660,393            | 1,019,331            | 57,615               | 74,189               | 370,556              | 2,323,299            | 3,075,459            | 2,768,137            |
| Total Governmental Activities Program Revenues  | 4,534,621            | 6,019,680            | 10,930,673           | 5,231,424            | 4,638,949            | 4,808,655            | 5,943,178            | 8,862,618            | 9,656,460            | 10,602,289           |
| Business-Type Activities:                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for Services:                           |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Electric  | 12,573,027           | 12,791,402           | 12,668,784           | 13,859,778           | 14,165,721           | 15,145,456           | 14,864,350           | 15,407,792           | 17,196,019           | 19,193,515           |
| Water   | 1,734,307            | 1,545,453            | 1,837,305            | 1,604,724            | 1,910,056            | 2,765,158            | 2,628,150            | 3,063,967            | 3,562,152            | 4,226,278            |
| Sewer   | 2,634,741            | 2,763,124            | 3,057,605            | 2,991,350            | 3,063,963            | 4,490,531            | 4,764,352            | 4,886,053            | 5,313,402            | 5,407,066            |
| Liquor  | 4,457,401            | 4,705,843            | 4,931,536            | 4,982,675            | 5,194,104            | 5,371,883            | 5,632,510            | 6,579,097            | 6,758,008            | 7,071,931            |
| Golf Course                                     | 636,754              | 594,905              | 626,816              | 666,501              | 660,347              | 671,680              | 1,167,972            | 1,285,592            | 1,332,882            | 8,048                |
| Operating Grants and Contributions              | -                    | 163,549              | 144,008              | 149,866              | 142,689              | 173,751              | 164,240              | 178,237              | 156,259              | 609,180              |
| Capital Grants and Contributions                | 290,019              | 356,776              | 369,510              | 363,838              | 488,511              | 541,562              | 1,901,846            | 1,381,239            | 1,303,832            | 718,841              |
| Total Business-Type Activities Program Revenues | 22,326,249           | 22,921,052           | 23,635,564           | 24,618,732           | 25,625,391           | 29,160,021           | 31,123,420           | 32,781,977           | 35,622,554           | 37,234,859           |
| Total Primary Government Program Revenues       | <u>\$ 26,860,870</u> | <u>\$ 28,940,732</u> | <u>\$ 34,566,237</u> | <u>\$ 29,850,156</u> | <u>\$ 30,264,340</u> | <u>\$ 33,968,676</u> | <u>\$ 37,066,598</u> | <u>\$ 41,644,595</u> | <u>\$ 45,279,014</u> | <u>\$ 47,837,148</u> |

**CITY OF BUFFALO, MINNESOTA**  
**CHANGES IN NET POSITION BY COMPONENT (CONTINUED)**  
**LAST TEN FISCAL YEARS**

|   | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
|   | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  | 2021                 | 2022                  |
| Net (Expense)/Revenue:                              |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Governmental Activities                             | \$ (8,179,252)        | \$ (7,342,740)        | \$ (4,138,141)        | \$ (9,639,487)        | \$ (9,776,235)        | \$ (9,439,468)        | \$ (9,474,655)        | \$ (8,741,083)        | \$ (6,272,572)       | \$ (7,620,931)        |
| Business-Type Activities                            | (758,891)             | (1,064,503)           | (395,432)             | 541,568               | 516,601               | 2,738,551             | 3,838,743             | 3,860,564             | 5,692,751            | 6,357,468             |
| <b>Total Government Net Expense</b>                 | <b>\$ (8,938,143)</b> | <b>\$ (8,407,243)</b> | <b>\$ (4,533,573)</b> | <b>\$ (9,097,919)</b> | <b>\$ (9,259,634)</b> | <b>\$ (6,700,917)</b> | <b>\$ (5,635,912)</b> | <b>\$ (4,880,519)</b> | <b>\$ (579,821)</b>  | <b>\$ (1,263,463)</b> |
| General Revenues and Other Changes in Net Position: |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Governmental Activities:                            |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Taxes:  |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Property Taxes                                      | \$ 5,441,603          | \$ 5,145,350          | \$ 5,306,826          | \$ 5,907,924          | \$ 6,752,256          | \$ 7,034,938          | \$ 7,505,911          | \$ 8,000,386          | \$ 8,261,145         | \$ 9,150,049          |
| Tax Increments                                      | 245,253               | 137,744               | 264,026               | 263,658               | 62,216                | 96,045                | 97,572                | 104,846               | 134,531              | 145,766               |
| Other Taxes   | 1,830                 | 2,095                 | 2,144                 | 2,199                 | 2,372                 | 4,633                 | 395                   | 1,931                 | 2,435                | 3,013                 |
| Unrestricted Grants and Contributions               | 166,577               | 760,241               | 834,909               | 868,995               | 756,383               | 918,242               | 879,883               | 1,005,846             | 1,235,155            | 1,222,419             |
| Investment Earnings (Loss)                          | 80,915                | 3,416                 | 9,366                 | 12,076                | 88,024                | 95,191                | 191,538               | 126,533               | 10,652               | 31,398                |
| Insurance Proceeds                                  | -                     | 16,315                | -                     | -                     | -                     | -                     | 30,552                | -                     | -                    | -                     |
| Gain on Disposal of Capital Assets                  | 360                   | -                     | 26,276                | 5,770                 | 8,298                 | 15,623                | -                     | 14,803                | 228,349              | 20,920                |
| Miscellaneous                                       | 29,104                | 67,087                | 27,748                | 12,638                | 20,606                | 13,508                | 201,240               | 105,263               | 39,216               | 307,788               |
| Transfer  | 1,656,507             | 795,786               | 476,931               | (435,746)             | 1,052,611             | 1,395,000             | 1,475,000             | 1,475,000             | 1,406,467            | (888,073)             |
| <b>Total Governmental Activities</b>                | <b>7,622,149</b>      | <b>6,928,034</b>      | <b>6,948,226</b>      | <b>6,637,514</b>      | <b>8,742,766</b>      | <b>9,573,180</b>      | <b>10,382,091</b>     | <b>10,834,608</b>     | <b>11,317,950</b>    | <b>9,993,280</b>      |
| Business-Type Activities:                           |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Taxes:  |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Property Taxes                                      | 289,099               | 639,400               | 572,899               | 611,370               | 849,075               | 1,147,728             | 789,657               | 738,533               | 951,529              | 851,981               |
| Unrestricted Grants and Contributions               | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                    | 14,890                |
| Investment Earnings                                 | 6,434                 | 31,264                | 20,188                | 25,766                | 18,721                | 32,732                | 48,885                | 26,617                | 10,193               | 20,055                |
| Insurance Proceeds                                  | -                     | -                     | 5,501                 | -                     | -                     | -                     | 308,964               | 39,343                | 88,657               | -                     |
| Gain on Disposal of Capital Assets                  | -                     | -                     | -                     | -                     | -                     | 9,457                 | 3,943                 | 12,763                | 4,048                | 13,761                |
| Miscellaneous                                       | 87,849                | 17,001                | 10,846                | 6,137                 | 958                   | 2,208                 | 216,314               | 239,518               | 302,590              | 228,992               |
| Transfer  | (1,656,507)           | (795,786)             | (476,931)             | 435,746               | (1,052,611)           | (1,395,000)           | (1,475,000)           | (1,475,000)           | (1,406,467)          | 888,073               |
| Special Item  | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                    | (900,294)             |
| <b>Total Business-Type Activities</b>               | <b>(1,273,125)</b>    | <b>(108,121)</b>      | <b>132,503</b>        | <b>1,079,019</b>      | <b>(183,857)</b>      | <b>(202,875)</b>      | <b>(107,237)</b>      | <b>(418,226)</b>      | <b>(49,450)</b>      | <b>1,117,458</b>      |
| <b>Total Government</b>                             | <b>\$ 6,349,024</b>   | <b>\$ 6,819,913</b>   | <b>\$ 7,080,729</b>   | <b>\$ 7,716,533</b>   | <b>\$ 8,558,909</b>   | <b>\$ 9,370,305</b>   | <b>\$ 10,274,854</b>  | <b>\$ 10,416,382</b>  | <b>\$ 11,268,500</b> | <b>\$ 11,110,738</b>  |
| Change in Net Position:                             |                       |                       |                       |                       |                       |                       |                       |                       |                      |                       |
| Governmental Activities                             | \$ (557,103)          | \$ (414,706)          | \$ 2,810,085          | \$ (3,001,973)        | \$ (1,033,469)        | \$ 133,712            | \$ 907,436            | \$ 2,093,525          | \$ 5,045,378         | \$ 2,372,349          |
| Business-Type Activities                            | (2,032,016)           | (1,172,624)           | (262,929)             | 1,620,587             | 332,744               | 2,535,676             | 3,731,506             | 3,442,338             | 5,643,301            | 7,474,926             |
| <b>Total Primary Government</b>                     | <b>\$ (2,589,119)</b> | <b>\$ (1,587,330)</b> | <b>\$ 2,547,156</b>   | <b>\$ (1,381,386)</b> | <b>\$ (700,725)</b>   | <b>\$ 2,669,388</b>   | <b>\$ 4,638,942</b>   | <b>\$ 5,535,863</b>   | <b>\$ 10,688,679</b> | <b>\$ 9,847,275</b>   |

