

**CITY OF BUFFALO, MINNESOTA**

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**



For the Fiscal Year Ended  
December 31, 2023

*Buffalo*  
CITY OF BUFFALO, MINNESOTA

**CITY OF BUFFALO, MINNESOTA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2023**

**PREPARED BY: FINANCE DEPARTMENT**

**CITY OF BUFFALO, MINNESOTA**  
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## **INTRODUCTORY SECTION**



June 7, 2024

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, 2023. 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 16,884. Buffalo is the county seat of the growing Wright County and provides 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 utility, a 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 financial and 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 prepares annually appropriated budgets for both governmental and proprietary funds. Budgetary comparison schedules for the General Fund and applicable special revenue funds can be found in the required and supplementary information sections of this report. For the City's governmental funds, annual appropriations include the City's General Fund, Library Fund, Airport Fund, Fire Fund, and Civic Center Fund. The City does not annually appropriate a budget for the HRA of Buffalo Fund, a blended component unit, as such a budget, is not legally required by the City. Annually appropriated proprietary funds include the City's Electric Utility, Fiber Utility, Water Utility, Sanitary Sewer (Wastewater Reclamation) Utility, and Liquor Fund. The City maintains an Internal Service Fund for its Management Information Services (MIS), which also is budgeted on an annual basis.

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 21% commercial property. Total market value has grown over the past ten years consistent with the statewide and nationwide 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 \$50,549,940, being issued in 2023. New construction accounts for \$31,727,605 and additions/remodels make up the remaining \$18,822,335 balance. In 2023, the City issued 69 new housing permits compared to 37 in 2022. Single family homes accounted for over 60% of the new housing unit permits, while the remaining new housing units are multi-family. The average value of a newly constructed home is about \$459,820 compared to \$326,117 in 2022. 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 2022 and 2023. 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 2023. The outlook in this region looks promising with commercial industrial activity and the recent single-family residential development projects.

In 2023, the City spent the remainder of its American Rescue Plan (ARPA) funding on eligible street improvements and the Pre-treatment Building Improvements of the City's Water Reclamation utility. The City received Federal and State 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.

Inflation 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 57.2% of net tax capacity in 2019 to 47.9% for 2024. 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 Water Reclamation 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 \$115 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 2024 budget that called for a total increase in tax levy of 9.9%. The adopted 2024 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 recently updated its financial management plan to state that the fund balances in the General and Special Revenue Funds will be maintained at a minimum target level of fifty percent of the following year's operating budgeted expenditures or a six-months minimum of those expenditures. The targeted level of fund balance maintained by the City, however, can fluctuate with each year's budget objectives and appropriations such as large capital expenditures and variation in the collection of revenues. The City is currently working on financial strategies to have the General Fund's unassigned balance reach the targeted level directed by the financial management plan. This financial management plan also 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 \$12.4 million of capital asset additions, and \$20.7 million in construction-in progress for the year-ended 2023. Several City streets saw work during the year, including the TH 25 South Street Reconstruction project, which will be completed in 2024, as well as improvements made to the Downtown Division Street project, and the mill and overlay for streets included for the 2023 Street Maintenance Project. Additionally, the Electric fund purchased land for a second substation, the Fiber utility began planning its Phase 1 of the Fiber Expansion project, and the City's Wastewater Treatment Facility benefited from continued improvements to its pre-treatment process.

## 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, 2022. 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 2023 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 audit 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,



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, 2022

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF BUFFALO, MINNESOTA  
ORGANIZATIONAL CHART  
DECEMBER 31, 2023**



**CITY OF BUFFALO, MINNESOTA**  
**PRINCIPAL OFFICIALS**  
**DECEMBER 31, 2023**

**Elected Officials**

		<b><u>Term Expires</u></b>
Mayor	Teri Lachermeier	December 31, 2024
Council Member	George Fantauzza	December 31, 2024
Council Member	Steve Downer	December 31, 2024
Council Member	Jameson Wakefield	December 31, 2026
Council Member	Brad Dahl	December 31, 2026

**Appointed Officials**

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

## **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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

***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.

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

### ***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 schedules, the Capital Project Fund by Project financial schedules and the HRA of Buffalo Fund by TIF District financial schedules 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 7, 2024, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
June 7, 2024

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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, 2023.

## **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 \$98,698,834 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$12,734,170.
- The City's total net position increased by \$16,979,108 from 2022 mainly due to receiving federal 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 \$16,393,109, an increase of \$7,684,995 in comparison with the prior year. The overall unassigned fund balance is \$696,234.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,614,580, or 38% of total 2023 General Fund expenditures.
- The City's total bonded debt increased by \$990,000 or 1.3% 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, 2023**

## **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, and liquor stores.

The government-wide financial statements can be found on pages 28 to 30 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 31 to 36 of this report.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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

**Fund 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, and liquor store 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, and Liquor Fund which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 37 to 46 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 47 to 98 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 99 to 118 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 119 to 126. The Debt Service Fund by Bond Issue financial schedules, the Capital Project Fund by Project financial schedules and the HRA of Buffalo Fund by TIF District financial schedules can be found on pages 127 to 146.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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 \$98,698,834 at the close of the most recent fiscal year compared to \$81,719,726 at the end of 2022.

By far, the largest portion of the City's net position (79%) 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	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current and Other Assets	\$ 24,265,124	\$ 16,323,037	\$ 16,868,532	\$ 13,777,867	\$ 41,133,656	\$ 30,100,904
Capital Assets	66,709,357	62,054,843	84,150,777	82,095,089	150,860,134	144,149,932
Total Assets	90,974,481	78,377,880	101,019,309	95,872,956	191,993,790	174,250,836
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	4,842,491	5,491,185	1,067,807	1,369,802	5,910,298	6,860,987
<b>LIABILITIES</b>						
Noncurrent Liabilities Outstanding	28,261,046	30,312,933	51,751,362	51,510,757	80,012,408	81,823,690
Other Liabilities	6,420,970	6,508,445	4,939,972	7,478,336	11,360,942	13,986,781
Total Liabilities	34,682,016	36,821,378	56,691,334	58,989,093	91,373,350	95,810,471
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	6,870,946	3,363,041	960,958	218,585	7,831,904	3,581,626
<b>NET POSITION</b>						
Net Investment in Capital Assets	44,143,859	37,828,804	33,876,029	30,349,338	78,019,888	68,178,142
Restricted	7,944,776	6,437,317	-	-	7,944,776	6,437,317
Unrestricted	2,175,375	(581,475)	10,558,795	7,685,742	12,734,170	7,104,267
Total Net Position	\$ 54,264,010	\$ 43,684,646	\$ 44,434,824	\$ 38,035,080	\$ 98,698,834	\$ 81,719,726

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, 2023**

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

**Governmental Activities**

Governmental activities increased the City's net position by \$10,579,364. The most significant change in governmental net position is due to the following:

A \$5,676,043 increase in capital grants and contributions, a \$1,143,368 increase in fees, charges, fines, and other, and a \$1,028,125 increase in taxes from prior year. The increase in capital 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 2023. The increase in fees, charges, fines, and other increased due to increased building permit purchases, sanitation revenues, and reimbursements to the City.

**Business-Type Activities**

Business-type activities increased the City's net position by \$6,399,744. The most significant change in business-type net position is due to the following:

A \$1,048,061 increase in fees, charges, fines, and other mainly due to an increase in electric, water, and sewer charges. All proprietary funds, 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, 2023:

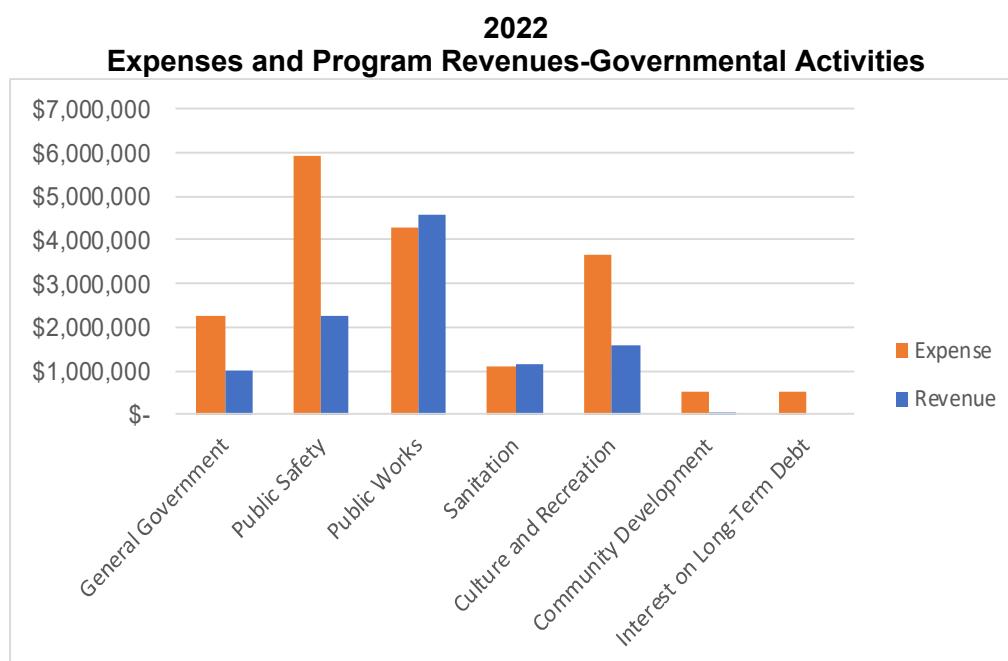
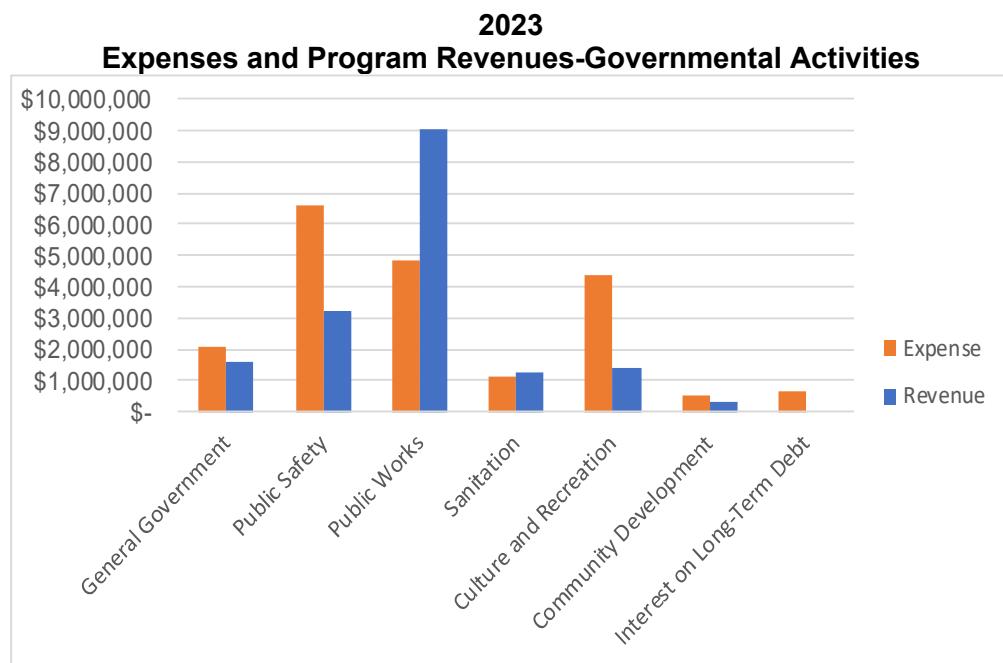
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Fees, Charges, Fines, and Other	\$ 6,712,912	\$ 5,601,744	\$ 36,950,596	\$ 35,906,838	\$ 43,663,508	\$ 41,508,582
Operating Grants and Contributions	1,715,530	2,232,408	1,049,549	609,180	2,765,079	2,841,588
Capital Grants and Contributions	8,463,229	2,768,137	1,013,228	718,841	9,476,457	3,486,978
General Revenues:						
Property Taxes	10,178,174	9,150,049	501,978	851,981	10,680,152	10,002,030
Tax Increments	137,052	145,766	-	-	137,052	145,766
Other Taxes	6,668	3,013	-	-	6,668	3,013
Grants and Contributions, Not Restricted	1,339,492	1,222,419	-	14,890	1,339,492	1,237,309
Unrestricted Investment Earnings	330,736	31,398	229,704	20,055	560,440	51,453
Gain on Disposal of Capital Assets	52,121	20,920	18,270	13,761	70,391	34,681
Miscellaneous	131,192	307,788	352,638	228,992	483,830	536,780
Total Revenues	29,067,106	21,483,642	40,115,963	38,364,538	69,183,069	59,848,180
<b>EXPENSES</b>						
General Government	2,083,945	2,240,135	-	-	2,083,945	2,240,135
Public Safety	6,578,892	5,910,279	-	-	6,578,892	5,910,279
Public Works	4,825,615	4,271,957	-	-	4,825,615	4,271,957
Culture and Recreation	4,354,913	3,656,654	-	-	4,354,913	3,656,654
Sanitation	1,150,918	1,113,625	-	-	1,150,918	1,113,625
Community Development	517,943	519,705	-	-	517,943	519,705
Interest on Long-Term Debt	653,288	510,865	-	-	653,288	510,865
Electric	-	-	17,470,951	16,731,752	17,470,951	16,731,752
Water	-	-	3,324,046	3,119,414	3,324,046	3,119,414
Sewer	-	-	4,720,679	4,209,360	4,720,679	4,209,360
Liquor Store	-	-	6,522,771	6,534,322	6,522,771	6,534,322
Golf Course	-	-	-	282,543	-	282,543
Total Expenses	20,165,514	18,223,220	32,038,447	30,877,391	52,203,961	49,100,611
Increase (Decrease) in Net Position Before Transfers and Special Item	8,901,592	3,260,422	8,077,516	7,487,147	16,979,108	10,747,569
Transfers	1,677,772	(888,073)	(1,677,772)	888,073	-	-
Special Item - Loss on Sale of Golf Course Assets	-	-	-	(900,294)	-	(900,294)
<b>CHANGE IN NET POSITION</b>	<b>10,579,364</b>	<b>2,372,349</b>	<b>6,399,744</b>	<b>7,474,926</b>	<b>16,979,108</b>	<b>9,847,275</b>
Net Position - Beginning of Year	43,684,646	41,312,297	38,035,080	30,560,154	81,719,726	71,872,451
<b>NET POSITION - END OF YEAR</b>	<b>\$ 54,264,010</b>	<b>\$ 43,684,646</b>	<b>\$ 44,434,824</b>	<b>\$ 38,035,080</b>	<b>\$ 98,698,834</b>	<b>\$ 81,719,726</b>

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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

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

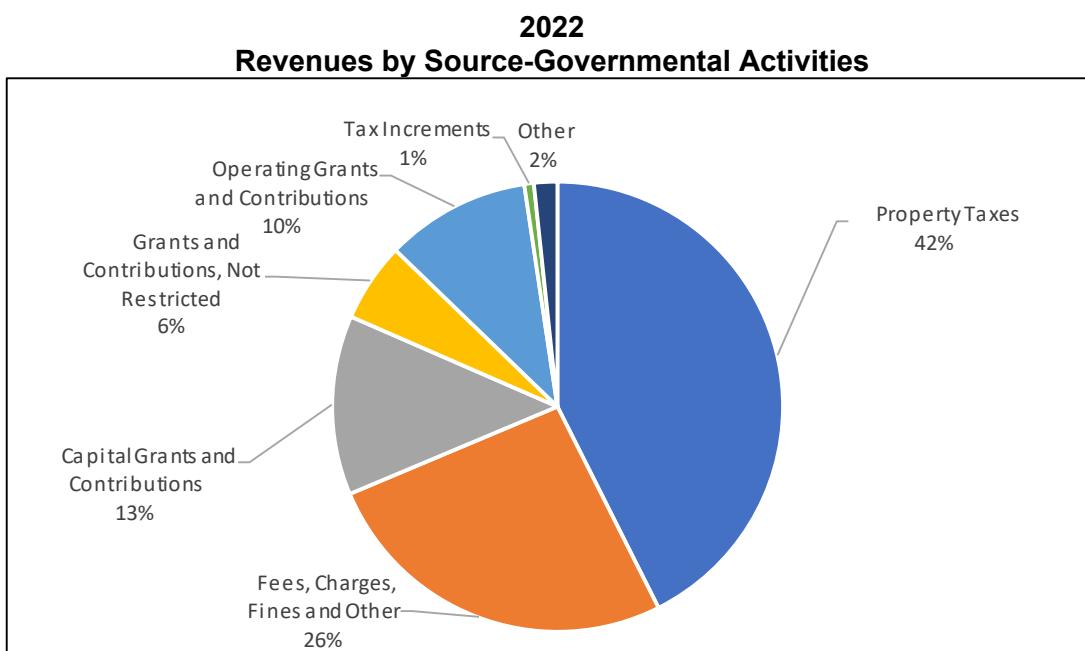
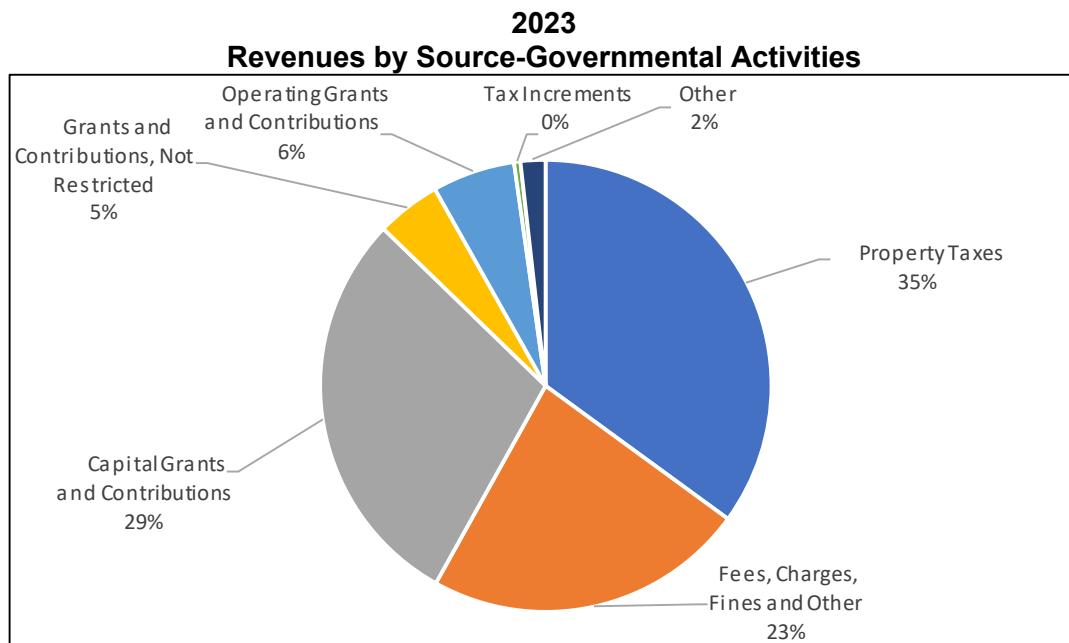
Below are specific graphs that provide comparisons of the governmental activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.



**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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

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

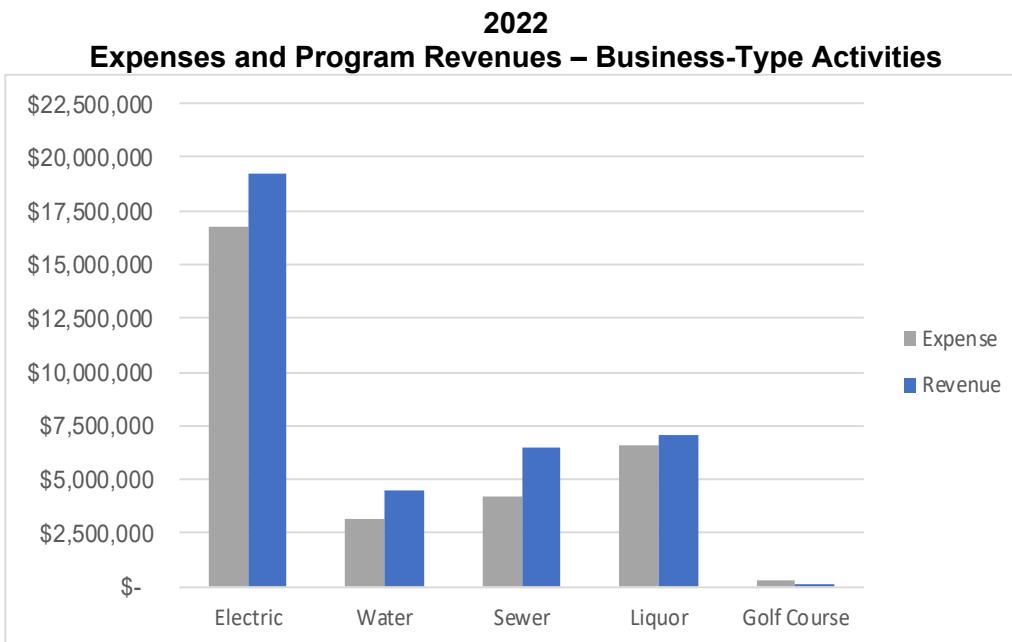
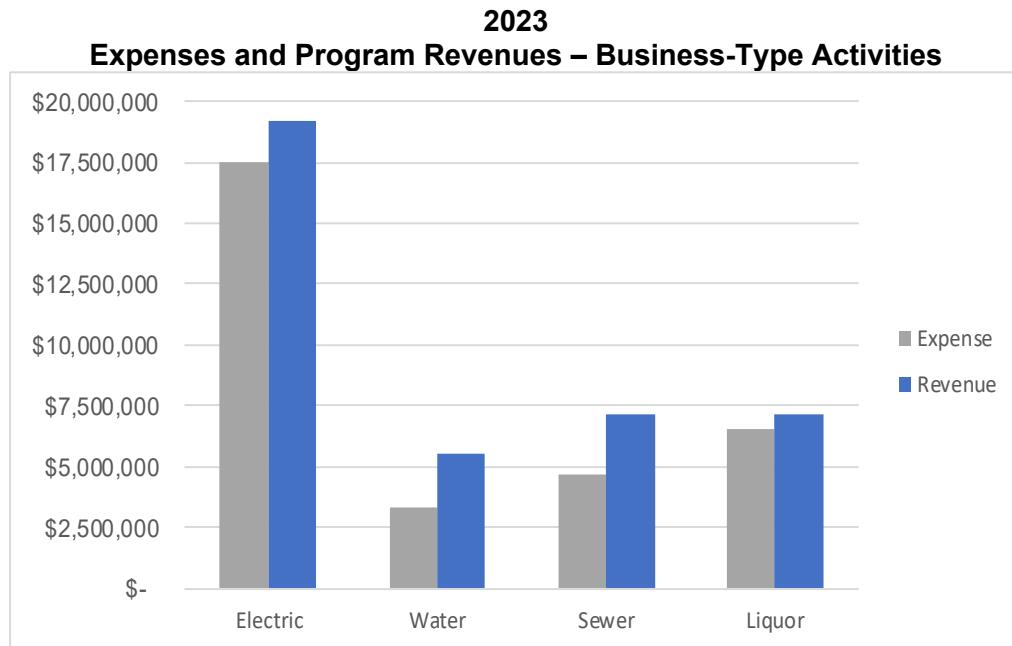


