

CITY OF BUFFALO, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended December 31, 2020

CITY OF BUFFALO, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2020

PREPARED BY: FINANCE DEPARTMENT

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INTRODUCTORY SECTION



May 28, 2021

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 Comprehensive Annual Financial Report of the City of Buffalo, Minnesota (the City) for the year ended December 31, 2020. 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, 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 (CLA) 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 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 16,558. Buffalo is the county seat of the growing Wright County and is a mix of small community charm and suburban amenities as a regional destination for shopping, services, and leisure.

The city was founded by second-generation Americans who migrated west in the mid-1800s. Incorporated in 1887, the city grew with the arrival of the railroad bringing life and energy to the area. Buffalo owes its existence to the two lakes, Buffalo and Pulaski. They drew 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 and sanitary sewer utility, a storm sewer utility, a sidewalk/trail snowplowing system, a street lighting system, a municipal airport, a community center, an 18-hole golf course, an ice arena, and two off-sale liquor stores. The City is committed to delivering quality services at an affordable price. The City Council has directed the City staff to provide services to the community through a clearly defined goal, or Mega End Statement (Vision) that states:

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

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

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

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

Local Economy

The city is recovering from economic woes that affected many communities in Wright County and throughout the State of Minnesota in the late 2000s. 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. The 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 balanced between residential and commercial property. Total market value has fluctuated over the past 10 years consistent with the state-wide and nation-wide trend 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 \$54,487,171, being issued in 2020. New construction accounts for \$29,681,407 and additions/remodels make up the \$24,805,764 balance. In 2020, the city issued 85 new housing permits compared to 48 in 2019. The increase in residential housing permits is due in large part to the availability of platted residential lots. Single family homes accounted for 100% of the new housing permits. The average value new home is about \$269,089 compared to \$270,569 in 2019. 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 2019 and 2020. 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 2020. The outlook in this region looks promising with commercial industrial activity and the recent single-family residential development projects.

In 2020, the City received \$1.2 million in Coronavirus Relief Funding to aid in the response and mitigation of the COVID-19 pandemic. Though the City used these funds for public health & safety expenditures, almost half of the funding was passed to the community in the form of small business grants for those impacted from State mandated closures. The long-term economic impacts are not yet known.

Long-term Financial Planning

The City faces the financial and redevelopment challenges associated with an established yet growing city. Protecting property values of an aging housing stock will become increasingly important to city homeowners as well as maintaining the tax base of the city. The City's property maintenance code enforcement is helping to improve the quality of residences and businesses throughout the community. Slower growth and reduced state government aid have kept pressure on City budgets. Fortunately, the City is well positioned to deal with these challenges because of the broad diversification of the tax base and long-term financial planning.

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

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

Among the most significant steps taken to date has been the commitment by the City Council to allocate a portion of the general property tax levy to fund the City's pavement management program. In addition, the City Council made a commitment to set utility rates to fund system depreciation for adequate maintenance and replacement of the water and sewer utilities and storm water improvements. These steps have placed the City in a proactive stance for preserving the value of the community's nearly \$45 million capital asset investment. The City prepares annual 5-year capital improvements plan for addition and replacement of the City's infrastructure.

The City Council approved a 2021 budget that called for a total increase in tax levy of 5.0%. The adopted 2021 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, fund balance, and debt policies. It is important for the financial stability of the City to maintain reserve funds for unanticipated expenditures or unforeseen emergencies, as well as to provide adequate working capital for current operating needs to avoid short-term borrowing. The City's financial management plan states that the fund balances in the General and Special Revenue Funds will be maintained at a target level of 30-50% of the operating budget; however, this could fluctuate with each year's budget objectives and appropriations such as large capital expenditures and variation in the collection of revenues. The unassigned balance in the general fund is currently below the target level. The financial management plan directs that the use of one-time revenues be used for onetime 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. 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. Updating the other components of the comprehensive plan is scheduled to occur in 2021.

The City completed a comprehensive utility rate study in 2020 for its electric, fiber, water, and wastewater utilities. The goal of the study was to provide sufficient revenue to each utility for current and future operations, infrastructure, and capital improvements by modifying the existing rates as needed to fairly distribute the costs of service among different users. The study also looked at equity between charges for the various rate classes. The City Council adopted the results of the study with implementation beginning in 2021.

The City developed and implemented a 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 started 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 began construction on a \$7.5 million fire station in downtown buffalo. The Buffalo fire department serves over 22,000 people and has outgrown the original fire station currently connected to City Center built in the 1960s. The benefits of the new building will include improved meeting space, facilities for proper cancer mitigation, space to store the ladder truck used for 3+ story buildings, proper gear cleaning and storage areas and room to meet the needs of our growing City. Estimated completion date is currently scheduled for August 2021.

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 comprehensive annual 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.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual 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. We believe the current Comprehensive Annual Financial Report conforms to the Certificate of Achievement program requirements, and we will be submitting it to GFOA to determine its eligibility for a certificate.

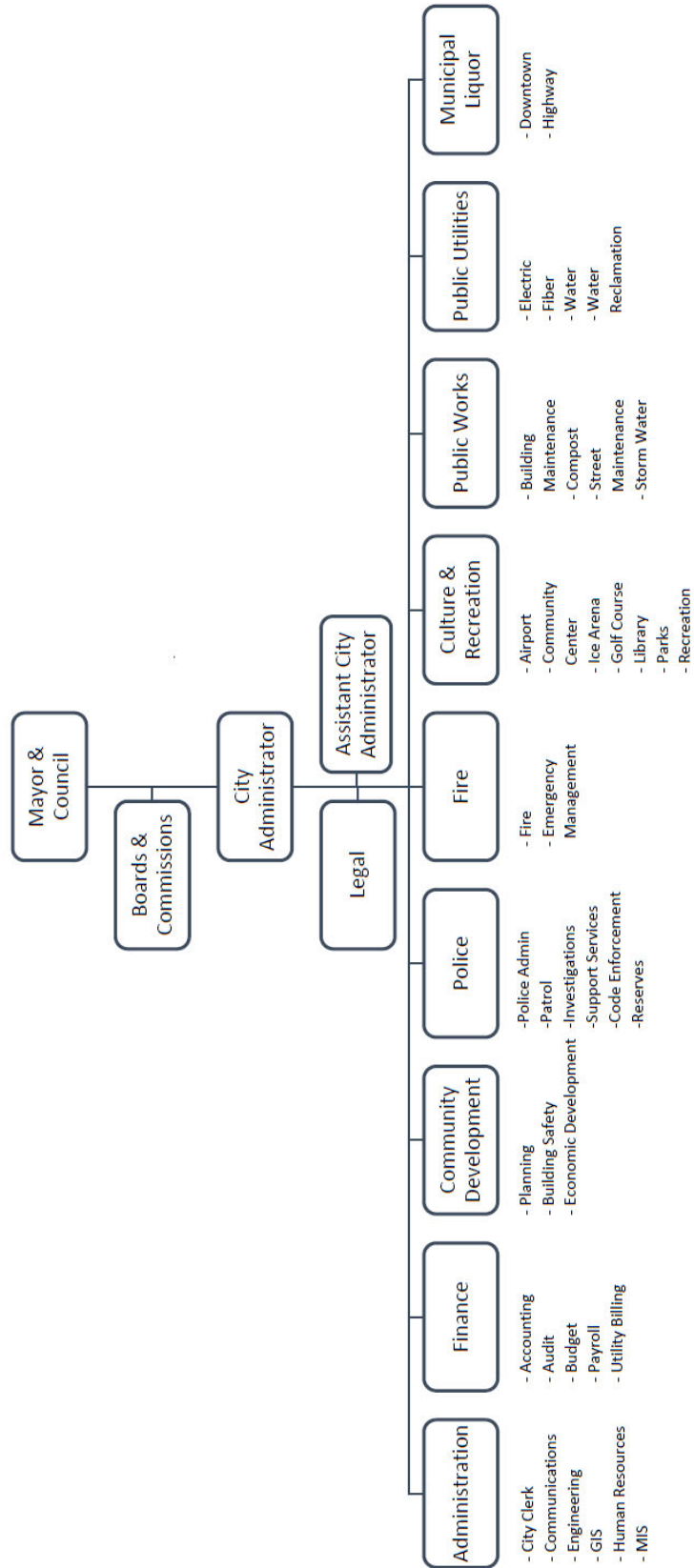
The 2020 Comprehensive Annual Financial Report meets the highest professional standards and was prepared in a timely and cost-effective manner. The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department, other city department heads, and through the helpful guidance and assistance from our auditing firm, CLA. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the city's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ashley Hansen".

Ashley Hansen
Finance Manager

**CITY OF BUFFALO
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2020**



**CITY OF BUFFALO, MINNESOTA
PRINCIPAL OFFICIALS
DECEMBER 31, 2020**

Elected Officials

Mayor	Teri Lachermeier	December 31, 2020
Council Member	Eric Anderson	December 31, 2022
Council Member	Scott Enter	December 31, 2022
Council Member	Steve Downer	December 31, 2020
Council Member	Linda Kittock	December 31, 2020

Term Expires

Appointed Officials

Administrator and Treasurer	Laureen Bodin
Finance Manager	Ashley Hansen
City Clerk	Susan Johnson
Police Chief	Pat Budke
Fire Chief	John Harnois
Parks and Recreation Director	Lee Ryan
Community and Economic Development Director	Jennifer Nash
Community Center Director	Suzanne Kolbinger
Director of Liquor Operations	Jason Swanson
Human Resources Manager	Shelby Pahl
Utilities Director	Joseph Steffel

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 (the City), Minnesota as of and for the year ended December 31, 2020, and the related notes of the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buffalo, Minnesota as of December 31, 2020, 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.

Emphasis of a Matter

As described in Note 18 to the financial statement, beginning fund balance and net position of the General Fund, Electric Fund, Water and Sewer Fund, Governmental Activities and Business-type Activities was restated to account for an understatement of unbilled accounts receivable and revenue in prior years. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Report on Summarized Comparative Information

We have previously audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of as and for the year ended December 31, 2019, and we have expressed unmodified audit opinions on those audited financial statements in our report dated May 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, schedule of the City's proportionate share of the net pension liability, schedule of the City's proportionate share of the net pension asset, and schedule of City pension contributions, schedule of changes in the City's total OPEB liability and related ratios, and budgetary comparison schedule – general fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 fund financial statements and schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Matters (Continued)

Other Information (Continued)

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to, the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021, on our consideration of the City of Buffalo'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 of Buffalo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Buffalo's internal control over financial reporting and compliance



CliftonLarsonAllen LLP

Alexandria, Minnesota
May 28, 2021

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

As management of the City of Buffalo (the City), Minnesota, 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, 2020.

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 \$61,183,772 (net position). The unrestricted portion of net position, the portion used to meet the City's ongoing obligations to citizens and creditors, is \$4,772,592.
- The City's total net position increased by \$5,535,863 from 2019 mainly due to receiving capital contributions from developers and increasing sales and charges for services for utilities.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$16,001,686, an increase of \$1,450,983 in comparison with the prior year. The overall unassigned fund balance is a deficit \$1,025,155.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,061,504, or 31% of total 2020 general fund expenditures.
- The City's total bonded debt decreased by \$596,000 or 0.6% 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. 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).

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

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 and sewer utilities, electric utility, liquor stores, and a municipal golf course (Wild Marsh).

The government-wide financial statements can be found on pages 24 to 26 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 a 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 27 to 32 of this report.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds

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

The proprietary fund statements provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund, the electric fund, liquor fund, and golf course fund which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 33-42 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 43 to 91 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 92 to 106 of this report.

Other Information

The combining statements referred to earlier in conjunction with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements can be found on 107 to 114.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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 \$61,183,772 at the close of the most recent fiscal year compared to \$54,017,344 at the end of 2019.

By far, the largest portion of the City's net position (82%) 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	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other Assets	\$ 20,375,787	\$ 17,625,600	\$ 10,416,661	\$ 9,524,629	\$ 30,792,448	\$ 27,150,229
Capital Assets	52,862,006	49,905,398	86,306,180	85,082,771	139,168,186	134,988,169
Total Assets	73,237,793	67,530,998	96,722,841	94,607,400	169,960,634	162,138,398
DEFERRED OUTFLOWS OF RESOURCES						
	1,176,425	1,727,866	621,322	431,643	1,797,747	2,159,509
LIABILITIES						
Noncurrent Liabilities Outstanding	29,660,364	25,493,060	64,615,782	64,763,232	94,276,146	90,256,292
Other Liabilities	7,206,140	7,570,591	7,664,182	9,877,052	14,870,322	17,447,643
Total Liabilities	36,866,504	33,063,651	72,279,964	74,640,284	109,146,468	107,703,935
DEFERRED INFLOWS OF RESOURCES						
	1,280,795	2,121,332	147,346	455,296	1,428,141	2,576,628
NET POSITION						
Net Investment in Capital Assets	28,720,904	26,852,763	21,274,431	18,443,346	49,995,335	45,296,109
Restricted	6,415,845	3,969,324	-	-	6,415,845	3,969,324
Unrestricted	1,130,170	3,251,794	3,642,422	1,500,117	4,772,592	4,751,911
Total Net Position	\$ 36,266,919	\$ 34,073,881	\$ 24,916,853	\$ 19,943,463	\$ 61,183,772	\$ 54,017,344

The City's restricted net position (10%) 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, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Governmental activities increased the City's net position by \$2,093,525. The most significant change in governmental net position is due to the following:

- A \$1,952,743 increase in grants and contributions mainly due to receiving approximately \$1.1 million in capital contributions from developers for various projects.

Business-Type Activities

Business-type activities increased the City's net position by \$3,442,338. The most significant change in business-type net position is due to the following:

- A \$1,969,724 increase in fees, charges, fines, and other mainly due to an increase in electric, water, and sewer usage.

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, 2020:

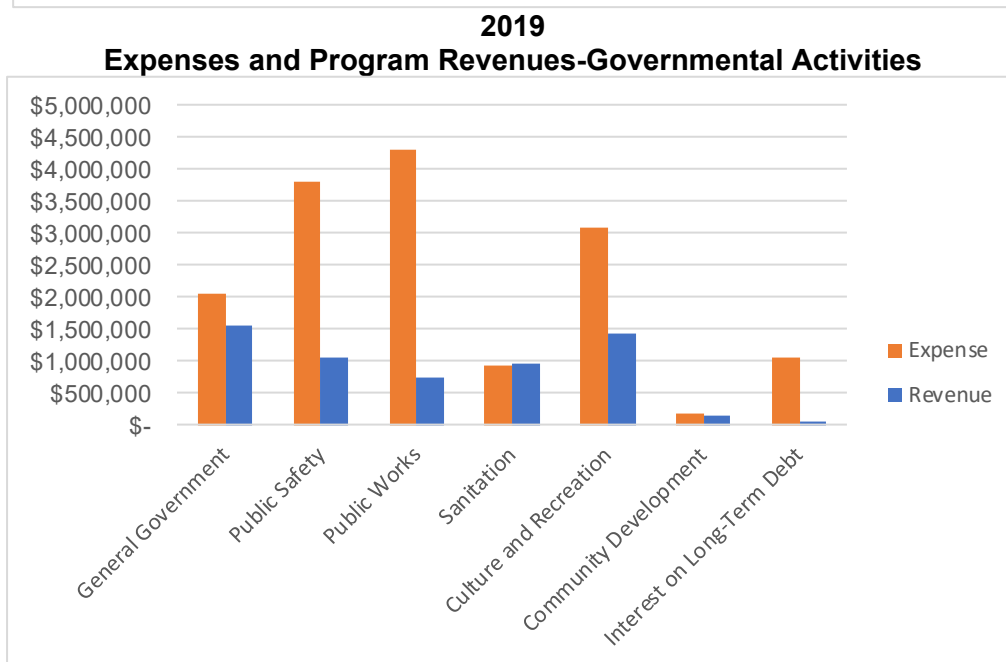
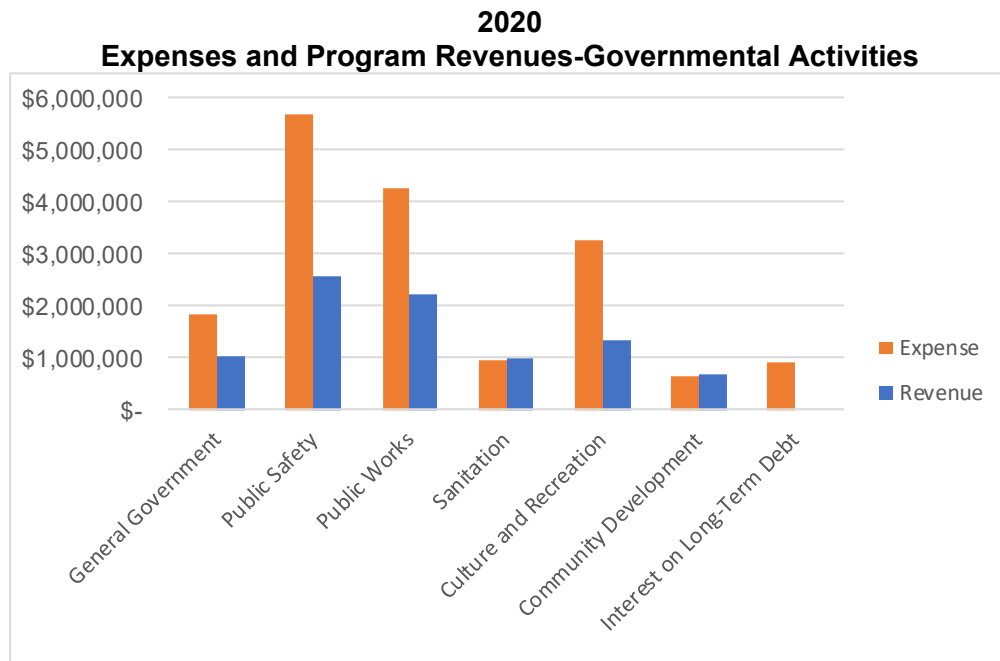
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Fees, Charges, Fines, and Other	\$ 4,625,004	\$ 4,529,175	\$ 31,222,501	\$ 29,057,334	\$ 35,847,505	\$ 33,586,509
Operating Grants and Contributions	1,914,315	1,043,447	178,237	164,240	2,092,552	1,207,687
Capital Grants and Contributions	2,323,299	370,556	1,381,239	1,901,846	3,704,538	2,272,402
General Revenues:						
Property Taxes	8,000,386	7,505,911	738,533	789,657	8,738,919	8,295,568
Tax Increments	104,846	97,572	-	-	104,846	97,572
Other Taxes	1,931	395	-	-	1,931	395
Grants and Contributions, Not Restricted	1,005,846	879,883	-	-	1,005,846	879,883
Unrestricted Investment Earnings	126,533	191,538	26,617	48,885	153,150	240,423
Gain on Disposal of Capital Assets	14,803	-	12,763	3,943	27,566	3,943
Miscellaneous	105,263	231,792	278,861	525,278	384,124	757,070
Total Revenues	18,222,226	14,850,269	33,838,751	32,491,183	52,060,977	47,341,452
EXPENSES						
General Government	1,849,830	2,062,016	-	-	1,849,830	2,062,016
Public Safety	5,691,705	3,799,258	-	-	5,691,705	3,799,258
Public Works	4,249,987	4,292,886	-	-	4,249,987	4,292,886
Culture and Recreation	3,277,492	3,097,006	-	-	3,277,492	3,097,006
Sanitation	945,299	930,813	-	-	945,299	930,813
Community Development	661,033	173,874	-	-	661,033	173,874
Interest on Long-Term Debt	928,355	1,061,980	-	-	928,355	1,061,980
Electric	-	-	13,493,745	13,340,725	13,493,745	13,340,725
Water	-	-	3,330,399	2,704,783	3,330,399	2,704,783
Sewer	-	-	4,402,631	4,266,795	4,402,631	4,266,795
Liquor Store	-	-	6,216,700	4,992,017	6,216,700	4,992,017
Golf Course	-	-	1,477,938	1,980,357	1,477,938	1,980,357
Total Expenses	17,603,701	15,417,833	28,921,413	27,284,677	46,525,114	42,702,510
Change in Net Position Before Transfers	618,525	(567,564)	4,917,338	5,206,506	5,535,863	4,638,942
Transfers	1,475,000	1,475,000	(1,475,000)	(1,475,000)	-	-
CHANGE IN NET POSITION	2,093,525	907,436	3,442,338	3,731,506	5,535,863	4,638,942
Net Position - Beginning of Year	34,073,881	33,166,445	19,943,463	16,211,957	54,017,344	49,378,402
Correction of Error	99,513	-	1,531,052	-	1,630,565	-
Net Position - Beginning of Year (Restated)	34,173,394	33,166,445	21,474,515	16,211,957	55,647,909	49,378,402
NET POSITION - END OF YEAR	<u>\$ 36,266,919</u>	<u>\$ 34,073,881</u>	<u>\$ 24,916,853</u>	<u>\$ 19,943,463</u>	<u>\$ 61,183,772</u>	<u>\$ 54,017,344</u>