Source: City Records

**CITY OF BUFFALO, MINNESOTA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

|   | Fiscal Year         |                     |                     |                     |                     |                     |                      |                      |                      |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
|   | 2013                | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                 | 2020                 | 2021                 | 2022                |
| General Fund:                           |                     |                     |                     |                     |                     |                     |                      |                      |                      |                     |
| Nonspendable                            | \$ 18,128           | \$ 7,925            | \$ 43,206           | \$ 18,363           | \$ 78,615           | \$ 77,158           | \$ 2,485,638         | \$ 2,506,536         | \$ 2,396,958         | \$ 2,198,522        |
| Committed                               | -                   | -                   | -                   | -                   | -                   | -                   | -                    | -                    | -                    | 120,000             |
| Unassigned                              | 3,195,058           | 3,537,997           | 4,015,641           | 4,531,376           | 4,461,031           | 4,968,422           | 2,762,173            | 3,061,504            | 3,364,018            | 4,089,791           |
| <b>Total General Fund</b>               | <b>\$ 3,213,186</b> | <b>\$ 3,545,922</b> | <b>\$ 4,058,847</b> | <b>\$ 4,549,739</b> | <b>\$ 4,539,646</b> | <b>\$ 5,045,580</b> | <b>\$ 5,247,811</b>  | <b>\$ 5,568,040</b>  | <b>\$ 5,760,976</b>  | <b>\$ 6,408,313</b> |
| All Other Governmental Funds:           |                     |                     |                     |                     |                     |                     |                      |                      |                      |                     |
| Nonspendable                            | \$ 72,062           | \$ 63,471           | \$ 56,561           | \$ 26,817           | \$ 323,419          | \$ 246,630          | \$ 230,884           | \$ 21,236            | \$ 14,040            | \$ 19,885           |
| Restricted                              | 6,362,979           | 4,712,291           | 7,654,003           | 7,602,851           | 5,728,671           | 5,482,821           | 10,202,887           | 11,659,583           | 7,789,334            | 5,673,597           |
| Committed                               | 563,833             | 600,217             | 404,907             | 1,781,344           | 2,911,900           | 2,768,189           | 2,829,397            | 2,839,486            | 2,073,157            | 1,476,348           |
| Assigned                                | 797,268             | 932,318             | 1,084,590           | -                   | -                   | -                   | -                    | -                    | -                    | -                   |
| Unassigned                              | (4,936,897)         | (5,053,676)         | (4,867,060)         | (4,853,354)         | (4,560,592)         | (4,195,512)         | (4,059,789)          | (4,086,659)          | (3,776,510)          | (4,870,029)         |
| <b>Total All Other Government Funds</b> | <b>\$ 2,859,245</b> | <b>\$ 1,254,621</b> | <b>\$ 4,333,001</b> | <b>\$ 4,557,658</b> | <b>\$ 4,403,398</b> | <b>\$ 4,302,128</b> | <b>\$ 9,203,379</b>  | <b>\$ 10,433,646</b> | <b>\$ 6,100,021</b>  | <b>\$ 2,299,801</b> |
| Total Government Funds:                 |                     |                     |                     |                     |                     |                     |                      |                      |                      |                     |
| Nonspendable                            | \$ 90,190           | \$ 71,396           | \$ 99,767           | \$ 45,180           | \$ 402,034          | \$ 323,788          | \$ 2,716,522         | \$ 2,527,772         | \$ 2,410,998         | \$ 2,218,407        |
| Restricted                              | 6,362,979           | 4,712,291           | 7,654,003           | 7,602,851           | 5,728,671           | 5,482,821           | 10,202,887           | 11,659,583           | 7,789,334            | 5,673,597           |
| Committed                               | 563,833             | 600,217             | 404,907             | 1,781,344           | 2,911,900           | 2,768,189           | 2,829,397            | 2,839,486            | 2,073,157            | 1,596,348           |
| Assigned                                | 797,268             | 932,318             | 1,084,590           | -                   | -                   | -                   | -                    | -                    | -                    | -                   |
| Unassigned                              | (1,741,839)         | (1,515,679)         | (851,419)           | (321,978)           | (99,561)            | 772,910             | (1,297,616)          | (1,025,155)          | (412,492)            | (780,238)           |
| <b>Total Government Funds</b>           | <b>\$ 6,072,431</b> | <b>\$ 4,800,543</b> | <b>\$ 8,391,848</b> | <b>\$ 9,107,397</b> | <b>\$ 8,943,044</b> | <b>\$ 9,347,708</b> | <b>\$ 14,451,190</b> | <b>\$ 16,001,686</b> | <b>\$ 11,860,997</b> | <b>\$ 8,708,114</b> |