**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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.

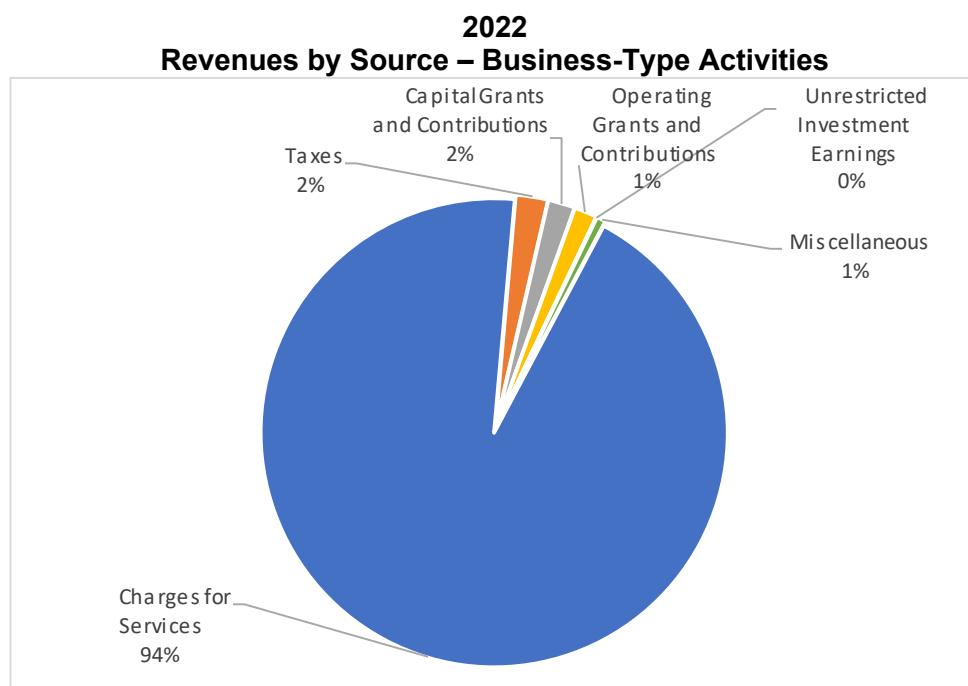
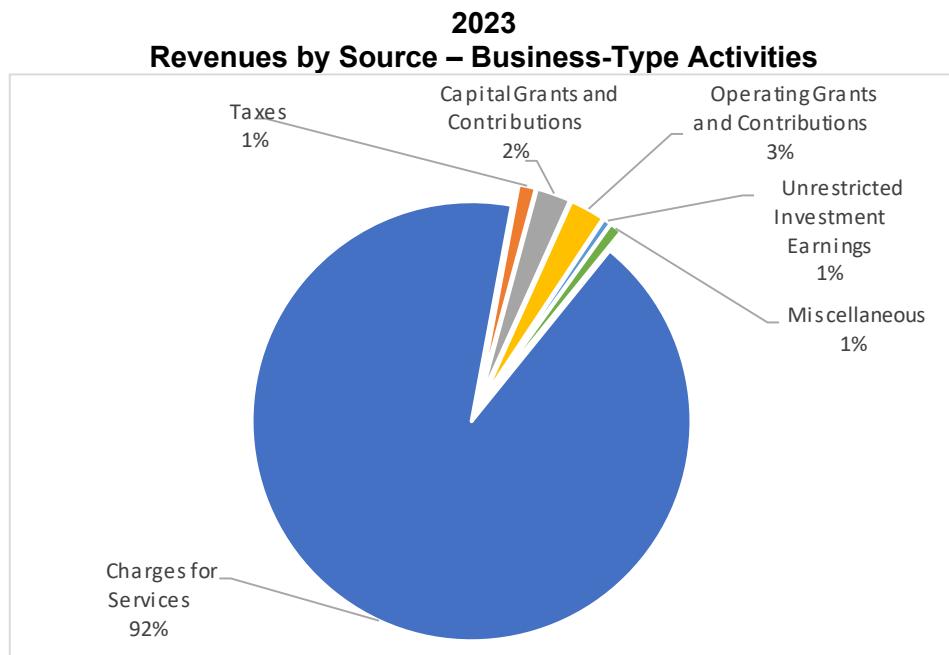


Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in program revenues in the above graphs.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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, 2023**

## **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 \$16,393,109, an increase of \$7,684,995 in comparison with 2022. The City reported unassigned fund balance in the amount of \$696,234. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending. At December 31, 2023 fund balances were as follows:

	<u>Balance</u>	<u>Increase (Decrease) from 2022</u>
General Fund	\$ 6,664,552	\$ 256,239
Debt Service Fund	5,611,521	245,715
Capital Project Fund	5,662,153	6,757,969
HRA Debt Service Fund	(1,200,806)	169,858
Other Governmental Funds	(344,311)	255,214
<b>Total</b>	<b><u>\$ 16,393,109</u></b>	<b><u>\$ 7,684,995</u></b>

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 \$4,614,580.

During the current fiscal year, the City's General Fund balance increased by \$256,239. The increase was a result of revenues, transfers in, and proceeds from sale of capital assets exceeding expenditures and transfers out. The revenues that exceeded budget include property tax collections of \$76,000, building permit fees of \$190,000, and Police and Local Government aids totaling \$143,000, which were offset by significant capital expenditures paid by the General Fund in the current year.

### **Debt Service**

The increase in the Debt Service Fund balance of \$245,715 was the result of revenues in excess of debt service payments, and the collection of property taxes and deferred special assessments totaling over \$348,000 in the current year.

### **Capital Project**

The Capital Projects Fund balance increased \$6,757,969 as a result of revenues, other financing sources exceeding expenditures. This is mainly due to an increase in the receipt of capital grants and contributions and other financing sources in the current year, and issuance of bonds.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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

**Governmental Funds (Continued)**

**HRA Debt Service**

The HRA Debt Service Fund balance increased \$169,858 mainly due to the transfer from the HRA of Buffalo Fund to service 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 2023 was \$20,787,674 of which \$4,828,887 is unrestricted. Net position increased \$977,864 during the current year primarily due to an increase in operating revenues resulting from increase in utility rates and an increase in interest income.

The Water Fund has total net position of \$5,082,692 of which \$587,971 is unrestricted. The increase in net position of \$2,265,500 from 2022 was due to an increase in sales.

The Sewer Fund has total net position of \$16,320,861. It has an unrestricted net position of \$4,187,952. The increase in net position of \$2,846,806 from 2022 was due to an increase in sales and access fees.

The Liquor Fund has total net position of \$2,196,467 of which \$906,855 is unrestricted. Net position increased by \$260,505 from 2022. The net position increase is due to an increase in sales and a decrease in costs of sales and services.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues were \$1,065,806 over budget due mainly to strong licenses and permit activity, federal and state grants, and charges for services related to sanitation. In addition, the increase was caused by an increase in refunds and reimbursements due to a reimbursement related to the Lake Pulaski Pump Screen Project. The City also experienced an increase in license and permit revenue of \$198,000 compared to budget, and an aggregate increase in the number of permits issued in 2023 of 209 compared to the prior year. Expenditures exceeded budget by \$907,296 primarily due to excess expenditures in capital outlay, interest, and other services and charges. Expenditures that were greater than budgeted include Building Inspection fees of \$87,000, Public Works supply costs of \$70,000 and Parks personnel expenditures of \$179,000. Capital outlay expenditures that exceeded budgeted amounts include Parks improvements of \$13,000, Police vehicle purchases of \$13,000, and unbudgeted purchases of nearly \$90,000 for Police equipment, Parks boat launch improvements, and Public Works vehicle engine replacements.

This resulted in a net fund balance increase of \$158,510 compared to budget for the fiscal year. Refer to pages 105-108 of the required supplementary information for additional information.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

**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, 2023, amounts to \$150,860,134 (net of accumulated depreciation/amortization). 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 \$6,520,765 when compared to 2022. This increase is a result of current year capital asset additions.

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

- \$1.617 million increase in governmental activities construction in progress mainly due to the TH25 South reconstruction project.
- \$5.242 million increase in governmental activities infrastructure mainly due to the completion of the Dague Avenue and 30<sup>th</sup> Reconstruction project.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,027,988	\$ 2,807,439	\$ 6,772,563	\$ 6,614,052	\$ 9,800,551	\$ 9,421,491
Land Improvements	7,885,694	7,578,409	446,713	462,580	8,332,407	8,040,989
Buildings and Building Improvements	7,186,751	7,613,681	26,379,066	27,520,160	33,565,817	35,133,841
Improvements Other than Building	1,197,570	1,232,396	-	-	1,197,570	1,232,396
Vehicles	2,248,089	2,085,594	-	-	2,248,089	2,085,594
Equipment	1,606,231	1,727,534	1,259,904	4,034,179	2,866,135	5,761,713
Infrastructure	25,202,474	19,960,264	-	-	25,202,474	19,960,264
Utility Distribution Systems	-	-	44,865,878	42,446,294	44,865,878	42,446,294
Construction in Progress	18,079,576	19,049,526	4,426,653	1,017,824	22,506,229	20,067,350
Right-to-Use Asset	37,412	-	-	-	37,412	-
Subscription Asset	237,572	189,437	-	-	237,572	189,437
<b>Total</b>	<b>\$ 66,709,357</b>	<b>\$ 62,244,280</b>	<b>\$ 84,150,777</b>	<b>\$ 82,095,089</b>	<b>\$ 150,860,134</b>	<b>\$ 144,339,369</b>

**Long-Term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$74,424,998. Of this amount, \$18,950,000 comprises tax supported debt, \$6,160,000 is tax abatement debt, and \$49,314,998 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	
	2023	2022	2023	2022	2023	2022
G.O. Tax Supported Debt	\$ 18,160,200	\$ 18,221,800	\$ 789,800	\$ 1,048,200	\$ 18,950,000	\$ 19,270,000
G.O. Tax Abatement Debt	6,160,000	3,660,000	-	-	6,160,000	3,660,000
G.O. Revenue Debt	15,928	31,534	49,299,070	50,473,464	49,314,998	50,504,998
<b>Total</b>	<b>\$ 24,336,128</b>	<b>\$ 21,913,334</b>	<b>\$ 50,088,870</b>	<b>\$ 51,521,664</b>	<b>\$ 74,424,998</b>	<b>\$ 73,434,998</b>

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2023**

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

### **Long-Term Debt (Continued)**

The City's total bonded debt increased by \$990,000 or (1.3%) during the current fiscal year. There were two new bonds issued in the current fiscal year, a \$5,760,000 General Obligation Bond and a \$6,310,000 General Obligation Tax Abatement and Utility Refunding Bond.

The City has an "AA-/Positive" 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 3.60% 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 \$50,549,940 being issued in 2023, an increase of \$18,717,488 compared to 2022. New construction accounts for \$31,687,605 and additions/remodels make up the remaining \$18,862,335 balance.
- \* In 2023, the City issued a total of 1,087 building permits compared to 878 in 2022, an increase of 209 permits. Of the building permits issued, 69 were for new housing compared to 37 in 2022. The increase in residential housing permits is due in large part to the availability of platted residential lots. Single family homes accounted for the majority of the new housing permits. The average value of a new home within the City is about \$302,220 compared to \$326,117 in 2022.
- \* The City's Local Government Aid (LGA) increased from \$1,085,873 in 2022 to \$1,113,720 in 2023 and is expected to increase an additional \$313,408 in 2024 to \$1,427,128. This increase in LGA has surpassed the high of \$1,415,301 the City received in 2001. The amount for 2025 has not yet been finalized.
- \* During 2023, the City received legislative approved funding consisting of public safety aid totaling \$716,706 for use for towards eligible City public safety improvements, equipment, and services. The City also received statewide affordable housing aid of \$84,884 for use towards qualifying financial or housing assistance within the City's municipal boundaries.
- \* The City continued to make improvements to infrastructure in 2023:
  - Mill and overlay street maintenance projects were started in 2023 in the City as part of the City's annual pavement management program, with expected completion in 2024.
  - Work commenced on the City's TH 25 South street reconstruction, utility, and pedestrian improvements project along Buffalo Lake, partially funded by congressional grants and State cost-share reimbursements.
  - The City started several utility projects for improvements to City-wide Electric, Fiber and Sewer infrastructure, which includes the lining of Sanitary Sewer piping, the buildup of the City's Fiber network and an additional Electric substation, and the rollout of wireless Water and Electric usage metering, with expected completion in fiscal years 2024 and 2025.
  - Work also continued on a pretreatment project at the City's Water reclamation treatment plant to improve biosolids processing that began in 2018.

**CITY OF BUFFALO, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 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, 2023**

	2023		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 17,271,535	\$ 7,899,866	\$ 25,171,401
Cash with Fiscal Agent	-	708,500	708,500
Taxes Receivable	166,249	8,391	174,640
Special Assessments Receivable	974,409	-	974,409
Accounts Receivable	599,762	4,792,116	5,391,878
Due from Other Governments	1,296,209	16,866	1,313,075
Accrued Interest Receivable	52,696	30,068	82,764
Internal Balances	(112,127)	112,127	-
Lease Receivable	2,932,654	106,609	3,039,263
Inventory	11,066	1,187,462	1,198,528
Prepaid Items	164,158	1,989,123	2,153,281
Hook-Up Fees Receivable - Noncurrent	-	17,404	17,404
Loans Receivable	252,841	-	252,841
Land Held for Resale	214,400	-	214,400
Net Pension Asset	441,272	-	441,272
Capital Assets:			
Land and Construction in Progress	21,107,564	11,199,216	32,306,780
Other Capital Assets, Net of Depreciation/Amortization	45,601,793	72,951,561	118,553,354
Total Capital Assets	<u>66,709,357</u>	<u>84,150,777</u>	<u>150,860,134</u>
Total Assets	<u>90,974,481</u>	<u>101,019,309</u>	<u>191,993,790</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Refunding Loss on Bonds	34,132	41,097	75,229
Pension Related	4,223,998	714,255	4,938,253
Other Postemployment Benefits Related	584,361	312,455	896,816
Total Deferred Outflows of Resources	<u>4,842,491</u>	<u>1,067,807</u>	<u>5,910,298</u>
<b>LIABILITIES</b>			
Accounts and Contracts Payable	1,425,862	1,546,095	2,971,957
Other Accrued Liabilities	144,623	232,060	376,683
Accrued Interest Payable	302,906	386,848	689,754
Due to Other Governmental Units	14,201	9,344	23,545
Escrow Deposits	587,648	3,255	590,903
Unearned Revenue	11,394	1,670	13,064
Noncurrent Liabilities Due Within One Year:			
Other Postemployment Benefits Liability	60,415	32,689	93,104
Lease Liability	8,178	-	8,178
Subscription Liability	93,764	-	93,764
Compensated Absences	357,068	243,942	601,010
Long-Term Debt	3,414,911	2,484,069	5,898,980
Noncurrent Liabilities Due in More Than One Year:			
Net Pension Liability	4,011,619	2,508,722	6,520,341
Other Postemployment Benefits Liability	901,340	533,993	1,435,333
Lease Liability	29,409	-	29,409
Subscription Liability	96,907	-	96,907
Compensated Absences	221,157	171,844	393,001
Long-Term Debt	23,000,614	48,536,803	71,537,417
Total Liabilities	<u>34,682,016</u>	<u>56,691,334</u>	<u>91,373,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease Related	2,843,261	103,096	2,946,357
Refunding Gain on Bonds	3,839	2,048	5,887
Pension Related	3,920,356	800,478	4,720,834
Other Postemployment Benefits Related	103,490	55,336	158,826
Total Deferred Inflows of Resources	<u>6,870,946</u>	<u>960,958</u>	<u>7,831,904</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	44,143,859	33,876,029	78,019,888
Restricted for:			
Debt Service	5,682,563	-	5,682,563
Public Safety	707,709	-	707,709
Capital Projects	1,026,280	-	1,026,280
Housing and Economic Development	86,952	-	86,952
Fire Relief Pension	441,272	-	441,272
Unrestricted	2,175,375	10,558,795	12,734,170
Total Net Position	<u>\$ 54,264,010</u>	<u>\$ 44,434,824</u>	<u>\$ 98,698,834</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	2023			
	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,083,945	\$ 1,600,777	\$ -	\$ -
Public Safety	6,578,892	2,061,411	1,127,760	32,200
Public Works	4,825,615	292,281	364,184	8,410,677
Sanitation	1,150,918	1,270,428	-	-
Culture and Recreation	4,354,913	1,228,038	138,702	20,352
Community Development	517,943	259,977	84,884	-
Interest on Long-Term Debt	653,288	-	-	-
Total Governmental Activities	20,165,514	6,712,912	1,715,530	8,463,229
Business-Type Activities:				
Electric	17,470,951	19,205,221	125	16,609
Water	3,324,046	4,860,919	218,001	432,329
Sewer	4,720,679	5,711,614	831,370	564,290
Liquor	6,522,771	7,172,842	53	-
Total Business-Type Activities	32,038,447	36,950,596	1,049,549	1,013,228
<b>Total</b>	<b>\$ 52,203,961</b>	<b>\$ 43,663,508</b>	<b>\$ 2,765,079</b>	<b>\$ 9,476,457</b>

**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 Sale of Capital Assets

Miscellaneous

Transfers

Total General Revenues and Transfers

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

**CITY OF BUFFALO, MINNESOTA**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

<b>2023</b>			
<b>Net Revenue (Expense) and Changes in Net Position</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$	\$	\$	\$
(483,168)	-	(483,168)	
(3,357,521)	-	(3,357,521)	
4,241,527	-	4,241,527	
119,510	-	119,510	
(2,967,821)	-	(2,967,821)	
(173,082)	-	(173,082)	
<u>(653,288)</u>	<u>-</u>	<u>(653,288)</u>	
<u>(3,273,843)</u>	<u>-</u>	<u>(3,273,843)</u>	
-	1,751,004	1,751,004	
-	2,187,203	2,187,203	
-	2,386,595	2,386,595	
<u>-</u>	<u>650,124</u>	<u>650,124</u>	
<u>-</u>	<u>6,974,926</u>	<u>6,974,926</u>	
(3,273,843)	6,974,926	3,701,083	
10,178,174	501,978	10,680,152	
137,052	-	137,052	
6,668	-	6,668	
1,339,492	-	1,339,492	
330,736	229,704	560,440	
52,121	18,270	70,391	
131,192	352,638	483,830	
<u>1,677,772</u>	<u>(1,677,772)</u>	<u>-</u>	
<u>13,853,207</u>	<u>(575,182)</u>	<u>13,278,025</u>	
10,579,364	6,399,744	16,979,108	
<u>43,684,646</u>	<u>38,035,080</u>	<u>81,719,726</u>	
<u>\$ 54,264,010</u>	<u>\$ 44,434,824</u>	<u>\$ 98,698,834</u>	

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**DECEMBER 31, 2023**

	2023			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
<b>ASSETS</b>				
Cash and Investments	\$ 5,248,916	\$ 4,472,497	\$ 6,170,503	\$ -
Taxes Receivable:				
Current	17,347	8,564	1,122	-
Delinquent	89,915	42,340	-	-
Special Assessments Receivable:				
Delinquent	78,227	-	-	-
Noncurrent	76,529	548,749	270,904	-
Accounts Receivable	344,742	-	112,032	-
Due from Other Governments	100,760	-	1,014,682	-
Accrued Interest Receivable	14,737	6,963	18,087	-
Due from Other Funds	-	-	-	-
Advances to Other Funds	2,031,081	1,125,000	-	-
Lease Receivable	2,228,864	-	-	-
Inventory	-	-	-	-
Prepaid Items	18,891	-	8,997	-
Loans Receivable, Net of Allowance	-	-	-	-
Land Held for Resale	-	-	-	-
<b>Total Assets</b>	<b>\$ 10,250,009</b>	<b>\$ 6,204,113</b>	<b>\$ 7,596,327</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 532,203	\$ 1,503	\$ 763,465	\$ -
Other Accrued Liabilities	103,657	-	-	-
Due to Other Governments	7,968	-	6,233	-
Due to Other Funds	-	-	-	10,809
Advances from Other Funds	-	-	-	1,189,997
Unearned Revenue	-	-	1,202	-
Escrow Deposits	577,077	-	-	-
<b>Total Liabilities</b>	<b>1,220,905</b>	<b>1,503</b>	<b>770,900</b>	<b>1,200,806</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Taxes	89,915	42,340	-	-
Unavailable Special Assessments	120,298	548,749	270,904	-
Unavailable Grants and Other	40,351	-	892,370	-
Lease Related	2,113,988	-	-	-
Unavailable Loans and Interest Receivables	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>2,364,552</b>	<b>591,089</b>	<b>1,163,274</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	2,049,972	-	8,997	-
Restricted	-	5,611,521	6,127,788	-
Committed	-	-	-	-
Assigned	-	-	266,394	-
Unassigned	4,614,580	-	(741,026)	(1,200,806)
<b>Total Fund Balances (Deficits)</b>	<b>6,664,552</b>	<b>5,611,521</b>	<b>5,662,153</b>	<b>(1,200,806)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,250,009</b>	<b>\$ 6,204,113</b>	<b>\$ 7,596,327</b>	<b>\$ -</b>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2023**

2023		
Nonmajor Governmental Funds	Total Governmental Funds	
\$ 1,296,995	\$ 17,188,911	
1,286	28,319	
5,675	137,930	
-	78,227	
-	896,182	
142,988	599,762	
180,767	1,296,209	
4,039	43,826	
10,809	10,809	
-	3,156,081	
712,377	2,941,241	
11,066	11,066	
61,449	89,337	
252,841	252,841	
214,400	214,400	
<b><u>\$ 2,894,692</u></b>	<b><u>\$ 26,945,141</u></b>	
\$ 121,059	\$ 1,418,230	
35,751	139,408	
-	14,201	
-	10,809	
2,031,081	3,221,078	
10,192	11,394	
10,571	587,648	
<b><u>2,208,654</u></b>	<b><u>5,402,768</u></b>	
5,675	137,930	
-	939,951	
42,560	975,281	
729,273	2,843,261	
252,841	252,841	
<b><u>1,030,349</u></b>	<b><u>5,149,264</u></b>	
72,515	2,131,484	
86,952	11,826,261	
1,472,736	1,472,736	
-	266,394	
(1,976,514)	696,234	
<b><u>(344,311)</u></b>	<b><u>16,393,109</u></b>	
<b><u>\$ 2,894,692</u></b>	<b><u>\$ 26,945,141</u></b>	

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, 2023**

	<u>2023</u>
Total Fund Balance for Governmental Funds	\$ 16,393,109
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	3,027,988
Construction in Progress	18,079,576
Land Improvements	18,666,948
Buildings and Improvements	17,598,033
Improvements Other than Buildings	3,941,461
Vehicles	5,852,936
Equipment	6,156,904
Infrastructure	95,549,427
Right-to-Use Assets	42,353
Less: Accumulated Depreciation/Amortization	(102,533,701)
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	441,272
Net Pension Liability	(3,848,446)
Deferred Inflows of Resources - Pension Related	(3,868,291)
Deferred Outflows of Resources - Pension Related	4,177,541
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	(941,035)
Deferred Inflows of Resources - OPEB Related	(100,055)
Deferred Outflows of Resources - OPEB Related	564,963
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.	2,306,003
The loss on refunding is reported as a deferred outflow on the statement of net position and amortized over the life of the bonds.	34,132
The gain on refunding is reported as a deferred inflow on the statement of net position and amortized over the life of the bonds.	(3,839)
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.	(300,253)
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.	49,545
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	(24,336,128)
Unamortized Bond Premiums	(1,006,971)
Note Payable	(37,587)
Finance Purchase Obligations	(1,072,426)
Compensated Absences Payable	(569,449)
Total Net Position of Governmental Activities	<u><u>\$ 54,264,010</u></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, 2023**