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

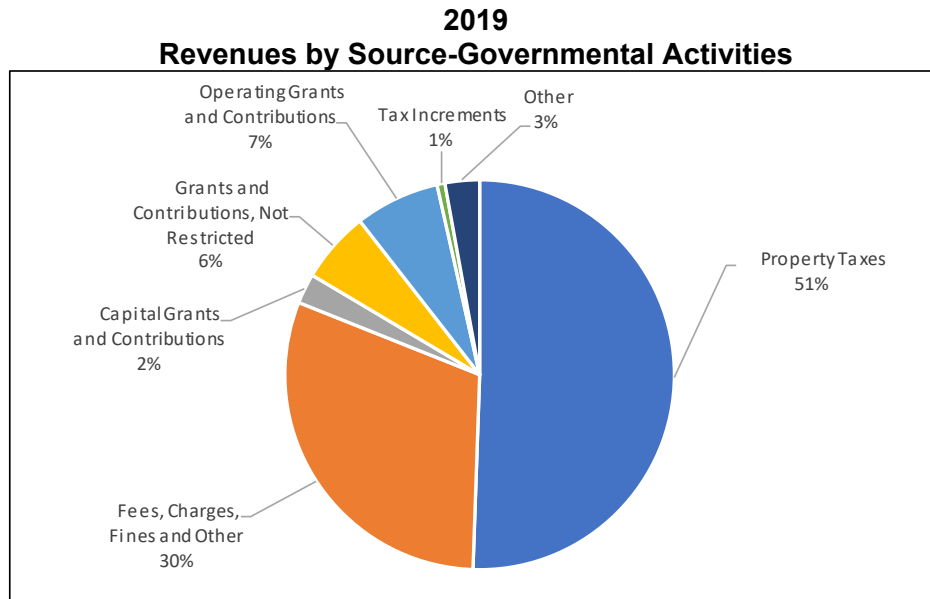
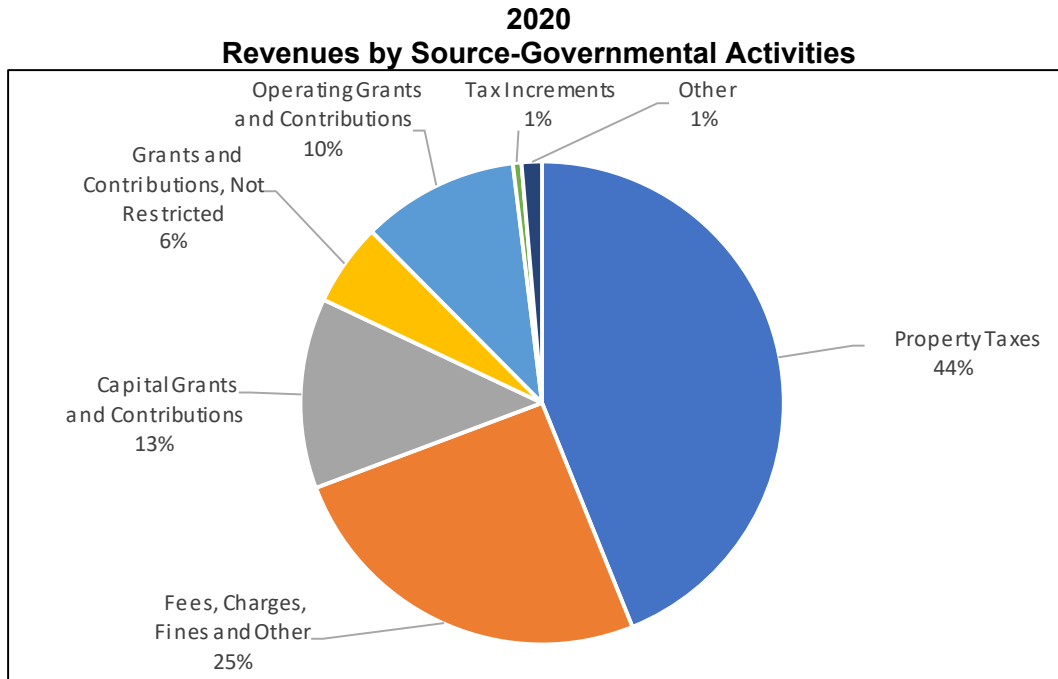
Below are specific graphs that provide comparisons of the governmental activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.



**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

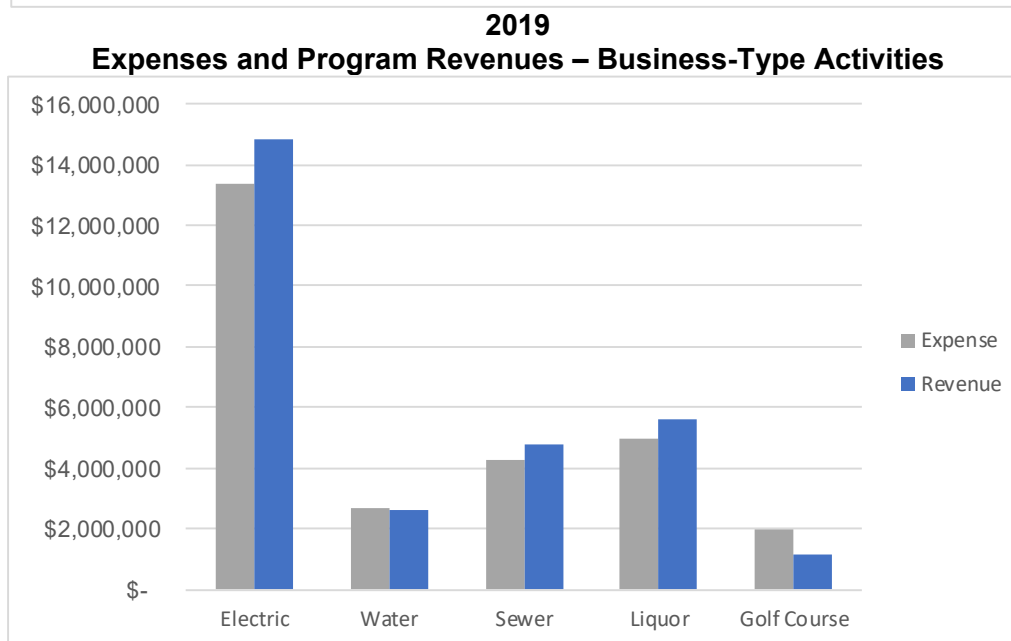
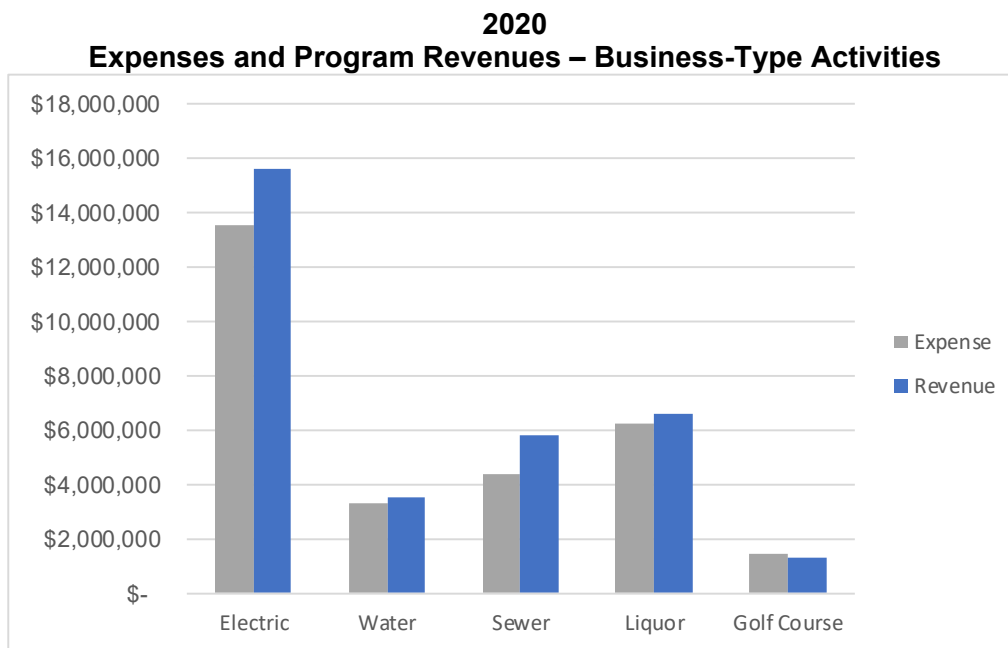


**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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.

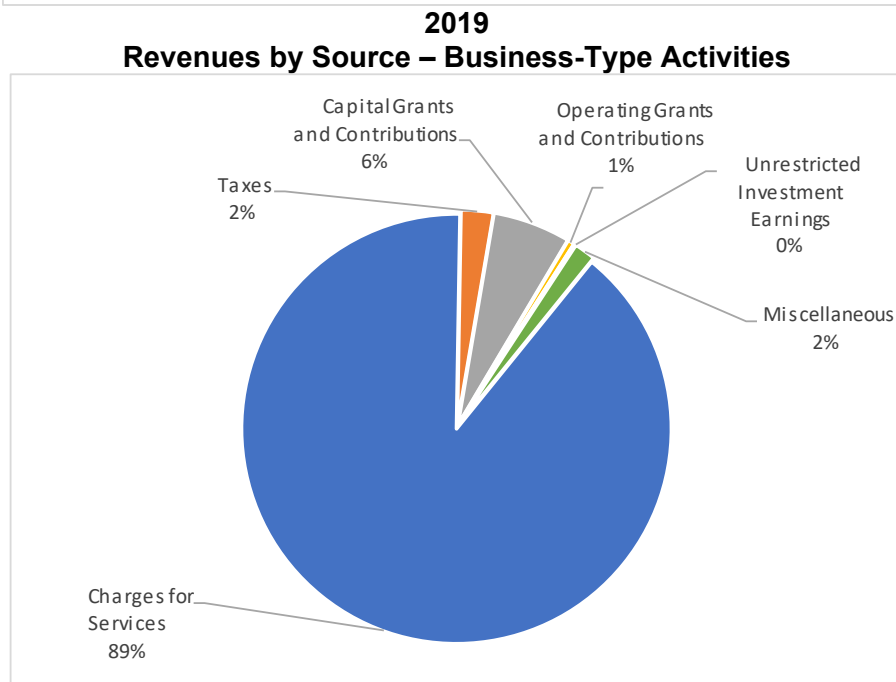
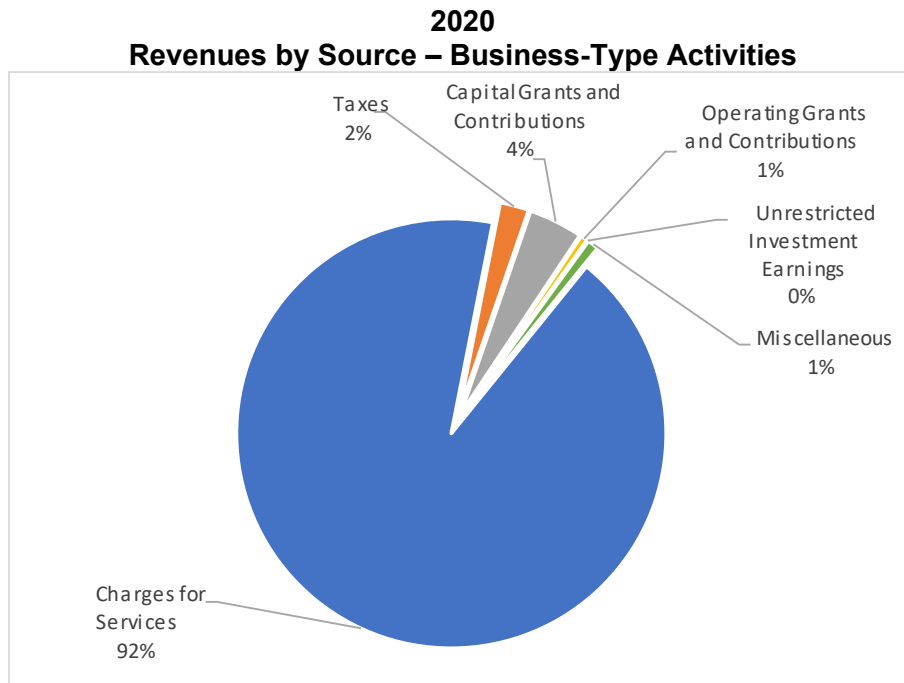


Note: Other income amounts for developer installed utilities and contributed capital from other funds are not included in program revenues in the above graphs.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

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, 2020**

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 \$16,001,686, an increase of \$1,450,983 in comparison with 2019. The City reported deficit unassigned fund balance in the amount of \$1,025,155. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending. At December 31, 2020 fund balances were as follows:

	Balance	Increase (Decrease) from 2019
General Fund	\$ 5,568,040	\$ 220,716
Debt Service Fund	7,196,552	2,169,932
Capital Project Fund	6,017,866	(981,098)
HRA Debt Service Fund	(1,643,459)	95,788
Other Governmental Funds	(1,137,313)	(54,355)
Total	<u>\$ 16,001,686</u>	<u>\$ 1,450,983</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,061,504.

During the current fiscal year, the City's general fund balance increased by \$220,716. The increase was a result of revenues, bond proceeds, capital lease proceeds, and proceeds from sale of capital assets exceeding expenditures. Revenues increased due to the City receiving Coronavirus Relief Funding to assist with the impact of the public health emergency.

Debt Service

The increase in the Debt Service Fund balance of \$2,169,932 was the result of revenues and bond proceeds in excess of debt payments. The City issued General Obligation Refunding Bonds, Series 2020B to refund the 2020 through 2024 maturities of the 2011A Bonds. The 2022-2024 maturities will be redeemed on February 1, 2021.