Source: City Records

**CITY OF BUFFALO, MINNESOTA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

|  | Fiscal Year        |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | 2013               | 2014               | 2015               | 2016               | 2017               | 2018               | 2019               | 2020               | 2021               | 2022               |
| <b>Revenues:</b>                       |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Property Taxes                 | \$ 5,558,456       | \$ 5,241,212       | \$ 5,505,941       | \$ 6,118,726       | \$ 6,776,326       | \$ 7,040,998       | \$ 7,486,269       | \$ 7,999,526       | \$ 8,208,022       | \$ 8,945,112       |
| Tax Increments                         | 134,319            | 69,958             | 69,085             | 58,002             | 62,216             | 96,045             | 97,572             | 104,846            | 174,617            | 354,461            |
| Other Taxes                            | 1,830              | 2,095              | 2,144              | 2,199              | 2,372              | 4,633              | 395                | 1,931              | 2,435              | 3,013              |
| Licenses and Permits                   | 261,664            | 260,329            | 382,675            | 361,151            | 357,042            | 432,679            | 579,621            | 458,071            | 543,102            | 473,301            |
| Intergovernmental                      | 1,076,642          | 3,266,440          | 7,793,225          | 1,674,098          | 1,326,692          | 1,521,358          | 1,800,118          | 3,349,981          | 5,134,671          | 5,974,567          |
| Special Assessments                    | 130,330            | 256,816            | 90,361             | 47,390             | 63,217             | 54,388             | 28,230             | 130,253            | 30,047             | 38,659             |
| Charges for Services                   | 2,998,636          | 2,994,174          | 3,177,048          | 3,188,484          | 3,339,483          | 3,425,524          | 6,311,416          | 3,062,814          | 3,560,190          | 3,723,910          |
| Fines and Forfeits                     | 32,703             | 32,468             | 31,465             | 37,156             | 38,814             | 33,563             | 35,529             | 39,538             | 45,751             | 46,360             |
| Investment Earnings (Loss)             | 308,158            | 268,083            | 261,440            | 141,173            | 90,074             | 96,125             | 188,263            | 124,973            | 9,005              | 33,011             |
| Refunds and Reimbursements             | 352,663            | 437,252            | 558,919            | 3,885,370          | 371,179            | 353,692            | 381,614            | 1,739,379          | 374,087            | 298,240            |
| Contributions and Donations            | 101,668            | 98,809             | 99,144             | 141,763            | 123,900            | 124,316            | 93,114             | 135,344            | 209,257            | 104,161            |
| Miscellaneous                          | 29,605             | 67,357             | 27,768             | 12,789             | 20,615             | 20,218             | 24,575             | 54,040             | 7,291              | 218,038            |
| <b>Total Revenues</b>                  | <b>10,986,674</b>  | <b>12,994,993</b>  | <b>17,999,215</b>  | <b>15,668,301</b>  | <b>12,571,930</b>  | <b>13,203,539</b>  | <b>17,026,716</b>  | <b>17,200,696</b>  | <b>18,298,475</b>  | <b>20,212,833</b>  |
| <b>Expenditures:</b>                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Current:</b>                        |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Government                     | 954,809            | 1,133,287          | 1,090,367          | 1,285,726          | 1,356,240          | 1,675,908          | 1,667,713          | 1,562,710          | 1,496,297          | 1,775,986          |
| Public Safety                          | 2,700,785          | 2,733,043          | 2,801,127          | 2,760,454          | 2,906,096          | 3,052,548          | 3,554,221          | 4,381,063          | 4,391,630          | 4,500,825          |
| Public Works                           | 1,213,829          | 1,436,046          | 1,365,774          | 1,297,438          | 1,385,884          | 1,375,594          | 1,448,039          | 1,425,410          | 1,426,471          | 1,469,958          |
| Sanitation                             | 731,827            | 758,092            | 781,798            | 761,236            | 882,131            | 912,767            | 930,813            | 945,738            | 989,178            | 1,114,590          |
| Culture and Recreation                 | 1,970,210          | 1,991,920          | 2,103,394          | 2,096,187          | 2,151,808          | 2,169,945          | 2,271,920          | 2,411,196          | 2,433,862          | 2,912,197          |
| Community Development                  | 220,628            | 119,790            | 174,510            | 132,333            | 108,271            | 190,395            | 173,874            | 660,560            | 203,245            | 519,705            |
| <b>Capital Outlay:</b>                 |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| General Government                     | 142,697            | 56,813             | 16,120             | -                  | -                  | 6,831              | 260,250            | 85,709             | 39,799             | 86,454             |
| Public Safety                          | 95,333             | 159,373            | 186,584            | 266,509            | 98,441             | 56,092             | 823,770            | 340,192            | 5,429,448          | 280,458            |
| Public Works                           | 3,206,783          | 4,299,679          | 11,602,490         | 6,189,454          | 329,177            | 1,073,639          | 3,778,127          | 5,261,890          | 2,872,242          | 8,571,528          |
| Sanitation                             | 6,665              | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Culture and Recreation                 | 140,286            | 243,888            | 153,382            | 461,189            | 192,102            | 258,081            | 650,512            | 1,814,012          | 528,481            | 539,853            |
| Community Development                  | 529,447            | 43,569             | 133,242            | 9,981              | 58,574             | 80,472             | -                  | -                  | -                  | -                  |
| <b>Debt Service:</b>                   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Finance Purchase Obligations:          |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Principal                              | 312,945            | 261,868            | 288,728            | 399,108            | 408,830            | 329,402            | 378,783            | 346,539            | 393,315            | 404,342            |
| Interest and Fiscal Charges            | 19,329             | 17,543             | 14,872             | 15,962             | 17,560             | 12,187             | 27,608             | 40,054             | 30,883             | 27,149             |
| <b>Bonds and Loans:</b>                |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Principal                              | 1,099,295          | 878,455            | 1,116,163          | 929,133            | 847,277            | 747,499            | 962,214            | 1,008,326          | 2,319,956          | 4,251,881          |
| Interest                               | 2,151,033          | 1,973,895          | 2,446,615          | 5,729,189          | 4,536,855          | 2,332,678          | 5,528,847          | 3,949,980          | 819,423            | 751,466            |
| <b>Total Expenditures</b>              | <b>15,495,901</b>  | <b>16,107,261</b>  | <b>24,275,166</b>  | <b>22,333,899</b>  | <b>15,279,246</b>  | <b>14,274,038</b>  | <b>22,456,691</b>  | <b>24,233,379</b>  | <b>23,374,230</b>  | <b>27,206,392</b>  |
| <b>Excess (Deficiency) of Revenues</b> |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| <b>Over (Under) Expenditures</b>       | <b>(4,509,227)</b> | <b>(3,112,268)</b> | <b>(6,275,951)</b> | <b>(6,665,598)</b> | <b>(2,707,316)</b> | <b>(1,070,499)</b> | <b>(5,429,975)</b> | <b>(7,032,683)</b> | <b>(5,075,755)</b> | <b>(6,993,559)</b> |



**CITY OF BUFFALO, MINNESOTA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)**  
**LAST TEN FISCAL YEARS**

|  | Fiscal Year         |                       |                     |                   |                     |                   |                     |                     |                       |                       |
|--|---------------------|-----------------------|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|-----------------------|-----------------------|
|  | 2013                | 2014                  | 2015                | 2016              | 2017                | 2018              | 2019                | 2020                | 2021                  | 2022                  |
| Other Financing Sources (Uses):              |                     |                       |                     |                   |                     |                   |                     |                     |                       |                       |
| Transfers In                                 | \$ 1,994,648        | \$ 1,835,210          | \$ 2,747,381        | \$ 2,353,260      | \$ 3,978,894        | \$ 3,889,195      | \$ 3,220,778        | \$ 3,148,464        | \$ 3,073,165          | \$ 2,071,214          |
| Transfers Out                                | (494,648)           | (335,210)             | (709,851)           | (656,554)         | (1,892,393)         | (2,494,195)       | (1,745,778)         | (1,673,464)         | (1,666,698)           | (596,214)             |
| Issuance of Bonds                            | 4,160,000           | -                     | 7,445,000           | 4,640,000         | 330,000             | -                 | 9,559,700           | 6,278,400           | -                     | 1,525,000             |
| Proceeds from the Sale of Capital Assets     | 360                 | 4,500                 | 35,651              | 194,779           | 8,298               | 15,623            | 531,490             | 112,003             | 228,349               | 20,920                |
| Insurance Proceeds                           | -                   | 16,315                | -                   | -                 | -                   | -                 | -                   | -                   | 764,600               | 71,630                |
| Capital Lease Proceeds                       | 178,894             | 319,565               | 149,624             | 768,958           | 118,164             | 64,540            | 1,108,750           | 305,585             | 540,650               | 658,808               |
| Issuance of Refunding Bonds                  | -                   | -                     | -                   | -                 | -                   | -                 | -                   | 1,340,000           | -                     | -                     |
| Payment of Refunded Bonds                    | -                   | -                     | -                   | -                 | -                   | -                 | (3,092,990)         | (1,340,000)         | (2,005,000)           | -                     |
| Bond Premium                                 | 187,745             | -                     | 199,451             | 80,704            | -                   | -                 | 951,507             | 312,678             | -                     | 89,318                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>6,026,999</b>    | <b>1,840,380</b>      | <b>9,867,256</b>    | <b>7,381,147</b>  | <b>2,542,963</b>    | <b>1,475,163</b>  | <b>10,533,457</b>   | <b>8,483,666</b>    | <b>935,066</b>        | <b>3,840,676</b>      |
| Net Change in Fund Balances                  | <u>\$ 1,517,772</u> | <u>\$ (1,271,888)</u> | <u>\$ 3,591,305</u> | <u>\$ 715,549</u> | <u>\$ (164,353)</u> | <u>\$ 404,664</u> | <u>\$ 5,103,482</u> | <u>\$ 1,450,983</u> | <u>\$ (4,140,689)</u> | <u>\$ (3,152,883)</u> |
| Debt Service as % of Noncapital Expenditures | 31.50%              | 27.71%                | 31.73%              | 45.91%            | 39.80%              | 26.73%            | 40.71%              | 28.78%              | 24.62%                | 30.69%                |