	2023			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
<b>REVENUES</b>				
General Property Taxes	\$ 6,078,791	\$ 3,050,497	\$ 399,928	\$ -
Tax Increments	-	-	-	-
Other Taxes	6,668	-	-	-
Licenses and Permits	716,821	-	-	-
Intergovernmental	1,686,258	-	7,058,773	-
Special Assessments	4,989	349,109	23,158	-
Charges for Services	2,073,073	-	90,278	-
Fines and Forfeits	40,528	-	-	-
Investment Earnings	98,938	47,192	158,775	-
Refunds and Reimbursements	312,039	-	10,593	-
Contributions and Donations	51,170	-	-	-
Miscellaneous	60,891	-	17,890	-
Total Revenues	<u>11,130,166</u>	<u>3,446,798</u>	<u>7,759,395</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,647,321	-	-	-
Public Safety	4,314,975	-	-	-
Public Works	1,769,528	-	-	-
Sanitation	1,149,325	-	-	-
Culture and Recreation	2,024,274	-	-	-
Community Development	-	-	-	-
Capital Outlay:				
General Government	26,835	-	-	-
Public Safety	90,316	-	61,973	-
Public Works	449,729	-	6,761,004	-
Culture and Recreation	275,618	-	130,590	-
Community Development	-	-	-	-
Debt Service:				
Finance Purchase Obligations and Lease Liability:				
Principal	369,666	-	-	-
Interest and Fiscal Charges	39,069	-	-	-
Bonds:				
Principal	-	2,887,206	-	-
Interest and Fiscal Charges	-	631,521	118,319	714
Total Expenditures	<u>12,156,656</u>	<u>3,518,727</u>	<u>7,071,886</u>	<u>714</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(1,026,490)</b>	<b>(71,929)</b>	<b>687,509</b>	<b>(714)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	1,250,000	97,850	659,753	202,297
Transfer Out	(66,125)	-	-	(31,725)
Issuance of Bonds	-	219,794	5,090,206	-
Proceeds from Sale of Capital Assets	52,357	-	-	-
Insurance Proceeds	10,504	-	-	-
Lease Proceeds	35,993	-	-	-
Bond Premium	-	320,501	-	-
Total Other Financing Sources (Uses)	<u>1,282,729</u>	<u>317,644</u>	<u>6,070,460</u>	<u>170,572</u>
<b>NET CHANGE IN FUND BALANCES</b>				
Fund Balances (Deficit) - Beginning of Year	256,239	245,715	6,757,969	169,858
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b><u>\$ 6,664,552</u></b>	<b><u>\$ 5,611,521</u></b>	<b><u>\$ 5,662,153</u></b>	<b><u>\$ (1,200,806)</u></b>

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, 2023**

2023		
	Nonmajor Governmental Funds	Total Governmental Funds
\$	522,452	\$ 10,051,668
	204,156	204,156
	-	6,668
	-	716,821
	573,846	9,318,877
	-	377,256
	1,929,909	4,093,260
	-	40,528
	24,522	329,427
	26,373	349,005
	54,052	105,222
	17,078	95,859
	<hr/> 3,352,388	<hr/> 25,688,747
	-	1,647,321
	829,650	5,144,625
	-	1,769,528
	-	1,149,325
	1,339,688	3,363,962
	517,943	517,943
	-	26,835
	6,360	158,649
	-	7,210,733
	96,928	503,136
	110,009	110,009
	194,129	563,795
	6,576	45,645
	-	2,887,206
	-	750,554
	<hr/> 3,101,283	<hr/> 25,849,266
	251,105	(160,519)
	200,000	2,409,900
	(202,297)	(300,147)
	-	5,310,000
	46	52,403
	-	10,504
	6,360	42,353
	-	320,501
	<hr/> 4,109	<hr/> 7,845,514
	255,214	7,684,995
	(599,525)	8,708,114
	<hr/> \$ (344,311)	<hr/> \$ 16,393,109

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, 2023**

	2023
Net Change in Fund Balances -Total Governmental Funds	\$ 7,684,995
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.	
Capital Outlays	7,753,259
Assets Contributed by Developer	1,286,486
Disposal of Capital Assets	(640)
Capital Assets Contributed to Business-Type Funds	(431,981)
Depreciation/Amortization Expense	(4,138,038)
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.	
Principal Payments for Finance Purchase Obligations	559,029
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	(5,310,000)
Lease Liability Proceeds	(42,353)
Bond Discount/Premium	(320,501)
Repayment of Bond Principal and Lease Liability	2,891,972
Change in Accrued Interest Expense for General Obligation Bonds	(34,620)
Amortization of Refunding Loss on Bonds	(9,517)
Amortization of Refunding Gain on Bonds	3,399
Amortization of Bond Premium	188,548
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.	922,810
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.	(446,705)
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.	(36,034)
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).	7,386
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.	51,869
Change in Net Position of Governmental Activities	<u>\$ 10,579,364</u>

See accompanying Notes to Financial Statements.

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

	2023	
	Electric Fund	Water Fund
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,516,877	\$ 754,589
Cash and Investments with Fiscal Agent	708,500	-
Accounts Receivable, Net of Allowance	3,064,077	689,716
Accrued Interest Receivable	6,248	4,014
Taxes Receivable:		
Delinquent	-	-
Due from Other Governments	12,501	-
Lease Receivable	17,276	-
Inventory	-	8,335
Supplies	1,976,542	-
Prepaid Items	2,774	661
Total Current Assets	<u>7,304,795</u>	<u>1,457,315</u>
<b>LONG-TERM ASSETS</b>		
Sewer and Water Hook-up Fees Receivable - Long Term	-	8,702
Advance to Other Funds	64,997	-
Capital Assets:		
Land, Buildings, Infrastructure, and Improvements	36,438,884	40,038,517
Equipment	6,886,013	911,178
Construction in Progress	217,225	923,016
Subscription Assets	-	-
Total Capital Assets	<u>43,542,122</u>	<u>41,872,711</u>
Less: Allowance for Depreciation/Amortization	<u>(23,765,071)</u>	<u>(19,485,610)</u>
Total Net Capital Assets	<u>19,777,051</u>	<u>22,387,101</u>
Total Long-Term Assets	<u>19,842,048</u>	<u>22,395,803</u>
Total Assets	27,146,843	23,853,118
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Refunding Loss on Bonds	-	16,850
Pension Related	287,235	141,271
Other Postemployment Benefits Related	<u>142,030</u>	<u>56,429</u>
Total Deferred Outflows of Resources	<u>429,265</u>	<u>214,550</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2023**

		2023		2023	
Sewer Fund		Liquor Fund	Total	Internal Service Fund	
\$	5,047,978	\$	580,422	\$	82,624
	-		-		-
1,038,236		87	4,792,116		-
18,531		1,205	29,998		283
8,391		-	8,391		-
4,365		-	16,866		-
-		89,403	106,679		-
-		1,187,462	1,195,797		-
-		-	1,976,542		-
55		756	4,246		74,821
<u>6,117,556</u>		<u>1,859,335</u>	<u>16,739,001</u>		<u>157,728</u>
8,702		-	17,404		-
-		-	64,997		-
66,043,977		2,075,663	144,597,041		30,917
1,166,254		525,336	9,488,781		608,706
3,286,412		-	4,426,653		-
-		-	-		314,056
70,496,643		2,600,999	158,512,475		953,679
(29,799,630)		(1,311,387)	(74,361,698)		(626,247)
40,697,013		1,289,612	84,150,777		327,432
40,705,715		1,289,612	84,233,178		327,432
46,823,271		3,148,947	100,972,179		485,160
24,247		-	41,097		-
163,571		122,178	714,255		46,457
58,309		55,687	312,455		19,398
<u>246,127</u>		<u>177,865</u>	<u>1,067,807</u>		<u>65,855</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2023**

	2023	
	Electric Fund	Water Fund
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts and Contracts Payable	\$ 1,022,096	\$ 53,454
Accrued Expenses	101,896	17,201
Due to Other Governments	5,687	-
Accrued Interest	46,979	140,306
Unearned Revenue	1,670	-
Compensated Absences - Current Portion	83,197	58,947
Subscriptions Payable - Current Portion	-	-
Bonds Payable - Current Portion	935,000	632,998
Other Postemployment Benefits Liability - Current Portion	14,859	5,904
Total Current Liabilities	<u>2,211,384</u>	<u>908,810</u>
<b>LONG-TERM LIABILITIES</b>		
Escrow Deposits	-	3,255
Compensated Absences - Long Term	70,494	43,537
Subscriptions Payable - Long Term	-	-
Bonds Payable - Long Term	2,883,477	17,274,208
Net Pension Liability	1,008,874	496,194
Other Postemployment Benefits Liability	249,930	88,630
Total Long-Term Liabilities	<u>4,212,775</u>	<u>17,905,824</u>
Total Liabilities	6,424,159	18,814,634
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Refunding Gain on Bonds	-	2,024
Lease Related	17,212	-
Pension Related	321,909	158,325
Other Postemployment Benefits Related	25,154	9,993
Total Deferred Inflows of Resources	<u>364,275</u>	<u>170,342</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	15,958,787	4,494,721
Unrestricted	<u>4,828,887</u>	<u>587,971</u>
Total Net Position	<u><u>\$ 20,787,674</u></u>	<u><u>\$ 5,082,692</u></u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to the Enterprise Funds		
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, 2023**

2023			2023
Sewer Fund	Liquor Fund	Total	Internal Service Fund
\$ 273,070	\$ 197,475	\$ 1,546,095	\$ 7,632
18,819	94,144	232,060	5,215
-	3,657	9,344	-
199,563	-	386,848	2,653
-	-	1,670	-
71,708	30,090	243,942	6,644
-	-	-	93,764
916,071	-	2,484,069	-
6,100	5,826	32,689	2,029
<u>1,485,331</u>	<u>331,192</u>	<u>4,936,717</u>	<u>117,937</u>
-	-	3,255	-
15,329	42,484	171,844	2,132
-	-	-	96,907
28,379,118	-	48,536,803	-
574,521	429,133	2,508,722	163,173
100,571	94,862	533,993	18,691
<u>29,069,539</u>	<u>566,479</u>	<u>51,754,617</u>	<u>280,903</u>
30,554,870	897,671	56,691,334	398,840
24	-	2,048	-
-	85,884	103,096	-
183,317	136,927	800,478	52,065
10,326	9,863	55,336	3,435
<u>193,667</u>	<u>232,674</u>	<u>960,958</u>	<u>55,500</u>
12,132,909	1,289,612	33,876,029	136,761
<u>4,187,952</u>	<u>906,855</u>	<u>10,511,665</u>	<u>(40,086)</u>
<u>\$ 16,320,861</u>	<u>\$ 2,196,467</u>	<u>44,387,694</u>	<u>\$ 96,675</u>
		47,130	
		<u>\$ 44,434,824</u>	

*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, 2023**

	2023	
	Electric Fund	Water Fund
<b>GROSS PROFIT AND OPERATING REVENUES</b>		
Sales	\$ -	\$ -
Costs of Goods Sold	- -	- -
Charges for Services	19,205,221	4,860,919
Total Gross Profit and Operating Revenues	19,205,221	4,860,919
<b>OPERATING EXPENSES</b>		
Cost of Sales and Services	13,563,256	864,573
Compensation and Employee Benefits	2,179,632	970,921
Depreciation	1,427,160	916,002
Total Operating Expenses	17,170,048	2,751,496
<b>OPERATING INCOME (LOSS)</b>	2,035,173	2,109,423
<b>OTHER INCOME (EXPENSE)</b>		
Interest Income	56,052	29,995
Interest Expense	(110,153)	(528,935)
Taxes and Special Assessments	- -	- -
Intergovernmental Revenues	16,734	61
Access Fees	34,000	267,566
Refunds and Reimbursements	152,024	- -
Miscellaneous Revenue	683	55
Bond Issuance Costs	- -	(50,559)
Lease Revenue	4,303	- -
Gain (Loss) on Sale of Capital Assets	(210,952)	5,564
Total Other Income (Expense)	(57,309)	(276,253)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	1,977,864	1,833,170
<b>CONTRIBUTIONS AND TRANSFERS</b>		
Transfers Out	(1,000,000)	(376,296)
Capital Contributions	- -	808,626
Total Contributions and Transfers	(1,000,000)	432,330
<b>CHANGE IN NET POSITION</b>	977,864	2,265,500
Net Position - Beginning of Year	19,809,810	2,817,192
<b>NET POSITION - END OF YEAR</b>	\$ 20,787,674	\$ 5,082,692
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, 2023**

2023			2023
Sewer Fund	Liquor Fund	Total	Internal Service Fund
\$ -	\$ 7,172,842	\$ 7,172,842	\$ -
-	(5,095,982)	(5,095,982)	-
<u>5,711,614</u>	<u>-</u>	<u>29,777,754</u>	<u>1,121,693</u>
<u>5,711,614</u>	<u>2,076,860</u>	<u>31,854,614</u>	<u>1,121,693</u>
1,170,763	511,169	16,109,761	548,259
1,220,401	869,115	5,240,069	321,153
<u>1,465,062</u>	<u>53,476</u>	<u>3,861,700</u>	<u>148,347</u>
<u>3,856,226</u>	<u>1,433,760</u>	<u>25,211,530</u>	<u>1,017,759</u>
1,855,388	643,100	6,643,084	103,934
135,482	8,175	229,704	2,122
(772,283)	-	(1,411,371)	(5,138)
501,978	-	501,978	-
181,431	53	198,279	20
858,984	-	1,160,550	-
-	-	152,024	-
25,085	14,368	40,191	-
(100,944)	-	(151,503)	-
-	44,809	49,112	-
<u>6,528</u>	<u>-</u>	<u>(198,860)</u>	<u>-</u>
<u>836,261</u>	<u>67,405</u>	<u>570,104</u>	<u>(2,996)</u>
2,691,649	710,505	7,213,188	100,938
(283,457)	(450,000)	(2,109,753)	-
<u>438,614</u>	<u>-</u>	<u>1,247,240</u>	<u>-</u>
<u>155,157</u>	<u>(450,000)</u>	<u>(862,513)</u>	<u>-</u>
2,846,806	260,505	6,350,675	100,938
<u>13,474,055</u>	<u>1,935,962</u>	<u>38,037,019</u>	<u>(4,263)</u>
<u>\$ 16,320,861</u>	<u>\$ 2,196,467</u>	<u>44,387,694</u>	<u>\$ 96,675</u>
		49,069	
		<u>\$ 6,399,744</u>	

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023**

	2023	
	Electric Fund	Water Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers and Service Users	\$ 19,172,024	\$ 4,763,074
Cash Paid to Suppliers	(13,702,457)	(889,214)
Cash Paid to Employees	(1,993,552)	(941,565)
Net Cash Provided by Operating Activities	3,476,015	2,932,295
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund Borrowing/Transfers	(1,000,000)	(376,296)
Advance To/From Other Funds	64,858	-
Property Tax Receipts	-	-
Intergovernmental Receipts	16,734	61
Net Cash Provided (Used) by Noncapital Financing Activities	(918,408)	(376,235)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Net Proceeds from Bonds Issued for Capital	-	2,229,000
Issuance of Bond Premium	-	113,451
Payments on Bond Issuance Costs	-	(50,559)
Access Fees	88,131	274,826
Lease Revenue	4,239	-
Acquisition and Construction of Capital Assets	(1,361,296)	(1,021,369)
Proceeds from Sale of Capital Assets	6,179	5,564
Interest Paid on Bonds	(125,254)	(580,701)
Interest Paid on Subscription Liability	-	-
Cash Paid to Escrow Agent	-	(1,401,789)
Principal Payments on Subscription Liability	-	-
Principal Payments on Bonds	(905,000)	(1,471,676)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,293,001)	(1,903,253)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	60,262	28,165
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	324,868	680,972
Cash and Cash Equivalents - Beginning of Year	1,900,509	73,617
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,225,377	\$ 754,589
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents	\$ 1,516,877	\$ 754,589
Cash and Investments with Fiscal Agent	708,500	-
Total Cash and Cash Equivalents	\$ 2,225,377	\$ 754,589
<b>NONCASH TRANSACTIONS</b>		
Contribution of Capital Assets - Governmental Funds	\$ -	\$ 376,297
Contribution of Capital Assets - Developer	-	432,329
Amortization of Premiums and Refundings	(4,685)	(52,991)
Purchase of Capital Assets through Contracts and Retainage Payable	213	-
Total Noncash Investing, Capital, and Financing Activities	\$ (4,472)	\$ 755,635

See accompanying Notes to Financial Statements.

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

2023		2023	
Sewer Fund	Liquor Fund	Internal Service Fund	
Total			
\$ 5,491,139	\$ 7,187,983	\$ 36,614,220	\$ 1,122,449
(1,234,422)	(5,833,883)	(21,659,976)	(589,465)
(1,109,684)	(867,954)	(4,912,755)	(318,544)
<u>3,147,033</u>	<u>486,146</u>	<u>10,041,489</u>	<u>214,440</u>
 (283,457)	 (450,000)	 (2,109,753)	 -
 -	 -	 64,858	 -
 601,125	 25	 601,150	 -
 181,431	 53	 198,279	 20
<u>499,099</u>	<u>(449,922)</u>	<u>(1,245,466)</u>	<u>20</u>
 4,531,000	 -	 6,760,000	 -
 285,466	 -	 398,917	 -
 (100,944)	 -	 (151,503)	 -
 866,244	 -	 1,229,201	 -
 -	 46,357	 50,596	 -
 (2,480,576)	 -	 (4,863,241)	 (333,775)
 6,528	 -	 18,271	 -
 (926,294)	 -	 (1,632,249)	 -
 -	 -	 -	 (2,485)
 (2,017,209)	 -	 (3,418,998)	 310,658
 -	 -	 -	 (119,987)
 <u>(2,411,118)</u>	 <u>46,357</u>	 <u>(4,787,794)</u>	 <u>-</u>
 <u>(2,246,903)</u>	 <u>46,357</u>	 <u>(6,396,800)</u>	 <u>(145,589)</u>
 126,782	 7,842	 223,051	 1,839
<u>1,526,011</u>	<u>90,423</u>	<u>2,622,274</u>	<u>70,710</u>
 <u>3,521,967</u>	 <u>489,999</u>	 <u>5,986,092</u>	 <u>11,914</u>
 <u>\$ 5,047,978</u>	 <u>\$ 580,422</u>	 <u>\$ 8,608,366</u>	 <u>\$ 82,624</u>
 \$ 5,047,978	 \$ 580,422	 \$ 7,899,866	 \$ 82,624
 -	 -	 708,500	 -
 <u>\$ 5,047,978</u>	 <u>\$ 580,422</u>	 <u>\$ 8,608,366</u>	 <u>\$ 82,624</u>
 \$ 55,684	 \$ -	 \$ 431,981	 \$ -
 382,930	 -	 815,259	 -
 (182,308)	 -	 (239,984)	 -
 <u>55,265</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <u>\$ 256,306</u>	 <u>\$ -</u>	 <u>\$ 1,007,256</u>	 <u>\$ -</u>

See accompanying Notes to Financial Statements.

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

	2023	
	Electric Fund	Water Fund
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 2,035,173	\$ 2,109,423
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,427,160	916,002
Miscellaneous - Nonoperating	152,707	54
Changes in Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources:		
(Increase) Decrease in Accounts Receivable	(187,574)	(97,899)
(Increase) Decrease in Prepaid Items	88,127	10,852
(Increase) Decrease in Supplies	(184,357)	-
(Increase) Decrease in Inventory	-	-
(Increase) Decrease in Deferred Outflows of Resources - Pension	142,872	95,737
(Increase) Decrease in Deferred Outflows of Resources - Other Postemployment Benefits	(44,362)	(14,810)
Increase (Decrease) in Accounts and Contracts Payable	(48,658)	(35,082)
Increase (Decrease) in Accrued Expenses	2,309	1,234
Increase (Decrease) in Due to Other Governments	5,687	(411)
Increase (Decrease) in Unearned Revenue	1,670	-
Increase (Decrease) in Net Pension Liability	(276,041)	(211,850)
Increase (Decrease) in OPEB Liability	36,977	14,691
Increase (Decrease) in Deferred Inflows of Resources - Pension	301,664	147,169
Increase (Decrease) in Deferred Inflows of Resources - Other Postemployment Benefits	22,266	8,763
Increase (Decrease) in Accrued Compensated Absences	395	(11,578)
Net Cash Provided by Operating Activities	\$ 3,476,015	\$ 2,932,295

See accompanying Notes to Financial Statements.

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

<b>2023</b>			<b>2023</b>	
<b>Sewer Fund</b>	<b>Liquor Fund</b>	<b>Total</b>	<b>Internal Service Fund</b>	
\$ 1,855,388	\$ 643,100	\$ 6,643,084	\$ 103,934	
1,465,062	53,476	3,861,700	148,347	
25,085	14,368	192,214		-
(114,994)	773	(399,694)	756	
8,293	8,592	115,864	7,681	
-	-	(184,357)		-
-	(227,762)	(227,762)		-
83,534	100,569	422,712	37,811	
(15,956)	(18,757)	(93,885)	(6,494)	
(71,952)	(7,246)	(162,938)	(48,887)	
3,853	290	7,686	353	
-	(316)	4,960		-
(130,566)	-	(128,896)		-
(163,689)	(236,309)	(887,889)	(88,573)	
15,180	14,498	81,346	5,050	
171,686	126,442	746,961	48,098	
9,074	8,771	48,874	3,054	
7,035	5,657	1,509	3,310	
<b>\$ 3,147,033</b>	<b>\$ 486,146</b>	<b>\$ 10,041,489</b>	<b>\$ 214,440</b>	

See accompanying Notes to Financial Statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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

**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 determination as a blended component unit is supported by the fact the HRA's financial obligations, including outstanding debt issues, are expected to be satisfied almost entirely with the resources of the City. Additionally, the City Council determines the resources, including the property tax levy, that are to be made available to the HRA each year. 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, 2023**

**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, 2023**

**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.

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.

**Other Nonmajor Funds**

The nonmajor Special Revenue Funds account for funds received by the City that are intended to be used for specific purposes, other than debt service or capital projects, and consist of the Fire, Library, Civic Center, the HRA of Buffalo, and the Airport Funds of the City.

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

**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, and Liquor 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, 2023**

**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 December 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 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 Proprietary Funds. Formal budgetary integration is not employed for the Capital Project 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, 2023**

**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, 2023**

**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 and Prepaid Items**

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

**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.

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

**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)**

**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, 2023 for the revolving loan program is \$-0-.

**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, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, estimated historical cost for assets where actual historical cost is not available, or in the case of donated capital assets, their estimated acquisition value at the date of donation. Capital assets are defined by the City as assets with an estimated useful life of more than one year and an initial individual cost of more than the following:

<u>Assets</u>	<u>Cost</u>
Intangible Assets	\$25,000
Land	\$25,000
Land Improvements	\$25,000
Buildings and Building Improvements	\$50,000
Improvements Other Than Buildings	\$25,000
Vehicles	\$25,000
Equipment	\$15,000
Infrastructure and Utility	
Distribution Systems	\$75,000
All Other Assets	\$15,000
Construction In Progress	Capitalize Only

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

**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)**

**9. Capital Assets (Continued)**

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. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life (Years)</u>
Land	Indefinite
Intangible Assets	Indefinite
Land Improvements	5 - 40
Buildings and Building Improvements	5 - 40
Improvements Other Than Buildings	5 - 25
Vehicles and Equipment	5 - 25
Infrastructure and Utility	
Distribution Systems	5 - 50

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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

**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. 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.

**11. 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, 2023**

**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)**

**12. 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.

**13. 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.

**14. 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, 2023**

**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)**

**15. 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 statement of net position and the governmental funds balance sheet also report a deferred inflow of resources related to leases, which is the fourth type of deferred inflows. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates 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 inflow of resources is recognized in a systematic and rational manner over the term of the lease.

**16. 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.

**17. 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, 2023**

**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)**

**18. Fund Balance**

In the fund financial statements, governmental funds fund balances 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 defined as follows:

**Nonspendable** - Amounts that cannot be spent because they are either not in spendable form, such as prepaid items, inventory, and other long-term assets that are legally or contractually required to be maintained intact.

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

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

**Assigned** - Amounts constrained for specific purposes that are internally imposed. These constraints are intended to be used by the City but do not meet the criteria to be classified as restricted nor committed. In the governmental funds, assigned amounts represent the remaining amounts that are not classified as nonspendable, restricted or committed. In the General Fund, assigned amounts represent the intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator and the Finance Director to establish assignments of fund balance based on intended use.