Capital Project

The Capital Projects Fund balance decreased \$981,098 as a result of expenditures exceeding transfers from the General Fund and bond proceeds. This is mainly due to spending unspent bond proceeds from prior year on the outstanding projects.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

HRA Debt Service

The HRA Debt Service Fund balance increased \$95,788 mainly due to the transfer from the HRA of Buffalo Fund to help with the Series 2017C bond payments for a downtown redevelopment.

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 2020 was \$20,759,452 of which \$6,830,369 is unrestricted. Net position increased \$1,266,615 during the current year primarily due to increase in electric sales.

The Water and Sewer Fund has total net position of \$9,735,019. It has an unrestricted net position of \$3,318,347. The increase in net position of \$2,200,790 from 2019 was an increase in water and sewer sales.

The Liquor Fund has total net position of \$1,750,746 of which \$390,813 is unrestricted. Net position decreased by \$78,427 from 2019. The net position decrease is due to an increase in costs of sales and services.

The City purchased Wild Marsh Golf Course in May 2004. Wild Marsh has total net position of (\$7,314,501) and unrestricted net position of (\$6,883,244) primarily due to operating losses incurred in the 16½ years of operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$98,362 over budget due mainly to an increase in intergovernmental revenues. Expenditures came in under the budgeted amounts by \$48,888 which is mainly due to General Government (financial administration – planning and zoning) and Public Works (street department – storm sewer maintenance and other) expenditures being lower than expected offset with Public Safety (police protection – other services and charges) expenditures being higher than expected.

This resulted in a net fund balance increase of \$147,250 compared to budget for the fiscal year. Refer to pages 94-97 of the required supplementary information for additional information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$139,168,186 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment and furniture, vehicles, machinery and equipment, other capital assets, and infrastructure. The total increase in the City's investment in capital assets (net of accumulated depreciation) was \$4,180,017 when compared to 2019. This increase is a result of current year capital asset additions.

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

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

- \$3.08 million increase in governmental activities construction in progress mainly due to the downtown fire station and Douglas Drive reconstruction projects.
- \$2.28 million decrease in business-type activities construction in progress due to completing the biosolids processing project offset with a \$1.3 million increase in buildings and building improvements.
- \$908,623 increase in business-type activities utility distribution systems mainly due to the clarifier #4 improvements.
- \$1.13 million increase in business-type activities land due to the acquisition of additional service territory.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,807,439	\$ 2,779,339	\$ 6,959,751	\$ 5,829,934	\$ 9,767,190	\$ 8,609,273
Land Improvements	8,489,455	7,836,034	1,858,541	1,903,293	10,347,996	9,739,327
Buildings and Building Improvements	8,415,521	8,824,243	29,513,917	28,218,912	37,929,438	37,043,155
Improvements Other than Building	1,333,844	1,495,133	-	-	1,333,844	1,495,133
Vehicle	1,775,288	1,972,284	-	-	1,775,288	1,972,284
Equipment	1,673,106	1,294,537	3,445,568	3,283,006	5,118,674	4,577,543
Infrastructure	21,143,068	21,558,458	-	-	21,143,068	21,558,458
Utility Distribution Systems	-	-	44,429,304	43,520,681	44,429,304	43,520,681
Construction in Progress	7,224,285	4,145,370	99,099	2,326,945	7,323,384	6,472,315
Total	<u>\$ 52,862,006</u>	<u>\$ 49,905,398</u>	<u>\$ 86,306,180</u>	<u>\$ 85,082,771</u>	<u>\$ 139,168,186</u>	<u>\$ 134,988,169</u>

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$91,934,997. Of this amount, \$28,685,000 comprises tax supported debt, \$5,350,000 is tax abatement debt, and \$57,899,997 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	
	2020	2019	2020	2019	2020	2019
G.O. Tax Supported Debt	\$ 25,323,400	\$ 22,170,000	\$ 3,361,600	\$ 2,220,000	\$ 28,685,000	\$ 24,390,000
G.O. Tax Abatement Debt	2,655,000	1,855,000	2,695,000	2,845,000	5,350,000	4,700,000
G.O. Revenue Debt	61,771	1,686,751	57,838,226	61,754,246	57,899,997	63,440,997
Total	<u>\$ 28,040,171</u>	<u>\$ 25,711,751</u>	<u>\$ 63,894,826</u>	<u>\$ 66,819,246</u>	<u>\$ 91,934,997</u>	<u>\$ 92,530,997</u>

**CITY OF BUFFALO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt (Continued)

The City's total bonded debt decreased by \$596,000 or (0.6%) during the current fiscal year. There were two new bonds issued in the current fiscal year, a \$5,930,000 General Obligation Refunding Bond, and a \$3,185,000 General Obligation Tax Abatement and Refunding Bond.

The City maintained an "A+/Stable" rating from Standard & Poor's for general obligation debt. Refer to Notes 3 and 4 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 4.5% 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 \$54,487,171 being issued in 2020. New construction accounts for \$29,681,407 and additions/remodels make up the remaining \$24,805,764 balance. In 2020, the City issued 85 new housing permits compared to 48 in 2019. The increase in residential housing permits is due in large part to the availability of platted residential lots. Single family homes accounted for 100% of the new housing permits. The average value of a new home is about \$269,089 compared to \$270,569 in 2019.
- * Local Government Aid increased from \$853,732 (2019) to \$981,133 (2020) and is expected to increase an additional \$75,725 in 2021 to \$1,056,858. Although it has increased the past few years, it is still down significantly from a high of \$1,415,301 received in 2001. The amount for 2022 has not yet been finalized.
- * The City continued to make improvements to infrastructure in 2020:
 - Mill & overlay street maintenance was completed as part of a pavement management program.
 - Work was completed on a large project at the Wastewater treatment plant to improve biosolids processing that began in 2018.
 - A total street and utility reconstruction project was started in 2019 for two areas within the City (SE Area Phase III & Douglas Drive), with expected completion in 2020.
 - Construction began on a new fire station in 2020 and is estimated to be completed in 2021.

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, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)

	2020			2019
	Governmental Activities	Business-Type Activities	Total	Total
ASSETS				
ASSETS				
Cash and Investments	\$ 17,029,343	\$ 3,103,691	\$ 20,133,034	\$ 18,385,721
Cash with Fiscal Agent	-	922,500	922,500	922,500
Taxes Receivable	69,249	5,874	75,123	75,435
Special Assessments Receivable	601,783	-	601,783	728,217
Accounts Receivable	673,408	3,856,580	4,529,988	3,259,385
Due from Other Governments	1,315,450	11,069	1,326,519	779,024
Accrued Interest Receivable	437	62	499	12,256
Internal Balances	(179,849)	179,849	-	-
Inventory	13,490	2,144,522	2,158,012	2,205,401
Prepaid Items	75,569	122,347	197,916	171,019
Hook-up Fees Receivable - Noncurrent	-	70,167	70,167	97,832
Loans Receivable	15,106	-	15,106	26,619
Land Held for Resale	215,600	-	215,600	222,200
Net Pension Asset	546,201	-	546,201	264,620
Capital Assets:				
Land and Construction in Progress	10,031,724	7,058,850	17,090,574	15,081,588
Other Capital Assets, Net of Depreciation	42,830,282	79,247,330	122,077,612	119,906,581
Total Assets	73,237,793	96,722,841	169,960,634	162,138,398
DEFERRED OUTFLOWS OF RESOURCES				
Refunding Loss on Bonds	12,621	152,020	164,641	207,006
Pension Related	1,146,008	455,490	1,601,498	1,941,390
Other Postemployment Benefits Related	17,796	13,812	31,608	11,113
Total Deferred Outflows of Resources	1,176,425	621,322	1,797,747	2,159,509
LIABILITIES				
LIABILITIES				
Accounts and Contracts Payable	1,457,792	1,495,705	2,953,497	2,330,439
Other Accrued Liabilities	87,167	189,640	276,807	494,989
Accrued Interest Payable	355,597	548,171	903,768	948,451
Due to Other Governmental Units	8,023	15,154	23,177	35,902
Escrow Deposits	327,368	-	327,368	241,375
Unearned Revenue	800	35,713	36,513	39,705
Noncurrent Liabilities:				
Other Postemployment Benefits Liability - Due in One Year	11,415	8,860	20,275	-
Long-Term Debt - Due within One Year	4,957,978	5,370,939	10,328,917	8,046,420
Net Pension Liability	3,188,161	2,673,435	5,861,596	4,769,676
Other Postemployment Benefits Liability	347,590	235,351	582,941	540,686
Long-Term Debt - Due in More than One Year	26,124,613	61,706,996	87,831,609	90,256,292
Total Liabilities	36,866,504	72,279,964	109,146,468	107,703,935
DEFERRED INFLOWS OF RESOURCES				
Refunding Gain on Bonds	14,036	15,357	29,393	32,606
Pension Related	1,251,874	120,436	1,372,310	2,528,747
Other Postemployment Benefits Related	14,885	11,553	26,438	15,275
Total Deferred Inflows of Resources	1,280,795	147,346	1,428,141	2,576,628
NET POSITION				
Net Investment in Capital Assets	28,720,904	21,274,431	49,995,335	45,296,109
Restricted for:				
Debt Service	4,805,868	-	4,805,868	3,640,292
Transportation	1,063,776	-	1,063,776	-
Fire Relief Pension	546,201	-	546,201	322,981
Federal Loan Programs	-	-	-	6,051
Unrestricted	1,130,170	3,642,422	4,772,592	4,751,911
Total Net Position	\$ 36,266,919	\$ 24,916,853	\$ 61,183,772	\$ 54,017,344

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

Functions/Programs	2020			
	Expenses	Fees, Charges, Fines, and Other	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,849,830	\$ 1,047,702	\$ -	\$ 4,924
Public Safety	5,691,705	1,533,403	1,040,784	1,348
Public Works	4,249,987	8,741	283,519	1,935,211
Sanitation	945,299	978,536	-	-
Culture and Recreation	3,277,492	891,895	76,184	381,816
Community Development	661,033	164,727	513,828	-
Interest on Long-Term Debt	928,355	-	-	-
Total Governmental Activities	17,603,701	4,625,004	1,914,315	2,323,299
Business-Type Activities:				
Electric	13,493,745	15,407,792	171,751	-
Water	3,330,399	3,063,967	2,339	458,495
Sewer	4,402,631	4,886,053	-	922,744
Liquor	6,216,700	6,579,097	1,287	-
Golf Course	1,477,938	1,285,592	2,860	-
Total Business-Type Activities	28,921,413	31,222,501	178,237	1,381,239
 Total	 \$ 46,525,114	 \$ 35,847,505	 \$ 2,092,552	 \$ 3,704,538

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose

Tax Increments

Other Taxes

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Insurance Recovery

Gain on Disposal of Capital Assets

Miscellaneous

Transfers

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

Correction of an Error

Net Position - Beginning of Year, as Restated

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

2020			2019
Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Total
\$ (797,204)	\$ -	\$ (797,204)	\$ (497,525)
(3,116,170)	-	(3,116,170)	(2,746,155)
(2,022,516)	-	(2,022,516)	(3,562,301)
33,237	-	33,237	31,787
(1,927,597)	-	(1,927,597)	(1,683,877)
17,522	-	17,522	(18,287)
(928,355)	-	(928,355)	(998,297)
(8,741,083)	-	(8,741,083)	(9,474,655)
-	2,085,798	2,085,798	1,683,106
-	194,402	194,402	290,538
-	1,406,166	1,406,166	2,033,973
-	363,684	363,684	641,415
-	(189,486)	(189,486)	(810,289)
-	3,860,564	3,860,564	3,838,743
(8,741,083)	3,860,564	(4,880,519)	(5,635,912)
8,000,386	738,533	8,738,919	8,295,568
104,846	-	104,846	97,572
1,931	-	1,931	395
1,005,846	-	1,005,846	879,883
126,533	26,617	153,150	240,423
-	39,343	39,343	339,516
14,803	12,763	27,566	3,943
105,263	239,518	344,781	417,554
1,475,000	(1,475,000)	-	-
10,834,608	(418,226)	10,416,382	10,274,854
2,093,525	3,442,338	5,535,863	4,638,942
34,073,881	19,943,463	54,017,344	49,378,402
99,513	1,531,052	1,630,565	-
34,173,394	21,474,515	55,647,909	49,378,402
\$ 36,266,919	\$ 24,916,853	\$ 61,183,772	\$ 54,017,344

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
ASSETS				
Cash and Investments	\$ 3,518,729	\$ 5,710,953	\$ 6,699,223	\$ 253
Taxes Receivable				
Delinquent	43,379	22,805	-	-
Special Assessments Receivable:				
Noncurrent	24,675	577,108	-	-
Accounts Receivable	643,491	-	-	-
Due from Other Governmental Units	81,258	35,599	1,078,776	-
Accrued Interest Receivable	38	-	399	-
Due from Other Funds	106,855	-	-	-
Advances to Other Funds	2,441,328	1,450,000	-	-
Inventory	-	-	-	-
Prepaid Expenses	64,008	-	-	-
Loans Receivable, Net of Allowance	-	-	-	-
Land Held for Resale	1,200	-	-	-
Total Assets	<u>\$ 6,924,961</u>	<u>\$ 7,796,465</u>	<u>\$ 7,778,398</u>	<u>\$ 253</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts and Contracts Payable	\$ 563,188	\$ -	\$ 696,733	\$ -
Other Accrued Liabilities	61,893	-	-	-
Due to Other Governmental Units	8,023	-	-	-
Advances From Other Funds	-	-	-	1,643,712
Unearned Revenue	-	-	-	-
Escrow Deposits	323,797	-	-	-
Total Liabilities	<u>956,901</u>	<u>-</u>	<u>696,733</u>	<u>1,643,712</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Taxes	43,379	22,805	-	-
Unavailable Special Assessments	41,641	577,108	-	-
Unavailable State Aid	-	-	1,063,799	-
Unavailable Lease Receivables	315,000	-	-	-
Unavailable Loans and Interest Receivables	-	-	-	-
Total Deferred Inflows of Resources	<u>400,020</u>	<u>599,913</u>	<u>1,063,799</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	2,506,536	-	-	-
Restricted	-	7,196,552	4,463,031	-
Committed	-	-	1,554,835	-
Unassigned	3,061,504	-	-	(1,643,459)
Total Fund Balances (Deficits)	<u>5,568,040</u>	<u>7,196,552</u>	<u>6,017,866</u>	<u>(1,643,459)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,924,961</u>	<u>\$ 7,796,465</u>	<u>\$ 7,778,398</u>	<u>\$ 253</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

2020		2019
Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
\$ 1,100,185	\$ 17,029,343	\$ 14,730,488
3,065	69,249	68,389
-	601,783	728,217
29,452	672,943	787,879
119,817	1,315,450	688,956
-	437	10,288
-	106,855	-
-	3,891,328	4,226,393
13,490	13,490	12,433
7,746	71,754	85,511
15,106	15,106	26,619
214,400	215,600	222,200
<u>\$ 1,503,261</u>	<u>\$ 24,003,338</u>	<u>\$ 21,587,373</u>
\$ 153,007	\$ 1,412,928	\$ 797,859
23,697	85,590	218,234
-	8,023	18,132
2,441,328	4,085,040	4,226,393
800	800	200
3,571	327,368	240,175
<u>2,622,403</u>	<u>5,919,749</u>	<u>5,500,993</u>
3,065	69,249	68,389
-	618,749	728,217
-	1,063,799	391,965
-	315,000	420,000
15,106	15,106	26,619
<u>18,171</u>	<u>2,081,903</u>	<u>1,635,190</u>
21,236	2,527,772	2,716,522
-	11,659,583	10,202,887
1,284,651	2,839,486	2,829,397
(2,443,200)	(1,025,155)	(1,297,616)
<u>(1,137,313)</u>	<u>16,001,686</u>	<u>14,451,190</u>
<u>\$ 1,503,261</u>	<u>\$ 24,003,338</u>	<u>\$ 21,587,373</u>

See accompanying Notes to Financial Statements.