**Source:** City Records

**CITY OF BUFFALO, MINNESOTA  
TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

| <u>Fiscal<br/>Year</u> | <u>Property</u> | <u>Tax Increment</u> | <u>Lodging</u> | <u>Total</u> |
|------------------------|-----------------|----------------------|----------------|--------------|
| 2013                   | \$ 5,730,702    | \$ 245,253           | \$ 1,830       | \$ 5,977,785 |
| 2014                   | 5,784,750       | 137,744              | 2,095          | 5,924,589    |
| 2015                   | 5,879,725       | 264,026              | 2,144          | 6,145,895    |
| 2016                   | 6,519,294       | 263,658              | 2,199          | 6,785,151    |
| 2017                   | 7,601,331       | 62,216               | 2,372          | 7,665,919    |
| 2018                   | 8,182,666       | 96,045               | 4,633          | 8,283,344    |
| 2019                   | 8,295,568       | 97,572               | 395            | 8,393,535    |
| 2020                   | 8,738,919       | 104,846              | 1,931          | 8,845,696    |
| 2021                   | 9,212,674       | 134,531              | 2,435          | 9,349,640    |
| 2022                   | 10,002,030      | 145,766              | 3,013          | 10,150,809   |
| Change<br>2013-2022    | 74.53%          | (40.57)%             | 64.64%         | 69.81%       |

**Source:** City Records

**CITY OF BUFFALO, MINNESOTA  
TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

| Year<br>Taxes<br>Payable | Residential<br>Property | Commercial<br>Industrial<br>Property | Other<br>Property | Less:<br>Tax Increment<br>Property | Net Taxable<br>Tax<br>Capacity | Total<br>Direct<br>Tax Rate | Estimated<br>Taxable<br>Market<br>Value | Taxable Tax<br>Capacity as a<br>Percentage of<br>Estimated<br>Market Value |
|--------------------------|-------------------------|--------------------------------------|-------------------|------------------------------------|--------------------------------|-----------------------------|---|--|
| 2013                     | \$ 6,729,589            | \$ 3,460,752                         | \$ 196,911        | \$ 106,585                         | \$ 10,280,667                  | 51.84 %                     | \$ 864,150,100                          | 1.19 %   |
| 2014                     | 7,022,806               | 3,463,161                            | 199,723           | 61,488                             | 10,624,202                     | 49.93                       | 896,116,600                             | 1.19   |
| 2015                     | 7,727,254               | 3,402,015                            | 211,746           | 60,742                             | 11,280,273                     | 51.77                       | 963,485,500                             | 1.17   |
| 2016                     | 8,305,304               | 3,403,192                            | 226,261           | 53,625                             | 11,881,132                     | 54.84                       | 1,021,642,300                           | 1.16   |
| 2017                     | 8,672,714               | 3,460,246                            | 251,152           | 76,197                             | 12,307,915                     | 59.61                       | 1,061,985,800                           | 1.16   |
| 2018                     | 9,527,347               | 3,503,345                            | 210,327           | 80,380                             | 13,160,639                     | 60.08                       | 1,146,889,600                           | 1.15   |
| 2019                     | 10,295,112              | 3,599,286                            | 221,700           | 81,651                             | 14,034,447                     | 57.70                       | 1,230,115,300                           | 1.14   |
| 2020                     | 11,245,826              | 3,727,270                            | 235,485           | 87,471                             | 15,121,110                     | 55.81                       | 1,331,989,000                           | 1.14   |
| 2021                     | 12,352,958              | 3,854,819                            | 264,116           | 143,798                            | 16,328,095                     | 54.26                       | 1,447,284,400                           | 1.13   |
| 2022                     | 15,802,287              | 3,972,814                            | 649,123           | 184,359                            | 20,239,865                     | 55.03                       | 1,534,039,050                           | 1.32   |

**Source:** Wright County

**Note 1:** Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

**Note 2:** Property in the county is reassessed annually. The county assessor's market value of property is approximately 94.5% of actual value for all types of real and personal property.

**CITY OF BUFFALO, MINNESOTA  
PRINCIPAL PROPERTY TAXPAYERS  
2021 AND 2012**

| Taxpayer                            | 2022                 |      |  | 2013                 |      |  |
|-------------------------------------|----------------------|------|--|----------------------|------|--|
|                                     | Net Tax<br>Capacity  | Rank | Percentage<br>of Total Net<br>Tax Capacity | Net Tax<br>Capacity  | Rank | Percentage<br>of Total Net<br>Tax Capacity |
| Pfeifer Property Management, LLC    | \$ 312,958           | 1    | 1.55 %                                     | \$ 74,704            | 7    | 0.70 %                                     |
| TKG Wright County Center, LLC       | 216,598              | 2    | 1.07                                       | 244,686              | 1    | 2.29                                       |
| Menards, Inc                        | 161,548              | 3    | 0.80                                       | 178,592              | 2    | 1.67                                       |
| Buffalo Clinic Building Partnership | 152,796              | 4    | 0.75                                       | 132,300              | 3    | 1.24                                       |
| CenterPoint Energy                  | 129,990              | 5    | 0.64                                       | -                    | -    | -  |
| Gopher (Buffalo) LLC                | 121,799              | 6    | 0.60                                       | -                    | -    | -  |
| Coborn Realty Group                 | 117,500              | 7    | 0.58                                       | -                    | -    | -  |
| Dayton Hudson Corp                  | 114,512              | 8    | 0.57                                       | -                    | -    | -  |
| Ryan Buffalo Land Company, LLC      | 111,548              | 9    | 0.55                                       | 98,642               | 5    | 0.92                                       |
| Marohn Family, LLC                  | 99,536               | 10   | 0.49                                       | 96,982               | 6    | 0.91                                       |
| Target Corporation                  | -                    | -    | -  | 116,582              | 4    | 1.09                                       |
| Minnegasco Inc                      | -                    | -    | -  | 72,698               | 8    | 0.68                                       |
| Monticello Athletic Club Inc        | -                    | -    | -  | 65,934               | 9    | 0.62                                       |
| Hidden Cove Apartments              | -                    | -    | -  | 60,505               | 10   | 0.57                                       |
| Total                               | <u>\$ 1,538,785</u>  |      | <u>7.60 %</u>                              | <u>\$ 1,141,625</u>  |      | <u>10.69 %</u>                             |
| Total Net Tax Capacity              | <u>\$ 20,239,865</u> |      |  | <u>\$ 10,685,690</u> |      |  |