**Unassigned** - The residual classification for the General Fund which also reflects negative residual amounts in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the city's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of the next year's budgeted expenditures for cash-flow timing needs, with a minimum of six months.

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

**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. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**20. Adoption of New Accounting Standards**

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective January 1, 2023, 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, 2023, 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 2023 were \$561,253.

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

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

**A. Deposits and Investments**

In accordance with applicable Minnesota 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.

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 Statutes.

At December 31, 2023, 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;

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

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

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

**Investments (Continued)**

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	\$ 7,850,800
Negotiable Certificates of Deposit	Not Rated	1,862,266
Federal Home Loan Bank	Aaa, AA+	748,220
U.S. Treasury Bills	Not Rated	2,950,637
Total		<u>\$ 13,411,923</u>

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, 2023 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.

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

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

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

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 or Less	13 to 24 Months	25 to 60 Months
Money Market	\$ 7,850,800	\$ 7,850,800	\$ -	\$ -
Negotiable Certificates of Deposit	1,862,266	1,380,296	481,970	-
Federal Home Loan Bank	748,220	748,220	-	-
U.S. Treasury Bills	2,950,637	2,950,637	-	-
Total	<u>\$ 13,411,923</u>	<u>\$ 12,929,953</u>	<u>\$ 481,970</u>	<u>\$ -</u>

The deposits and investments are presented in these financial statements:

Deposits	\$ 12,467,978
Investments	<u>13,411,923</u>
Total Cash and Cash Equivalents	<u>\$ 25,879,901</u>
Cash and Cash Equivalents	\$ 25,171,401
Cash and Investments with Fiscal Agent	708,500
Total Cash and Cash Equivalents	<u>\$ 25,879,901</u>
Governmental Activities	\$ 17,271,535
Business-Type Activities	8,608,366
Total Cash and Cash Equivalents	<u>\$ 25,879,901</u>

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

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.

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

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

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

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	\$ -	\$ 1,862,266	\$ -	\$ 1,862,266
Federal Home Loan Bank	-	748,220	-	748,220
U.S. Treasury Bills	-	2,950,637	-	2,950,637
Subtotal	<u>\$ -</u>	<u>\$ 5,561,123</u>	<u>\$ -</u>	<u>\$ 5,561,123</u>
Investments Measured at Amortized Cost				
Money Market				7,850,800
Total				<u>\$ 13,411,923</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, 2023**

**NOTE 3 CAPITAL ASSETS**

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

	Beginning Balance, As Restated	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,807,439	\$ 220,549	\$ -	\$ -	\$ 3,027,988
Construction in Progress	19,049,526	6,910,957	(7,448,926)	(431,981)	18,079,576
Total Capital Assets, Not Being Depreciated	<u>21,856,965</u>	<u>7,131,506</u>	<u>(7,448,926)</u>	<u>(431,981)</u>	<u>21,107,564</u>
Capital Assets, Being Depreciated:					
Land Improvements	17,645,041	1,022,907	(1,000)	-	18,666,948
Buildings and Building Improvements	17,628,950	-	-	-	17,628,950
Improvements Other than Buildings	3,812,859	128,602	-	-	3,941,461
Vehicles	5,321,292	558,277	(26,633)	-	5,852,936
Equipment	6,987,608	206,153	(428,151)	-	6,765,610
Infrastructure	88,130,554	7,418,873	-	-	95,549,427
Total Capital Assets, Being Depreciated	<u>139,526,304</u>	<u>9,334,812</u>	<u>(455,784)</u>	<u>-</u>	<u>148,405,332</u>
Accumulated Depreciation for:					
Land Improvements	(10,066,632)	(714,982)	360	-	(10,781,254)
Buildings and Building Improvements	(10,015,269)	(426,930)	-	-	(10,442,199)
Improvements Other than Buildings	(2,580,463)	(163,428)	-	-	(2,743,891)
Vehicles	(3,235,698)	(395,782)	26,633	-	(3,604,847)
Equipment	(5,260,074)	(327,175)	427,870	-	(5,159,379)
Infrastructure	(68,170,290)	(2,176,663)	-	-	(70,346,953)
Total Accumulated Depreciation	<u>(99,328,426)</u>	<u>(4,204,960)</u>	<u>454,863</u>	<u>-</u>	<u>(103,078,523)</u>
Total Capital Assets, Being Depreciated, Net	40,197,878	5,129,852	(921)	-	45,326,809
Right-to-Use Assets:					
Equipment	-	42,353	-	-	42,353
Accumulated Amortization for:					
Equipment	-	(4,941)	-	-	(4,941)
Total Right-to-Use Assets, Being Amortized, Net	<u>-</u>	<u>37,412</u>	<u>-</u>	<u>-</u>	<u>37,412</u>
Subscription Based Information Technology					
Arrangement Assets:					
Subscription Based Information Technology					
Arrangements	*	189,437	124,619	-	314,056
Accumulated Amortization for:					
Subscription Based Information Technology					
Arrangements	-	(76,484)	-	-	(76,484)
Total Subscription Based Information					
Technology Arrangements, Being Amortized, Net	189,437	48,135	-	-	237,572
Governmental Activities Capital Assets, Net	<u>\$ 62,244,280</u>	<u>\$ 12,346,905</u>	<u>\$ (7,449,847)</u>	<u>\$ (431,981)</u>	<u>\$ 66,709,357</u>

\*The beginning balance was restated due to the implementation of GASB Statement No. 96.

Depreciation/amortization expense was charged to governmental functions as follows:

**Governmental Activities:**

General Government	\$ 164,097
Public Safety	444,928
Public Works	2,834,591
Parks, Culture, and Recreation	842,769
Total Depreciation Expense, Governmental Activities	<u>\$ 4,286,385</u>

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

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land and Intangible Assets	\$ 6,614,052	\$ 158,511	\$ -	\$ -	\$ 6,772,563
Construction in Progress	1,017,824	3,512,941	(104,112)	-	4,426,653
Total Capital Assets, Not Being Depreciated	<u>7,631,876</u>	<u>3,671,452</u>	<u>(104,112)</u>	<u>-</u>	<u>11,199,216</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,405,193	-	-	16,752	1,421,945
Buildings and Building Improvements	51,519,196	-	-	-	51,519,196
Equipment	11,269,054	326,695	(151,073)	(5,965,325)	5,479,351
Utility Distributions Systems	83,052,254	1,808,503	(2,348,544)	6,380,554	88,892,767
Total Capital Assets, Being Depreciated	<u>147,245,697</u>	<u>2,135,198</u>	<u>(2,499,617)</u>	<u>431,981</u>	<u>147,313,259</u>
Accumulated Depreciation for:					
Land Improvements	(942,613)	(32,619)	-	-	(975,232)
Buildings and Building Improvements	(23,999,036)	(1,141,094)	-	-	(25,140,130)
Equipment	(7,234,875)	(403,273)	151,073	3,267,628	(4,219,447)
Utility Distributions Systems	(40,605,960)	(2,284,714)	2,131,413	(3,267,628)	(44,026,889)
Total Accumulated Depreciation	<u>(72,782,484)</u>	<u>(3,861,700)</u>	<u>2,282,486</u>	<u>-</u>	<u>(74,361,698)</u>
Total Capital Assets, Being Depreciated, Net	<u>74,463,213</u>	<u>(1,726,502)</u>	<u>(217,131)</u>	<u>431,981</u>	<u>72,951,561</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 82,095,089</u></u>	<u><u>\$ 1,944,950</u></u>	<u><u>\$ (321,243)</u></u>	<u><u>\$ 431,981</u></u>	<u><u>\$ 84,150,777</u></u>

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

**Business-Type Activities:**

Electric Fund	\$ 1,427,160
Water Fund	916,002
Sewer Fund	1,465,062
Liquor Fund	53,476
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 3,861,700</u></u>

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

**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 at various dates through 2053 bearing implicit interest rates ranging from 0.25%-3.73%. During the year ended December 31, 2023, the City recognized \$416,557 and \$17,094 in lease revenue and interest revenue, respectively, pursuant to the contracts.

Principal and interest requirements to maturity under the lease agreements are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 258,888	\$ 18,214	\$ 50,846	\$ 289
2025	268,018	15,790	47,125	110
2026	237,503	13,231	4,314	21
2027	241,805	11,750	4,324	11
2028	241,831	10,243	-	-
2029-2033	725,179	34,361	-	-
2034-2038	720,355	19,272	-	-
2039-2043	195,484	8,342	-	-
2044-2048	32,205	3,675	-	-
2049-2053	11,386	853	-	-
<b>Total</b>	<b>\$ 2,932,654</b>	<b>\$ 135,731</b>	<b>\$ 106,609</b>	<b>\$ 431</b>

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

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Governmental Activities: Lease Receivable	\$ 3,150,432	\$ 148,111	\$ 365,889	\$ 2,932,654
Business-Type Activities: Lease Receivable	\$ 157,277	\$ -	\$ 50,668	\$ 106,609

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

**NOTE 5 CITY INDEBTEDNESS**

City indebtedness at December 31, 2023 is composed of the following:

Description	Initial Amount Issued	Maturity Date	Interest Rate	Outstanding Principal
<b>General Obligation Bonds:</b>				
Governmental Activities:				
G.O. Bonds, Series 2013A	\$ 3,575,000	2024	2.00%	\$ 375,000
G.O. Bonds, Series 2015A	3,310,000	2031	2.00-3.00	1,920,000
G.O. Street Reconstruction Bonds, Series 2016C	2,565,000	2032	2.00-2.75	1,635,000
G.O. Bonds, Series 2019B	6,710,000	2040	3.00-5.00	5,855,000
G.O. Refunding Bonds, Series 2019C	2,760,000	2025	5.00	1,385,000
G.O. Bonds, Series 2020A	4,433,400	2040	2.00-3.00	3,660,200
G.O. Tax Abatement and Refunding Bonds, Series 2020B	1,980,000	2027	2.00	675,000
G.O. Refunding Bonds, Series 2022A	295,000	2033	2.00-3.00	255,000
G.O. Bonds, Series 2023A	2,400,000	2039	4.00-5.00	2,400,000
Total Governmental Activities - G.O. Bonds	<u>28,028,400</u>			<u>18,160,200</u>
Business-Type Activities:				
G.O. Refunding Bonds, Series 2019C	1,200,000	2026	5.00	475,000
G.O. Bonds, Series 2020A	201,600	2026	3.00	124,800
G.O. Refunding Bonds, Series 2022A	220,000	2029	3.00	190,000
Total Business-Type Activities - G.O. Bonds	<u>1,621,600</u>			<u>789,800</u>
Total General Obligation Bonds	<u><u>\$ 29,650,000</u></u>			<u><u>\$ 18,950,000</u></u>
<b>Tax Abatement Bonds:</b>				
Governmental Activities:				
G.O. Bonds, Series 2015A	\$ 735,000	2031	2.00-3.00%	\$ 435,000
G.O. Tax Abatement Bonds, Series 2016A	925,000	2035	2.00-3.15	865,000
G.O. Tax Abatement and Refunding Bonds, Series 2020B	1,205,000	2027	2.00	825,000
G.O. Refunding Bonds, Series 2022A	1,230,000	2033	2.00-3.00	1,125,000
G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	2,910,000	2039	4.00-5.00	2,910,000
Total Tax Abatement Bonds	<u>\$ 7,005,000</u>			<u>\$ 6,160,000</u>
<b>Finance Purchase Obligations:</b>				
Governmental Activities:				
2019 Police, Fire Equipment	\$ 733,055	2024	3.79%	\$ 39,842
2019 Police, Street, Park Equipment	424,540	2024	2.21	88,700
2020 Police, Streets, Fire Equipment	305,585	2025	1.74	120,117
2021 Police, Civil Defense, Streets, Fire Equipment	540,650	2025	1.57	318,283
2022 Police, Civil Defense, Streets, Parks Equipment	658,808	2026	4.69	505,484
Total Finance Purchase Obligations	<u>\$ 2,662,638</u>			<u>\$ 1,072,426</u>
<b>General Obligation Revenue Bonds:</b>				
Governmental Activities:				
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	\$ 89,700	2024	3.00-5.00%	\$ 15,928
Business-Type Activities:				
G.O. Water and Sewer Revenue Bonds, Series 2012A	5,610,000	2033	2.55-3.00	5,610,000
G.O. Water and Sewer Revenue Refunding Bonds, Series 2014A	30,860,000	2028	3.00-4.00	19,700,000
Electric Revenue Bonds, Series 2014B	1,880,000	2025	2.75-3.00	1,030,000
Electric Revenue Bonds, Series 2016B	1,140,000	2026	2.00-2.45	370,000
G.O. Wastewater Revenue Refunding Bonds, Series 2017A	6,840,000	2033	3.00-3.50	6,840,000
G.O. Water and Sewer Revenue Bonds, Series 2017B	3,160,000	2033	2.00-3.00	2,235,000
Electric Revenue Bonds, Series 2018A	1,765,000	2028	3.00	940,000
Electric Revenue Bonds, Series 2018B	2,300,000	2029	3.00-3.25	1,470,000
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	8,205,300	2025	3.00-5.00	1,399,070
G.O. Bonds, Series 2020A	1,295,000	2033	2.00-3.00	1,110,000
G.O. Sewer and Water Revenue Refunding Bonds, Series 2021A	2,260,000	2032	1.00-2.00	1,835,000
G.O. Bonds, Series 2023A	3,360,000	2039	4.00-5.00	3,360,000
G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	3,400,000	2039	4.00-5.00	3,400,000
Total Business-Type Activities Revenue Bonds	<u>\$ 72,075,300</u>			<u>\$ 49,299,070</u>
Total Revenue Bonds	<u><u>\$ 72,165,000</u></u>			<u><u>\$ 49,314,998</u></u>

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

**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

The following is a schedule of changes in City indebtedness for the year ended December 31, 2023:

	Beginning of Year as Restated	Additions	Retirements	End of Year	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	** \$ 18,221,800	\$ 2,400,000	\$ 2,461,600	\$ 18,160,200	\$ 2,535,000
General Obligation Tax Abatement Bonds	** 3,660,000	2,910,000	410,000	6,160,000	420,000
General Obligation Revenue Bond	31,534	-	15,606	15,928	15,928
Bond Subtotal	21,913,334	5,310,000	2,887,206	24,336,128	2,970,928
Bond Premium	875,018	320,501	188,548	1,006,971	-
Net Bond Subtotal	22,788,352	5,630,501	3,075,754	25,343,099	2,970,928
Finance Purchase Obligations	1,631,455	-	559,029	1,072,426	443,983
Lease Liability	-	42,353	4,766	37,587	8,178
Subscription Liability	* 189,437	121,221	119,987	190,671	93,764
Compensated Absences	582,301	230,501	234,577	578,225	357,068
Total Governmental Activities	25,191,545	6,024,576	3,994,113	27,222,008	3,873,921
<b>Business-Type Activities:</b>					
General Obligation Bonds	** 1,048,200	-	258,400	789,800	270,000
General Obligation Revenue Bonds	** 45,758,464	6,760,000	7,029,394	45,489,070	1,279,069
Electric Revenue Bonds	4,715,000	-	905,000	3,810,000	935,000
Bond Subtotal	51,521,664	6,760,000	8,192,794	50,088,870	2,484,069
Bond Premium	741,890	398,917	208,805	932,002	-
Net Bond Subtotal	52,263,554	7,158,917	8,401,599	51,020,872	2,484,069
Compensated Absences	414,277	143,497	141,988	415,786	243,942
Total Business-Type Activities	52,677,831	7,302,414	8,543,587	51,436,658	2,728,011
<b>Total Debt</b>	<b>\$ 77,869,376</b>	<b>\$ 13,326,990</b>	<b>\$ 12,537,700</b>	<b>\$ 78,658,666</b>	<b>\$ 6,601,932</b>

\*The beginning balance was restated due to the implementation of GASB Statement No. 96.

\*\*The beginning balance was restated due to a change in debt classification.

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.

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

<u>Year Ending December 31</u>	Governmental Activities					
	Bonded Debt		Finance Purchase Obligations			
	Principal	Interest	Principal	Interest	Totals	
2024	\$ 2,970,928	\$ 751,570	\$ 443,983	\$ 27,623	\$ 4,194,104	
2025	2,643,400	704,288	452,003	15,185	3,814,876	
2026	1,961,800	597,688	176,440	4,514	2,740,442	
2027	1,905,000	533,225	-	-	2,438,225	
2028	1,765,000	469,347	-	-	2,234,347	
2029-2033	7,360,000	1,551,194	-	-	8,911,194	
2034-2038	4,485,000	564,628	-	-	5,049,628	
2039-2040	1,245,000	31,819	-	-	1,276,819	
<b>Total</b>	<b>\$ 24,336,128</b>	<b>\$ 5,203,759</b>	<b>\$ 1,072,426</b>	<b>\$ 47,322</b>	<b>\$ 30,659,635</b>	

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

**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

Year Ending December 31,	Business-Type Activities		
	Bonded Debt		
	Principal	Interest	Totals
2024	\$ 2,484,069	\$ 1,575,339	\$ 4,059,408
2025	6,606,600	1,528,774	8,135,374
2026	6,423,200	1,336,388	7,759,588
2027	6,390,000	1,144,953	7,534,953
2028	6,575,000	947,420	7,522,420
2029-2033	17,760,000	2,359,481	20,119,481
2034-2038	3,140,000	488,438	3,628,438
2039	710,001	14,959	724,960
Total	<u>\$ 50,088,870</u>	<u>\$ 9,395,752</u>	<u>\$ 59,484,622</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2023, including interest of \$14,646,833 are as follows:

Year Ending December 31,	Amount
2024	\$ 8,253,512
2025	11,950,250
2026	10,500,030
2027	9,973,178
2028	9,756,767
2029-2033	29,030,675
2034-2038	8,678,066
2039-2040	2,001,779
Total	<u>\$ 90,144,257</u>

In 2023, the City issued \$5,760,000 in General Obligation Bonds (Series 2023A) for the purpose of financing street reconstruction and sanitary sewer rehabilitation projects, and for the purchase of capital equipment. The bonds carry an interest rate between 4.0% and 5.0% and will mature in 2039.

In 2023, the City issued \$6,310,000 in General Obligation Tax Abatement and Utility Refunding Bonds (Series 2023B). The tax abatement portion was issued for the purpose of financing the construction of the City's fiber expansion project. The refunding portion was issued for the purpose of effecting current refundings of certain outstanding general obligations of the City. The bonds carry an interest rate between 4.1% and 5.0% and will mature in 2039. The refunding resulted in an increase of total debt service payments in the amount of \$1,449,465 over the next 16 years and resulted in an economic loss of \$77,640.

In prior years, the City placed resources in an account held by an escrow agent to defease debt. As of December 31, 2023, the amount of defeased debt that is outstanding on the 2015C and 2016A bonds totals \$2,525,000 and \$1,360,000, respectively.

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

**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

The City leases equipment under a long-term, noncancelable lease agreement. The lease expires in 2028 and provides for renewal options, which the City is not anticipating to exercise.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending December 31.	Governmental Activities		
	Principal	Interest	Totals
2024	\$ 8,178	\$ 782	\$ 8,960
2025	8,369	591	8,960
2026	8,564	396	8,960
2027	8,764	196	8,960
2028	3,712	21	3,733
<b>Total</b>	<b>\$ 37,587</b>	<b>\$ 1,986</b>	<b>\$ 39,573</b>

The City has entered into subscription based information technology arrangements (SBITAs) related to the City's website, utility billing portal, finance and recreational management software, among other various City subscriptions and licenses. The SBITA arrangements expire at various dates through 2028 and provide for renewal options.

The future subscription payments under SBITA agreements are as follows:

Year Ending December 31.	Governmental Activities		
	Principal	Interest	Totals
2024	\$ 93,764	\$ 5,083	\$ 98,847
2025	56,126	2,586	58,712
2026	22,551	1,090	23,641
2027	8,778	493	9,271
2028	9,452	255	9,707
<b>Total</b>	<b>\$ 190,671</b>	<b>\$ 9,507</b>	<b>\$ 200,178</b>

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

Bond Issue	Use of Proceeds	Revenue Pledged			Current Year		
		Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
G.O. Sewer & Water Revenue Bonds, Series 2012A	Water & Sewer	Water & Sewer Utility Charges	100%	2012 - 2033	\$ 6,908,408	\$ 157,492	\$ 5,711,614
G.O. Sewer & Water Revenue Refunding Bonds, Series 2014A	Water & Sewer	Water & Sewer Utility Charges	100%	2014 - 2028	\$22,126,930	\$ 2,185,295	\$ 5,711,614
Electric Revenue Bonds, Series 2014B	Electric	Electric Utility Charges	100%	2014 - 2025	\$ 1,063,641	\$ 435,882	\$ 19,205,221
Electric Revenue Bonds, Series 2016B	Electric	Electric Utility Charges	100%	2016 - 2026	\$ 383,166	\$ 124,606	\$ 19,205,221
G.O. Sewer Revenue Bonds, Series 2017A	Sewer	Sewer Utility Charges	100%	2017 - 2033	\$ 8,490,269	\$ 215,988	\$ 5,711,614
G.O. Sewer & Water Revenue Bonds, Series 2017B	Water & Sewer	Water & Sewer Utility Charges	100%	2017 - 2033	\$ 2,535,925	\$ 255,350	\$ 5,711,614
Electric Revenue Bonds, Series 2018A	Electric	Electric Utility Charges	100%	2018 - 2028	\$ 1,012,450	\$ 200,750	\$ 19,205,221

**CITY OF BUFFALO, MINNESOTA**  
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**NOTE 5 CITY INDEBTEDNESS (CONTINUED)**

Bond Issue	Use of Proceeds	Revenue Pledged			Current Year		
		Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Electric Revenue Bonds, Series 2018B	Electric	Electric Utility Charges	100%	2018 - 2029	\$ 1,613,956	\$ 269,012	\$ 19,205,221
G.O. Water & Sewer Revenue Refunding Bonds, Series 2019A	Water, Sewer & Storm Sewer	Water, Sewer & Storm Sewer Utility Charges	100%	2019 - 2025	\$ 1,458,443	\$ 1,894,588	\$ 5,711,614
G.O. Bonds, Series 2020A	Water & Sewer	Water & Sewer Utility Charges	25%	2020 - 2033	\$ 1,250,555	\$ 125,475	\$ 5,711,614
G.O. Bonds, Series 2021A	Water & Sewer	Water & Sewer Utility Charges	25%	2021 - 2032	\$ 1,972,350	\$ 251,866	\$ 5,711,614
G.O. Bonds, Series 2023A	Water & Sewer	Water & Sewer Utility Charges	50%	2024 - 2039	\$ 4,824,051	\$ -	\$ 5,711,614
G.O. Bonds, Series 2023B	Water & Sewer	Water & Sewer Utility Charges	55%	2024 - 2039	\$ 4,990,665	\$ -	\$ 5,711,614

**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 local relief associations that elected to merge with and transfer assets and administration to PERA.

**CITY OF BUFFALO, MINNESOTA  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**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.

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**2. Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% 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.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. Police and Fire Plan Benefits (Continued)**

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 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023 were \$474,082. The City contributions were equal to the required contributions as set by state statute.

**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 2023 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, 2023 were \$312,972. 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, 2023, the City reported a liability of \$4,339,305 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 \$119,561.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0776% at the end of the measurement period and 0.0763% for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 4,339,305
State's Proportionate Share of the Net Pension Liability Associated with the City	<u>119,561</u>
Total Proportionate Share of the Net Pension Liability Associated with the City	<u><u>\$ 4,458,866</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$847,496 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$12,416 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, 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 Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 142,504	\$ 29,893
Changes in Actuarial Assumptions	702,473	1,189,367
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	162,275
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	153,424	3,041
City Contributions Subsequent to the Measurement Date	237,036	-
Total	<u><u>\$ 1,235,437</u></u>	<u><u>\$ 1,384,576</u></u>

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

The \$237,036 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, 2024. 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>	<u>Pension Expense</u>	<u>Amount</u>
2024	\$ 170,472	
2025	(583,459)	
2026	120,945	
2027	(94,133)	
<b>Total</b>	<b>\$ (386,175)</b>	

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

At December 31, 2023, the City reported a liability of \$2,181,036 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City'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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1263% at the end of the measurement period and 0.1303% for the beginning of the period.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. 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 \$87,862.