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**CITY OF BUFFALO, MINNESOTA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION — GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020	2019
Total Fund Balance for Governmental Funds	\$ 16,001,686	\$ 14,451,190
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	2,807,439	2,779,339
Construction in Progress	7,224,285	4,145,370
Land Improvements	17,193,782	15,880,298
Buildings and Improvements	17,440,921	17,689,874
Improvements Other than Buildings	3,627,068	3,634,838
Vehicles	4,550,668	4,731,056
Equipment	6,094,396	6,507,093
Infrastructure	85,252,005	83,480,027
Less: Accumulated Depreciation	(91,536,512)	(88,942,497)
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	546,201	264,620
Net Pension Liability	(3,100,507)	(2,512,609)
Deferred Inflows of Resources - Pension Related	(1,247,925)	(2,099,415)
Deferred Outflows of Resources - Pension Related	1,131,074	1,703,542
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	(358,303)	(323,802)
Deferred Inflows of Resources - OPEB Related	(14,588)	(9,148)
Deferred Outflows of Resources - OPEB Related	17,441	6,655
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.	2,081,903	1,635,190
The loss on refunding is reported as a deferred outflow on the statement of net position and amortized over the life of the bonds.	12,621	17,669
The gain on refunding is reported as a deferred inflow on the statement of net position and amortized over the life of the bonds.	(14,036)	(12,769)
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.	(355,597)	(370,371)
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.	(22,459)	-
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	(28,040,171)	(25,711,751)
Unamortized Bond Premiums	(1,335,851)	(1,159,399)
Obligations Under Capital Leases	(1,209,478)	(1,257,410)
Compensated Absences Payable	(479,144)	(453,709)
Total Net Position of Governmental Activities	<u>\$ 36,266,919</u>	<u>\$ 34,073,881</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, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020			
	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund
REVENUES				
General Property Taxes	\$ 4,790,249	\$ 2,865,777	\$ -	\$ -
Tax Increments	-	-	-	-
Other Taxes	1,931	-	-	-
Licenses and Permits	458,071	-	-	-
Intergovernmental	2,146,534	-	278,000	-
Special Assessments	4,924	125,140	189	-
Charges for Services	1,619,222	-	-	-
Fines and Forfeits	39,538	-	-	-
Investment Earnings (Loss)	12,218	4,783	29,550	82,084
Refunds and Reimbursements	118,234	-	-	1,590,000
Grants and Contributions	31,344	-	54,000	-
Miscellaneous	51,760	-	-	-
Total Revenues	9,274,025	2,995,700	361,739	1,672,084
EXPENDITURES				
Current:				
General Government	1,562,710	-	-	-
Public Safety	3,824,678	-	-	-
Public Works	1,425,410	-	-	-
Sanitation	945,738	-	-	-
Culture and Recreation	1,135,125	-	-	-
Community Development	-	-	-	500
Capital Outlay:				
General Government	85,709	-	-	-
Public Safety	65,707	-	-	-
Public Works	518,120	-	4,743,770	-
Culture and Recreation	5,225	-	-	-
Debt Service:				
Capital Lease:				
Principal	195,304	-	-	-
Interest and Fiscal Charges	19,649	-	-	-
Bonds and Loans:				
Principal	-	2,338,980	-	1,611,000
Interest and Fiscal Charges	-	873,737	51,526	83,063
Total Expenditures	9,783,375	3,212,717	4,795,296	1,694,563
REVENUE OVER (UNDER) EXPENDITURES	(509,350)	(217,017)	(4,433,557)	(22,479)
OTHER FINANCING SOURCES (USES)				
Transfer In	1,454,985	268,327	800,000	160,152
Transfer Out	(1,364,965)	(79,985)	(26,477)	(41,885)
Bond Proceeds	428,400	2,031,317	2,613,683	-
Proceeds from Sale of Capital Assets	107,447	-	-	-
Capital Lease Proceeds	90,151	-	-	-
Proceeds from Refunding Bonds	-	1,340,000	-	-
Payment to Refunded Bond Escrow Agent	-	(1,340,000)	-	-
Bond Premium	14,048	167,290	65,253	-
Total Other Financing Sources	730,066	2,386,949	3,452,459	118,267
NET CHANGE IN FUND BALANCES	220,716	2,169,932	(981,098)	95,788
Fund Balances (Deficit) - Beginning of Year	5,247,811	5,026,620	6,998,964	(1,739,247)
Correction of an Error	99,513	-	-	-
Fund Balance - Beginning of Year, as Restated	5,347,324	5,026,620	6,998,964	(1,739,247)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 5,568,040	\$ 7,196,552	\$ 6,017,866	\$ (1,643,459)

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, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

2020		2019
Other Governmental Funds	Total Governmental Funds	Total Governmental Funds
\$ 343,500	\$ 7,999,526	\$ 7,486,269
104,846	104,846	97,572
-	1,931	395
-	458,071	579,621
925,447	3,349,981	1,800,118
-	130,253	28,230
1,443,592	3,062,814	6,311,416
-	39,538	35,529
(3,662)	124,973	188,263
31,145	1,739,379	381,614
50,000	135,344	93,114
2,280	54,040	24,575
<u>2,897,148</u>	<u>17,200,696</u>	<u>17,026,716</u>
-	1,562,710	1,667,713
556,385	4,381,063	3,554,221
-	1,425,410	1,448,039
-	945,738	930,813
1,269,093	2,404,218	2,271,920
660,060	660,560	173,874
-	85,709	260,250
274,485	340,192	823,770
-	5,261,890	3,778,127
1,808,787	1,814,012	650,512
158,213	353,517	378,783
20,405	40,054	27,608
-	3,949,980	5,528,847
-	1,008,326	962,214
<u>4,747,428</u>	<u>24,233,379</u>	<u>22,456,691</u>
(1,850,280)	(7,032,683)	(5,429,975)
465,000	3,148,464	3,220,778
(160,152)	(1,673,464)	(1,745,778)
1,205,000	6,278,400	9,559,700
4,556	112,003	531,490
215,434	305,585	1,108,750
-	1,340,000	-
-	(1,340,000)	(3,092,990)
66,087	312,678	951,507
<u>1,795,925</u>	<u>8,483,666</u>	<u>10,533,457</u>
(54,355)	1,450,983	5,103,482
(1,082,958)	14,451,190	9,347,708
-	99,513	-
<u>(1,082,958)</u>	<u>14,550,703</u>	<u>9,347,708</u>
<u>\$ (1,137,313)</u>	<u>\$ 16,001,686</u>	<u>\$ 14,451,190</u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
RECONCILIATION OF GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

	2020	2019
Net Change in Fund Balances-Total Governmental Funds	\$ 1,450,983	\$ 5,103,482
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 expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays	5,661,250	5,281,547
Disposal of Capital Assets	(19,798)	(613,763)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net position	1,108,908	-
Depreciation Expense	(4,001,706)	(3,933,612)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Capital Lease Proceeds	(305,585)	(1,108,750)
Principal Payments for Capital Leases	353,517	378,783
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	(7,618,400)	(9,559,700)
Payment to Refunded Bond	1,340,000	3,045,000
Bond Discount/Premium	(312,678)	(951,507)
Repayment of Bond Principal and Note Payable	3,949,980	5,528,847
Change in Accrued Interest Expense for General Obligation Bonds	14,774	(107,797)
Amortization of Refunding Loss on Bonds	(5,048)	(4,670)
Amortization of Refunding Gain on Bonds	(1,267)	(12,769)
Amortization of Bond Premium	136,226	133,792
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.		
	446,713	(2,213,400)
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.		
	(27,295)	(41,514)
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.		
	(29,155)	(30,636)
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).		
	(25,435)	14,103
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.		
	(22,459)	-
Change in Net Position of Governmental Activities	\$ 2,093,525	\$ 907,436

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020	
	Electric	Water and Sewer
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 662,178	\$ 1,922,816
Cash and Investments with Fiscal Agent	922,500	-
Accounts Receivable, Net of Allowance	2,507,411	1,338,605
Accrued Interest Receivable	39	23
Taxes Receivable:		
Delinquent	-	3,937
Due from Other Governments	-	8,200
Inventory	1,337,183	8,335
Prepaid Expenses	81,276	24,607
Total Current Assets	<u>5,510,587</u>	<u>3,306,523</u>
LONG-TERM ASSETS		
Sewer and Water Hook-up Fees Receivable - Long-Term	-	70,167
Advance to Other Funds	4,080,107	2,649,800
Capital Assets:		
Land, Buildings, Infrastructure, and Improvements	34,556,398	102,317,268
Equipment	8,030,322	1,798,739
Construction in Progress	24,099	75,000
Total Capital Assets	<u>42,610,819</u>	<u>104,191,007</u>
Less: Allowance for Depreciation	<u>(21,835,777)</u>	<u>(43,070,054)</u>
Total Net Capital Assets	<u>20,775,042</u>	<u>61,120,953</u>
Total Long-Term Assets	<u>24,855,149</u>	<u>63,840,920</u>
Total Assets	30,365,736	67,147,443
DEFERRED OUTFLOWS OF RESOURCES		
Refunding Loss on Bonds	-	76,615
Pension Related	171,742	149,341
Other Postemployment Benefits Related	5,594	4,147
Total Deferred Outflows of Resources	<u>177,336</u>	<u>230,103</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 30,543,072</u>	<u>\$ 67,377,546</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020		2019	2020
Liquor	Golf Course	Total	Total	Internal Service Fund
\$ 518,697	\$ -	\$ 3,103,691	\$ 3,655,233	\$ -
-	-	922,500	922,500	-
8,672	1,892	3,856,580	2,471,506	465
-	-	62	1,968	-
251	1,686	5,874	7,046	-
-	2,869	11,069	90,068	-
767,172	31,832	2,144,522	2,192,968	-
11,480	4,984	122,347	85,508	3,815
1,306,272	43,263	10,166,645	9,426,797	4,280
-	-	70,167	97,832	-
-	-	6,729,907	7,069,815	-
2,036,818	3,921,937	142,832,421	136,601,510	30,917
482,951	1,209,241	11,521,253	10,791,858	771,369
-	-	99,099	2,326,945	-
2,519,769	5,131,178	154,452,773	149,720,313	802,286
(1,142,069)	(2,098,693)	(68,146,593)	(64,637,542)	(594,332)
1,377,700	3,032,485	86,306,180	85,082,771	207,954
1,377,700	3,032,485	93,106,254	92,250,418	207,954
2,683,972	3,075,748	103,272,899	101,677,215	212,234
-	75,405	152,020	189,337	-
82,138	52,269	455,490	237,848	14,934
2,428	1,643	13,812	4,458	355
84,566	129,317	621,322	431,643	15,289
\$ 2,768,538	\$ 3,205,065	\$ 103,894,221	\$ 102,108,858	\$ 227,523

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020	
	Electric	Water and Sewer
LIABILITIES		
CURRENT LIABILITIES		
Accounts and Contracts Payable	\$ 772,700	\$ 414,484
Accrued Expenses	82,250	18,213
Due to Other Governments	4,018	7,505
Due to Other Funds	-	-
Accrued Interest	82,764	453,839
Unearned Revenue	(1,656)	-
Compensated Absences - Current Portion	83,639	102,244
Capital Lease Obligation - Current Portion	187,747	54,333
Loans Payable - Current Portion	-	-
Bonds Payable - Current Portion	1,095,000	3,450,044
Other Postemployment Benefits Liability	3,588	2,660
Total Current Liabilities	2,310,050	4,503,322
LONG-TERM LIABILITIES		
Escrow Deposits	-	-
Advance From Other Funds	-	-
Compensated Absences - Long-Term	84,097	46,520
Capital Lease Obligation - Long-Term	53,793	22,393
Loans Payable - Long-Term	-	-
Bonds Payable - Long-Term	6,171,597	52,067,307
Net Pension Liability	1,008,016	876,536
Other Postemployment Benefits Liability	105,978	68,137
Total Long-Term Liabilities	7,423,481	53,080,893
Total Liabilities	9,733,531	57,584,215
DEFERRED INFLOWS OF RESOURCES		
Refunding Gain on Bonds	-	15,357
Pension Related	45,410	39,487
Other Postemployment Benefits Related	4,679	3,468
Total Deferred Inflows of Resources	50,089	58,312
NET POSITION		
Net Investment in Capital Assets	13,929,083	6,416,672
Unrestricted	6,830,369	3,318,347
Total Net Position	20,759,452	9,735,019
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 30,543,072	\$ 67,377,546
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, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020		2019	2020
Liquor	Golf Course	Total	Total	Internal Service Fund
\$ 300,357	\$ 8,164	\$ 1,495,705	\$ 1,532,580	\$ 44,864
85,481	3,696	189,640	276,755	1,577
3,624	7	15,154	17,770	-
-	-	-	-	106,855
-	11,568	548,171	578,080	-
-	37,369	35,713	39,505	-
27,964	19,989	233,836	197,127	14,293
11,758	74,962	328,800	339,064	-
-	108,259	108,259	-	-
-	155,000	4,700,044	4,421,020	-
1,558	1,054	8,860	-	228
430,742	420,068	7,664,182	7,401,901	167,817
-	-	-	1,200	-
-	6,536,195	6,536,195	7,069,815	-
35,812	18,542	184,971	166,737	3,654
6,009	214,022	296,217	405,709	-
-	426,399	426,399	-	-
-	2,560,505	60,799,409	64,190,786	-
482,095	306,788	2,673,435	2,257,067	87,654
39,384	21,852	235,351	216,884	474
563,300	10,084,303	71,151,977	74,308,198	91,782
994,042	10,504,371	78,816,159	81,710,099	259,599
-	-	15,357	19,837	-
21,718	13,821	120,436	429,332	3,949
2,032	1,374	11,553	6,127	297
23,750	15,195	147,346	455,296	4,246
1,359,933	(431,257)	21,274,431	18,443,346	207,954
390,813	(6,883,244)	3,656,285	1,500,117	(244,276)
1,750,746	(7,314,501)	24,930,716	19,943,463	(36,322)
\$ 2,768,538	\$ 3,205,065	103,894,221	\$ 102,108,858	\$ 227,523
		(13,863)		
		\$ 103,880,358		

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, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	
	Electric	Water and Sewer
GROSS PROFIT AND OPERATING REVENUES		
Sales	\$ -	\$ -
Costs of Goods Sold	-	-
Charges for Services	15,407,792	7,950,020
Total Gross Profit and Operating Revenues	15,407,792	7,950,020
OPERATING EXPENSES		
Cost of Sales and Services	10,322,956	2,340,648
Compensation and Employee Benefits	1,386,342	1,487,169
Depreciation	1,411,485	2,129,966
Total Operating Expenses	13,120,783	5,957,783
OPERATING INCOME (LOSS)	2,287,009	1,992,237
OTHER INCOME (EXPENSE)		
Interest Income (Loss)	12,185	12,297
Interest Expense	(198,669)	(1,769,875)
Taxes and Special Assessments	-	500,756
Intergovernmental Revenues	2,690	2,339
Access Fees	29,000	789,583
Refunds and Reimbursements	129,083	-
Miscellaneous Revenue	5,285	12,116
Insurance Recovery	-	39,343
Gain (Loss) on Sale of Capital Assets	32	2,925
Total Other Income (Expense)	(20,394)	(410,516)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,266,615	1,581,721
CONTRIBUTIONS AND TRANSFERS		
Transfers Out	(1,000,000)	-
Capital Contributions	-	619,069
Total Contributions and Transfers	(1,000,000)	619,069
CHANGE IN NET POSITION	1,266,615	2,200,790
Net Position - Beginning of Year	18,475,757	7,020,257
Correction of an Error	1,017,080	513,972
Net Position - Beginning of Year, as Restated	19,492,837	7,534,229
NET POSITION - END OF YEAR	\$ 20,759,452	\$ 9,735,019
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, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		2019	2020
	Liquor	Golf Course	Total	Internal Service Fund
	\$ 6,579,097	\$ 71,681	\$ 6,650,778	\$ -
	(4,835,906)	(48,550)	(4,884,456)	-
	-	1,213,911	24,571,723	785,480
	1,743,191	1,237,042	26,338,045	785,480
	506,708	647,573	13,817,885	791,411
	816,179	538,197	4,227,887	230,630
	55,407	143,199	3,740,057	71,271
	1,378,294	1,328,969	21,785,829	1,093,312
	364,897	(91,927)	4,552,216	(307,832)
	768	(13,441)	11,809	(65)
	(729)	(84,587)	(2,053,860)	-
	-	237,777	738,533	-
	1,287	2,860	9,176	234
	-	-	818,583	-
	-	6,735	135,818	16
	30,350	-	47,751	-
	-	-	39,343	-
	-	9,806	12,763	-
	31,676	159,150	(240,084)	185
	396,573	67,223	4,312,132	(307,647)
	(475,000)	-	(1,475,000)	-
	-	-	619,069	271,325
	(475,000)	-	(855,931)	271,325
	(78,427)	67,223	3,456,201	(36,322)
	1,829,173	(7,381,724)		-
	-	-		-
	1,829,173	(7,381,724)		-
	\$ 1,750,746	\$ (7,314,501)		\$ (36,322)
			(13,863)	
			\$ 3,442,338	

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	
	Electric	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Service Users	\$ 15,263,778	\$ 8,237,590
Cash Paid to Suppliers	(10,559,404)	(2,595,327)
Cash Paid to Employees	(1,568,754)	(1,322,020)
Net Cash Provided (Used) by Operating Activities	3,135,620	4,320,243
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund Borrowing/Transfers	(1,000,000)	-
Due To/From Other Funds	-	-
Advance To/From Other Funds	441,498	(101,590)
Property Tax Receipts	542	660,124
Miscellaneous Receipts	134,370	12,115
Intergovernmental Receipts	2,690	2,339
Net Cash Provided (Used) by Noncapital Financing Activities	(420,900)	572,988
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Bonds	-	1,496,600
Proceeds from Bond Premium	-	66,407
Refunding Loss on Bonds	-	-
Interfund Lease Payment	-	-
Access Fees	29,000	737,476
Insurance Proceeds	-	39,343
Acquisition and Construction of Capital Assets	(3,042,351)	(1,064,339)
Interest Paid on Bonds	(215,860)	(1,997,754)
Interest Paid on Capital Lease Obligations	(7,053)	(2,683)
Proceeds from Capital Lease	-	-
Principal Payments on Capital Lease Obligation	(204,995)	(68,099)
Principal Payments on Bonds	(955,000)	(3,316,020)
Net Cash Used by Capital and Related Financing Activities	(4,396,259)	(4,109,069)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income (Loss)	14,114	12,274
Proceeds from Sale of Capital Assets	32	2,925
Net Cash Provided (Used) by Investing Activities	14,146	15,199
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,667,393)	799,361
Cash and Cash Equivalents - Beginning of Year	3,252,071	1,123,455
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,584,678</u>	<u>\$ 1,922,816</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents	\$ 662,178	\$ 1,922,816
Cash and Investments with Fiscal Agent	922,500	-
Total Cash and Cash Equivalents	<u>\$ 1,584,678</u>	<u>\$ 1,922,816</u>
NONCASH TRANSACTIONS		
Contributed Capital	\$ -	\$ 619,069
Interest Accretion on Capital Appreciation Bonds	-	-
Amortization of Premiums and Refunding Loss	(14,290)	(206,627)
Total Noncash Investing, Capital, and Financing Activities	<u>\$ (14,290)</u>	<u>\$ 412,442</u>

See accompanying Notes to Financial Statements.

CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

2020			2019	2020
Liquor	Golf Course	Total	Total	Internal Services Fund
\$ 6,573,663	\$ 1,287,727	\$ 31,362,758	\$ 28,785,827	\$ 785,015
(5,082,531)	(705,555)	(18,942,817)	(17,229,923)	(750,362)
(720,870)	(715,274)	(4,326,918)	(3,991,090)	(133,793)
<u>770,262</u>	<u>(133,102)</u>	<u>8,093,023</u>	<u>7,564,814</u>	<u>(99,140)</u>
(475,000)	-	(1,475,000)	(1,475,000)	-
-	-	-	-	106,855
-	(533,620)	(193,712)	(177,027)	-
961	237,909	899,536	787,070	-
30,349	6,735	183,569	131,142	16
1,287	1,800	8,116	6,391	234
<u>(442,403)</u>	<u>(287,176)</u>	<u>(577,491)</u>	<u>(727,424)</u>	<u>107,105</u>
-	-	1,496,600	9,405,300	-
-	-	66,407	838,284	-
-	-	-	-	-
-	534,658	534,658	-	-
-	-	766,476	1,908,837	-
-	-	39,343	451,609	-
-	(44,298)	(4,150,988)	(4,149,873)	(7,900)
-	(78,427)	(2,292,041)	(4,962,335)	-
(729)	(2,766)	(13,231)	(25,119)	-
-	226,520	226,520	48,845	-
(11,408)	(61,774)	(346,276)	(515,876)	-
-	(150,000)	(4,421,020)	(10,528,716)	-
<u>(12,137)</u>	<u>423,913</u>	<u>(8,093,552)</u>	<u>(7,529,044)</u>	<u>(7,900)</u>
768	(13,441)	13,715	15,126	(65)
-	9,806	12,763	-	-
<u>768</u>	<u>(3,635)</u>	<u>26,478</u>	<u>15,126</u>	<u>(65)</u>
316,490	-	(551,542)	(676,528)	-
202,207	-	4,577,733	5,254,261	-
<u>\$ 518,697</u>	<u>\$ -</u>	<u>\$ 4,026,191</u>	<u>\$ 4,577,733</u>	<u>\$ -</u>
\$ 518,697	\$ -	\$ 3,103,691	\$ 3,655,233	\$ -
-	-	922,500	922,500	-
<u>\$ 518,697</u>	<u>\$ -</u>	<u>\$ 4,026,191</u>	<u>\$ 4,577,733</u>	<u>\$ -</u>
\$ -	\$ -	\$ 619,069	\$ -	\$ 271,325
-	-	-	152,816	-
-	5,261	(215,656)	(188,712)	-
<u>\$ -</u>	<u>\$ 5,261</u>	<u>\$ 403,413</u>	<u>\$ (35,896)</u>	<u>\$ 271,325</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020	
	Electric	Water and Sewer
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,287,009	\$ 1,992,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,411,485	2,129,966
Changes in Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources:		
(Increase) Decrease in Accounts Receivable	(139,518)	288,299
(Increase) Decrease in Prepaid Items	(43,832)	6,575
(Increase) Decrease in Inventory	(32,510)	-
(Increase) Decrease in Deferred Outflows of Resources - Pension	(72,450)	(85,160)
Increase in Deferred Outflows of Resources - Other Postemployment Benefits	(3,569)	(2,860)
Increase (Decrease) in Accounts and Contracts Payable	(160,188)	(238,597)
Increase (Decrease) in Accrued Expenses	(42,729)	(22,657)
Increase (Decrease) in Due to Other Governments	82	(729)
Increase (Decrease) in Unearned Revenue	(3,296)	-
Increase (Decrease) in Escrow Deposits	(1,200)	-
Increase (Decrease) in Net Pension Liability	65,780	267,486
Increase in OPEB Liability	11,066	8,204
Increase (Decrease) in Deferred Inflows of Resources - Pension	(133,819)	(76,365)
Increase in Deferred Inflows of Resources - Other Postemployment Benefits	1,896	1,700
Increase (Decrease) in Accrued Compensated Absences	(8,587)	52,144
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,135,620</u>	<u>\$ 4,320,243</u>

See accompanying Notes to Financial Statements.

**CITY OF BUFFALO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

2020			2019	2020
Liquor	Golf Course	Total	Total	Internal Service Fund
\$ 364,897	\$ (91,927)	\$ 4,552,216	\$ 4,345,601	\$ (307,832)
55,407	143,199	3,740,057	3,643,422	71,271
(5,434)	2,631	145,978	(295,453)	(465)
(1,786)	2,204	(36,839)	(17,917)	(3,815)
60,427	20,529	48,446	(567,901)	-
(48,160)	(11,872)	(217,642)	158,603	(14,934)
(1,799)	(1,126)	(9,354)	(2,064)	(355)
200,666	(32,165)	(230,284)	95,777	44,864
2,574	(24,303)	(87,115)	35,000	1,577
776	(2,745)	(2,616)	8,875	-
-	(496)	(3,792)	14,712	-
-	-	(1,200)	1,200	-
159,657	(76,555)	416,368	212,002	87,654
4,806	3,251	27,327	16,455	702
(39,615)	(59,097)	(308,896)	(122,926)	3,949
1,166	664	5,426	6,127	297
16,680	(5,294)	54,943	33,301	17,947
<u>\$ 770,262</u>	<u>\$ (133,102)</u>	<u>\$ 8,093,023</u>	<u>\$ 7,564,814</u>	<u>\$ (99,140)</u>

See accompanying Notes to Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 reported as if it were part of the City's operations (blended component unit) because the HRA provides services primarily to the City and the City council appoints the commission board members. 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. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 facilities (other than those financed by proprietary funds).

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 and Sewer Fund

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

Liquor Fund

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

Golf Course Fund

The Golf Course Fund accounts for customer sales that are used to finance golf course operating expenses.

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.

C. Measurement Focus and Basis of Accounting

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers 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 and sewer, liquor stores and golf course funds are charges to customers for sales and services. Operating expenses for these funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets

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

The General Fund budget does not include activity related to the parks. Therefore, the budgetary basis for the General Fund differs from GAAP. Budgets for the Fire, Library, and Airport are adopted on a basis consistent with GAAP.

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets (Continued)

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

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

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

1. Cash and Investments

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

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

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Special Assessment Revenue Recognition (Continued)

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

4. Utility Billing

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

5. Inventories

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

6. Interfund Receivables/Payables

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

7. Loans Receivable and Allowance for Uncollectible Accounts

The City records loans receivable for a revolving loan program that assists residents in the rehabilitation of homes. Also, the HRA issues loans to local businesses. An allowance for uncollectible accounts is established with City management believes that some portion of the receivable will not be collected. The City estimates the allowance based on the specific identification method. The estimated allowance as of December 31, 2020 for the estimated allowance for the revolving loan program is \$-0-.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Property Held for Resale

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

9. Capital Assets

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

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

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

10. 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.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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)

10. Compensated Absences (Continued)

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.

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.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. 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 reflects a decrease in fund balance/net position 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 5-7 to the financial statements. The second type of deferred outflow of resources relate to refunding of bonds.

15. Deferred Inflows of Resources

The City's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in fund balance/net position that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has three 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 5-7 to the financial statements. The third type of deferred inflow of resources relate to refunding of bonds.

16. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. 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.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

16. Interfund Transactions (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, 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.

18. Fund Balance

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

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

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

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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 (Continued)

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

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

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

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, 2020, 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 2020 were \$48,070.

A. Deposits and Investments

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

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's deposit policy does not provide additional restrictions beyond Minnesota state statutes. At year-end, the carrying amount of the City's deposits was entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At December 31, 2020, the balance was fully insured and collateralized as required by Minnesota Statutes §118A.03.

Investments

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

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

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

Investment Type	Credit Rating	Amount
Money Market	Not Rated	\$ 6,555,440
Negotiable Certificates of Deposit	Not Rated	736,174
Total		<u>\$ 7,291,614</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments (Continued)

Concentration of Credit Risk – The City investment policy places a limit on the amount that the City may invest in commercial paper to \$500,000 and brokered certificates of deposits to \$250,000. The City had no investments at December 31, 2020 which individually comprised more than 5% of total investments.

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

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

Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Money Market	\$ 6,555,440	\$ 6,555,440	\$ -	\$ -
Negotiable Certificates of Deposit	736,174	490,125	-	246,049
Total	<u>\$ 7,291,614</u>	<u>\$ 7,045,565</u>	<u>\$ -</u>	<u>\$ 246,049</u>

The deposits and investments are presented in these financial statements:

Deposits	\$ 13,763,920
Investments	<u>7,291,614</u>
Total Cash and Cash Equivalents	<u>\$ 21,055,534</u>
Cash and Cash Equivalents	\$ 20,133,034
Cash and Investments with Fiscal Agent	<u>922,500</u>
Total Cash and Cash Equivalents	<u>\$ 21,055,534</u>
Governmental Activities	\$ 17,029,343
Business-Type Activities	<u>4,026,191</u>
Total Cash and Cash Equivalents	<u>\$ 21,055,534</u>

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

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

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

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

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

Assets measured at fair value on a recurring basis:

Investment Type	Total	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	\$ 736,174	\$ -	\$ 736,174	\$ -

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, 2020

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,779,339	\$ 28,100	\$ -	\$ -	\$ 2,807,439
Construction in Progress	4,145,370	3,507,348	(428,433)	-	7,224,285
Total Capital Assets, Not Being Depreciated	6,924,709	3,535,448	(428,433)	-	10,031,724
Capital Assets, Being Depreciated:					
Land Improvements	15,880,298	1,313,484	-	-	17,193,782
Buildings and Building Improvements	17,689,874	22,173	(240,209)	-	17,471,838
Improvements Other than Buildings	3,634,838	-	(7,770)	-	3,627,068
Vehicles	4,731,056	103,304	(277,989)	(5,703)	4,550,668
Equipment	6,507,093	731,429	(366,007)	(6,750)	6,865,765
Infrastructure	83,480,027	1,771,978	-	-	85,252,005
Total Capital Assets, Being Depreciated	131,923,186	3,942,368	(891,975)	(12,453)	134,961,126
Accumulated Depreciation for:					
Land Improvements	(8,044,264)	(660,063)	-	-	(8,704,327)
Buildings and Building Improvements	(8,865,631)	(430,895)	240,209	-	(9,056,317)
Improvements Other than Buildings	(2,139,705)	(161,289)	7,770	-	(2,293,224)
Vehicles	(2,758,772)	(300,300)	277,989	5,703	(2,775,380)
Equipment	(5,212,556)	(333,062)	346,209	6,750	(5,192,659)
Infrastructure	(61,921,569)	(2,187,368)	-	-	(64,108,937)
Total Accumulated Depreciation	(88,942,497)	(4,072,977)	872,177	12,453	(92,130,844)
Total Capital Assets, Being Depreciated, Net	42,980,689	(130,609)	(19,798)	-	42,830,282
Governmental Activities Capital Assets, Net	\$ 49,905,398	\$ 3,404,839	\$ (448,231)	\$ -	\$ 52,862,006

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 112,568
Public Safety	331,827
Public Works	2,807,229
Parks, Culture, and Recreation	821,353
Total Depreciation Expense, Governmental Activities	<u>\$ 4,072,977</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land and Intangible Assets	\$ 5,829,934	\$ 1,129,817	\$ -	\$ -	\$ 6,959,751
Construction in Progress	2,326,945	96,819	(2,324,665)	-	99,099
Total Capital Assets, Not Being Depreciated	8,156,879	1,226,636	(2,324,665)	-	7,058,850
Capital Assets, Being Depreciated:					
Land Improvements	3,247,672	31,854	-	-	3,279,526
Buildings and Building Improvements	50,018,797	2,366,087	(293)	-	52,384,591
Utility Distributions Systems	77,505,105	3,138,781	(1,425)	-	80,642,461
Machinery and Shop Equipment	10,791,860	524,773	(241,742)	12,454	11,087,345
Total Capital Assets, Being Depreciated	141,563,434	6,061,495	(243,460)	12,454	147,393,923
Accumulated Depreciation for:					
Land Improvements	(1,344,379)	(76,606)	-	-	(1,420,985)
Buildings and Building Improvements	(21,799,885)	(1,071,082)	293	-	(22,870,674)
Utility Distributions Systems	(33,984,424)	(2,230,158)	1,425	-	(36,213,157)
Machinery and Shop Equipment	(7,508,854)	(362,211)	241,742	(12,454)	(7,641,777)
Total Accumulated Depreciation	(64,637,542)	(3,740,057)	243,460	(12,454)	(68,146,593)
Total Capital Assets, Being Depreciated, Net	76,925,892	2,321,438	-	-	79,247,330
Business-Type Activities Capital Assets, Net	\$ 85,082,771	\$ 3,548,074	\$ (2,324,665)	\$ -	\$ 86,306,180

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

Business-Type Activities:	
Electric Fund	\$ 1,411,485
Water and Sewer Fund	2,129,966
Liquor Fund	55,407
Golf Course Fund	143,199
Total Depreciation Expense, Business-Type Activities	<u>\$ 3,740,057</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CITY INDEBTEDNESS

City indebtedness at December 31, 2020 is composed of the following:

Description	Initial Amount Issued	Maturity Date	Interest Rate	Outstanding Principal
General Obligation Bonds:				
Governmental Activities:				
2011 G.O. Capital Improvement Refunding #2011A	\$ 5,925,000	2024	0.40-3.15%	\$ 2,635,000
2013 G.O. Bonds #2013A	3,575,000	2024	2.00	1,465,000
2013 G.O. Bonds #2013B	585,000	2028	3.00-3.40	340,000
2015 G.O. Bonds #2015A	4,045,000	2031	2.00-3.00	3,125,000
2016 G.O. Street Reconstruction Bonds #2016C	2,565,000	2032	2.00-2.75	2,110,000
2019 G.O. Bonds #2019B	6,710,000	2040	3.00-5.00	6,710,000
2019 G.O. Refunding Bonds #2019C	2,760,000	2025	5.00	2,525,000
2020 G.O. Bonds #2020A	4,433,400	2040	2.00-3.00	4,433,400
2020 G.O. Tax Abatement and Refunding Bonds #2020B	1,980,000	2027	2.00	1,980,000
Total Governmental Activities - G.O. Bonds	32,578,400			25,323,400
Business-Type Activities:				
2013 G.O. Equipment Certificates #2013A	1,455,000	2022	2.00	585,000
2013 G.O. Bonds #2013B	440,000	2028	3.00-3.40	255,000
2019 G.O. Refunding Bonds #2019C	1,200,000	2026	5.00	1,025,000
2020 G.O. Bonds #2020A	1,496,600	2040	2.00-3.00	1,496,600
Total Business-Type Activities - G.O. Bonds	4,591,600			3,361,600
Total General Obligation Bonds	<u>\$ 37,170,000</u>			<u>\$ 28,685,000</u>
Tax Abatement Bonds:				
Governmental Activities:				
2012 G.O. Tax Abatement Bonds #2012C	\$ 1,955,000	2033	0.65-3.20%	\$ 1,450,000
2020 G.O. Tax Abatement and Refunding Bonds #2020B	1,205,000	2027	2.00	1,205,000
Total Tax Abatement Bonds	3,160,000			2,655,000
Business-Type Activities:				
2016 G.O. Tax Abatement Bonds #2016A	3,250,000	2035	2.00-3.15	2,695,000
Total Tax Abatement Bonds:	<u>\$ 6,410,000</u>			<u>\$ 5,350,000</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