**Source:** Wright County

**CITY OF BUFFALO, MINNESOTA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

| Fiscal Year<br>Ended<br>December 31, | Total Tax<br>Levy for<br>Fiscal Year | Collected Within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|--------------------------------------|--------------------------------------|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                      |                                      | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2013                                 | \$ 5,651,814                         | \$ 5,590,392                                    | 98.91                 | \$ 61,422                             | \$ 5,651,814              | 100.00                |
| 2014                                 | 5,629,374                            | 5,586,594                                       | 99.24                 | 42,780                                | 5,629,374                 | 100.00                |
| 2015                                 | 5,839,678                            | 5,808,279                                       | 99.46                 | 31,399                                | 5,839,678                 | 100.00                |
| 2016                                 | 6,515,502                            | 6,476,198                                       | 99.40                 | 39,304                                | 6,515,502                 | 100.00                |
| 2017                                 | 7,336,615                            | 7,318,294                                       | 99.75                 | 17,312                                | 7,335,606                 | 99.99                 |
| 2018                                 | 7,906,723                            | 7,898,084                                       | 99.89                 | 7,715                                 | 7,905,799                 | 99.99                 |
| 2019                                 | 8,027,464                            | 7,998,613                                       | 99.64                 | 25,070                                | 8,023,683                 | 99.95                 |
| 2020                                 | 8,439,165                            | 8,395,716                                       | 99.49                 | 38,446                                | 8,434,162                 | 99.94                 |
| 2021                                 | 8,859,177                            | 8,811,640                                       | 99.46                 | 39,880                                | 8,851,520                 | 99.91                 |
| 2022                                 | 9,421,342                            | 9,357,307                                       | 99.32                 | -                                     | 9,357,307                 | 99.32                 |

**Source:** City Records

**CITY OF BUFFALO, MINNESOTA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

| Fiscal<br>Year | City of Buffalo |                 |                          |        | Overlapping Rates |           |                          |                      | Total<br>Direct and<br>Overlapping<br>Rates |
|----------------|-----------------|-----------------|--------------------------|--------|-------------------|-----------|--------------------------|----------------------|---|
|                | Operating       | Debt<br>Service | Referendum<br>Mkt. Value | Total  | Wright<br>County  | Operating | School District          |                      |   |
|                |                 |                 |                          |        |                   |           | Referendum<br>Mkt. Value | Special<br>Districts |   |
| 2013           | 31.842          | 19.966          | 0.035                    | 51.843 | 44.288            | 36.927    | 0.1356                   | 9.819                | 143.012                                     |
| 2014           | 27.174          | 22.719          | 0.034                    | 49.927 | 43.45             | 33.882    | 0.13645                  | 5.823                | 133.219                                     |
| 2015           | 26.924          | 24.845          | -                        | 51.769 | 40.593            | 35.375    | 0.12505                  | 5.642                | 133.504                                     |
| 2016           | 25.561          | 29.277          | -                        | 54.838 | 39.970            | 34.489    | 0.12599                  | 10.816               | 140.239                                     |
| 2017           | 30.271          | 29.338          | -                        | 59.609 | 39.599            | 32.887    | 0.1231                   | 13.688               | 145.906                                     |
| 2018           | 31.210          | 28.869          | -                        | 60.079 | 39.946            | 32.471    | 0.12929                  | 11.255               | 143.880                                     |
| 2019           | 33.56           | 24.143          | -                        | 57.703 | 44.273            | 30.953    | 0.12807                  | 10.061               | 143.118                                     |
| 2020           | 31.105          | 24.706          | -                        | 55.811 | 44.421            | 29.184    | 0.24315                  | 11.085               | 140.744                                     |
| 2021           | 29.589          | 24.667          | -                        | 54.256 | 43.719            | 27.2      | 0.2326                   | 10.259               | 135.667                                     |
| 2022           | 31.703          | 23.331          | -                        | 55.034 | 43.751            | 26.343    | 0.2033                   | 9.301                | 134.632                                     |

Source: Wright County

\* Tax Rates per \$1,000 of tax capacity

\*\* Overlapping rates are those of local and county governments that apply to property owners within the City of Buffalo.  
Not all overlapping rates apply to all City of Buffalo property owners (e.g., the rates for special districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the special district)

**CITY OF BUFFALO, MINNESOTA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

|             | Governmental Activities |                            |                    |                                  |            |                             |               |  |
|-------------|-------------------------|----------------------------|--------------------|----------------------------------|------------|-----------------------------|---------------|--|
| Fiscal Year | General Obligation      | General Obligation Revenue | Special Assessment | General Obligation Tax Abatement | Premiums   | Finance Purchase Obligation | Notes Payable |  |
| 2013        | \$ 20,295,000           | \$ 6,775,767               | \$ 135,000         | \$ 1,955,000                     | \$ 320,136 | \$ 808,949                  | \$ 169,363    |  |
| 2014        | 18,820,000              | 6,426,754                  | 90,000             | 1,885,000                        | 280,761    | 866,646                     | 134,481       |  |
| 2015        | 21,010,000              | 6,016,540                  | 15,000             | 5,215,000                        | 429,827    | 727,542                     | 98,080        |  |
| 2016        | 23,785,000              | 2,275,326                  | -                  | 5,145,000                        | 443,777    | 1,082,971                   | 60,105        |  |
| 2017        | 19,690,000              | 2,083,112                  | -                  | 5,265,000                        | 389,165    | 792,305                     | 20,464        |  |
| 2018        | 17,790,000              | 1,890,898                  | -                  | 5,045,000                        | 341,684    | 527,443                     | -             |  |
| 2019        | 22,170,000              | 1,686,751                  | -                  | 1,855,000                        | 1,159,399  | 1,257,410                   | -             |  |
| 2020        | 25,323,400              | 61,771                     | -                  | 2,655,000                        | 1,335,851  | 1,209,478                   | -             |  |
| 2021        | 21,113,400              | 46,815                     | -                  | 2,555,000                        | 1,005,886  | 1,356,813                   | -             |  |
| 2022        | 19,936,800              | 31,534                     | -                  | 1,945,000                        | 875,018    | 1,631,455                   | -             |  |

\* Calculation made using population and personal income figures from Demographics and Economic Statistics Table.