City's Proportionate Share of the Net Pension Liability	\$ 2,181,036
State's Proportionate Share of the Net Pension Liability	
Associated with the City	<u>87,862</u>
Total Proportionate Share of the Net Pension	
Liability Associated with the City	<u>\$ 2,268,898</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, 2023, the City recognized pension expense of \$693,592 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized (\$5,292) as grant revenue (expense) for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

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 \$11,367 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

At December 31, 2023, 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 Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 601,385	\$ -
Changes in Actuarial Assumptions	2,530,917	3,066,564
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	104,700
Changes in Proportion and Differences Between		
City Contributions and Proportionate		
Share of Contributions	179,132	49,735
City Contributions Subsequent to the		
Measurement Date	154,650	-
Total	<u>\$ 3,466,084</u>	<u>\$ 3,220,999</u>

The \$154,650 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, 2024. 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 Expense Amount
2024	\$ 145,965
2025	60,709
2026	565,041
2027	(130,204)
2028	(551,076)
Total	<u>\$ 90,435</u>

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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 Employees Fund	Police and Fire Fund	Fire Relief	Total
Net Pension Liability	\$ 4,339,305	\$ 2,181,036	\$ -	\$ 6,520,341
Net Pension Asset	-	-	441,272	441,272
Deferred Outflows of Resources Related to Pensions	1,235,437	3,466,084	236,732	4,938,253
Deferred Inflows of Resources Related to Pensions	1,384,576	3,220,999	115,259	4,720,834
Pension Expense	859,912	688,300	131,540	1,679,752

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

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

Asset Class	Target Allocation	Long-Term Expected Real 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
<b>Total</b>	<b>100.0 %</b>	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.00% was deemed to be within that range of reasonableness for financial reporting purposes.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 PENSION PLANS (CONTINUED)**

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

Inflation is assumed to be 2.25% for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.00% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.00% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.00% 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 are 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience 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 2023:

**General Employees Fund**

**Changes in Actuarial Assumptions:**

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

**Changes in Plan Provisions:**

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**CITY OF BUFFALO, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 6 PENSION PLANS (CONTINUED)**

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

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.00%. 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 and Police and Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 6 PENSION PLANS (CONTINUED)**

**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		Public Employees	
	Retirement Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.00 %	\$ 7,676,579	6.00 %	\$ 4,327,437
Current	7.00	4,339,305	7.00	2,181,036
1% Increase	8.00	1,594,270	8.00	416,409

**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).

**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, 2023, membership includes 34 active members and 11 inactive members entitled to benefits, but not yet receiving them.

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

**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 \$5,600 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 \$5,600 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**  
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**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	\$ 151,588
Amortization Payment on Unfunded Accrued Liability Prior to Any Change	88,767
Administrative Expenses	2,836
Anticipated State Aid	(138,676)
Projected Investment Earnings	(104,515)
Total Contribution Required	<u><u>\$ -</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 \$166,051 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2023. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2023 was \$-0-.

**D. Pension Costs**

At December 31, 2023, the City reported an asset of \$441,272 for the Association's net pension asset. The net pension asset was measured as of December 31, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$131,540 for the year ended December 31, 2023. At December 31, 2023, the City reported deferred outflow of resources and deferred inflow of resources from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 43,895	\$ 111,851
Changes in Actuarial Assumptions	-	3,408
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	190,337	-
Association Contributions Subsequent to the Measurement Date	2,500	-
Total	<u><u>\$ 236,732</u></u>	<u><u>\$ 115,259</u></u>

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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, 2024. 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>	Pension Expense Amount
2023	\$ (17,884)
2024	25,826
2025	55,994
2026	84,210
2027	(6,900)
Thereafter	(22,273)
Total	<u><u>\$ 118,973</u></u>

**E. Actuarial Assumptions**

The actuarial total pension liability was determined as of December 31, 2022. The measurement period for year ended December 31, 2023 is December 31, 2022. The following actuarial assumptions were used to calculate the total pension liability, applied to all periods included in the measurement:

Valuation Date:	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar
 Actuarial Assumptions:	
Discount Rate	4.50 %
Investment Rate of Return	4.50
Inflation	2.50
20-Year Municipal Bond Yield	4.05
Age of Service Retirement	50

Mortality rates for healthy pre-retirement was based on Pub-2010 Public Safety employee mortality tables projected with mortality improvement scale MP-2021. Mortality rates for healthy post-retirement and disabled were based on Pub-2010 Healthy Retired Public Safety mortality tables projected with mortality improvement scale MP-2021. Male rates are adjusted by a factor of 0.98% and 1.05% for healthy post-retirement and disabled, respectively.

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

**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 (or target allocation, if available) and by adding expected inflation (2.5%). All results are then rounded to the nearest quarter percentage point.

The best-estimates of expected future asset class returns were published in the 2022 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard 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 decreased from 4.75% to 4.50% to reflect updated capital market assumptions.
- The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police and Fire plan actuarial valuation.
- The inflation assumption increased from 2.25% to 2.50%.

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, 2022 are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Cash and Equivalents	5.0 %	(0.45)%	2.05 %
Domestic Equity	60.0	4.10	6.60
Fixed Income	35.0	1.05	3.55
Total	<u><u>100.0 %</u></u>		5.66
Reduced for Assumed Investment Expense			(1.14)
Net Assumed Investment Return (Rounded to 1/4%)			<u><u>4.50 %</u></u>

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

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

**F. Discount Rate**

The discount rate used to measure the total pension liability was 4.50%. 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 4.50%, 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 (3.50%) or one percentage point higher (5.50%) than the current rate:

	<b>Selected Discount Rate</b>		
	<b>1% Decrease</b>	<b>Selected Discount Rate</b>	<b>1% Increase</b>
Net Pension Liability (Asset)	\$ (389,842)	\$ (441,272)	\$ (490,658)
Discount Rate	3.50%	4.50%	5.50%

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

**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 Date
<b>Total Pension Liability</b>	<b>December 31, 2022</b>
Service Cost	\$ 85,399
Interest	83,725
Changes in Experience	(87,427)
Changes in Assumptions	10,283
Change of Benefit Terms	<u>48,730</u>
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>140,710</b>
Total Pension Liability - Beginning of Year	<u>1,677,238</u>
<b>TOTAL PENSION LIABILITY - END OF YEAR (a)</b>	<b>1,817,948</b>
<b>Plan Fiduciary Net Position</b>	
Municipal Contributions	2,500
State Contributions	147,052
Net Investment Loss	(327,175)
Administrative Expenses	<u>(2,835)</u>
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	<b>(180,458)</b>
Fiduciary Net Position - Beginning of Year	<u>2,439,678</u>
<b>FIDUCIARY NET POSITION - END OF YEAR (b)</b>	<b>2,259,220</b>
<b>ASSOCIATION'S NET PENSION LIABILITY/      (ASSET) - END OF YEAR (a) - (b)</b>	<b><u>\$ (441,272)</u></b>

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, 2023**

**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, 2023, the City did not contribute to the plan.

**C. Actuarial Methods and Assumptions**

The City's OPEB liability was measured as of January 1, 2023 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	2.50%
Salary Increases	Service Graded Table
Medical Trend Rates	6.25% Decreasing to 5.00% Over 5 Years then to 4.00% Over Next 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 4.00%. 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, 2023**

**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 inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

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 Liability
Balances at December 31, 2022	\$ 1,294,957
Changes for the Year:	
Service Cost	31,554
Interest Cost	25,718
Change of Assumptions	(169,879)
Differences between Expected and Actual Experience	427,731
Benefit Payments	(81,644)
Net Change in Total OPEB Liability	<u>233,480</u>
Balances at December 31, 2023	<u>\$ 1,528,437</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 (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
OPEB Liability	\$ 1,668,972	\$ 1,528,437	\$ 1,404,708

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

**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 (5.25% decreasing to 5% over five years) or 1% higher (7.25% decreasing to 6% over five years) than the current healthcare cost trend rates:

	1% Decrease (5.25%)	Current Trend Rates (6.25%)	1% Increase (7.25%)
	Decreasing to 4% Over 5 Years)	Decreasing to 5% Over 5 Years)	Decreasing to 6% Over 5 Years)
OPEB Liability	\$ 1,385,649	\$ 1,528,437	\$ 1,692,069

For the year ended December 31, 2023, the City recognized OPEB Expense of \$177,960. At December 31, 2023, the City reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 734,359	\$ 6,672
Change of Assumptions	69,353	152,154
Benefits Paid Subsequent to the Measurement Date	93,104	-
<b>Total</b>	<b>\$ 896,816</b>	<b>\$ 158,826</b>

The \$93,104 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, 2024. 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</u>
	<u>Amount</u>
2024	\$ 120,687
2025	120,687
2026	120,695
2027	123,206
2028	123,200
Thereafter	36,411
<b>Total</b>	<b>\$ 644,886</b>

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

**NOTE 9 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

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

The City has deficit fund balances/net position at December 31, 2023 as follows:

Governmental Funds:	
HRA Debt Service	\$ (1,200,806)
Other Governmental Funds:	
Civic Center Fund	\$ (1,976,044)

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, 2023, expenditures exceeded budget in the General Fund by \$907,296. 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, 2023 because they have not yet been levied against the properties by the county.

Future scheduled tax levies for all bonds outstanding at December 31, 2023 totaled \$20,666,793.

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

**NOTE 11 INTERFUND ADVANCES AND TRANSFERS**

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

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 2,031,081	\$ -
Debt Service Fund	1,125,000	-
HRA Debt Service Fund	-	1,189,997
Other Governmental Funds	-	2,031,081
Proprietary Funds:		
Electric Fund	64,997	-
Total Advances	<u>\$ 3,221,078</u>	<u>\$ 3,221,078</u>

The Debt Service Fund and Electric Fund advanced \$1,125,000 and \$64,997, 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 \$2,031,081 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 Other Funds	Due to Other Funds
HRA Debt Service Fund	\$ -	\$ 10,809
Other Governmental Funds	10,809	-
Total Due To/From	<u>\$ 10,809</u>	<u>\$ 10,809</u>

The HRA Debt Service Fund borrowed \$10,809, respectively, from the HRA 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, 2023**

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

**C. Transfers**

Transfers between funds during 2023 are as follows:

	<u>Amount</u>	<u>Description</u>
<b><u>Major Governmental Funds</u></b>		
Transfers to General Fund from:		
Electric Fund	\$ 900,000	Annual Contribution
Liquor Fund	350,000	Annual Contribution
Total Transfers to General Fund	<u>1,250,000</u>	
Transfers to Debt Service Fund from:		
General Fund	66,125	Transfer of Debt Payment
HRA Debt Service Fund	31,725	Transfer of Debt Payment
Total Transfers to Debt Service Fund	<u>97,850</u>	
Transfers to Capital Projects Fund from:		
Water Fund	376,296	Street Improvements
Sewer Fund	283,457	Street Improvements
Total Transfers to Capital Projects Fund	<u>659,753</u>	
Transfers to HRA Debt Service Fund from:		
HRA Fund	<u>202,297</u>	Transfer of Debt Payment
Total Transfers to Major Governmental Funds	<u>2,209,900</u>	
<b><u>Nonmajor Governmental Funds</u></b>		
Transfers to Civic Center Fund from:		
Electric Fund	100,000	Annual Contribution
Liquor Fund	50,000	Annual Contribution
Total Transfers to Civic Center Fund	<u>150,000</u>	
Transfers to Airport Fund from:		
Liquor Fund	<u>50,000</u>	Annual Contribution
Total Transfers to Nonmajor Governmental Funds	<u>200,000</u>	
Total Interfund Transfers	<u>\$ 2,409,900</u>	

Capital assets totaling \$431,981 were transferred from governmental activities to business type activities.

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

**NOTE 12 FUND BALANCE CLASSIFICATIONS**

The fund balance classifications of the governmental funds as of December 31, 2023 were as follows:

	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund	Nonmajor Governmental Funds	Governmental Funds Total
<b>Nonspendable:</b>						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 11,066	\$ 11,066
Prepaid Items	18,891	-	8,997	-	61,449	89,337
Advance to Other Funds	2,031,081	-	-	-	-	2,031,081
Total Nonspendable	2,049,972	-	8,997	-	72,515	2,131,484
<b>Restricted:</b>						
HRA	-	-	-	-	86,952	86,952
Debt Service	-	5,611,521	-	-	-	5,611,521
Public Safety	-	-	707,709	-	-	707,709
Capital Projects	-	-	5,420,079	-	-	5,420,079
Total Restricted	-	5,611,521	6,127,788	-	86,952	11,826,261
<b>Committed:</b>						
Library	-	-	-	-	114,623	114,623
Fire Equipment	-	-	-	-	180,000	180,000
Fire Operations	-	-	-	-	276,210	276,210
The Buffalo HRA	-	-	-	-	557,034	557,034
Airport	-	-	-	-	344,869	344,869
Total Committed	-	-	-	-	1,472,736	1,472,736
<b>Assigned:</b>						
Capital Projects	-	-	266,394	-	-	266,394
<b>Unassigned</b>						
	4,614,580	-	(741,026)	(1,200,806)	(1,976,514)	696,234
Total Fund Balance	\$ 6,664,552	\$ 5,611,521	\$ 5,662,153	\$ (1,200,806)	\$ (344,311)	\$ 16,393,109

**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, 2023**

**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 five 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, 2023, the City paid excess tax increment in the amount of \$53,355.

The second 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, 2023, the City paid excess tax increment in the amount of \$19,367.

The third 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, 2023, the City paid excess tax increment in the amount of \$5,372.

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

**NOTE 14 TAX ABATEMENTS (CONTINUED)**

The fourth 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, 2023, the City paid excess tax increment in the amount of \$49,467.

The fifth 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, 2023, the City paid in excess tax increment in the amount of \$60,394.

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, 2023, the City abated property taxes totaling \$-0-.

The City participates in a 20-year tax abatement program with Orchard View Properties, LLC under Minnesota Statutes, Sections 469.1812 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. The assessed value attributable to the property identification numbers 103-054-001010 and 103-054-001070 from property taxes for 20 years in an amount not to exceed \$280,000. The abatement shall not apply to any special assessments that are levied against the property. For the year ended December 31, 2023, the City abated property taxes totaling \$-0-.

No other commitments were made by the City as part of these agreements.

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

**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.

**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 December 31, 2060. 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, 2023:

Project	Contract Cost	Estimated	
		Project Costs Incurred to Date*	Remaining Committed
2023 Street Maintenance	\$ 733,625	\$ 657,223	\$ 76,402
TH 25 S Reconstruction	12,167,029	7,375,937	4,791,092
Constance Lake Fiber Extension	49,702	29,626	20,076
Fiber Buildout - Phase 1	213,569	77,116	136,453
Advanced Metering Infrastructure (AMI)	2,577,088	18,357	2,558,731
WWTP Pretreatment Improvements	963,486	878,256	85,230
Total	\$ 16,704,499	\$ 9,036,515	\$ 7,667,984

\* Includes Contracts Payable Amount

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**GENERAL EMPLOYEES RETIREMENT PLAN**

City's Proportion of the Net Pension Liability  
 City's Proportionate Share of the Net Pension Liability  
 State's Proportionate Share of the Net Pension Liability  
 Associated with the City of Buffalo  
 Total Proportionate Share of the Net Pension Liability  
 Associated with the City of Buffalo

Measurement Date		
June 30, 2023	June 30, 2022	June 30, 2021
0.0776%	0.0763%	0.0729%
\$ 4,339,305	\$ 6,042,984	\$ 3,113,157
<u>119,561</u>	<u>177,305</u>	<u>95,163</u>
<u><u>\$ 4,458,866</u></u>	<u><u>\$ 6,220,289</u></u>	<u><u>\$ 3,208,320</u></u>

City's Covered Payroll  
 City's Proportionate Share of the Net Pension Liability  
 as a Percentage of its Covered Payroll  
 Plan Fiduciary Net Position as a Percentage of the  
 Total Pension Liability

\$ 6,164,012	\$ 5,718,188	\$ 5,250,464
70%	106%	59%
83.10%	76.70%	87.00%

**PUBLIC EMPLOYEES POLICE AND FIRE PLAN**

City's Proportion of the Net Pension Liability  
 City's Proportionate Share of the Net Pension Liability  
 State's Proportionate Share of the Net Pension Liability  
 Associated with the City of Buffalo  
 Total Proportionate Share of the Net Pension Liability  
 Associated with the City of Buffalo

Measurement Date		
June 30, 2023	June 30, 2022	June 30, 2021
0.1263%	0.1303%	0.1193%
\$ 2,181,036	\$ 5,670,141	\$ 920,870
<u>87,862</u>	<u>247,717</u>	<u>41,379</u>
<u><u>\$ 2,268,898</u></u>	<u><u>\$ 5,917,858</u></u>	<u><u>\$ 962,249</u></u>

City's Covered Payroll  
 City's Proportionate Share of the Net Pension Liability  
 as a Percentage of its Covered Payroll  
 Plan Fiduciary Net Position as a Percentage of the  
 Total Pension Liability

\$ 1,658,668	\$ 1,582,442	\$ 1,409,680
131%	358%	65%
86.50%	70.50%	93.70%

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

**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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	
0.0731%	0.0648%	0.0640%	0.0652%	0.0620%	0.0651%	
\$ 4,382,680	\$ 3,582,647	\$ 3,550,459	\$ 4,162,325	\$ 5,034,092	\$ 3,373,820	
135,228	111,328	116,463	52,338	65,737	-	
<u>\$ 4,517,908</u>	<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>	
\$ 5,203,754	\$ 4,582,991	\$ 4,305,175	\$ 4,195,877	\$ 3,841,975	\$ 3,794,647	
84%	78%	82%	99%	131%	89%	
79.06%	80.20%	79.50%	75.90%	68.90%	78.75%	
Measurement Date						
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	
0.1122%	0.1115%	0.1066%	0.1060%	0.1030%	0.1080%	
\$ 1,478,916	\$ 1,187,029	\$ 1,136,246	\$ 1,431,126	\$ 4,133,569	\$ 1,227,133	
34,858	-	-	-	-	-	
<u>\$ 1,513,774</u>	<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>	
\$ 1,265,831	\$ 1,175,987	\$ 1,123,750	\$ 1,089,355	\$ 996,175	\$ 1,002,211	
117%	101%	101%	131%	415%	122%	
87.19%	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**  
**FIREFIGHTERS RELIEF ASSOCIATION PLAN**  
**LAST TEN MEASUREMENT PERIODS**

	Measurement Date							
	December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service Cost	\$ 85,399	\$ 76,906	\$ 75,436	\$ 73,596	\$ 65,652	\$ 73,848	\$ 82,609	\$ 76,388
Interest	83,725	74,799	79,816	81,595	83,406	80,258	71,998	70,260
Changes in Experience	(87,427)	-	(12,538)	-	(34,654)	(50,068)	-	-
Changes in Assumptions	10,283	-	30,069	-	36,728	(881)	(28,618)	-
Changes of Benefit Terms	48,730	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>	140,710	89,497	60,087	(61,090)	264,304	18,157	(90,988)	124,097
Total Pension Liability - Beginning of Year	1,677,238	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>	1,817,948	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	2,500	10,715	11,095	9,884	2,500	2,500
State Contributions	147,052	140,676	133,061	126,268	119,581	117,197	119,295	114,407
Net Investment Income (Loss)	(327,175)	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	(2,835)	(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>	(180,458)	200,632	165,191	220,491	2,372	270,708	23,884	22,057
Fiduciary Net Position - Beginning of Year	2,439,678	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>	2,259,220	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>\$ (441,272)</u>	<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	124.27%	145.46%	141.02%	135.75%	116.66%	139.76%	120.98%	111.39%
Covered-Employee Payroll	N/A							
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A							

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

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

	2023	2022	2021
<b>GENERAL EMPLOYEES RETIREMENT PLAN</b>			
Contractually Required Contribution	\$ 474,082	\$ 442,199	\$ 396,598
Contributions in Relation to the Contractually Required Contribution	<u>(474,082)</u>	<u>(442,199)</u>	<u>(396,598)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's Covered Payroll	\$ 6,321,093	\$ 5,895,987	\$ 5,287,965
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%
<b>PUBLIC EMPLOYEES POLICE AND FIRE PLAN</b>			
Contractually Required Contribution	\$ 312,972	\$ 270,497	\$ 264,477
Contributions in Relation to the Contractually Required Contribution	<u>(312,972)</u>	<u>(270,497)</u>	<u>(264,477)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's Covered Payroll	\$ 1,768,203	\$ 1,528,232	\$ 1,494,221
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%
<b>FIRE RELIEF ASSOCIATION PLAN</b>			
Statutorily Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency/(Excess)	<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 CITY PENSION CONTRIBUTIONS (CONTINUED)**  
**LAST TEN YEARS**

2020	2019	2018	2017	2016	2015	2014
\$ 404,207	\$ 374,706	\$ 328,752	\$ 320,722	\$ 300,006	\$ 284,732	\$ 265,184
<u>(404,207)</u>	<u>(374,706)</u>	<u>(328,752)</u>	<u>(320,722)</u>	<u>(300,006)</u>	<u>(284,732)</u>	<u>(265,184)</u>
<hr/> <u>\$ -</u>						
\$ 5,389,427	\$ 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%	7.50%	6.85%
\$ 246,464	\$ 205,864	\$ 183,432	\$ 181,013	\$ 168,059	\$ 162,358	\$ 158,513
<u>(246,464)</u>	<u>(205,864)</u>	<u>(183,432)</u>	<u>(181,013)</u>	<u>(168,059)</u>	<u>(162,358)</u>	<u>(158,513)</u>
<hr/> <u>\$ -</u>						
\$ 1,392,458	\$ 1,214,536	\$ 1,132,298	\$ 1,117,364	\$ 1,037,404	\$ 1,002,211	\$ 975,188
17.70%	16.95%	16.20%	16.20%	16.20%	16.20%	16.25%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/> <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 Date January 1, 2023	Measurement Date January 1, 2022	Measurement Date January 1, 2021	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
<b>Total OPEB Liability</b>						
Service Cost	\$ 31,554	\$ 42,616	\$ 55,361	\$ 53,618	\$ 46,525	\$ 48,843
Interest Cost	25,718	19,871	18,807	22,374	17,926	15,962
Changes of Assumptions	(169,879)	89,758	-	13,223	(17,459)	-
Differences between Expected and Actual Experience	427,731	514,827	-	(15,572)	-	-
Benefit Payments	(81,644)	(29,224)	(20,275)	(11,113)	(5,969)	-
<b>Net Change In Total OPEB Liability</b>	<b>233,480</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	1,294,957	657,109	603,216	540,686	499,663	434,858
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,528,437</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	\$ 7,103,934	\$ 6,973,877	\$ 6,019,256	\$ 5,829,788	\$ 5,149,933	\$ 4,999,935
City's OPEB Liability as a Percentage of Covered Payroll	21.52%	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.