Description	Initial Amount Issued	Maturity Date	Net Interest Rate	Outstanding Principal
Capital Lease Obligations:				
Governmental Activities:				
2016 Police, Parks, Electric, Water Equipment	\$ 208,356	2021	1.97	\$ 43,328
2017 Police, Parks Equipment	118,164	2022	1.94	34,698
2018 Street Equipment	31,308	2022	0.00	12,815
2018 Police Equipment	33,232	2022	0.00	17,076
2019 Police, Fire Equipment	733,055	2024	1.94	492,135
2019 Police, Street, Park Equipment	375,695	2024	2.21	303,841
2020 Fire Equipment	305,585	2025	1.74	305,585
Total General Obligation Capital Lease Purchase Obligations	<u>\$ 1,805,395</u>			<u>\$ 1,209,478</u>
Loans Payable:				
Business-Type Activities:				
Golf Course Improvement	<u>\$ 570,000</u>	2025	3.01%	<u>\$ 534,658</u>
General Obligation Revenue Bonds:				
Business-Type Activities:				
2010 Electric Revenue Bonds #2010B	\$ 955,000	2021	2.50-3.70%	\$ 240,000
2011 G.O. Water and Sewer Revenue Bonds, #2011B	3,575,000	2032	0.65-4.30	2,410,000
2012 G.O. Water and Sewer Revenue Bonds #2012A	5,610,000	2033	2.55-3.00	5,610,000
2014 G.O. Water and Sewer Revenue Refunding Bonds #2014A	30,860,000	2028	3.00-4.00	27,050,000
2014 Electric Revenue Bonds #2014B	1,880,000	2025	2.75-3.00	1,765,000
2015 Electric Revenue Refunding Bonds #2015B	1,185,000	2022	2.00-2.15	375,000
2016 Electric Revenue Bonds #2016B	1,140,000	2026	2.00-2.45	710,000
2017 G.O. Wastewater Revenue Refunding Bonds #2017A	6,840,000	2033	3.00-3.50	6,840,000
2017 G.O. Water and Sewer Revenue Bonds #2017B	3,160,000	2033	1.35-3.00	2,820,000
2018 Electric Revenue Bonds #2018A	1,765,000	2028	3.00	1,440,000
2018 Electric Revenue Bonds #2018B	2,300,000	2029	3.00-3.25	2,115,000
2019 G.O. Water and Sewer Revenue Refunding Bonds #2019A	8,205,300	2025	3.00-5.00	6,463,226
Total Business-Type Activities Revenue Bonds	<u>67,475,300</u>			<u>57,838,226</u>
Governmental Activities:				
2019 G.O. Water and Sewer Revenue Refunding Bonds #2019A	<u>89,700</u>	2024	3.00-5.00	<u>61,771</u>
Total Revenue Bonds	<u>\$ 67,565,000</u>			<u>\$ 57,899,997</u>
Revenue Lease Purchase Obligations:				
Business-Type Activities:				
2016 Electric, Water Equipment	\$ 375,436	2021	1.97	\$ 78,069
2017 Electric, Water, Golf Equipment	673,287	2022	1.94	197,704
2018 Electric, Golf Equipment	92,948	2022	0.00	32,165
2018 Liquor Store Equipment	45,769	2022	0.00	17,772
2018 Water and Wastewater Equipment	89,730	2022	0.00	40,494
2019 Golf Course Equipment	48,845	2024	2.21	39,499
2020 Golf Course Equipment	226,520			219,314
Total Revenue Lease Purchase Obligations	<u>\$ 1,552,535</u>			<u>\$ 625,017</u>

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in City indebtedness for the year ended December 31, 2020:

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 22,170,000	\$ 6,413,400	\$ 3,260,000	\$ 25,323,400	\$ 4,210,000
General Obligation Tax Abatement Bonds	1,855,000	1,205,000	405,000	2,655,000	100,000
General Obligation Revenue Bond	1,686,751	-	1,624,980	61,771	14,956
Bond Subtotal	25,711,751	7,618,400	5,289,980	28,040,171	4,324,956
Bond Premium	1,159,399	312,678	136,226	1,335,851	-
Net Bond Subtotal	26,871,150	7,931,078	5,426,206	29,376,022	4,324,956
Capital Lease Obligations	1,257,410	305,585	353,517	1,209,478	362,045
Compensated Absences	453,709	293,312	249,930	497,091	270,977
Total Governmental Activities	28,582,269	8,529,975	6,029,653	31,082,591	4,957,978
Business-Type Activities:					
General Obligation Bonds	2,220,000	1,295,000	153,400	3,361,600	365,000
General Obligation Tax Abatement Bonds	2,845,000	201,600	351,600	2,695,000	155,000
General Obligation Revenue Bonds	54,304,246	-	3,111,020	51,193,226	3,240,044
Electric Revenue Bonds	7,450,000	-	805,000	6,645,000	940,000
Bond Subtotal	66,819,246	1,496,600	4,421,020	63,894,826	4,700,044
Bond Premium	1,792,560	66,407	254,340	1,604,627	-
Net Bond Subtotal	68,611,806	1,563,007	4,675,360	65,499,453	4,700,044
Loans Payable	-	570,000	35,342	534,658	108,259
Revenue Lease Purchase Obligations	744,773	226,520	346,276	625,017	328,800
Compensated Absences	363,864	248,129	193,186	418,807	233,836
Total Business-Type Activities	69,720,443	2,607,656	5,250,164	67,077,935	5,370,939
Total Debt	\$ 98,302,712	\$ 11,137,631	\$ 11,279,817	\$ 98,160,526	\$ 10,328,917

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

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Land	\$ -	\$ 2,265,045
Buildings and Improvements	-	1,243,437
Vehicles and Equipment	1,491,587	2,458,857
Subtotal	1,491,587	5,967,339
Less: Accumulated Depreciation	(271,956)	(1,716,669)
Total	\$ 1,219,631	\$ 4,250,670

In 2016 and 2017, the City entered into lease agreements to acquire vehicles, goods, and equipment. In 2018, the City entered into three lease agreements to acquire a vehicle and various equipment, and two leases relating to system and server upgrades. In 2019, the City entered into two leases to acquire vehicles, and equipment. In 2020, the City entered into a lease agreement to acquire vehicles, and equipment. The City also entered into a second lease agreement for the purchase of a police squad car, streets tarketle, and fire SCBA equipment.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 728,963
2022	477,651
2023	362,316
2024	241,217
2025	103,383
Total Minimum Lease Payments	1,913,530
Less: Amount Representing Interest	(79,035)
Present Value of Minimum Lease Payments	<u>\$ 1,834,495</u>

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>	<u>Governmental Activities</u>				
	<u>Bonded Debt</u>		<u>Notes and Capital Leases</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 4,324,956	\$ 837,779	\$ 362,045	\$ 28,107	\$ 5,552,887
2022	2,741,881	688,121	309,546	18,926	3,758,474
2023	2,822,206	605,861	294,288	10,147	3,732,502
2024	2,905,928	521,583	180,433	2,922	3,610,866
2025	2,448,400	446,230	63,166	596	2,958,392
2026-2020	6,816,800	1,312,522	-	-	8,129,322
2031-2035	4,070,000	512,734	-	-	4,582,734
2036-2040	1,910,000	135,820	-	-	2,045,820
Totals	<u>\$ 28,040,171</u>	<u>\$ 5,060,650</u>	<u>\$ 1,209,478</u>	<u>\$ 60,698</u>	<u>\$ 34,370,997</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>			
	<u>Bonded Debt</u>		<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 4,700,044	\$ 2,132,453	\$ 108,259	\$ 14,809
2022	5,283,119	1,935,856	111,609	11,458
2023	4,902,794	1,742,441	115,064	8,004
2024	6,069,069	1,545,789	118,609	4,458
2025	6,636,600	1,326,344	81,117	928
2026-2020	25,913,200	3,689,072	-	-
2031-2035	10,390,000	594,656	-	-
Totals	<u>\$ 63,894,826</u>	<u>\$ 12,966,611</u>	<u>\$ 534,658</u>	<u>\$ 39,657</u>

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Capital Leases</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 328,800	\$ 10,011	\$ 7,294,376
2022	145,023	4,156	7,491,221
2023	55,418	2,463	6,826,184
2024	56,502	1,360	7,795,787
2025	39,274	347	8,084,610
2026-2020	-	-	29,602,272
2031-2035	-	-	10,984,656
Totals	<u>\$ 625,017</u>	<u>\$ 18,337</u>	<u>\$ 78,079,106</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2020, including interest of \$18,145,953 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 12,847,263
2022	11,249,695
2023	10,558,686
2024	11,406,653
2025	11,043,002
2026-2030	37,731,594
2031-2035	15,567,390
2036-2040	2,045,820
Total	<u>\$ 112,450,103</u>

In 2020, the City issued \$5,930,000 in General Obligation Refunding Bonds (Series 2020A) for the purpose of effecting current refundings of certain outstanding general obligations of the City as well as the construction of a new fire station, acquisition of capital equipment, and various water and sewer improvements. The bonds carry an interest rate between 2.0% and 3.0% and will mature in 2040. The refunding was undertaken to reduce total debt service payments in the amount of \$105,938 over the next 20 years and resulted in economic gain of \$97,497.

The City also issued \$3,185,000 in General Obligation Tax Abatement and Refunding Bonds (Series 2020B) for the purpose of effecting current refundings of certain outstanding general obligations of the City. The bonds carry an interest rate of 2.0% and will mature in 2027. The refunding was undertaken to reduce total debt service payments in the amount of \$219,622 over the next 7 years and resulted in economic gain of \$216,707.

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CITY INDEBTEDNESS (CONTINUED)

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

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Electric Revenue Bonds, Series 2010B	Electric	Electric Utility Charges	100%	2010 - 2021	\$ 244,440	\$ 151,400	\$15,407,792
G.O. Sewer & Water Revenue Bonds, Series 2011B	Water & Sewer	Water & Sewer Utility Charges	100%	2011 - 2032	\$ 3,074,133	\$ 249,052	\$ 7,950,020
G.O. Sewer & Water Revenue Bonds, Series 2012A	Water & Sewer	Water & Sewer Utility Charges	100%	2012 - 2033	\$ 7,380,885	\$ 157,492	\$ 7,950,020
G.O. Bonds, Series 2013A	Electric	Electric Utility Charges	29%	2013 - 2022	\$ 599,450	\$ 163,200	\$15,407,792
G.O. Bonds, Series 2013B	Water, Sewer & Storm Sewer	Water, Sewer & Storm Sewer Utility Charges	100%	2014 - 2028	\$ 684,370	\$ 85,760	\$ 7,950,020
G.O. Sewer & Water Revenue Refunding Bonds, Series 2014A	Water & Sewer	Water & Sewer Utility Charges	100%	2014 - 2028	\$32,291,015	\$ 2,218,295	\$ 7,950,020
Electric Revenue Bonds, Series 2014B	Electric	Electric Utility Charges	100%	2014 - 2025	\$ 1,931,459	\$ 81,882	\$15,407,792
Electric Revenue Bonds, Series 2015B	Electric	Electric Utility Charges	100%	2015 - 2022	\$ 382,978	\$ 189,585	\$15,407,792
Electric Revenue Bonds, Series 2016B	Electric	Electric Utility Charges	100%	2016 - 2026	\$ 758,830	\$ 126,355	\$15,407,792
G.O. Sewer Revenue Bonds, Series 2017A	Sewer	Sewer Utility Charges	100%	2017 - 2033	\$ 9,138,231	\$ 215,988	\$ 7,950,020
G.O. Sewer & Water Revenue Bonds, Series 2017B	Water & Sewer	Water & Sewer Utility Charges	100%	2017 - 2033	\$ 3,298,725	\$ 256,950	\$ 7,950,020
Electric Revenue Bonds, Series 2018A	Electric	Electric Utility Charges	100%	2018 - 2028	\$ 1,619,700	\$ 205,600	\$15,407,792
Electric Revenue Bonds, Series 2018B	Electric	Electric Utility Charges	100%	2018 - 2029	\$ 2,425,419	\$ 252,837	\$15,407,792
G.O. Water & Sewer Revenue Refunding Bonds, Series 2019A	Water, Sewer & Storm Sewer	Water, Sewer & Storm Sewer Utility Charges	100%	2019 - 2025	\$ 7,230,700	\$ 1,930,700	\$ 7,950,020
G.O. Refunding Bonds, Series 2019C	Water & Sewer	Water & Sewer Utility Charges	30%	2019 - 2026	\$ 1,192,500	\$ 235,000	\$ 7,950,020
G.O. Bonds, Series 2020A	Water & Sewer	Water & Sewer Utility Charges	25%	2020 - 2033	\$ 1,767,307	\$ -	\$ 7,950,020

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 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

The General Employees Retirement Plan covers full time and part-time employees of the City. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

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

B. Benefits Provided

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

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

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

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

C. Contributions

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

1. General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50% for Coordinated Plan members. The City contributions to the General Employees Fund for the year ended December 31, 2020 were \$404,207. The City contributions were equal to the required contributions as set by state statute.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Plan Contributions

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020 were \$246,464. 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, 2020, the City reported a liability of \$4,382,680 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$135,228. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0731% at the end of the measurement period and 0.0648% for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 4,382,680
State's Proportionate Share of the Net Pension Liability Associated with the City	<u>135,228</u>
Total Proportionate Share of the Net Pension Liability Associated with the City	<u><u>\$ 4,517,908</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$345,041 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$11,769 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2020, 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	\$ 39,959	\$ 16,582
Changes in Actuarial Assumptions	-	162,483
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	75,714	-
Changes in Proportion and Differences Between		
City Contributions and Proportionate		
Share of Contributions	421,456	18,371
City Contributions Subsequent to the		
Measurement Date	209,576	-
Total	<u>\$ 746,705</u>	<u>\$ 197,436</u>

The \$209,576 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, 2021. Other amounts reported as deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (122,243)
2022	140,538
2023	215,514
2024	105,884
Total	<u>\$ 339,693</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$1,478,916 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1122% at the end of the measurement period and 0.1155% for the beginning of the period.

The state of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. 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 is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 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 December 31, 2020, the City recognized pension expense of \$385,489 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$10,724 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedule for the \$9 million in supplemental state aid. The City recognized \$34,858 for the year ended December 31, 2020 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
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$ 1,478,916
State's Proportionate Share of the Net Pension Liability Associated with the City	<u>34,858</u>
Total Proportionate Share of the Net Pension Liability Associated with the City	<u><u>\$ 1,513,774</u></u>

At December 31, 2020, 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	\$ 65,347	\$ 70,233
Changes in Actuarial Assumptions	495,615	922,348
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	44,922	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	89,184	9,353
City Contributions Subsequent to the Measurement Date	<u>129,119</u>	<u>-</u>
Total	<u><u>\$ 824,187</u></u>	<u><u>\$ 1,001,934</u></u>

The \$129,119 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, 2021. Other amounts reported as deferred outflow and inflow of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (88,306)
2022	(384,165)
2023	82,186
2024	80,377
2025	3,042
Total	<u><u>\$ (306,866)</u></u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 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 employees costs are associated.

	General Employees Fund	Police and Fire Fund	Fire Relief	Total
Net Pension Liability	\$ 4,382,680	\$ 1,478,916	\$ -	\$ 5,861,596
Net Pension Asset	-	-	546,201	546,201
Deferred Outflows of Resources Related to Pensions	746,705	824,187	30,606	1,601,498
Deferred Inflows of Resources Related to Pensions	197,436	1,001,934	172,940	1,372,310
Pension Expense	356,810	396,213	56,096	809,119

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	General Employees Fund	Police and Fire Fund
Inflation	2.25% per Year	2.50% per Year
Active Member Payroll Growth	3.00% per Year	3.25% per Year
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. Inflation and investment return assumptions for the Police and Fire Plan is based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan was completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Police and Fire Fund (Continued)

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 Stocks	35.5 %	5.10 %
International Stocks	17.5	5.90
Bonds (Fixed Income)	20.0	0.75
Alternative Assets (Private Markets)	25.0	5.90
Cash	2.0	-
Total	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 5 PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

	Proportionate Share of the			
	General Employees Retirement Plan		Public Employees Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50 %	\$ 7,023,914	6.50 %	\$ 2,947,693
Current	7.50	4,382,680	7.50	1,478,916
1% Increase	8.50	2,203,872	8.50	263,761

H. 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.

NOTE 6 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, 2020, membership includes 33 active members and 9 inactive members entitled to benefits, but not yet receiving them.

B. Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the fire department, has served at least 20 years of active service with such department before retirement, shall be entitled to a lump sum service pension in the amount of \$4,400 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.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

B. Benefits Provided (Continued)

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 \$4,400 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).

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

Normal Cost	\$ 145,141
Amortization Payment on Unfunded Accrued	
Liability Prior to Any Change	13,922
Administrative Expenses	2,823
Anticipated State Aid	(122,962)
Projected Investment Earnings	(38,924)
Total Contribution Required	<u>\$ -</u>

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$131,061 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2020. 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, 2020 was \$-0-.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

D. Pension Costs

At December 31, 2020, the City reported an asset of \$546,201 for the Association's net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$56,096 for the year ended December 31, 2020. At December 31, 2020, 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	\$ 28,106	\$ 72,212
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	100,728
Association Contributions Subsequent to the		
Measurement Date	2,500	-
Total	<u>\$ 30,606</u>	<u>\$ 172,940</u>

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, 2021. Other amounts reported as deferred outflow and inflow of resources related to the Association's pension will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (44,683)
2022	(35,489)
2023	(7,005)
2024	(52,466)
2025	(5,555)
Thereafter	364
Total	<u>\$ (144,834)</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

E. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2018. The measurement period for year ended December 31, 2020 is December 31, 2019. The following actuarial assumptions were used to calculate the total pension liability, applied to all periods included in the measurement:

Valuation Date:	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar

Actuarial Assumptions:	
Discount Rate	5.25 %
Investment Rate of Return	5.25
Inflation	2.50
20-Year Municipal Bond Yield	2.75
Age of Service Retirement	50

Mortality rates for healthy pre-retirement was based on RP-2014 employee generational mortality tables projected with mortality improvement scale MP-2017, from a base year of 2006. Mortality rates for healthy post-retirement and disabled were based on RP-2014 annuitant generational mortality tables projected with mortality improvement scale MP-2017, from a based year of 2006. Male rates are adjusted by a factor of 0.96%.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

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, 2019 are summarized in the following table:

Asset Class	Portfolio Weight	Expected Nominal Rate of Return
Cash	5.0 %	3.08 %
Domestic Equity	60.0	7.45
International Equity	-	7.74
Fixed Income	35.0	4.49
Real Estate and Alternatives	-	6.69
Total	<u>100.0 %</u>	

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 FIREFIGHTERS RELIEF ASSOCIATION DEFINED BENEFIT PENSION PLAN
(CONTINUED)**

F. Discount Rate

The discount rate used to measure the total pension liability was 5.25%. 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 5.25%, 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 (4.25%) or one percentage point higher (6.25%) than the current rate:

	<u>1% Decrease</u>	<u>Selected Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability (Asset)	\$ (504,718)	\$ (546,201)	\$ (585,997)
Discount Rate	4.25%	5.25%	6.25%

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 6 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
	December 31, 2019
<u>Total Pension Liability</u>	
Service Cost	\$ 73,596
Interest	81,595
Benefit Payments, Including Member Refunds	<u>(216,281)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	(61,090)
Total Pension Liability - Beginning of Year	<u>1,588,744</u>
TOTAL PENSION LIABILITY - END OF YEAR (a)	1,527,654
<u>Plan Fiduciary Net Position</u>	
Municipal Contributions	10,715
State Contributions	126,268
Net Investment Income	311,072
Benefit Payments	(216,281)
Administrative Expenses	<u>(11,283)</u>
NET CHANGE IN FIDUCIARY NET POSITION	220,491
Fiduciary Net Position - Beginning of Year	<u>1,853,364</u>
FIDUCIARY NET POSITION - END OF YEAR (b)	<u>2,073,855</u>
ASSOCIATION'S NET PENSION LIABILITY/ (ASSET) - END OF YEAR (a) - (b)	<u><u>\$ (546,201)</u></u>

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

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 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 89 active participants, 1 retired participant receiving payments, and 1 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, 2020, the City did not contribute to the plan.