**Source:** City Records

**CITY OF BUFFALO, MINNESOTA  
RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)  
LAST TEN FISCAL YEARS**

| Business-Type Activities       |   |                  |   |            |                  |                                   | Total<br>Government | Percentage<br>of Personal<br>Income* | Per<br>Capita* |
|--------------------------------|---|------------------|---|------------|------------------|-----------------------------------|---------------------|--------------------------------------|----------------|
| General<br>Obligation<br>Bonds | General<br>Obligation<br>Revenue<br>Bonds | Revenue<br>Bonds | General<br>Obligation<br>Tax<br>Abatement | Premiums   | Loans<br>Payable | Finance<br>Purchase<br>Obligation |                     |                                      |                |
| \$ 8,110,000                   | \$ 57,760,553                             | \$ 3,740,000     | \$ -                                      | \$ 284,888 | \$ -             | \$ 761,793                        | \$ 101,116,449      | 24.58                                | \$ 6,355.13    |
| 6,975,000                      | 56,978,724                                | 4,530,000        | -   | 1,488,248  | -                | 942,608                           | 99,418,222          | 23.28                                | 6,200.85       |
| 5,895,000                      | 56,175,836                                | 4,170,000        | -   | 1,362,895  | -                | 985,100                           | 102,100,820         | 23.45                                | 6,334.19       |
| 4,890,000                      | 55,256,256                                | 4,855,000        | 3,250,000                                 | 1,255,634  | -                | 1,455,633                         | 103,754,702         | 22.36                                | 6,386.08       |
| 3,705,000                      | 57,565,606                                | 4,425,000        | 3,135,000                                 | 1,288,743  | -                | 1,592,125                         | 99,951,520          | 18.88                                | 6,065.39       |
| 3,040,000                      | 56,414,541                                | 8,060,000        | 2,990,000                                 | 1,198,469  | -                | 1,211,804                         | 98,509,839          | 16.80                                | 5,949.38       |
| 2,220,000                      | 54,304,246                                | 7,450,000        | 2,845,000                                 | 1,792,560  | -                | 744,773                           | 97,485,139          | 15.79                                | 5,847.94       |
| 3,361,600                      | 51,193,226                                | 6,645,000        | 2,695,000                                 | 1,604,627  | 534,658          | 625,017                           | 97,244,628          | 15.59                                | 5,793.89       |
| 2,996,600                      | 47,963,183                                | 5,705,000        | 2,540,000                                 | 1,031,654  | 426,399          | 296,265                           | 87,037,015          | 12.83                                | 5,274.33       |
| 2,253,200                      | 44,553,464                                | 4,715,000        | -   | 741,890    | -                | -                                 | 76,683,361          | ^                                    | ^              |

^ Information not available for the 2022 year.



**CITY OF BUFFALO, MINNESOTA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

| Fiscal Year | General Obligation Bonds & Notes | Premiums/ (Discounts) | Less Amounts Available in Debt Service Funds <sup>3</sup> | General Obligation Bonds & Notes | Percentage Actual Taxable Value of Property <sup>1</sup> | Per Capita <sup>2</sup> |
|-------------|----------------------------------|-----------------------|---|----------------------------------|--|-------------------------|
| 2013        | \$ 95,874,632                    | \$ 605,024            | \$ 7,334,754  | \$ 89,144,902                    | 10.3 %   | \$ 5,637.80             |
| 2014        | 92,086,605                       | 1,769,009             | 7,259,775   | 86,595,839                       | 9.7  | 5,442.51                |
| 2015        | 95,137,998                       | 1,792,722             | 9,233,387   | 87,697,333                       | 9.1  | 5,469.80                |
| 2016        | 92,494,658                       | 1,699,411             | 9,259,032   | 84,935,037                       | 8.3  | 5,269.25                |
| 2017        | 92,256,487                       | 1,677,908             | 6,803,376   | 87,131,019                       | 8.2  | 5,362.90                |
| 2018        | 87,697,882                       | 1,540,153             | 6,750,541   | 82,487,494                       | 7.2  | 5,005.61                |
| 2019        | 86,338,407                       | 2,951,959             | 3,640,292   | 85,650,074                       | 7.0  | 5,172.73                |
| 2020        | 86,499,475                       | 2,940,478             | 4,805,868   | 84,634,085                       | 6.4  | 5,077.03                |
| 2021        | 78,868,076                       | 2,037,540             | 5,959,006   | 74,946,610                       | 5.2  | 4,465.36                |
| 2022        | 70,351,453                       | 1,616,908             | 5,674,877   | 66,293,484                       | 4.3  | 4,017.30                |

**Source:** City Records

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

<sup>1</sup> See the Schedule of Tax Capacity, Market Value and Estimated Actual Value of Taxable Property for property value data.

<sup>2</sup> Calculated using population figure from Demographics and Economic Statistics Table.

<sup>3</sup> The City is using governmental activities net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on entity-wide financial statements due to conversion to full accrual accounting

**CITY OF BUFFALO, MINNESOTA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2022**

| <u>Governmental Unit</u>           | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable <sup>1</sup></u> | <u>Estimated<br/>Share of<br/>Overlapping<br/>Debt</u> |
|------------------------------------|-----------------------------|---|--|
| City Direct Debt                   | \$ 24,419,807               | 100.00%   | \$ 24,419,807  |
| Overlapping Debt:                  |                             |   |  |
| Wright County                      | 133,535,000                 | 7.4%  | 9,945,553  |
| Independent School District No 877 | 44,780,000                  | 33.6%   | 15,045,005   |
| Total Overlapping Debt             |                             |   | <u>24,990,558</u>                                      |
| Total Direct and Overlapping Debt  |                             |   | <u><u>\$ 49,410,365</u></u>                            |

**Source:** Wright County and School District #877

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

**CITY OF BUFFALO, MINNESOTA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

|   | 2013              | 2014                | 2015                | 2016                | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
|---|-------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Limit  | \$ 28,866,198     | \$ 30,872,248       | \$ 29,752,980       | \$ 31,640,628       | \$ 34,529,199        | \$ 34,529,199        | \$ 39,433,062        | \$ 42,473,052        | \$ 43,418,532        | \$ 46,021,172        |
| Total Net Debt Applicable to Limit                                      | <u>28,405,000</u> | <u>25,795,000</u>   | <u>26,905,000</u>   | <u>28,675,000</u>   | <u>23,395,000</u>    | <u>20,830,000</u>    | <u>24,390,000</u>    | <u>28,685,000</u>    | <u>24,110,000</u>    | <u>22,190,000</u>    |
| Legal Debt Margin   | <u>\$ 461,198</u> | <u>\$ 5,077,248</u> | <u>\$ 2,847,980</u> | <u>\$ 2,965,628</u> | <u>\$ 11,134,199</u> | <u>\$ 13,699,199</u> | <u>\$ 15,043,062</u> | <u>\$ 13,788,052</u> | <u>\$ 19,308,532</u> | <u>\$ 23,831,172</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 98.40%            | 83.55%              | 90.43%              | 90.63%              | 67.75%               | 60.33%               | 61.85%               | 67.54%               | 55.53%               | 48.22%               |

**Source:** City Records

|  |                      |
|--|----------------------|
| Legal Debt Margin Calculation for Fiscal Year 2022 |                      |
| Market Value                                       | \$ 1,534,039,050     |
| Debt Limit (3% of Market Valuation)                | <u>46,021,172</u>    |
| Debt Applicable to Limit:                          |                      |
| General Obligation Bonds                           | 73,435,000           |
| Amount Available for Repayment of Debt             | <u>(51,245,000)</u>  |
| Total Net Applicable to Limit                      | <u>22,190,000</u>    |
| Legal Debt Margin                                  | <u>\$ 23,831,172</u> |

**CITY OF BUFFALO, MINNESOTA  
PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

| Fiscal<br>Year | Revenue Bonds <sup>1</sup>         |                            |                          |              |              |          |
|----------------|------------------------------------|----------------------------|--------------------------|--------------|--------------|----------|
|                | Operating<br>Revenues <sup>2</sup> | Less Operating<br>Expenses | Net Available<br>Revenue | Debt Service |              | Coverage |
|                |                                    |                            |                          | Principal    | Interest     |          |
| 2013           | \$ 16,942,075                      | \$ 11,802,365              | \$ 5,139,710             | \$ 5,582,987 | \$ 2,931,574 | 0.60     |
| 2014           | 17,065,141                         | 12,410,091                 | 4,655,050                | 2,677,987    | 2,416,262    | 0.91     |
| 2015           | 17,486,011                         | 12,564,631                 | 4,921,380                | 2,551,786    | 2,656,866    | 0.94     |
| 2016           | 18,368,850                         | 12,866,450                 | 5,502,400                | 2,676,786    | 2,315,902    | 1.10     |
| 2017           | 19,060,483                         | 13,302,661                 | 5,757,822                | 2,131,786    | 2,274,288    | 1.31     |
| 2018           | 22,237,272                         | 14,728,165                 | 7,509,107                | 2,571,786    | 2,217,115    | 1.57     |
| 2019           | 22,256,852                         | 14,412,443                 | 7,844,409                | 4,306,053    | 2,219,531    | 1.20     |
| 2020           | 23,162,369                         | 15,537,161                 | 7,625,208                | 4,271,020    | 2,213,614    | 1.18     |
| 2021           | 27,259,514                         | 18,667,415                 | 8,592,099                | 6,430,043    | 1,424,488    | 1.09     |
| 2022           | 29,475,350                         | 20,453,067                 | 9,022,283                | 4,415,000    | 1,738,197    | 1.47     |

Note 1: Details regarding the government's outstanding debt can be found in the notes of the financial statements

Note 2: The 2015 principal payments do not include the refunded portion of bonds paid.