**CITY OF BUFFALO, MINNESOTA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Taxes:				
General Property Taxes	\$ 6,006,095	\$ 6,006,095	\$ 6,078,791	\$ 72,696
Other Taxes	3,000	3,000	6,668	3,668
Total Taxes	<u>6,009,095</u>	<u>6,009,095</u>	<u>6,085,459</u>	<u>76,364</u>
Licenses and Permits	519,925	519,925	716,821	196,896
Intergovernmental:				
Federal:				
Federal Grants	5,000	5,000	15,815	10,815
State:				
Local Government Aid	1,095,000	1,095,000	1,113,720	18,720
PERA Indirect Aid	-	-	22,734	22,734
Market Value Credit	-	-	458	458
State Police Aid	165,000	165,000	184,213	19,213
State Highway Aid	230,000	230,000	242,113	12,113
Other	16,000	16,000	106,999	90,999
Total Intergovernmental	<u>1,511,000</u>	<u>1,511,000</u>	<u>1,686,258</u>	<u>175,258</u>
Special Assessments	5,000	5,000	4,989	(11)
Charges for Services:				
General Government	166,450	166,450	195,780	29,330
Public Safety	44,500	44,500	56,060	11,560
Culture and Recreation	67,300	67,300	99,237	31,937
Sanitation	1,125,000	1,125,000	1,270,428	145,428
Storm Sewer	445,090	445,090	451,568	6,478
Total Charges for Services	<u>1,848,340</u>	<u>1,848,340</u>	<u>2,073,073</u>	<u>224,733</u>
Fines and Forfeits	44,000	44,000	40,528	(3,472)
Investment Earnings	20,000	20,000	98,938	78,938
Refunds/Reimbursements	50,000	50,000	312,039	262,039
Contributions and Donations	42,500	42,500	51,170	8,670
Miscellaneous	14,500	14,500	60,891	46,391
<b>Total Revenues</b>	<b>10,064,360</b>	<b>10,064,360</b>	<b>11,130,166</b>	<b>1,065,806</b>

*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, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>EXPENDITURES</b>				
General Government:				
Mayor and Council:				
Current:				
Personal Services	\$ 92,463	\$ 92,463	\$ 91,324	\$ 1,139
Financial Administration:				
Current:				
Personal Services	618,252	618,252	420,349	197,903
Other Expenses:				
Audit / Accounting	16,030	16,030	21,584	(5,554)
Insurance	36,000	36,000	26,067	9,933
Planning and Zoning	312,450	312,450	313,811	(1,361)
Assessor	105,000	105,000	105,695	(695)
Legal Services	-	-	765	(765)
City Clerk	158,004	158,004	161,719	(3,715)
Professional Services	25,000	25,000	17,845	7,155
Elections	5,630	5,630	4,332	1,298
Other Expense	332,767	332,767	344,543	(11,776)
Capital Outlay	-	-	26,835	(26,835)
Finance Purchase Obligations:				
Principal	-	-	3,019	(3,019)
Interest	-	-	292	(292)
Total Financial Administration	<u>1,609,133</u>	<u>1,609,133</u>	<u>1,446,856</u>	<u>162,277</u>
Engineering:				
Current:				
Personal Services	115,160	115,160	96,956	18,204
Other Services and Charges	105,416	105,416	42,331	63,085
Total Engineering	<u>220,576</u>	<u>220,576</u>	<u>139,287</u>	<u>81,289</u>
Total General Government	<u>1,922,172</u>	<u>1,922,172</u>	<u>1,677,467</u>	<u>244,705</u>

*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, 2023**

	2023				Variance from Final Budget
	Original Budget	Final Budget	Actual		
<b>EXPENDITURES (CONTINUED)</b>					
Public Safety:					
Police Protection:					
Current:					
Personal Services	\$ 2,679,191	\$ 2,679,191	\$ 2,638,088	\$ 41,103	
Training	13,900	13,900	12,858	1,042	
Legal Fees	73,000	73,000	72,561	439	
Other Services and Charges	641,683	641,683	693,928	(52,245)	
Capital Outlay	15,000	15,000	90,316	(75,316)	
Finance Purchase Obligations:					
Principal	82,930	82,930	87,156	(4,226)	
Interest	18,413	18,413	19,622	(1,209)	
Total Police	<u>3,524,117</u>	<u>3,524,117</u>	<u>3,614,529</u>	<u>(90,412)</u>	
Fire Protection:					
Current:	570,000	570,000	569,411	589	
Finance Purchase Obligations:					
Principal	7,461	7,461	10,637	(3,176)	
Interest	597	597	1,277	(680)	
Total Fire Protection	<u>578,058</u>	<u>578,058</u>	<u>581,325</u>	<u>(3,267)</u>	
Civil Defense	2,850	2,850	1,398	1,452	
Building Inspections	239,500	239,500	326,731	(87,231)	
Total Public Safety	<u>4,344,525</u>	<u>4,344,525</u>	<u>4,523,983</u>	<u>(179,458)</u>	
Public Works:					
Street Department:					
Current:					
Personal Services	-	-	8,733	(8,733)	
Street Maintenance	904,492	904,492	912,239	(7,747)	
Storm Sewer Maintenance	101,499	101,499	58,549	42,950	
Snow and Ice Removal	151,296	151,296	115,468	35,828	
Other	683,660	683,660	674,539	9,121	
Capital Outlay	-	-	449,729	(449,729)	
Finance Purchase Obligations:					
Principal	94,534	94,534	79,539	14,995	
Interest	13,787	13,787	86,487	(72,700)	
Total Public Works	<u>1,949,268</u>	<u>1,949,268</u>	<u>2,385,283</u>	<u>(436,015)</u>	
Sanitation:					
Current	1,174,274	1,174,274	1,149,325	24,949	

*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, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Culture and Recreation:</b>				
Parks:				
Current:				
Personal Services	\$ 737,187	\$ 737,187	\$ 921,288	\$ (184,101)
Supply and Maintenance	497,650	497,650	607,764	(110,114)
School District #877 Joint Programs	50,000	50,000	48,049	1,951
Miscellaneous	83,413	83,413	96,875	(13,462)
Finance Purchase Obligations:				
Principal	30,068	30,068	107,707	(77,639)
Interest	1,579	1,579	12,999	(11,420)
Capital Outlay	-	-	260,102	(260,102)
Total Parks Department	<u>1,399,897</u>	<u>1,399,897</u>	<u>2,054,784</u>	<u>(654,887)</u>
Community Center:				
Current:				
Personal Services	281,229	281,229	211,775	69,454
Maintenance and Repair	20,000	20,000	20,847	(847)
Utilities	66,500	66,500	16,557	49,943
Miscellaneous	82,995	82,995	101,119	(18,124)
Capital Outlay	8,500	8,500	15,516	(7,016)
Total Community Center	<u>459,224</u>	<u>459,224</u>	<u>365,814</u>	<u>93,410</u>
Total Culture and Recreation	<u>1,859,121</u>	<u>1,859,121</u>	<u>2,420,598</u>	<u>(561,477)</u>
Total Expenditures	<u>11,249,360</u>	<u>11,249,360</u>	<u>12,156,656</u>	<u>(907,296)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,185,000)</b>	<b>(1,185,000)</b>	<b>(1,026,490)</b>	<b>158,510</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	1,250,000	1,250,000	1,250,000	-
Transfer Out	(170,000)	(170,000)	(66,125)	103,875
Proceeds from Sale of Capital Assets	105,000	105,000	52,357	(52,643)
Lease Proceeds	-	-	35,993	35,993
Insurance Proceeds	-	-	10,504	10,504
Total Other Financing Sources (Uses)	<u>1,185,000</u>	<u>1,185,000</u>	<u>1,282,729</u>	<u>97,729</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>256,239</b>	<b>\$ 256,239</b>
Fund Balance - Beginning of Year			6,408,313	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 6,664,552</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, 2023**

**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 2023.
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 department level for the General Fund and fund level in all other funds. 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, 2023**

**NOTE 3 EXPENDITURES IN EXCESS OF BUDGET**

For the year ended December 31, 2023, expenditures exceeded budget in the general fund by \$907,296. 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**

**2023**

**Changes in Actuarial Assumptions**

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

**Changes in Plan Provisions**

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**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.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**DECEMBER 31, 2023**

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

A. General Employees Fund (Continued)

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%.
- 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, 2023**

**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, 2023**

**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**

2023

**Changes in Actuarial Assumptions**

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

**Changes in Plan Provisions**

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**DECEMBER 31, 2023**

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

B. Police and Fire Fund (Continued)

2023 (Continued)

Changes in Plan Provisions (Continued)

- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

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%.
- 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.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**DECEMBER 31, 2023**

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

B. Police and Fire Fund (Continued)

2021 (Continued)

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.

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.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**DECEMBER 31, 2023**

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

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

**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.
- 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.

**CITY OF BUFFALO, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**DECEMBER 31, 2023**

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

B. Police and Fire Fund (Continued)

2016 (Continued)

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**

2023

Changes in Actuarial Assumptions

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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, 2023**

**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, 2023**

	2023		
	Fire Fund	Library Fund	Civic Center Fund
<b>ASSETS</b>			
Cash and Investments	\$ 495,045	\$ 119,733	\$ -
Taxes Receivable			
Current	- -	210	271
Delinquent	- -	1,049	-
Accounts Receivable	- -	- -	133,119
Due from Other Governments	2,200	- -	22,256
Accrued Interest Receivable	1,633	293	-
Due from Other Funds	- -	- -	-
Lease Receivable	28,543	- -	376,862
Inventory	- -	- -	-
Prepaid Items	60,979	- -	470
Loans Receivable, Net of Allowance	- -	- -	-
Land Held for Resale	- -	- -	-
<b>Total Assets</b>	<b>\$ 588,400</b>	<b>\$ 121,285</b>	<b>\$ 532,978</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE (DEFICIT)</b>			
<b>LIABILITIES</b>			
Accounts and Contracts Payable	\$ 14,905	\$ 5,550	\$ 60,268
Other Accrued Liabilities	28,728	63	5,927
Advance From Other Funds	- -	- -	2,031,081
Unearned Revenue	- -	- -	6,437
Escrow Deposits	- -	- -	7,000
<b>Total Liabilities</b>	<b>43,633</b>	<b>5,613</b>	<b>2,110,713</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable Taxes	- -	1,049	-
Unavailable State Aid	- -	- -	-
Unavailable Lease Related	27,578	- -	398,309
Unavailable Loans Receivables	- -	- -	-
<b>Total Deferred Inflow of Resources</b>	<b>27,578</b>	<b>1,049</b>	<b>398,309</b>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	60,979	- -	470
Restricted	- -	- -	-
Committed	456,210	114,623	-
Unassigned	- -	- -	(1,976,514)
<b>Total Fund Balances (Deficit)</b>	<b>517,189</b>	<b>114,623</b>	<b>(1,976,044)</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficit)</b>	<b>\$ 588,400</b>	<b>\$ 121,285</b>	<b>\$ 532,978</b>

**CITY OF BUFFALO, MINNESOTA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2023**

2023		
The HRA of Buffalo Fund	Airport Fund	2023 Total
\$ 450,957	\$ 231,260	\$ 1,296,995
805	-	1,286
4,626	-	5,675
4,686	5,183	142,988
-	156,311	180,767
1,513	600	4,039
10,809	-	10,809
-	306,972	712,377
-	11,066	11,066
-	-	61,449
252,841	-	252,841
<u>214,400</u>	<u>-</u>	<u>214,400</u>
<u>\$ 940,637</u>	<u>\$ 711,392</u>	<u>\$ 2,894,692</u>
\$ 35,613	\$ 4,723	\$ 121,059
-	1,033	35,751
-	-	2,031,081
-	3,755	10,192
<u>3,571</u>	<u>-</u>	<u>10,571</u>
<u>39,184</u>	<u>9,511</u>	<u>2,208,654</u>
4,626	-	5,675
-	42,560	42,560
-	303,386	729,273
<u>252,841</u>	<u>-</u>	<u>252,841</u>
<u>257,467</u>	<u>345,946</u>	<u>1,030,349</u>
-	11,066	72,515
86,952	-	86,952
557,034	344,869	1,472,736
-	-	(1,976,514)
<u>643,986</u>	<u>355,935</u>	<u>(344,311)</u>
<u>\$ 940,637</u>	<u>\$ 711,392</u>	<u>\$ 2,894,692</u>

**CITY OF BUFFALO, MINNESOTA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023		
	Fire Fund	Library Fund	Civic Center Fund
<b>REVENUE</b>			
General Property Taxes	\$ -	\$ 76,462	\$ 99,428
Tax Increments	- -	- -	- -
Intergovernmental	194,771	- -	- -
Charges for Services	847,396	- -	700,794
Investment Earnings	11,187	1,975	- -
Refunds and Reimbursements	809	- -	98
Contributions and Donations	500	- -	53,552
Miscellaneous	87	- -	8,896
Total Revenue	<u>1,054,750</u>	<u>78,437</u>	<u>862,768</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	829,650	- -	- -
Culture and Recreation	- -	82,017	876,994
Community Development	- -	- -	- -
Capital Outlay:			
Public Safety	6,360	- -	- -
Culture and Recreation	- -	- -	22,093
Community Development	- -	- -	- -
Debt Service:			
Principal	194,129	- -	- -
Interest and Fiscal Charges	6,576	- -	- -
Total Expenditures	<u>1,036,715</u>	<u>82,017</u>	<u>899,087</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	18,035	(3,580)	(36,319)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer In	- -	- -	150,000
Transfer Out	- -	- -	- -
Proceeds from Sale of Capital Assets	46	- -	- -
Lease Proceeds	6,360	- -	- -
Total Other Financing Sources (Uses)	<u>6,406</u>	<u>- -</u>	<u>150,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	24,441	(3,580)	113,681
Fund Balance (Deficit) - Beginning of Year	<u>492,748</u>	<u>118,203</u>	<u>(2,089,725)</u>
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	<u><u>\$ 517,189</u></u>	<u><u>\$ 114,623</u></u>	<u><u>\$ (1,976,044)</u></u>

**CITY OF BUFFALO, MINNESOTA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

2023		
The HRA of Buffalo Fund	Airport Fund	2023 Total
\$ 346,562	\$ -	\$ 522,452
204,156	-	204,156
276,349	102,726	573,846
19,392	362,327	1,929,909
7,142	4,218	24,522
25,466	-	26,373
-	-	54,052
84	8,011	17,078
<u>879,151</u>	<u>477,282</u>	<u>3,352,388</u>
-	-	829,650
-	380,677	1,339,688
517,943	-	517,943
-	-	6,360
-	74,835	96,928
110,009	-	110,009
-	-	194,129
-	-	6,576
<u>627,952</u>	<u>455,512</u>	<u>3,101,283</u>
251,199	21,770	251,105
-	50,000	200,000
(202,297)	-	(202,297)
-	-	46
-	-	6,360
<u>(202,297)</u>	<u>50,000</u>	<u>4,109</u>
48,902	71,770	255,214
<u>595,084</u>	<u>284,165</u>	<u>(599,525)</u>
<u>\$ 643,986</u>	<u>\$ 355,935</u>	<u>\$ (344,311)</u>

**CITY OF BUFFALO, MINNESOTA**  
**FIRE SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023				
	Original Budget	Final Budget	Actual	Variance with Budget	
<b>REVENUES</b>					
Fire Contracts and Charges	\$ 846,700	\$ 846,700	\$ 847,396	\$ 696	
Intergovernmental:					
State Aid and Grants	155,000	155,000	194,771	39,771	
Contributions and Donations	-	-	500	500	
Investment Earnings	1,000	1,000	11,187	10,187	
Refunds and Reimbursements	-	-	809	809	
Miscellaneous	-	-	87	87	
Total Revenues	<u>1,002,700</u>	<u>1,002,700</u>	<u>1,054,750</u>		52,050
<b>EXPENDITURES</b>					
Public Safety:					
Fire Relief	150,000	150,000	166,051	(16,051)	
Wages and Benefits	252,968	252,968	267,808	(14,840)	
Truck Expense	12,000	12,000	8,230	3,770	
Supplies	85,000	85,000	52,926	32,074	
Repairs and Maintenance	62,000	62,000	87,731	(25,731)	
Radio and Telephone	28,500	28,500	13,534	14,966	
Utilities	65,000	65,000	55,312	9,688	
Insurance	125,000	125,000	85,903	39,097	
Training	18,000	18,000	33,312	(15,312)	
Other	60,532	60,532	58,843	1,689	
Capital Outlay	178,000	178,000	6,360		171,640
Debt Service:					
Principal	189,820	189,820	194,129	(4,309)	
Interest	6,380	6,380	6,576	(196)	
Total Expenditures	<u>1,233,200</u>	<u>1,233,200</u>	<u>1,036,715</u>		<u>196,485</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>					
	(230,500)	(230,500)	18,035		248,535
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Proceeds	-	-	6,360	6,360	
Proceeds on Sale of Capital Assets	-	-	46	46	
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>6,406</u>		<u>6,406</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	<u>\$ (230,500)</u>	<u>\$ (230,500)</u>	24,441	<u>\$ 254,941</u>	
Fund Balance - Beginning of Year			492,748		
<b>FUND BALANCE - END OF YEAR</b>					
			<u>\$ 517,189</u>		

**CITY OF BUFFALO, MINNESOTA**  
**LIBRARY SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
General Property Taxes	\$ 76,672	\$ 76,672	\$ 76,462	\$ (210)
Intergovernmental	25,000	25,000	-	(25,000)
Investment Earnings	300	300	1,975	1,675
Total Revenues	<u>101,972</u>	<u>101,972</u>	<u>78,437</u>	<u>(23,535)</u>
<b>EXPENDITURES</b>				
Culture and Recreation:				
Wages and Benefits	10,866	10,866	968	9,898
Supplies and Maintenance	75,500	75,500	40,882	34,618
Insurance	1,750	1,750	2,616	(866)
Telephone	900	900	1,284	(384)
Utilities	35,000	35,000	25,749	9,251
Other	9,500	9,500	10,518	(1,018)
Total Expenditures	<u>133,516</u>	<u>133,516</u>	<u>82,017</u>	<u>51,499</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (31,544)</u></u>	<u><u>\$ (31,544)</u></u>	<u><u>(3,580)</u></u>	<u><u>\$ 27,964</u></u>
Fund Balance - Beginning of Year			118,203	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 114,623</u></u>	

**CITY OF BUFFALO, MINNESOTA**  
**CIVIC CENTER SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
General Property Taxes				
Charges for Services:				
Ice Time	\$ 100,000	\$ 100,000	\$ 99,428	\$ (572)
Building Rent	540,350	540,350	605,453	65,103
Lease Payment	30,000	30,000	21,384	(8,616)
Gate Receipts and Concessions	40,000	40,000	60,500	20,500
Other	6,500	6,500	9,607	3,107
Contributions and Donations	15,000	15,000	3,850	(11,150)
Refunds and Reimbursements	50,000	50,000	53,552	3,552
Miscellaneous	-	-	98	98
<b>Total Revenues</b>	<b>782,350</b>	<b>782,350</b>	<b>862,768</b>	<b>80,418</b>
<b>EXPENDITURES</b>				
Culture and Recreation:				
Wages and Benefits	384,762	384,762	358,064	26,698
Maintenance and Repair	70,000	70,000	122,323	(52,323)
Utilities	210,000	210,000	276,846	(66,846)
Other	117,300	117,300	85,388	31,912
Insurance	30,000	30,000	34,373	(4,373)
Interest Expense	2,200	2,200	-	2,200
Capital Outlay	208,000	208,000	22,093	185,907
<b>Total Expenditures</b>	<b>1,022,262</b>	<b>1,022,262</b>	<b>899,087</b>	<b>123,175</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(239,912)</b>	<b>(239,912)</b>	<b>(36,319)</b>	<b>203,593</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer In	150,000	150,000	150,000	-
Issuance of Bonds	175,000	175,000	-	(175,000)
<b>Total Other Financing Sources</b>	<b>325,000</b>	<b>325,000</b>	<b>150,000</b>	<b>(175,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 85,088</b>	<b>\$ 85,088</b>	<b>113,681</b>	<b>\$ 28,593</b>
Fund Deficit - Beginning of Year				<b>(2,089,725)</b>
<b>FUND DEFICIT - END OF YEAR</b>				<b>\$ (1,976,044)</b>

**CITY OF BUFFALO, MINNESOTA**  
**AIRPORT SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>REVENUES</b>				
Intergovernmental:				
Federal Grants	\$ 136,000	\$ 136,000	\$ 67,640	\$ (68,360)
State Aid and Grants	28,131	28,131	35,086	6,955
Total Intergovernmental	164,131	164,131	102,726	(61,405)
Charges for Services	322,650	322,650	362,327	39,677
Investment Earnings	250	250	4,218	3,968
Miscellaneous	-	-	8,011	8,011
Total Revenues	487,031	487,031	477,282	(9,749)
<b>EXPENDITURES</b>				
Culture and Recreation:				
Wages and Benefits	66,580	66,580	50,667	15,913
Other	294,172	294,172	330,010	(35,838)
Capital Outlay	145,000	145,000	74,835	70,165
Total Expenditures	505,752	505,752	455,512	50,240
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(18,721)	(18,721)	21,770	40,491
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	50,000	50,000	50,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 31,279</b>	<b>\$ 31,279</b>	71,770	<b>\$ 40,491</b>
Fund Balance - Beginning of Year			284,165	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 355,935</b>	

## **OTHER COMBINING SCHEDULES**

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUND – BY BOND ISSUE**  
**DECEMBER 31, 2023**

	2023			
	G.O. Bonds, Series 2020A	G.O. Bonds, Series 2010C	G.O. Bonds, Series 2013A	G.O. Tax Abatement Bonds, Series 2016A
<b>ASSETS</b>				
Cash and Investments	\$ 442,379	\$ -	\$ 414,860	\$ 76,985
Taxes Receivable:				
Current	1,266	-	987	249
Delinquent	6,260	-	4,880	1,232
Special Assessments Receivable:				
Delinquent	-	-	3,767	-
Accrued Interest Receivable	473	-	677	126
Advances to Other Funds	-	-	-	-
Total Assets	<u>\$ 450,378</u>	<u>\$ -</u>	<u>\$ 425,171</u>	<u>\$ 78,592</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 355	\$ -	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Taxes	6,260	-	4,880	1,232
Unavailable Special Assessments	-	-	3,767	-
Total Deferred Inflows of Resources	<u>6,260</u>	<u>-</u>	<u>8,647</u>	<u>1,232</u>
<b>FUND BALANCES</b>				
Restricted	<u>443,763</u>	<u>-</u>	<u>416,524</u>	<u>77,360</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 450,378</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 425,171</u></u>	<u><u>\$ 78,592</u></u>

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)  
DECEMBER 31, 2023**

2023										
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	G.O. Refunding Bonds, Series 2019C	G.O. Tax Abatement and Refunding Bonds, Series 2020B	G.O. Bonds, Refunding Series 1996	G.O. Refunding Bonds, Series 2012B	G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2015A				
\$ -	\$ 1,047,000	\$ 773,034	\$ 14,649	\$ 18,408	\$ 23,137	\$ 512,498				
-	1,306	2,383	-	-	-	678				
-	6,457	11,780	-	-	-	3,352				
-	-	-	218,962	267,029	-	-				
-	2,132	617	39	49	64	995				
-	-	-	-	-	1,125,000	-				
<u>\$ -</u>	<u>\$ 1,056,895</u>	<u>\$ 787,814</u>	<u>\$ 233,650</u>	<u>\$ 285,486</u>	<u>\$ 1,148,201</u>	<u>\$ 517,523</u>				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
-	6,457	11,780	-	-	-	3,352				
-	6,457	11,780	218,962	267,029	-	3,352				
-	1,050,438	776,034	14,688	18,457	1,148,201	514,171				
<u>\$ -</u>	<u>\$ 1,056,895</u>	<u>\$ 787,814</u>	<u>\$ 233,650</u>	<u>\$ 285,486</u>	<u>\$ 1,148,201</u>	<u>\$ 517,523</u>				