C. Actuarial Methods and Assumptions

The City's OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of January 1, 2020.

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	By Plan
Medical Trend Rates	6.5% Decreasing to 5.0% Over 6 Years then to 4.0% Over Next 48 Years

Mortality Rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables (general, safety) with MP-2019 generational improvement scale.

The actuarial assumptions used in the January 1, 2020 valuation were based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2016 and the six-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2015.

The discount rate used to measure the total OPEB liability was 2.90%. 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, 2020**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

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

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the 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%.

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, 2019	\$ 540,686
Changes for the Year:	
Service Cost	53,618
Interest Cost	22,374
Assumption Changes	13,223
Differences between Expected and Actual Experience	(15,572)
Benefit Payments	(11,113)
Net Change in Total OPEB Liability	62,530
Balances at December 31, 2020	<u>\$ 603,216</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 (1.90%)	Discount Rate (2.90%)	1% Increase (3.90%)
OPEB Liability	\$ 644,143	\$ 603,216	\$ 564,298

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Changes in the OPEB Liability (Continued)

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

	1% Decrease (5.50% Decreasing to 4% Over 6 Years)	Current Trend Rates (6.50% Decreasing to 5% Over 6 Years)	1% Increase (7.50% Decreasing to 6% Over 6 Years)
OPEB Liability	\$ 543,594	\$ 603,216	\$ 672,825

For the year ended December 31, 2020, the City recognized OPEB Expense of \$73,473. At December 31, 2020, 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	\$ -	\$ 13,346
Change of Assumptions	11,333	13,092
City Contributions Subsequent to the Measurement Date	20,275	-
Total	<u>\$ 31,608</u>	<u>\$ 26,438</u>

The \$20,275 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Expenses Amount
2021	\$ (2,519)
2022	(2,519)
2023	(2,519)
2024	(2,519)
2025	(2,519)
Thereafter	(2,510)
Total	<u>\$ (15,105)</u>

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances/Net Position

The City has deficit fund balances/net position at December 31, 2020 as follows:

Governmental Funds:	
HRA Debt Service	\$ (1,643,459)
Other Governmental Funds:	
Civic Center Fund	(2,439,177)
Proprietary Funds:	
Golf Course Fund	(7,314,501)
Internal Service Fund	(36,322)

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, 2020, expenditures exceeded budget in the Library Special Revenue Fund by \$3,134 and Civic Center Special Revenue Fund by \$8,365. These expenditures were funded by current year transfers from other funds.

NOTE 9 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, 2020 because they have not yet been levied against the properties by the county.

Future scheduled tax levies for all bonds outstanding at December 31, 2020 totaled \$26,867,674.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 INTERFUND ADVANCES AND TRANSFERS

A. Advances To/From Other Funds

Fund	Advances to Other Funds	Advances from Other Funds
General Fund	\$ 2,441,328	\$ -
Debt Service Fund	1,450,000	-
HRA Debt Service Fund	-	1,643,712
Other Governmental Funds	-	2,441,328
Proprietary Funds:		
Electric Fund	4,080,107	-
Water and Sewer Fund	2,649,800	-
Golf Course Fund	-	6,536,195
Total Advances	<u>\$ 10,621,235</u>	<u>\$ 10,621,235</u>

The Debt Service Fund and Electric Fund advanced \$1,450,000 and \$193,712, 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 \$2,441,328 to the Civic Center Fund to eliminate deficit cash balance. The amount is not expected to be repaid within one year.

The Electric Fund and Water and Sewer Funds advanced \$3,886,395 and \$2,649,800, respectively, to the Wild Marsh Golf Course Fund to eliminate deficit cash balances. The Wild Marsh Golf Course Fund reports a deficit cash balance primarily due to operating losses incurred in the 16 years of operations. Management is reviewing the operational activity to determine how the funds will be repaid. 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
General Fund	\$ 106,855	\$ -
Internal Service Fund	-	106,855
Total Due To/From	<u>\$ 106,855</u>	<u>\$ 106,855</u>

The General Fund advanced \$106,855 to the Internal Service Fund to eliminate deficit cash balance. The amount is expected to be repaid within one year.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 INTERFUND ADVANCES AND TRANSFERS (CONTINUED)

C. Transfers

Transfers between funds during 2020 are as follows:

	Amount	Description
<u>Major Governmental Funds</u>		
Transfers to General Fund from:		
Debt Service Fund	\$ 79,985	Close-Out Bond
Electric Fund	900,000	Annual Contribution
Liquor Fund	475,000	Annual Park Contribution
Total Transfers to General Fund	<u>1,454,985</u>	
Transfers to Debt Service Fund from:		
General Fund	199,965	Transfer of Debt Payment
Capital Project Fund	26,477	Transfer of Debt Payment
HRA Debt Service Fund	41,885	Transfer of Debt Payment
Total Transfers to Debt Service Fund	<u>268,327</u>	
Transfers to Capital Projects Fund from:		
General Fund	800,000	Street Improvements
Transfers to HRA Debt Service Fund from:		
HRA Fund	<u>160,152</u>	Transfer of Debt Payment
Total Transfers to Major Governmental Funds	2,683,464	
<u>Nonmajor Governmental Funds</u>		
Transfers to Library Fund from:		
General Fund	15,000	Annual Contribution
Transfers to Civic Center Fund from:		
General Fund	300,000	Annual Contribution
Electric Fund	100,000	Annual Contribution
Total Transfers to Civic Center Fund	<u>400,000</u>	
Transfers to Airport Fund from:		
General Fund	50,000	Annual Contribution
Total Transfers to Nonmajor Governmental Funds	<u>465,000</u>	
Total Interfund Transfers	<u><u>\$ 3,148,464</u></u>	

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 FUND BALANCE CLASSIFICATIONS

The fund balance classifications of the governmental funds as of December 31, 2020 were as follows:

	General Fund	Debt Service Fund	Capital Project Fund	HRA Debt Service Fund	Other Governmental Funds	Governmental Funds Total
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 13,490	\$ 13,490
Prepaid Expenses	64,008	-	-	-	7,746	71,754
Advance to Other Funds	2,441,328	-	-	-	-	2,441,328
Land Held for Resale	1,200	-	-	-	-	1,200
Total Nonspendable	2,506,536	-	-	-	21,236	2,527,772
Restricted:						
Debt Service	-	7,196,552	-	-	-	7,196,552
Capital Projects	-	-	4,463,031	-	-	4,463,031
Total Restricted	-	7,196,552	4,463,031	-	-	11,659,583
Committed:						
Library	-	-	-	-	75,511	75,511
Mill/Overlay Projects	-	-	1,554,835	-	-	1,554,835
Fire Operations	-	-	-	-	506,481	506,481
The Buffalo HRA	-	-	-	-	510,404	510,404
Airport	-	-	-	-	192,255	192,255
Total Committed	-	-	1,554,835	-	1,284,651	2,839,486
Unassigned	3,061,504	-	-	(1,643,459)	(2,443,200)	(1,025,155)
Total Fund Balance	\$ 5,568,040	\$ 7,196,552	\$ 6,017,866	\$ (1,643,459)	\$ (1,137,313)	\$ 16,001,686

NOTE 12 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, 2020**

NOTE 12 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 13 TAX ABATEMENTS

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

The first district is a qualified housing tax increment financing district to facilitate construction of senior rental housing development within the City. The district will stop collections as of the earlier of December 31, 2027 or when the plan is satisfied. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$50,783.

The second district is to facilitate the reconstruction of a local business which was destroyed by a fire within the City. The district will stop collections as of the earlier of December 31, 2028 or when the plan is satisfied. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$575.

The third district is created to facilitate development of 24 affordable rental town home units within the City. The district will stop collections as of the earlier of December 31, 2037 or when the plan is satisfied. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$15,905.

The fourth district is a redevelopment tax increment financing district that was created to facilitate the renovation of one substandard structure and the construction of two new commercial buildings within the City. The district will stop collections as of the earlier of December 31, 2041 or when the plan is satisfied. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$5,571.

**CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 13 TAX ABATEMENTS (CONTINUED)

The fifth district is an economic development district to facilitate the construction of a 20,000-square-foot expansion to a manufacturing facility in the City. The district will stop collections as of the earlier of December 31, 2025 or when the plan is satisfied. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$25,050.

The sixth district is a housing district to facilitate making the land in the Project Area available for development by private enterprise in conformance with the Redevelopment Plan. The district will stop collections as of the earlier of December 31, 2048 or when the plan is satisfied. For the year ended December 31, 2020, the City paid in excess tax increment in the amount of \$573.

The seventh district is a housing district to facilitate making the land in the Project Area available for development by private enterprise in conformance with the Redevelopment Plan. The district will stop collections as of the earlier of February 1, 2048 or when the plan is satisfied. For the year ended December 31, 2020, the City paid in excess tax increment in the amount of \$-0-.

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, 2020, the City abated property taxes totaling \$9,222. No other commitments were made by the City as part of these agreements.

NOTE 14 COMMITMENTS AND CONTINGENCIES

A. Federal and State Funds

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

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

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Electric Power Purchase Agreement

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

C. Construction Commitments

The City entered into construction contracts for various construction projects started during the year. The following contracts had been entered into and were at various stages of completion at December 31, 2020:

Project	Contract Cost	Estimated Project Costs Incurred to Date*	Remaining Committed
Airport AWOS Relocation & Replacement	\$ 35,340	\$ 24,738	\$ 10,602
Downtown Fire Station	6,513,684	1,549,332	4,964,352
Douglas Drive Reconstruction	1,465,081	1,383,680	81,401
SE Phase III Reconstruction	1,428,433	1,399,964	28,469
Biosolids Processing Improvements	1,830,456	1,738,273	92,183
Total	<u>\$ 11,272,994</u>	<u>\$ 6,095,987</u>	<u>\$ 5,177,007</u>

* Includes Contracts Payable Amount

NOTE 15 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds and other similar type revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, the City had the following revenue bonds outstanding:

Description of Issue	Original Issue Date	Maturity	Outstanding December 31, 2020
Health Care Refunding Revenue Bonds Series 2006 (Central Minnesota Senior Housing LLC Project)	9/12/2006	9/1/2033	\$ 13,440,000

CITY OF BUFFALO, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 16 OPERATING LEASE

The City entered into operating lease agreements with various third parties for the use of City property. The City recognized rental revenue of \$198,519 in 2020. Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 221,741
2022	232,786
2023	237,654
2024	242,102
2025	246,720
Total	<u>\$ 1,181,003</u>

NOTE 17 SUBSEQUENT EVENTS

On April 5, 2021, the City Council authorized issuance of \$2,260,000 in General Obligation Sewer and Water Revenue Refunding Bonds, Series 2021A. General Obligation Bonds were issued for the purpose of effecting current refundings of certain outstanding general obligations of the City. The bond carries an interest rate between 1.0% and 2.0% and it is set to mature in 2032. The refunding was undertaken to reduce total debt service payments in the amount of \$352,722 over the next 11 years and resulted in economic gain of \$334,427.

On May 3, 2021, the City Council approved a lease purchase agreement with Old National Bank for the purchase of various vehicles and equipment for a total of \$540,650 at an interest rate of 1.57% over four years.

NOTE 18 PRIOR PERIOD RESTATEMENT

Beginning fund balance of the General Fund and net position of the Electric Fund, Water and Sewer Fund, Governmental Activities, and Business-Type Activities were restated to account for an understatement of accounts receivable and revenue in prior years.

	<u>General</u>			
Fund Balance - Beginning of Year	\$ 5,247,811			
Correction of an Error	99,513			
Fund Balance - Beginning of Year, as Restated	<u>\$ 5,347,324</u>			
	<u>Electric</u>	<u>Water and Sewer</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position - Beginning of Year	\$ 18,475,757	\$ 7,020,257	\$ 34,073,881	\$ 19,943,463
Correction of an Error	1,017,080	513,972	99,513	1,531,052
Net Position - Beginning of Year, as Restated	<u>\$ 19,492,837</u>	<u>\$ 7,534,229</u>	<u>\$ 34,173,394</u>	<u>\$ 21,474,515</u>

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL EMPLOYEES RETIREMENT PLAN	Measurement Date					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability	0.0731%	0.0648%	0.0640%	0.0652%	0.0620%	0.0651%
City's Proportionate Share of the Net Pension Liability	\$ 4,382,680	\$ 3,582,647	\$ 3,550,459	\$ 4,162,325	\$ 5,034,092	\$ 3,373,820
State's Proportionate Share of the Net Pension Liability						
Associated with the City of Buffalo	135,228	111,328	116,463	52,338	65,737	-
Total Proportionate Share of the Net Pension Liability						
Associated with the City of Buffalo	\$ 4,517,908	\$ 3,693,975	\$ 3,666,922	\$ 4,214,663	\$ 5,099,829	\$ 3,373,820
City's Covered Payroll	\$ 5,203,754	\$ 4,582,991	\$ 4,305,175	\$ 4,195,877	\$ 3,841,975	\$ 3,794,647
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	84%	78%	82%	99%	131%	89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.20%	79.50%	75.90%	68.90%	78.75%
PUBLIC EMPLOYEES POLICE AND FIRE PLAN	Measurement Date					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability	0.1122%	0.1115%	0.1066%	0.1060%	0.1030%	0.1080%
City's Proportionate Share of the Net Pension Liability	\$ 1,478,916	\$ 1,187,029	\$ 1,136,246	\$ 1,431,126	\$ 4,133,569	\$ 1,227,133
State's Proportionate Share of the Net Pension Liability						
Associated with the City of Buffalo	34,858	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability						
Associated with the City of Buffalo	\$ 1,513,774	\$ 1,187,029	\$ 1,136,246	\$ 1,431,126	\$ 4,133,569	\$ 1,227,133
City's Covered Payroll	\$ 1,265,831	\$ 1,175,987	\$ 1,123,750	\$ 1,089,355	\$ 996,175	\$ 1,002,211
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	117%	101%	101%	131%	415%	122%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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,				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 73,596	\$ 65,652	\$ 73,848	\$ 82,609	\$ 76,388
Interest	81,595	83,406	80,258	71,998	70,260
Changes in Experience	-	(34,654)	(50,068)	-	-
Changes in Assumptions	-	36,728	(881)	(28,618)	-
Changes of Benefit Terms	-	113,172	-	-	-
Benefit Payments, Including Member Refunds	(216,281)	-	(85,000)	(216,977)	(22,551)
NET CHANGE IN TOTAL PENSION LIABILITY	(61,090)	264,304	18,157	(90,988)	124,097
Total Pension Liability - Beginning of Year	1,588,744	1,324,440	1,306,283	1,397,271	1,273,174
TOTAL PENSION LIABILITY - END OF YEAR (a)	1,527,654	1,588,744	1,324,440	1,306,283	1,397,271
Plan Fiduciary Net Position					
Municipal Contributions	10,715	11,095	9,884	2,500	2,500
State Contributions	126,268	119,581	117,197	119,295	114,407
Net Investment Income	311,072	(116,981)	237,287	121,906	(69,541)
Benefit Payments	(216,281)	-	(85,000)	(216,977)	(22,551)
Administrative Expenses	(11,283)	(11,323)	(10,141)	(11,374)	(4,990)
Other Changes	-	-	1,481	8,534	2,232
NET CHANGE IN FIDUCIARY NET POSITION	220,491	2,372	270,708	23,884	22,057
Fiduciary Net Position - Beginning of Year	1,853,364	1,850,992	1,580,284	1,556,400	1,534,343
FIDUCIARY NET POSITION - END OF YEAR (b)	2,073,855	1,853,364	1,850,992	1,580,284	1,556,400
ASSOCIATION'S NET PENSION LIABILITY/ (ASSET) - END OF YEAR (a) - (b)	<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	 135.75%	 116.66%	 139.76%	 120.98%	 111.39%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A

* Additional information will be added as it becomes available.

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

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

	2020	2019	2018	2017	2016	2015	2014
GENERAL EMPLOYEES RETIREMENT PLAN							
Contractually Required Contribution	\$ 404,207	\$ 374,706	\$ 328,752	\$ 320,722	\$ 300,006	\$ 284,732	\$ 265,184
Contributions in Relation to the Contractually Required Contribution	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 5,389,427	\$ 4,995,075	\$ 4,382,887	\$ 4,276,293	\$ 4,000,083	\$ 3,794,647	\$ 3,870,990
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	6.85%
PUBLIC EMPLOYEES POLICE AND FIRE PLAN							
Contractually Required Contribution	\$ 246,464	\$ 205,864	\$ 183,432	\$ 181,013	\$ 168,059	\$ 162,358	\$ 158,513
Contributions in Relation to the Contractually Required Contribution	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,392,458	\$ 1,214,536	\$ 1,132,298	\$ 1,117,364	\$ 1,037,404	\$ 1,002,211	\$ 975,188
Contributions as a Percentage of Covered Payroll	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%	16.25%
FIRE RELIEF ASSOCIATION PLAN							
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Additional information will be added as it becomes available.