<sup>1</sup> Includes Electric, Water and Wastewater Revenue Bonds

<sup>2</sup> Operating revenue excludes interest income, connection fees, and miscellaneous revenues

<sup>3</sup> Expenses exclude depreciation, interest on bonds and miscellaneous expenses

<sup>4</sup> Does not include refunded portion of bonds paid.

**CITY OF BUFFALO, MINNESOTA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

| Year | Population <sup>1</sup> | Personal<br>Income <sup>2</sup> | Per Capita<br>Personal<br>Income <sup>2</sup> | Median<br>Age <sup>2</sup> | School<br>Enrollment <sup>3</sup> | Unemployment<br>Rate <sup>4</sup> |
|------|-------------------------|---------------------------------|---|----------------------------|-----------------------------------|-----------------------------------|
| 2013 | 15,812                  | \$ 411,301,744                  | \$ 26,012                                     | 34.4                       | 5,739                             | 7.1                               |
| 2014 | 15,911                  | 427,003,507                     | 26,837  | 34.2                       | 5,719                             | 5.6                               |
| 2015 | 16,033                  | 435,311,983                     | 27,151  | 34.6                       | 5,664                             | 7.0                               |
| 2016 | 16,119                  | 463,985,415                     | 28,785  | 33.9                       | 5,694                             | 5.9                               |
| 2017 | 16,247                  | 529,294,766                     | 32,578  | 33.9                       | 5,672                             | 4.6                               |
| 2018 | 16,479                  | 586,487,610                     | 35,590  | 35.0                       | 5,695                             | 5.1                               |
| 2019 | 16,558                  | 617,365,030                     | 37,285  | 36.5                       | 5,653                             | 5.0                               |
| 2020 | 16,670                  | 623,724,720                     | 37,416  | 36.5                       | 5,327                             | 5.1                               |
| 2021 | 16,784                  | 678,593,904                     | 40,431  | 37.1                       | 5,500                             | 4.5                               |
| 2022 | 16,502                  | *                               | *   | 38.3                       | 5,313                             | 3.6                               |

\* Information not available for the 2022 year.

<sup>1</sup> **Source:** State Demographer

<sup>2</sup> **Source:** United States Census Bureau, American Community Survey

<sup>3</sup> **Source:** Independent School District No. 877

<sup>4</sup> **Source:** Minnesota Department of Employment and Economic Development

**CITY OF BUFFALO, MINNESOTA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

| Employer                                  | 2022          |      |   | 2013          |      |   |
|---|---------------|------|---|---------------|------|---|
|   | Employees     | Rank | Percentage<br>of Total County<br>Employment | Employees     | Rank | Percentage<br>of Total County<br>Employment |
| Wright County                             | 813           | 1    | 1.12 %                                      | 750           | 1    | 1.14 %                                      |
| I.S.D. No. 877 (Buffalo-Hanover-Montrose) | 703           | 2    | 0.97  | 674           | 2    | 1.02  |
| Buffalo Hospital                          | 530           | 3    | 0.73  | 498           | 3    | 0.76  |
| Walmart Supercenter                       | 350           | 4    | 0.48  | 350           | 5    | 0.53  |
| Functional Industries, Inc.               | 285           | 5    | 0.39  | 362           | 4    | 0.55  |
| Park View Care Center                     | 200           | 6    | 0.28  | 228           | 7    | 0.35  |
| Cub Foods                                 | 195           | 7    | 0.27  | 195           | 8    | 0.30  |
| Menards                                   | 150           | 8    | 0.21  | 140           | 10   | 0.19  |
| Centrasota Cooperative                    | 150           | 9    | 0.21  | -             | -    | -   |
| Stellis Health - Buffalo Clinic           | 130           | 10   | 0.18  | 240           | 6    | 0.33  |
| Lake Ridge Care Center                    | -             | -    | -   | 168           | 9    | 0.25  |
| Total                                     | <u>3,506</u>  |      |   | <u>3,605</u>  |      |   |
| Total Employees in Wright County          | <u>72,474</u> |      |   | <u>65,911</u> |      |   |

**Sources:** ReferenceUSA, written and telephone survey (January 2022), and the Minnesota Department of Employment and Economic Development

**CITY OF BUFFALO, MINNESOTA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

| FUNCTION/PROGRAM        | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                         | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          |
| General Government      | 12.27         | 12.47         | 10.88         | 11.83         | 11.67         | 10.38         | 10.12         | 15.18         | 13.86         | 15.42         |
| Public Safety:          |               |               |               |               |               |               |               |               |               |               |
| Police:                 |               |               |               |               |               |               |               |               |               |               |
| Officers                | 17.41         | 17.24         | 18.00         | 17.81         | 17.73         | 17.19         | 17.51         | 17.79         | 18.20         | 17.24         |
| Civilians               | 2.93          | 2.50          | 2.47          | 2.50          | 2.52          | 3.01          | 3.02          | 3.30          | 3.05          | 3.45          |
| Fire:                   |               |               |               |               |               |               |               |               |               |               |
| Fire Administration     | 0.12          | 0.15          | 0.14          | 0.13          | 0.13          | 0.14          | 0.14          | 0.86          | 1.00          | 1.00          |
| Paid On-call volunteers | 2.43          | 2.65          | 2.40          | 2.45          | 2.84          | 2.69          | 2.75          | 2.87          | 2.91          | 2.79          |
| Public Works:           |               |               |               |               |               |               |               |               |               |               |
| Engineering             | 1.98          | 2.00          | 2.00          | 1.09          | 1.01          | 1.00          | 1.01          | 1.04          | 1.04          | 1.63          |
| Maintenance             | 14.97         | 15.11         | 13.50         | 14.71         | 16.51         | 15.65         | 16.22         | 16.76         | 7.93          | 8.12          |
| Culture and Recreation  | 17.70         | 17.43         | 18.83         | 18.04         | 17.60         | 18.20         | 27.24         | 24.58         | 26.95         | 20.87         |
| Municipal Liquor        | 11.18         | 11.16         | 11.76         | 11.88         | 11.66         | 11.61         | 11.19         | 14.25         | 11.78         | 11.36         |
| Electric                | 11.28         | 11.91         | 12.07         | 11.16         | 12.03         | 12.14         | 14.70         | 15.77         | 11.44         | 16.67         |
| Sewer                   | 7.54          | 7.36          | 5.87          | 6.11          | 7.68          | 7.61          | 7.83          | 8.76          | 8.44          | 8.50          |
| Water                   | 5.97          | 7.09          | 6.61          | 6.48          | 6.40          | 5.44          | 5.57          | 6.32          | 7.50          | 7.65          |
| Total                   | <u>105.78</u> | <u>107.07</u> | <u>104.53</u> | <u>104.19</u> | <u>107.78</u> | <u>105.06</u> | <u>117.30</u> | <u>127.48</u> | <u>114.10</u> | <u>114.70</u> |