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)**  
**DECEMBER 31, 2023**

	2023			
	G.O. Street Reconstruction Bonds, Series 2016C	G.O. Capital Improvement Refunding Bonds, Series 2011A	2013B G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2002
<b>ASSETS</b>				
Cash and Investments	\$ 237,997	\$ -	\$ 939	\$ 16
Taxes Receivable:				
Current	459	-	-	-
Delinquent	2,267	-	-	-
Special Assessments Receivable:				
Delinquent	-	-	-	58,991
Accrued Interest Receivable	382	-	3	-
Advances to Other Funds	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 241,105</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 942</u></b>	<b><u>\$ 59,007</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 475	\$ -	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Taxes	2,267	-	-	-
Unavailable Special Assessments	-	-	-	58,991
Total Deferred Inflows of Resources	2,267	-	-	58,991
<b>FUND BALANCES</b>				
Restricted	<u>238,363</u>	<u>-</u>	<u>942</u>	<u>16</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b><u>\$ 241,105</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 942</u></b>	<b><u>\$ 59,007</u></b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)**  
**DECEMBER 31, 2023**

2023						
G.O. Bonds, Series 2019B	G.O. Bonds, Series 2005B	G.O. Bonds, Series 2023A	G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B			Total Debt Service Fund
\$ 689,589	\$ 61	\$ 68,423	\$ 152,522	\$ 4,472,497		
1,236	-	-	-	-		8,564
6,112	-	-	-	-		42,340
-	-	-	-	-		548,749
1,229	-	108	69	-		6,963
-	-	-	-	-		1,125,000
<b>\$ 698,166</b>	<b>\$ 61</b>	<b>\$ 68,531</b>	<b>\$ 152,591</b>	<b>\$ 4,472,497</b>		<b>\$ 6,204,113</b>
\$ 475	\$ -	\$ 198	\$ -	\$ 1,503		
6,112	-	-	-	-		42,340
-	-	-	-	-		548,749
6,112	-	-	-	-		591,089
<b>691,579</b>	<b>61</b>	<b>68,333</b>	<b>152,591</b>	<b>5,611,521</b>		
<b>\$ 698,166</b>	<b>\$ 61</b>	<b>\$ 68,531</b>	<b>\$ 152,591</b>	<b>\$ 4,472,497</b>		<b>\$ 6,204,113</b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND – BY BOND ISSUE**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	G.O. Bonds, Series 2020A	G.O. Bonds, Series 2010C	G.O. Bonds, Series 2013A	G.O. Tax Abatement Bonds, Series 2016A
<b>REVENUES</b>				
General Property Taxes	\$ 449,792	\$ 1,659	\$ 350,625	\$ 88,542
Special Assessments	-	-	934	-
Investment Earnings	3,260	-	4,277	940
Total Revenues	<u>453,052</u>	<u>1,659</u>	<u>355,836</u>	<u>89,482</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bonds and Loans:				
Principal	316,600	-	365,000	60,000
Interest and Fiscal Charges	<u>103,485</u>	<u>-</u>	<u>11,388</u>	<u>24,388</u>
Total Expenditures	<u>420,085</u>	<u>-</u>	<u>376,388</u>	<u>84,388</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	32,967	1,659	(20,552)	5,094
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	-	-
Transfer Out	-	(1,659)	-	-
Issuance of Bonds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,659)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	32,967	-	(20,552)	5,094
Fund Balances (Deficit) - Beginning of Year	410,796	-	437,076	72,266
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 443,763</u>	<u>\$ -</u>	<u>\$ 416,524</u>	<u>\$ 77,360</u>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

2023						
G.O. Water and Sewer Revenue Refunding Bonds, Series 2019A	G.O. Refunding Bonds, Series 2019C	G.O. Tax Abatement and Refunding Bonds, Series 2020B	G.O. Bonds, Refunding Series 1996	G.O. Refunding Bonds, Series 2012B	2012C G.O. Refunding Bonds, Series 2022A	2012C G.O. Bonds, Series 2015A
\$ -	\$ 463,959	\$ 846,459	\$ -	\$ 135	\$ -	\$ 240,832
-	348,000	-	-	175	-	-
-	14,834	3,916	266	332	476	6,579
-	826,793	850,375	266	642	476	247,411
15,606	400,000	860,000	-	-	105,000	265,000
1,260	89,581	39,075	-	-	33,060	60,618
<u>16,866</u>	<u>489,581</u>	<u>899,075</u>	<u>-</u>	<u>-</u>	<u>138,060</u>	<u>325,618</u>
(16,866)	337,212	(48,700)	266	642	(137,584)	(78,207)
17,875	-	11,768	-	-	31,725	-
-	-	-	-	-	-	-
<u>17,875</u>	<u>-</u>	<u>11,768</u>	<u>-</u>	<u>-</u>	<u>31,725</u>	<u>-</u>
1,009	337,212	(36,932)	266	642	(105,859)	(78,207)
<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>\$ -</u>	<u>\$ 1,050,438</u>	<u>\$ 776,034</u>	<u>\$ 14,688</u>	<u>\$ 18,457</u>	<u>\$ 1,148,201</u>	<u>\$ 514,171</u>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	G.O. Street Reconstruction Bonds, Series 2016C	G.O. Capital Improvement Refunding Bonds, Series 2011A	2013B G.O. Refunding Bonds, Series 2022A	G.O. Bonds, Series 2002
<b>REVENUES</b>				
General Property Taxes	\$ 162,917	\$ 6,394	\$ -	\$ 16
Special Assessments	-	-	-	-
Investment Earnings	2,580	-	20	-
Total Revenues	<u>165,497</u>	<u>6,394</u>	<u>20</u>	<u>16</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bonds and Loans:				
Principal	160,000	-	40,000	-
Interest and Fiscal Charges	<u>41,638</u>	<u>-</u>	<u>8,330</u>	<u>-</u>
Total Expenditures	<u>201,638</u>	<u>-</u>	<u>48,330</u>	<u>-</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	(36,141)	6,394	(48,310)	16
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	48,250	-
Transfer Out	-	(6,394)	-	-
Issuance of Bonds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,394)</u>	<u>48,250</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(36,141)	-	(60)	16
Fund Balances (Deficit) - Beginning of Year	274,504	-	1,002	-
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u><u>\$ 238,363</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 942</u></u>	<u><u>\$ 16</u></u>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND – BY BOND ISSUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

2023					
G.O. Bonds, Series 2019B	G.O. Bonds, Series 2005B	G.O. Bonds, Series 2023A	G.O. Tax Abatement and Utility Refunding Bonds, Series 2023B	Internal Eliminations	Total Debt Service Fund
\$ 439,167	\$ -	\$ -	\$ -	\$ -	\$ 3,050,497
-	-	-	-	-	349,109
<u>8,323</u>	<u>61</u>	<u>809</u>	<u>519</u>	<u>-</u>	<u>47,192</u>
<u>447,490</u>	<u>61</u>	<u>809</u>	<u>519</u>	<u>-</u>	<u>3,446,798</u>
300,000	-	-	-	-	2,887,206
<u>218,500</u>	<u>-</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>631,521</u>
<u>518,500</u>	<u>-</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>3,518,727</u>
(71,010)	61	611	519	-	(71,929)
-	-	-	-	(11,768)	97,850
-	(3,715)	-	-	11,768	-
<u>-</u>	<u>-</u>	<u>67,722</u>	<u>152,072</u>	<u>-</u>	<u>219,794</u>
<u>-</u>	<u>(3,715)</u>	<u>67,722</u>	<u>152,072</u>	<u>-</u>	<u>317,644</u>
(71,010)	(3,654)	68,333	152,591	-	245,715
<u>762,589</u>	<u>3,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,365,806</u>
<u>\$ 691,579</u>	<u>\$ 61</u>	<u>\$ 68,333</u>	<u>\$ 152,591</u>	<u>\$ -</u>	<u>\$ 5,611,521</u>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUND – BY PROJECT**  
**DECEMBER 31, 2023**

	2023			
	Pavement Management	Ice Arena Improvement	Downtown Fire Station	Park Capital Improvement
<b>ASSETS</b>				
Cash and Investments	\$ 140,063	\$ 767,738	\$ 331,880	\$ 157,182
Taxes Receivable:				
Current	1,122	-	-	-
Special Assessments Receivable:				
Noncurrent	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	-	-
Accrued Interest Receivable	207	2,056	4,012	443
Prepaid Items	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 141,392</u></b>	<b><u>\$ 769,794</u></b>	<b><u>\$ 335,892</u></b>	<b><u>\$ 157,625</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 42,531	\$ -	\$ 83,923	\$ -
Due to Other Governments	-	-	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b><u>42,531</u></b>	<b><u>-</u></b>	<b><u>83,923</u></b>	<b><u>-</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Special Assessments	-	-	-	-
Unavailable Grants and Other	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	98,861	769,794	-	157,625
Assigned	-	-	251,969	-
Unassigned	-	-	-	-
<b>Total Fund Balances (Deficits)</b>	<b><u>98,861</u></b>	<b><u>769,794</u></b>	<b><u>251,969</u></b>	<b><u>157,625</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 141,392</u></b>	<b><u>\$ 769,794</u></b>	<b><u>\$ 335,892</u></b>	<b><u>\$ 157,625</u></b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)**  
**DECEMBER 31, 2023**

2023							
Capital Equipment	Annual Trail Replacements	TH25 S. Reconstruction	2021 Street Maintenance	Douglas Dr. Improvement	SE Area Phase 3	2020 Street Maintenance	
\$ 13,310	\$ (6,728)	\$ 1,917,280	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	10,904	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	933,388	-	-	-	-	-
1,115	-	8,983	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 14,425	\$ (6,728)	\$ 2,870,555	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 581,910	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	1,202	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	583,112	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	10,904	-	-	-	-	-
-	-	699,044	-	-	-	-	-
-	-	709,948	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-	-	-
-	-	1,577,495	-	-	-	-	-
14,425	-	-	-	-	-	-	-
-	(6,728)	-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
14,425	(6,728)	1,577,495	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 14,425	\$ (6,728)	\$ 2,870,555	\$ -	\$ -	\$ -	\$ -	\$ -
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)**  
**DECEMBER 31, 2023**

	2023			
	Dague Ave. &			
	Dague Ave. Roundabout	30th St. NE Reconstruction	Bentfield Renovation	Baker Ave. Improvement
<b>ASSETS</b>				
Cash and Investments	\$ (86,801)	\$ (418,659)	\$ (34,406)	\$ (19,390)
Taxes Receivable:				
Current	-	-	-	-
Special Assessments Receivable:				
Noncurrent	-	260,000	-	-
Accounts Receivable	-	112,032	-	-
Due from Other Governments	27,194	54,100	-	-
Accrued Interest Receivable	-	-	-	-
Prepaid Items	-	-	-	-
<b>Total Assets</b>	<b><u>\$ (59,607)</u></b>	<b><u>\$ 7,473</u></b>	<b><u>\$ (34,406)</u></b>	<b><u>\$ (19,390)</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 90	\$ 55,011	\$ -	\$ -
Due to Other Governments	-	-	-	6,233
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>90</b>	<b>55,011</b>	<b>-</b>	<b>6,233</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Special Assessments	-	260,000	-	-
Unavailable Grants and Other	27,194	166,132	-	-
<b>Total Deferred Inflows of Resources</b>	<b>27,194</b>	<b>426,132</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	(86,891)	(473,670)	(34,406)	(25,623)
<b>Total Fund Balances (Deficits)</b>	<b>(86,891)</b>	<b>(473,670)</b>	<b>(34,406)</b>	<b>(25,623)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ (59,607)</u></b>	<b><u>\$ 7,473</u></b>	<b><u>\$ (34,406)</u></b>	<b><u>\$ (19,390)</u></b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)**  
**DECEMBER 31, 2023**

2023				
Fire Training Tower	Police Capital Equipment	Fiber Capital Improvements	Total Capital	
			Project Fund	
\$ (113,708)	\$ 707,709	\$ 2,815,033	\$ 6,170,503	
-	-	-	1,122	
-	-	-	270,904	
-	-	-	112,032	
-	-	-	1,014,682	
-	-	1,271	18,087	
<u>-</u>	<u>8,997</u>	<u>-</u>	<u>8,997</u>	
<u>\$ (113,708)</u>	<u>\$ 716,706</u>	<u>\$ 2,816,304</u>	<u>\$ 7,596,327</u>	
\$ -	\$ -	\$ -	\$ 763,465	
-	-	-	6,233	
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>770,900</u>	
-	-	-	270,904	
<u>-</u>	<u>-</u>	<u>-</u>	<u>892,370</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,163,274</u>	
-	8,997	-	8,997	
-	707,709	2,816,304	6,127,788	
-	-	-	266,394	
<u>(113,708)</u>	<u>-</u>	<u>-</u>	<u>(741,026)</u>	
<u>(113,708)</u>	<u>716,706</u>	<u>2,816,304</u>	<u>5,662,153</u>	
<u>\$ (113,708)</u>	<u>\$ 716,706</u>	<u>\$ 2,816,304</u>	<u>\$ 7,596,327</u>	

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUND – BY PROJECT**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	Pavement Management	Ice Arena Improvement	Downtown Fire Station	Park Capital Improvement
<b>REVENUES</b>				
General Property Taxes	\$ 399,928	\$ -	\$ -	\$ -
Intergovernmental	164,345	-	-	-
Special Assessments	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings	1,556	13,937	31,647	3,012
Refunds and Reimbursements	-	-	-	-
Miscellaneous	17,890	-	-	-
<b>Total Revenues</b>	<b>583,719</b>	<b>13,937</b>	<b>31,647</b>	<b>3,012</b>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	816,553	-	27,242	-
Culture and Recreation	-	-	-	-
Debt Service:				
Bonds and Loans:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	816,553	-	27,242	-
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(232,834)</b>	<b>13,937</b>	<b>4,405</b>	<b>3,012</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	466,442	-	-	-
Transfer Out	(61,103)	-	-	(8,895)
Issuance of Bonds	-	-	-	-
Bond Premium	-	-	-	-
Total Other Financing Sources (Uses)	405,339	-	-	(8,895)
<b>NET CHANGE IN FUND BALANCES</b>	<b>172,505</b>	<b>13,937</b>	<b>4,405</b>	<b>(5,883)</b>
Fund Balances (Deficit) - Beginning of Year	(73,644)	755,857	247,564	163,508
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 98,861</b>	<b>\$ 769,794</b>	<b>\$ 251,969</b>	<b>\$ 157,625</b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

2023							
Capital Equipment	Annual						
	Trail Replacements	TH25 S. Reconstruction	2021 Street Maintenance	Douglas Dr. Improvement	SE Area Phase 3	2020 Street Maintenance	
\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	-
		6,177,722					
		-	-	-	-	-	-
		-	-	-	-	-	-
9,523	-	72,139	-	-	-	-	-
		6,642	-	-	-	-	-
		-	-	-	-	-	-
9,523	-	6,256,503	-	-	-	-	-
61,973	-	-	-	-	-	-	-
321,669	-	5,515,283	-	400	-	-	-
130,590	-	-	-	-	-	-	-
11,127	-	47,167	-	-	-	-	-
525,359	-	5,562,450	-	400	-	-	-
(515,836)	-	694,053	-	(400)	-	-	-
-	-	-	42,232	18,870	-	-	-
		-	-	-	(85,210)	(25,999)	
461,014	-	1,871,264	-	-	-	-	-
52,099	-	176,962	-	-	-	-	-
513,113	-	2,048,226	42,232	18,870	(85,210)	(25,999)	
(2,723)	-	2,742,279	42,232	18,470	(85,210)	(25,999)	
17,148	(6,728)	(1,164,784)	(42,232)	(18,470)	85,210	25,999	
<b>\$ 14,425</b>	<b>\$ (6,728)</b>	<b>\$ 1,577,495</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	Dague Ave. & Roundabout	30th St. NE Reconstruction	Bentfield Renovation	Baker Ave. Improvement
<b>REVENUES</b>				
General Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Special Assessments	-	23,158	-	-
Charges for Services	-	90,278	-	-
Investment Earnings	-	-	-	-
Refunds and Reimbursements	951	3,000	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>951</b>	<b>116,436</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
Capital Outlay:				
Public Safety	-	-	-	-
Public Works	2,083	71,541	-	6,233
Culture and Recreation	-	-	-	-
Debt Service:				
Bonds and Loans:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<b>2,083</b>	<b>71,541</b>	<b>-</b>	<b>6,233</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(1,132)</b>	<b>44,895</b>	<b>-</b>	<b>(6,233)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	313,416	-	-
Transfer Out	-	-	-	-
Issuance of Bonds	-	-	-	-
Bond Premium	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>313,416</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,132)</b>	<b>358,311</b>	<b>-</b>	<b>(6,233)</b>
Fund Balances (Deficit) - Beginning of Year	(85,759)	(831,981)	(34,406)	(19,390)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ (86,891)</b>	<b>\$ (473,670)</b>	<b>\$ (34,406)</b>	<b>\$ (25,623)</b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUND – BY PROJECT (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

2023					
Fire Training Tower	Police Capital Equipment	Fiber Capital Improvements	Internal Eliminations	Total Capital	
				Project Fund	
\$ -	\$ -	\$ -	\$ -	\$ 399,928	
	716,706			7,058,773	
-	-	-	-	23,158	
-	-	-	-	90,278	
-	-	26,961	-	158,775	
-	-	-	-	10,593	
-	-	-	-	17,890	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	716,706	26,961	-	7,759,395	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	61,973	
-	-	-	-	6,761,004	
-	-	-	-	130,590	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	60,025	-	118,319	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	60,025		-	7,071,886	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	716,706	(33,064)	-	687,509	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	(181,207)	659,753	
-	-	-	181,207	-	
-	-	2,757,928	-	5,090,206	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	91,440	-	320,501	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	2,849,368	-	6,070,460	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	716,706	2,816,304	-	6,757,969	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(113,708)	-	-	-	(1,095,816)	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ (113,708)	\$ 716,706	\$ 2,816,304	\$ -	\$ 5,662,153	

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
HRA OF BUFFALO FUND – BY TIF DISTRICT  
DECEMBER 31, 2023**

	2023			
	HRA General Fund	TIF #20 Willows	TIF #25 Settlers Commons	TIF #21 Pfeifer Property
	<b>ASSETS</b>			
Cash and Investments	\$ 409,929	\$ -	\$ 20,039	\$ -
Taxes Receivable:				
Current	805	-	-	-
Delinquent	4,626	-	-	-
Accounts Receivable	4,686	-	-	-
Accrued Interest Receivable	1,513	-	-	-
Due From Other Funds	18,394	-	-	-
Loans Receivable, Net of Allowance	252,841	-	-	-
Land Held for Resale	<u>214,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 907,194</u>	 <u>\$ -</u>	 <u>\$ 20,039</u>	 <u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>				
 <b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 35,613	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	7,585
Escrow Deposits	-	-	-	-
 Total Liabilities	 <u>35,613</u>	 <u>-</u>	 <u>-</u>	 <u>7,585</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Taxes	4,626	-	-	-
Unavailable Loans and Interest Receivables	252,841	-	-	-
 Total Deferred Inflows of Resources	 <u>257,467</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>FUND BALANCES (DEFICITS)</b>				
Restricted	86,952	-	-	-
Committed	527,162	-	20,039	(7,585)
 Total Fund Balances (Deficits)	 <u>614,114</u>	 <u>-</u>	 <u>20,039</u>	 <u>(7,585)</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 907,194</u>	 <u>\$ -</u>	 <u>\$ 20,039</u>	 <u>\$ -</u>

**CITY OF BUFFALO, MINNESOTA  
COMBINING BALANCE SHEET  
HRA OF BUFFALO FUND – BY TIF DISTRICT (CONTINUED)  
DECEMBER 31, 2023**

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**HRA OF BUFFALO FUND – BY TIF DISTRICT**  
**YEAR ENDED DECEMBER 31, 2023**

	2023			
	HRA General Fund	TIF #20 Willows	TIF #25 Settlers Commons	TIF #21 Pfeifer Property
<b>REVENUES</b>				
General Property Taxes	\$ 346,562	\$ -	\$ -	\$ -
Tax Increments	- -	19,367	- -	5,969
Intergovernmental	276,349	- -	- -	- -
Charges for Services	19,392	- -	- -	- -
Investment Earnings	7,142	- -	- -	- -
Refunds and Reimbursements	2,416	- -	23,050	- -
Miscellaneous	84	- -	- -	- -
Total Revenues	<u>651,945</u>	<u>19,367</u>	<u>23,050</u>	<u>5,969</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	321,472	19,367	4,406	5,872
Capital Outlay:				
Community Development	110,009	- -	- -	- -
Total Expenditures	<u>431,481</u>	<u>19,367</u>	<u>4,406</u>	<u>5,872</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>220,464</b>	<b>-</b>	<b>18,644</b>	<b>97</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	- -	- -	9,395	1,807
Transfer Out	(202,297)	(27,150)	- -	- -
Total Other Financing Sources (Uses)	<u>(202,297)</u>	<u>(27,150)</u>	<u>9,395</u>	<u>1,807</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>18,167</b>	<b>(27,150)</b>	<b>28,039</b>	<b>1,904</b>
Fund Balances (Deficit) - Beginning of Year	595,947	27,150	(8,000)	(9,489)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b><u>\$ 614,114</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 20,039</u></b>	<b><u>\$ (7,585)</u></b>

**CITY OF BUFFALO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**HRA OF BUFFALO FUND – BY TIF DISTRICT**  
**YEAR ENDED DECEMBER 31, 2023**

2023									
TIF #14 Village Place	TIF #15 Logerg	TIF #22 Whirltronics	TIF #23 Havenwood/ Roers	TIF #24 1st Ave Lofts	Eliminations	Total HRA of Buffalo Fund			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 346,562
56,752	-	54,964	-	67,104	-	-	-	-	204,156
-	-	-	-	-	-	-	-	-	276,349
-	-	-	-	-	-	-	-	-	19,392
-	-	-	-	-	-	-	-	-	7,142
-	-	-	-	-	-	-	-	-	25,466
-	-	-	-	-	-	-	-	-	84
<b>56,752</b>	<b>-</b>	<b>54,964</b>	<b>-</b>	<b>67,104</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879,151</b>
55,010	-	49,967	-	61,849	-	-	-	-	517,943
-	-	-	-	-	-	-	-	-	110,009
<b>55,010</b>	<b>-</b>	<b>49,967</b>	<b>-</b>	<b>61,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>627,952</b>
1,742	-	4,997	-	5,255	-	-	-	-	251,199
-	-	-	8,362	9,394	(28,958)	-	-	-	-
-	(1,808)	-	-	-	28,958	(202,297)	-	-	-
-	(1,808)	-	8,362	9,394	-	(202,297)	-	-	-
1,742	(1,808)	4,997	8,362	14,649	-	-	-	-	48,902
6,207	1,808	181	(8,362)	(10,358)	-	-	-	-	595,084
<b>\$ 7,949</b>	<b>\$ -</b>	<b>\$ 5,178</b>	<b>\$ -</b>	<b>\$ 4,291</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 643,986</b>

## **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 147-152**

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 153-158**

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 159-164**

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 165-167**

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 168-169**

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 44,143,859
Restricted	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	7,944,776
Unrestricted	(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)	2,175,375
Total Governmental Activities Net Position	<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>	<u>\$ 54,264,010</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 33,876,029
Unrestricted	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	10,558,795
Total Business-Type Activities Net Position	<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>	<u>\$ 44,434,824</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 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	\$ 78,019,888
Restricted	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	7,944,776
Unrestricted	(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	12,734,170
Total Primary Government Net Position	<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>	<u>\$ 98,698,834</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
Governmental Activities:										
General Government	\$ 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	\$ 2,083,945
Public Safety	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	6,578,892
Highways and Streets	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	4,825,615
Sanitation	758,092	781,798	761,236	882,131	912,767	930,813	945,299	990,076	1,113,625	1,150,918
Culture and Recreation	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	4,354,913
Community Development	161,506	198,414	146,380	605,787	291,164	173,874	661,033	204,050	519,705	517,943
Interest on Long-Term Debt	675,889	737,836	488,283	756,520	701,076	1,061,980	928,355	456,266	510,865	653,288
Total Governmental Activities Expenses	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	20,165,514
Business-Type Activities:										
Electric	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	17,470,951
Water	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	3,324,046
Sewer	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	4,720,679
Liquor	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	6,522,771
Golf Course	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	23,985,555	24,030,996	24,077,164	25,108,790	26,421,470	27,284,677	28,921,413	29,929,803	30,877,391	32,038,447
Total Primary Government Expenses	\$ 37,347,975	\$ 39,099,810	\$ 38,948,075	\$ 39,523,974	\$ 40,669,593	\$ 42,702,510	\$ 46,525,114	\$ 45,858,835	\$ 49,100,611	\$ 52,203,961
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 897,932	\$ 1,160,401	\$ 981,992	\$ 987,760	\$ 1,042,374	\$ 1,560,261	\$ 1,047,702	\$ 1,130,179	\$ 1,012,017	\$ 1,600,777
Public Safety	691,320	689,598	701,239	726,723	708,271	752,111	1,533,403	1,837,408	1,901,771	2,061,411
Highways and Streets	2,722	5,815	27,954	122,239	5,534	34,002	8,741	895,129	179,659	292,281
Sanitation	876,341	895,712	912,988	939,105	952,871	962,600	978,536	1,052,378	1,136,321	1,270,428
Culture and Recreation	905,078	924,473	867,766	919,619	1,114,543	1,000,931	891,895	1,267,088	1,335,384	1,228,038
Community Development	45,237	58,158	26,720	160,000	178,211	155,587	164,727	-	36,592	259,977
Interest on Long-Term Debt	-	-	60,403	79,919	78,050	63,683	-	-	-	-
Operating Grants and Contributions	526,392	536,123	633,031	645,969	654,612	1,043,447	1,914,315	398,819	2,232,408	1,715,530
Capital Grants and Contributions	2,074,658	6,660,393	1,019,331	57,615	74,189	370,556	2,323,299	3,075,459	2,768,137	8,463,229
Total Governmental Activities										
Program Revenues	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	16,891,671
Business-Type Activities:										
Charges for Services:										
Electric	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	19,205,221
Water	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	4,860,919
Sewer	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	5,711,614
Liquor	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	7,172,842
Golf Course	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	1,049,549
Capital Grants and Contributions	356,776	369,510	363,838	488,511	541,562	1,901,846	1,381,239	1,303,832	718,841	1,013,228
Total Business-Type Activities										
Program Revenues	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	39,013,373
Total Primary Government										
Program Revenues	\$ 28,940,732	\$ 34,566,237	\$ 29,850,156	\$ 30,264,340	\$ 33,968,676	\$ 37,066,598	\$ 41,644,595	\$ 45,279,014	\$ 47,837,148	\$ 55,905,044

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (3,273,843)
Business-Type Activities	(1,064,503)	(395,432)	541,568	516,601	2,738,551	3,838,743	3,860,564	5,692,751	6,357,468	6,974,926
<b>Total Government Net Expense</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>	<b>\$ 3,701,083</b>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 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	\$ 10,178,174
Tax Increments	137,744	264,026	263,658	62,216	96,045	97,572	104,846	134,531	145,766	137,052
Other Taxes	2,095	2,144	2,199	2,372	4,633	395	1,931	2,435	3,013	6,668
Unrestricted Grants and Contributions	760,241	834,909	868,995	756,383	918,242	879,883	1,005,846	1,235,155	1,222,419	1,339,492
Investment Earnings (Loss)	3,416	9,366	12,076	88,024	95,191	191,538	126,533	10,652	31,398	330,736
Insurance Proceeds	16,315	-	-	-	-	30,552	-	-	-	-
Gain on Disposal of Capital Assets	-	26,276	5,770	8,298	15,623	-	14,803	228,349	20,920	52,121
Miscellaneous	67,087	27,748	12,638	20,606	13,508	201,240	105,263	39,216	307,788	131,192
Transfer	795,786	476,931	(435,746)	1,052,611	1,395,000	1,475,000	1,475,000	1,406,467	(888,073)	1,677,772
<b>Total Governmental Activities</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>	<b>13,853,207</b>
Business-Type Activities:										
Taxes:										
Property Taxes	639,400	572,899	611,370	849,075	1,147,728	789,657	738,533	951,529	851,981	501,978
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	14,890	-
Investment Earnings	31,264	20,188	25,766	18,721	32,732	48,885	26,617	10,193	20,055	229,704
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	18,270
Miscellaneous	17,001	10,846	6,137	958	2,208	216,314	239,518	302,590	228,992	352,638
Transfer	(795,786)	(476,931)	435,746	(1,052,611)	(1,395,000)	(1,475,000)	(1,475,000)	(1,406,467)	888,073	(1,677,772)
Special Item	-	-	-	-	-	-	-	(900,294)	-	-
<b>Total Business-Type Activities</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>(575,182)</b>
<b>Total Government</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>	<b>\$ 13,278,025</b>
Change in Net Position:										
Governmental Activities	\$ (414,706)	\$ 2,810,085	\$ (3,001,973)	\$ (1,033,469)	\$ 133,712	\$ 907,436	\$ 2,093,525	\$ 5,045,378	\$ 2,372,349	\$ 10,579,364
Business-Type Activities	(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	6,399,744
<b>Total Primary Government</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>	<b>\$ 16,979,108</b>

Source: City Records

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ 7,925	\$ 43,206	\$ 18,363	\$ 78,615	\$ 77,158	\$ 2,485,638	\$ 2,506,536	\$ 2,396,958	\$ 2,198,522	\$ 2,049,972
Committed	-	-	-	-	-	-	-	-	120,000	-
Unassigned	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	4,614,580
Total General Fund	<u>\$ 3,545,922</u>	<u>\$ 4,058,847</u>	<u>\$ 4,549,739</u>	<u>\$ 4,539,646</u>	<u>\$ 5,045,580</u>	<u>\$ 5,247,811</u>	<u>\$ 5,568,040</u>	<u>\$ 5,760,976</u>	<u>\$ 6,408,313</u>	<u>\$ 6,664,552</u>
All Other Governmental Funds:										
Nonspendable	\$ 63,471	\$ 56,561	\$ 26,817	\$ 323,419	\$ 246,630	\$ 230,884	\$ 21,236	\$ 14,040	\$ 19,885	\$ 81,512
Restricted	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	11,826,261
Committed	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	1,472,736
Assigned	932,318	1,084,590	-	-	-	-	-	-	-	266,394
Unassigned	(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)	(3,918,346)
Total All Other Government Funds	<u>\$ 1,254,621</u>	<u>\$ 4,333,001</u>	<u>\$ 4,557,658</u>	<u>\$ 4,403,398</u>	<u>\$ 4,302,128</u>	<u>\$ 9,203,379</u>	<u>\$ 10,433,646</u>	<u>\$ 6,100,021</u>	<u>\$ 2,299,801</u>	<u>\$ 9,728,557</u>
Total Government Funds:										
Nonspendable	\$ 71,396	\$ 99,767	\$ 45,180	\$ 402,034	\$ 323,788	\$ 2,716,522	\$ 2,527,772	\$ 2,410,998	\$ 2,218,407	\$ 2,131,484
Restricted	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	11,826,261
Committed	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	1,472,736
Assigned	932,318	1,084,590	-	-	-	-	-	-	-	266,394
Unassigned	(1,515,679)	(851,419)	(321,978)	(99,561)	772,910	(1,297,616)	(1,025,155)	(412,492)	(780,238)	696,234
Total Government Funds	<u>\$ 4,800,543</u>	<u>\$ 8,391,848</u>	<u>\$ 9,107,397</u>	<u>\$ 8,943,044</u>	<u>\$ 9,347,708</u>	<u>\$ 14,451,190</u>	<u>\$ 16,001,686</u>	<u>\$ 11,860,997</u>	<u>\$ 8,708,114</u>	<u>\$ 16,393,109</u>

**Source:** City Records

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
General Property Taxes	\$ 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	\$ 10,051,668
Tax Increments	69,958	69,085	58,002	62,216	96,045	97,572	104,846	174,617	354,461	204,156
Other Taxes	2,095	2,144	2,199	2,372	4,633	395	1,931	2,435	3,013	6,668
Licenses and Permits	260,329	382,675	361,151	357,042	432,679	579,621	458,071	543,102	473,301	716,821
Intergovernmental	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	9,318,877
Special Assessments	256,816	90,361	47,390	63,217	54,388	28,230	130,253	30,047	38,659	377,256
Charges for Services	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	4,093,260
Fines and Forfeits	32,468	31,465	37,156	38,814	33,563	35,529	39,538	45,751	46,360	40,528
Investment Earnings (Loss)	268,083	261,440	141,173	90,074	96,125	188,263	124,973	9,005	33,011	329,427
Refunds and Reimbursements	437,252	558,919	3,885,370	371,179	353,692	381,614	1,739,379	374,087	298,240	349,005
Contributions and Donations	98,809	99,144	141,763	123,900	124,316	93,114	135,344	209,257	104,161	105,222
Miscellaneous	67,357	27,768	12,789	20,615	20,218	24,575	54,040	7,291	218,038	95,859
<b>Total Revenues</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>25,688,747</b>
<b>Expenditures:</b>										
Current:										
General Government	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	1,647,321
Public Safety	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	5,144,625
Public Works	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	1,769,528
Sanitation	758,092	781,798	761,236	882,131	912,767	930,813	945,738	989,178	1,114,590	1,149,325
Culture and Recreation	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	3,363,962
Community Development	119,790	174,510	132,333	108,271	190,395	173,874	660,560	203,245	519,705	517,943
Capital Outlay:										
General Government	56,813	16,120	-	-	6,831	260,250	85,709	39,799	86,454	26,835
Public Safety	159,373	186,584	266,509	98,441	56,092	823,770	340,192	5,429,448	280,458	158,649
Public Works	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	7,210,733
Culture and Recreation	243,888	153,382	461,189	192,102	258,081	650,512	1,814,012	528,481	539,853	503,136
Community Development	43,569	133,242	9,981	58,574	80,472	-	-	-	-	110,009
Debt Service:										
Finance Purchase Obligations and Lease Liability:										
Principal	261,868	288,728	399,108	408,830	329,402	378,783	346,539	393,315	404,342	563,795
Interest and Fiscal Charges	17,543	14,872	15,962	17,560	12,187	27,608	40,054	30,883	27,149	45,645
Bonds:										
Principal	878,455	1,116,163	929,133	847,277	747,499	962,214	1,008,326	2,319,956	4,251,881	2,887,206
Interest	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	750,554
<b>Total Expenditures</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>25,849,266</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</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>	<b>(160,519)</b>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses):										
Transfers In	\$ 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	\$ 2,409,900
Transfers Out	(335,210)	(709,851)	(656,554)	(1,892,393)	(2,494,195)	(1,745,778)	(1,673,464)	(1,666,698)	(596,214)	(300,147)
Issuance of Bonds	-	7,445,000	4,640,000	330,000	-	9,559,700	6,278,400	-	1,525,000	5,310,000
Proceeds from the Sale of Capital Assets	4,500	35,651	194,779	8,298	15,623	531,490	112,003	228,349	20,920	52,403
Insurance Proceeds	16,315	-	-	-	-	-	-	764,600	71,630	10,504
Lease Proceeds	319,565	149,624	768,958	118,164	64,540	1,108,750	305,585	540,650	658,808	42,353
Issuance of Refunding Bonds	-	-	-	-	-	-	1,340,000	-	-	-
Payment of Refunded Bonds	-	-	-	-	-	(3,092,990)	(1,340,000)	(2,005,000)	-	-
Bond Premium	-	199,451	80,704	-	-	951,507	312,678	-	89,318	320,501
<b>Total Other Financing Sources (Uses)</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>	<b>7,845,514</b>
Net Change in Fund Balances	\$ (1,271,888)	\$ 3,591,305	\$ 715,549	\$ (164,353)	\$ 404,664	\$ 5,103,482	\$ 1,450,983	\$ (4,140,689)	\$ (3,152,883)	\$ 7,684,995
Debt Service as % of Noncapital Expenditures	27.71%	31.73%	45.91%	39.80%	26.73%	40.71%	31.94%	24.57%	30.66%	23.81%

**Source:** City Records

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

Fiscal Year	Property	Tax Increment	Lodging	Total
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
2023	10,680,152	137,052	6,668	10,823,872
Change 2014-2023	84.63%	(0.50)%	218.28%	82.69%

**Source:** City Records

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

Year Taxes Payable	Residential Property	Commercial Industrial Property	Other Property	Less: Tax Increment Property	Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
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	13,203,099	3,930,029	271,944	285,936	17,119,136	55.03	1,534,039,050	1.12
2023	15,802,287	4,325,322	296,615	184,359	20,239,865	50.56	1,816,468,851	1.11

**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**  
**2023 AND 2014**

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Pfeifer Property Management, LLC	\$ 338,732	1	1.67 %	\$ 74,704	7	0.70 %
TKG Wright County Center, LLC	247,230	2	1.22	244,686	1	2.30
Menards, Inc	188,368	3	0.93	178,592	2	1.68
Buffalo Clinic Building Partnership	166,854	4	0.82	132,300	3	1.25
Gopher (Buffalo) LLC	152,703	5	0.75	-	-	-
Ryan Buffalo Land Company, LLC	134,006	6	0.66	98,642	5	0.93
Dayton Hudson Corp	131,774	7	0.65	-	-	-
Crossings of Buffalo LLC	127,219	8	0.63	-	-	-
Coborn Realty Group	125,812	9	0.62	-	-	-
Centerpoint Energy	117,800	10	0.58	-	-	-
Target Corporation	-	-	-	116,582	4	1.10
Marohn Family, LLC	-	-	-	96,982	6	0.91
Minnegasco Inc	-	-	-	72,698	8	0.68
Monticello Athletic Club Inc	-	-	-	65,934	9	0.62
Hidden Cove Apartments	-	-	-	60,505	10	0.57
<b>Total</b>	<b>\$ 1,730,498</b>		<b>8.53 %</b>	<b>\$ 1,141,625</b>		<b>10.74 %</b>
<b>Total Net Tax Capacity</b>	<b>\$ 20,239,865</b>			<b>\$ 10,624,202</b>		

**Source:** Wright County

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

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	18,321	7,336,615	100.00
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	27,803	8,026,416	99.99
2020	8,439,165	8,395,716	99.49	41,844	8,437,560	99.98
2021	8,859,177	8,811,640	99.46	44,940	8,856,580	99.97
2022	9,421,342	9,357,307	99.32	48,056	9,405,363	99.83
2023	10,233,585	10,115,447	98.85	-	10,115,447	98.85

**Source:** City Records

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

Fiscal Year	City of Buffalo				Overlapping Rates				Total Direct and Overlapping Rates
	Operating	Debt Service	Referendum Mkt. Value	Total	Wright County	Operating	School District	Referendum Mkt. Value	
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
2023	30.785	19.777	-	50.562	37.848	21.575	0.193	10.263	120.441

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**

Fiscal Year	Governmental Activities														Total Governmental Activities	
	General Obligation	General Obligation Revenue	Special Assessment	General Obligation			Finance			Subscription Liability	Lease Liability	Notes Payable				
				Tax Abatement	Premiums	Purchase Obligation										
2014	\$ 18,820,000	\$ 6,426,754	\$ 90,000	\$ 1,885,000	\$ 280,761	\$ 866,646	\$ -	\$ -	\$ 134,481	\$ 28,503,642						
2015	21,010,000	6,016,540	15,000	5,215,000	429,827	727,542	-	-	98,080	33,511,989						
2016	23,785,000	2,275,326	-	5,145,000	443,777	1,082,971	-	-	60,105	32,792,179						
2017	19,690,000	2,083,112	-	5,265,000	389,165	792,305	-	-	20,464	28,240,046						
2018	17,790,000	1,890,898	-	5,045,000	341,684	527,443	-	-	-	25,595,025						
2019	22,170,000	1,686,751	-	1,855,000	1,159,399	1,257,410	-	-	-	28,128,560						
2020	25,323,400	61,771	-	2,655,000	1,335,851	1,209,478	-	-	-	30,585,500						
2021	21,113,400	46,815	-	2,555,000	1,005,886	1,356,813	-	-	-	26,077,914						
2022	19,936,800	31,534	-	1,945,000	875,018	1,631,455	-	-	-	24,419,807						
2023	18,160,200	15,928	-	6,160,000	1,006,971	1,072,426	190,671	37,587	-	26,643,783						

\* 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														
General Obligation Bonds	General Obligation Revenue Bonds	General Obligation Revenue Bonds	Tax Abatement	Loans Payable	Finance Purchase Obligation	Total Business-Type Activities	Total Government	Percentage of Personal Income*	Per Capita*					
\$ 6,975,000	\$ 56,978,724	\$ 4,530,000	\$ -	\$ 1,488,248	\$ -	\$ 942,608	\$ 70,914,580	\$ 99,418,222	23.28	\$ 6,200.85				
5,895,000	56,175,836	4,170,000	-	1,362,895	-	985,100	68,588,831	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	70,962,523	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	71,711,474	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	72,914,814	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	69,356,579	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	66,659,128	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	60,959,101	87,037,015	12.83	5,274.33				
2,253,200	44,553,464	4,715,000	-	741,890	-	-	52,263,554	76,683,361	11.57	4,541.78				
789,800	45,489,070	3,810,000	-	932,002	-	-	51,020,872	77,664,655	^	^				

<sup>^</sup> Information not available for the 2023 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>
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
2023	71,687,424	1,938,973	5,902,357	67,724,040	3.7	4,011.14

**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, 2023**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Overlapping Debt
City Direct Debt	\$ 26,643,783	100.00%	\$ 26,643,783
Overlapping Debt:			
Wright County	126,585,000	8.4%	10,633,140
Independent School District No 877	38,675,000	44.3%	17,133,025
Total Overlapping Debt			<u>27,766,165</u>
Total Direct and Overlapping Debt			<u>\$ 54,409,948</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**

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

Fiscal Year	Revenue Bonds <sup>1</sup>						Coverage
	Operating Revenues <sup>2</sup>	Less Operating Expenses	Net Available Revenue	Debt Service	Principal	Interest	
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		2,184,846	1.18
2021	27,259,514	18,667,415	8,592,099	6,430,043		1,424,448	1.09
2022	29,475,350	20,453,067	9,022,283	4,415,000		1,738,197	1.47
2023	31,196,137	21,749,550	9,446,587	4,545,000		1,687,372	1.52

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 Income <sup>2</sup>	Per Capita Personal Income <sup>2</sup>	Median Age <sup>2</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
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	5,261	4.5
2022	16,502	662,522,296	40,148	38.3	5,313	3.6
2023	16,884	*	*	*	5,282	*

\* Information not available for the 2023 year.

<sup>1</sup> **Source:** United States Census Bureau, Estimate

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

<sup>3</sup> **Source:** Minnesota Department of Education

<sup>4</sup> **Source:** Bureau of Labor Statistics

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

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	1,256	1	1.67 %	753	2	1.13 %
Wright County	810	2	1.08	863	1	1.29
Buffalo Hospital	428	3	0.57	536	3	0.80
Walmart Supercenter	350	4	0.47	350	5	0.52
Functional Industries, Inc.	285	5	0.38	456	4	0.68
Park View Care Center	200	6	0.27	200	7	0.30
Cub Foods	195	7	0.26	195	8	0.29
Menards	157	8	0.21	150	10	0.20
Stellis Health - Buffalo Clinic	130	9	0.17	250	6	0.33
Lake Ridge Care Center	115	10	0.15	168	9	0.22
Total	<u><u>3,926</u></u>			<u><u>3,921</u></u>		
Total Employees in Wright County	<u><u>75,239</u></u>			<u><u>66,725</u></u>		

**Sources:** Data Axle Reference Solutions, 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**

<b>FUNCTION/PROGRAM</b>	<b>Fiscal Year</b>									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	12.47	10.88	11.83	11.67	10.38	10.12	15.18	13.86	15.42	16.50
Public Safety:										
Police:										
Officers	17.24	18.00	17.81	17.73	17.19	17.51	17.79	18.20	17.24	18.09
Civilians	2.50	2.47	2.50	2.52	3.01	3.02	3.30	3.05	3.45	3.18
Fire:										
Fire Administration	0.15	0.14	0.13	0.13	0.14	0.14	0.86	1.00	1.00	1.00
Paid On-Call Volunteers	2.65	2.40	2.45	2.84	2.69	2.75	2.87	2.91	2.79	2.81
Public Works:										
Engineering	2.00	2.00	1.09	1.01	1.00	1.01	1.04	1.04	1.63	2.00
Maintenance	15.11	13.50	14.71	16.51	15.65	16.22	16.76	7.93	8.12	9.91
Culture and Recreation	17.43	18.83	18.04	17.60	18.20	27.24	24.58	26.95	20.87	21.45
Municipal Liquor	11.16	11.76	11.88	11.66	11.61	11.19	14.25	11.78	11.36	11.25
Electric	11.91	12.07	11.16	12.03	12.14	14.70	15.77	11.44	16.67	15.18
Sewer	7.36	5.87	6.11	7.68	7.61	7.83	8.76	8.44	8.50	7.22
Water	7.09	6.61	6.48	6.40	5.44	5.57	6.32	7.50	7.65	7.14
Total	<b>107.06</b>	<b>104.52</b>	<b>104.21</b>	<b>107.78</b>	<b>105.07</b>	<b>117.30</b>	<b>127.47</b>	<b>114.10</b>	<b>114.70</b>	<b>115.73</b>

Source: City of Buffalo Finance Department

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

FUNCTION/PROGRAM	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
General Government											
Planning:											
# of Land Use Applications	15	31	29	24	27	22	25	25	14	22	
Building/Environmental:											
# of Permits Issued	658	761	775	607	693	774	1,245	1,437	878	1,087	
Valuation of Permits (thousands of dollars)	\$ 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	\$ 50,549,940	
Public Safety											
Police:											
# of police calls	11,217	10,993	11,744	12,055	10,707	12,248	11,953	11,563	12,602	13,342	
# of traffic citations	657	843	387	474	422	299	412	378	296	426	
Fire:											
# of fire calls	234	180	244	221	225	270	251	272	299	261	
Public Works											
Snowplowing (hours)	3,752	1,389	1,376	1,374	2,383	4,764	2,231	1,747	2,804	1,956	
Culture and Recreation:											
Golf Course (rounds)	20,504	22,021	21,729	22,104	20,321	20,462	28,986	20,622	-	-	
Park Shelter Rentals	79	80	75	69	63	60	35	80	81	106	
Ice Arena Usage (hours)	*	*	3,043	2,887	3,150	2,876	2,262	2,262	2,814	2,602	
Electric											
Number of Customers	5,746	5,902	5,953	5,980	6,046	6,111	6,287	6,330	6,435	6,465	
Annual Wholesale Energy (thousands of KWh's)	116,196	117,856	119,170	115,949	118,992	117,313	123,563	123,100	122,576	121,621	
Annual Peak Demand (KW)	26,697	26,178	27,971	27,799	28,065	28,225	29,194	30,946	24,617	20,463	
Sewer											
Number of Customers	5,120	5,180	5,221	5,270	5,331	5,391	5,447	5,353	5,438	5,389	
Water											
Number of Customers	5,120	5,180	5,221	5,270	5,331	5,391	5,447	5,417	5,482	5,549	
	1,613	1,728	1,982	1,976	1,892	1,850	1,940	1,225	1,121	1,644	
Average daily consumption (thousands of gallons)											

**Source:** All statistics from various City of Buffalo, Minnesota 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	14
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	81
Storm Sewer										
# of Miles	65	65	65	65	65	65	65	66	66	70
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	-	-
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	150
Fiber Optic:										
# of miles fiber optic	29	29	29	30	31	34	37	45	45	56
Sewer:										
# of miles (sanitary sewer)	77	78	78	78	78	78	78	79	79	81
# of miles (forcemain)	18	18	18	18	18	18	18	18	18	19
# of lift stations	27	27	27	27	27	27	27	27	27	27
Maximum daily treatment capacity (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	103
# 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 (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.