**Source:** City of Buffalo Finance Department

**CITY OF BUFFALO, MINNESOTA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

| FUNCTION/PROGRAM                                    | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          |
| General Government                                  |               |               |               |               |               |               |               |               |               |               |
| Planning:   |               |               |               |               |               |               |               |               |               |               |
| # of land use applications                          | 21            | 15            | 31            | 29            | 24            | 27            | 22            | 25            | 25            | 14            |
| Building/environmental:                             |               |               |               |               |               |               |               |               |               |               |
| # of Permits issued                                 | 679           | 658           | 761           | 775           | 607           | 693           | 774           | 1,245         | 1,437         | 878           |
| Valuation of permits<br>(thousands of dollars)      | \$ 22,621,810 | \$ 17,724,085 | \$ 43,837,011 | \$ 35,938,117 | \$ 29,568,469 | \$ 65,620,220 | \$ 95,659,701 | \$ 54,587,171 | \$ 60,280,845 | \$ 31,832,452 |
| Public Safety                                       |               |               |               |               |               |               |               |               |               |               |
| Police:   |               |               |               |               |               |               |               |               |               |               |
| # of police calls                                   | 10,305        | 11,217        | 10,993        | 11,744        | 12,055        | 10,707        | 12,248        | 11,953        | 11,563        | 12,602        |
| # of traffic citations                              | 539           | 657           | 843           | 387           | 474           | 422           | 299           | 412           | 378           | 296           |
| Fire:   |               |               |               |               |               |               |               |               |               |               |
| # of fire calls                                     | 214           | 234           | 180           | 244           | 221           | 225           | 270           | 251           | 272           | 299           |
| Public Works  |               |               |               |               |               |               |               |               |               |               |
| Snowplowing (hours)                                 | 3,337         | 3,752         | 1,389         | 1,376         | 1,374         | 2,383         | 4,764         | 2,231         | 1,747         | 2,804         |
| Culture and Recreation:                             |               |               |               |               |               |               |               |               |               |               |
| Golf Course (rounds)                                | 21,828        | 20,504        | 22,021        | 21,729        | 22,104        | 20,321        | 20,462        | 28,986        | 20,622        | -             |
| Park Shelter Rentals                                | 80            | 79            | 80            | 75            | 69            | 63            | 60            | 35            | 80            | 81            |
| Ice arena usage (hours)                             | *             | *             | *             | 3,043         | 2,887         | 3,150         | 2,876         | 2,262         | 2,262         | 2,814         |
| Electric  |               |               |               |               |               |               |               |               |               |               |
| Number of Customers                                 | 5,701         | 5,746         | 5,902         | 5,953         | 5,980         | 6,046         | 6,111         | 6,287         | 6,330         | 6,435         |
| Annual Wholesale Energy<br>(thousands of KWh's)     | 116,722       | 116,196       | 117,856       | 119,170       | 115,949       | 118,992       | 117,313       | 123,563       | 123,100       | 122,576       |
| Annual Peak Demand (KW)                             | 28,787        | 26,697        | 26,178        | 27,971        | 27,799        | 28,065        | 28,225        | 29,194        | 30,946        | 24,617        |
| Sewer   |               |               |               |               |               |               |               |               |               |               |
| Number of Customers                                 | 5,093         | 5,120         | 5,180         | 5,221         | 5,270         | 5,331         | 5,391         | 5,447         | 5,353         | 5,438         |
| Water   |               |               |               |               |               |               |               |               |               |               |
| Number of Customers                                 | 5,093         | 5,120         | 5,180         | 5,221         | 5,270         | 5,331         | 5,391         | 5,447         | 5,417         | 5,482         |
| Average daily consumption<br>(thousands of gallons) | 1,559         | 1,613         | 1,728         | 1,982         | 1,976         | 1,892         | 1,850         | 1,940         | 1,225         | 1,121         |

**Source:** City records, various departments

\* Data not available prior to 2016

**Note:** Indicators are not available for some departments due to their function.



**CITY OF BUFFALO, MINNESOTA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

| Function/Program   | Fiscal Year |       |       |       |       |       |       |       |       |       |
|--|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|  | 2013        | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
| Public Safety:   |             |       |       |       |       |       |       |       |       |       |
| Police:  |             |       |       |       |       |       |       |       |       |       |
| # of Stations  | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| # of Patrol Cars/Vehicles                                  | 8           | 10    | 11    | 10    | 9     | 9     | 11    | 12    | 12    | 12    |
| Fire:  |             |       |       |       |       |       |       |       |       |       |
| # of Stations  | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Public Works:  |             |       |       |       |       |       |       |       |       |       |
| Streets  |             |       |       |       |       |       |       |       |       |       |
| # of Miles   | 70          | 70    | 70    | 71    | 71    | 72    | 73    | 75    | 75    | 75    |
| Storm Sewer  |             |       |       |       |       |       |       |       |       |       |
| # of Miles   | 65          | 65    | 65    | 65    | 65    | 65    | 65    | 66    | 66    | 66    |
| Culture and Recreation                                     |             |       |       |       |       |       |       |       |       |       |
| Parks  |             |       |       |       |       |       |       |       |       |       |
| # of Parks   | 29          | 29    | 29    | 29    | 30    | 30    | 30    | 30    | 30    | 30    |
| # of Acres Managed   | 164         | 164   | 164   | 164   | 165   | 165   | 165   | 165   | 165   | 165   |
| Golf Course  |             |       |       |       |       |       |       |       |       |       |
| # of Acres Managed   | 174         | 174   | 174   | 174   | 174   | 174   | 174   | 174   | 174   | -     |
| Utilities  |             |       |       |       |       |       |       |       |       |       |
| Electric:  |             |       |       |       |       |       |       |       |       |       |
| # of distribution stations                                 | 1           | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| # of miles electric distribution                           | 122         | 123   | 129   | 129   | 133   | 134   | 136   | 146   | 146   | 146   |
| Fiber Optic:   |             |       |       |       |       |       |       |       |       |       |
| # of miles fiber optic                                     | 29          | 29    | 29    | 30    | 31    | 34    | 37    | 45    | 45    | 45    |
| Sewer:   |             |       |       |       |       |       |       |       |       |       |
| # of miles (sanitary sewer)                                | 77          | 78    | 78    | 78    | 78    | 78    | 78    | 79    | 79    | 79    |
| # of miles (forcemain)                                     | 18          | 18    | 18    | 18    | 18    | 18    | 18    | 18    | 18    | 18    |
| # of lift stations   | 27          | 27    | 27    | 27    | 27    | 27    | 27    | 27    | 27    | 27    |
| Maximum daily treatment capacity<br>(thousands of gallons) | 4,320       | 4,320 | 4,320 | 4,320 | 4,320 | 4,320 | 4,320 | 4,320 | 4,320 | 4,320 |
| Water:   |             |       |       |       |       |       |       |       |       |       |
| # of miles (watermain)                                     | 98          | 98    | 98    | 99    | 99    | 99    | 99    | 100   | 100   | 100   |
| # of wells   | 5           | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| # of towers  | 5           | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| Maximum daily capacity<br>(thousands of gallons)           | 7,400       | 7,400 | 7,400 | 7,400 | 7,400 | 7,400 | 7,400 | 7,400 | 7,400 | 7,400 |
| Municipal Liquor   |             |       |       |       |       |       |       |       |       |       |
| # of stores  | 2           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |

**Source:** All statistics from various City of Buffalo, Minnesota departments.

**Note:** Numerous departments do not have capital specific to their area and have, therefore, been eliminated from this exhibit.