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

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

	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
Total OPEB Liability			
Service Cost	\$ 53,618	\$ 46,525	\$ 48,843
Interest Cost	22,374	17,926	15,962
Changes of Assumptions	13,223	(17,459)	-
Differences between Expected and Actual Experience	(15,572)	-	-
Benefit Payments	(11,113)	(5,969)	-
Net Change in Total OPEB Liability	62,530	41,023	64,805
Total OPEB Liability - Beginning	540,686	499,663	434,858
Total OPEB Liability - Ending (a)	<u>\$ 603,216</u>	<u>\$ 540,686</u>	<u>\$ 499,663</u>
 Covered-Employee Payroll	 \$ 5,829,788	 \$ 5,149,933	 \$ 4,999,935
 City's OPEB Liability as a Percentage of Covered Payroll	 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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
REVENUES					
Taxes:					
General Property Taxes	\$ 4,762,609	\$ 4,762,609	\$ 4,756,323	\$ (6,286)	\$ 4,733,896
Other Taxes	2,200	2,200	1,931	(269)	395
Total Taxes	<u>4,764,809</u>	<u>4,764,809</u>	<u>4,758,254</u>	<u>(6,555)</u>	<u>4,734,291</u>
Licenses and Permits	375,250	452,000	458,071	6,071	579,621
Intergovernmental:					
Federal Grants	2,300	185,465	192,578	7,113	2,800
State:					
Local Government Aid	974,339	974,339	981,133	6,794	853,732
PERA Aid	-	-	-	-	9,187
Market Value Credit	-	-	1,411	1,411	421
State Police Aid	140,000	140,000	149,641	9,641	153,007
State Highway Aid	204,000	204,000	224,278	20,278	204,594
Other	<u>15,000</u>	<u>22,600</u>	<u>42,781</u>	<u>20,181</u>	<u>32,450</u>
Total Intergovernmental	<u>1,335,639</u>	<u>1,526,404</u>	<u>1,591,822</u>	<u>65,418</u>	<u>1,256,191</u>
Special Assessments	5,000	5,000	4,924	(76)	5,011
Charges for Services:					
General Government	161,350	161,350	164,961	3,611	135,237
Public Safety	41,500	41,500	28,820	(12,680)	57,420
Streets	4,600	4,600	5,226	626	9,809
Culture and Recreation	90,000	90,000	81,683	(8,317)	129,848
Sanitation	954,480	954,480	978,536	24,056	962,600
Storm Sewer	<u>415,000</u>	<u>415,000</u>	<u>418,176</u>	<u>3,176</u>	<u>420,339</u>
Total Charges for Services	<u>1,666,930</u>	<u>1,666,930</u>	<u>1,677,402</u>	<u>10,472</u>	<u>1,715,253</u>
Fines and Forfeits	33,000	33,000	39,538	6,538	35,529
Investment Earnings	20,000	20,000	12,851	(7,149)	30,560
Refunds/Reimbursements	13,000	13,000	26,030	13,030	19,772
Grants and Contributions	23,000	23,000	14,509	(8,491)	18,253
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>23,104</u>	<u>19,104</u>	<u>10,159</u>
Total Revenues	<u>8,240,628</u>	<u>8,508,143</u>	<u>8,606,505</u>	<u>98,362</u>	<u>8,404,640</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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
EXPENDITURES					
General Government:					
Mayor and Council:					
Current:					
Personal Services	\$ 81,780	\$ 55,280	\$ 50,068	\$ 5,212	\$ 52,713
Capital Lease Payments:					
Principal	-	-	-	-	414
Interest	-	-	-	-	1
Total Mayor and Council	81,780	55,280	50,068	5,212	53,128
Financial Administration:					
Current:					
Salaries	317,244	365,000	369,678	(4,678)	315,822
Employee Benefits	100,192	146,798	132,481	14,317	93,621
Other Expenses:					
Audit / Accounting	10,000	10,000	9,758	242	7,535
Building Permits, Surcharges	19,250	19,250	14,189	5,061	22,489
Insurance	12,000	15,000	14,124	876	11,348
Planning and Zoning	262,802	232,802	198,515	34,287	160,698
Assessor	89,024	89,024	89,442	(418)	82,150
City Attorney	20,500	22,000	19,923	2,077	23,785
City Clerk	138,028	114,130	111,359	2,771	51,387
Professional Services	10,000	20,000	17,973	2,027	10,514
Elections	37,801	120,850	116,809	4,041	2,473
Other Expense	273,997	326,559	328,626	(2,067)	321,243
Capital Outlay	-	80,000	79,723	277	-
Total Financial Administration	1,290,838	1,561,413	1,502,600	58,813	1,103,065
MIS:					
Current:					
Salaries	-	-	-	-	114,576
Employee Benefits	-	-	-	-	40,746
Other Services and Charges	-	-	-	-	278,328
Capital Outlay	-	-	-	-	260,250
Capital Lease Payments:					
Principal	-	-	-	-	5,279
Interest	-	-	-	-	17
Total MIS	-	-	-	-	699,196
Engineering:					
Current:					
Salaries	69,521	69,521	71,986	(2,465)	67,771
Employee Benefits	10,957	10,957	11,006	(49)	15,709
Other Services and Charges	22,194	22,194	18,999	3,195	8,899
Capital Outlay	-	6,000	5,986	14	-
Total Engineering	102,672	108,672	107,977	695	92,379
Transportation:					
Current:					
Other Services and Charges	15,650	3,150	1,963	1,187	8,395
Total General Government	1,490,940	1,728,515	1,662,608	65,907	1,956,163

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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
EXPENDITURES (CONTINUED)					
Public Safety:					
Police Protection:					
Current:					
Office Wages and Benefits	\$ 301,219	\$ 301,219	\$ 288,103	\$ 13,116	\$ 261,754
Officer Wages and Benefits	1,789,389	1,789,389	1,811,404	(22,015)	1,755,411
Training	10,300	10,300	5,341	4,959	8,550
Legal Fees	60,000	60,000	67,442	(7,442)	50,884
Other Services and Charges	414,431	450,511	483,553	(33,042)	290,313
Capital Outlay	96,080	60,000	65,707	(5,707)	121,240
Capital Lease Payments:					
Principal	36,240	36,240	38,522	(2,282)	41,678
Interest	15,307	15,307	15,141	166	18,419
Total Police	2,722,966	2,722,966	2,775,213	(52,247)	2,548,249
Fire Protection	425,775	425,775	432,494	(6,719)	443,825
Civil Defense	2,850	850	314	536	306
Building Inspections	150,000	150,000	170,008	(20,008)	251,519
Total Public Safety	3,301,591	3,299,591	3,378,029	(78,438)	3,243,899
Public Works:					
Street Department:					
Current:					
Employee Benefits	147,400	147,400	152,185	(4,785)	138,785
Street Maintenance	605,711	605,711	592,755	12,956	554,380
Storm Sewer Maintenance	95,626	95,626	47,535	48,091	66,661
Snow and Ice Removal	74,848	74,848	72,931	1,917	159,728
Other	598,673	613,673	560,004	53,669	528,485
Capital Outlay - Streets	502,000	482,000	518,120	(36,120)	247,919
Capital Lease Payments:					
Principal	31,017	29,159	31,014	(1,855)	30,414
Interest	58,059	59,917	82,167	(22,250)	66,199
Total Public Works	2,113,334	2,108,334	2,056,711	51,623	1,792,571
Sanitation:					
Current	944,458	944,458	945,738	(1,280)	930,813
Total Public Works	3,057,792	3,052,792	3,002,449	50,343	2,723,384

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, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
Culture and Recreation Continued:					
Community Center:					
Current:					
Wages, Contract Pay, and Benefits	\$ 133,699	\$ 133,699	\$ 127,593	\$ 6,106	\$ 116,593
Maintenance and Repair	15,000	28,000	27,548	452	14,719
Utilities	15,000	15,000	12,348	2,652	14,376
Miscellaneous	60,794	47,794	45,928	1,866	45,519
Total Community Center	<u>224,493</u>	<u>224,493</u>	<u>213,417</u>	<u>11,076</u>	<u>191,207</u>
Total Expenditures	<u>8,074,816</u>	<u>8,305,391</u>	<u>8,256,503</u>	<u>48,888</u>	<u>8,114,653</u>
REVENUES OVER (UNDER)					
EXPENDITURES	165,812	202,752	350,002	147,250	289,987
OTHER FINANCING SOURCES (USES)					
Equipment Certificate Proceeds	469,016	469,016	442,448	(26,568)	-
Proceeds from Sale of Capital Assets	105,000	97,200	107,447	10,247	422,320
Capital Lease Proceeds	95,564	95,564	90,151	(5,413)	342,893
Transfer In	900,000	980,000	979,985	(15)	900,000
Transfer Out	<u>(1,784,198)</u>	<u>(1,814,219)</u>	<u>(1,364,965)</u>	<u>449,254</u>	<u>(1,414,909)</u>
Total Other Financing Sources (Uses)	<u>(214,618)</u>	<u>(172,439)</u>	<u>255,066</u>	<u>427,505</u>	<u>250,304</u>
NET CHANGE IN FUND BALANCE	<u>\$ (48,806)</u>	<u>\$ 30,313</u>	<u>605,068</u>	<u>\$ 574,755</u>	<u>540,291</u>
Fund Balance - Beginning of Year			6,507,301		5,967,010
Correction of an Error			99,501		-
Fund Balance - Beginning of Year, as Restated			<u>6,606,802</u>		<u>5,967,010</u>
FUND BALANCE - END OF YEAR			<u>\$ 7,211,870</u>		<u>\$ 6,507,301</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, 2020

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 2020.
4. The City has legally adopted budgets for the general fund, certain special revenue funds, and some enterprise funds. Formal budgetary integration is not employed for the capital projects and debt service funds. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, capital outlay, etc.) within each program. All amounts over budget have been approved by the City council through the disbursement process. The City is not legally required to adopt an annual budget for the capital projects, debt service funds, or HRA of Buffalo fund.
5. Budgeted amounts are as originally adopted, or as amended by the City council. All annual appropriations lapse at fiscal year-end.
6. The City did not have any departments that were over budget in the current year.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

NOTE 3 BUDGETARY COMPARISON SCHEDULE RECONCILIATION

For external reporting purposes, the general fund includes revenues, expenditures, other financing sources and uses, and fund balances of other internally maintained funds. The General Fund, however, is budgeted based on the internally maintained General Fund. Therefore, the following reconciliation is necessary to reconcile the General Fund Budgetary Comparison Schedule to the Statement of Revenues, Expenditures, and Changes in Fund Balances.

	General Fund				
	Total Revenues	Total Expenditures	Other Financing Sources/Uses	Beginning Fund Balance	Ending Fund Balance
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 9,274,025	\$ 9,783,375	\$ 730,066	\$ 5,347,324	\$ 5,568,040
Funds Included in General Fund for GASB Statement No. 54 Purposes:					
Park Fund	(115,690)	(975,042)	(475,000)	1,259,478	1,643,830
Coronavirus Relief Fund	(551,830)	(551,830)	-	-	-
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	<u>\$ 8,606,505</u>	<u>\$ 8,256,503</u>	<u>\$ 255,066</u>	<u>\$ 6,606,802</u>	<u>\$ 7,211,870</u>

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
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.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

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

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2018

Changes 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.

**CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

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

A. General Employees Fund (Continued)

2018 (Continued)

Changes in Plan Provisions (Continued)

- 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.

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.

CITY OF BUFFALO, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

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

A. General Employees Fund (Continued)

2015 (Continued)

Changes in Plan Provisions

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

B. Police and Fire Fund

2020

Changes in Actuarial Assumptions

- The morality 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 morality 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 morality 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, 2020**

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.

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, 2020**

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

B. Police and Fire Fund (Continued)
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

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, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

	2020		
	Fire Fund	Library Fund	Civic Center Fund
ASSETS			
Cash and Investments	\$ 542,437	\$ 80,267	\$ -
Taxes Receivable			
Delinquent	-	764	-
Accounts Receivable	-	-	28,213
Due from Other Governmental Units	-	995	41,479
Inventory	-	-	-
Prepaid Items	3,723	-	4,023
Loans Receivable, Net of Allowance	-	-	-
Land Held for Resale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 546,160</u>	<u>\$ 82,026</u>	<u>\$ 73,715</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE (DEFICIT)			
LIABILITIES			
Accounts and Contracts Payable	\$ 16,070	\$ 5,708	\$ 68,117
Other Accrued Liabilities	19,886	43	2,647
Advance From Other Funds	-	-	2,441,328
Due to Other Governments	-	-	-
Unearned Revenue	-	-	800
Deposits - Escrow	-	-	-
Total Liabilities	<u>35,956</u>	<u>5,751</u>	<u>2,512,892</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Taxes	-	764	-
Unavailable Loans Receivables	-	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>764</u>	<u>-</u>
FUND BALANCES (DEFICIT)			
Nonspendable	3,723	-	4,023
Committed	506,481	75,511	-
Unassigned	-	-	(2,443,200)
Total Fund Balances (Deficit)	<u>510,204</u>	<u>75,511</u>	<u>(2,439,177)</u>
	<u>\$ 546,160</u>	<u>\$ 82,026</u>	<u>\$ 73,715</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficit)			

**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2019)**

The HRA of Buffalo Fund	Airport Fund	2020 Total	2019 Total
\$ 297,261	\$ 180,220	\$ 1,100,185	\$ 937,656
2,233	68	3,065	3,082
-	1,239	29,452	128,837
3,189	74,154	119,817	185,079
-	13,490	13,490	12,433
-	-	7,746	4,051
15,106	-	15,106	26,619
214,400	-	214,400	214,400
<u>\$ 532,189</u>	<u>\$ 269,171</u>	<u>\$ 1,503,261</u>	<u>\$ 1,512,157</u>

\$ 875	\$ 62,237	\$ 153,007	\$ 112,969
-	1,121	23,697	52,294
-	-	2,441,328	2,396,378
-	-	-	2
-	-	800	200
3,571	-	3,571	3,571
<u>4,446</u>	<u>63,358</u>	<u>2,622,403</u>	<u>2,565,414</u>

2,233	68	3,065	3,082
15,106	-	15,106	26,619
<u>17,339</u>	<u>68</u>	<u>18,171</u>	<u>29,701</u>

-	13,490	21,236	230,884
510,404	192,255	1,284,651	1,006,700
-	-	(2,443,200)	(2,320,542)
<u>510,404</u>	<u>205,745</u>	<u>(1,137,313)</u>	<u>(1,082,958)</u>

<u>\$ 532,189</u>	<u>\$ 269,171</u>	<u>\$ 1,503,261</u>	<u>\$ 1,512,157</u>
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**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020		
	Fire Fund	Library Fund	Civic Center Fund
REVENUE			
General Property Taxes	\$ -	\$ 80,957	\$ -
Tax Increments	-	-	-
Intergovernmental	146,311	-	-
Charges for Services	689,430	-	418,518
Investment Earnings (Loss)	794	244	(5,788)
Refunds and Reimbursements	-	-	31,145
Grants and Contributions	-	-	50,000
Miscellaneous	1,500	-	780
Total Revenue	838,035	81,201	494,655
EXPENDITURES			
Current:			
Public Safety	556,385	-	-
Culture and Recreation	-	76,660	866,187
Community Development	-	-	-
Capital Outlay:			
Public Safety	274,485	-	-
Culture and Recreation	-	67,100	1,420,000
Debt Service:			
Principal	156,002	-	2,211
Interest and Fiscal Charges	20,398	-	7
Total Expenditures	1,007,270	143,760	2,288,405
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(169,235)	(62,559)	(1,793,750)
OTHER FINANCING SOURCES (USES)			
Transfer In	-	15,000	400,000
Transfer Out	-	-	-
Bond Proceeds	-	-	1,205,000
Bond Premium	-	-	66,087
Proceeds from Sale of Capital Assets	4,556	-	-
Capital Lease Proceeds	215,434	-	-
Total Other Financing Sources (Uses)	219,990	15,000	1,671,087
NET CHANGE IN FUND BALANCE	50,755	(47,559)	(122,663)
Fund Balance (Deficit) - Beginning of Year	459,449	123,070	(2,316,514)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 510,204</u>	<u>\$ 75,511</u>	<u>\$ (2,439,177)</u>

**CITY OF BUFFALO, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

The HRA of Buffalo Fund	Airport Fund	2020 Total	2019 Total
\$ 262,543	\$ -	\$ 343,500	\$ 322,999
104,846	-	104,846	97,572
513,828	265,308	925,447	454,432
5,462	330,182	1,443,592	1,489,222
874	214	(3,662)	(7,755)
-	-	31,145	35,717
-	-	50,000	51,998
-	-	2,280	1,300
887,553	595,704	2,897,148	2,445,485
-	-	556,385	469,170
-	326,246	1,269,093	1,249,173
660,060	-	660,060	173,874
-	-	274,485	702,530
-	321,687	1,808,787	506,501
-	-	158,213	174,309
-	-	20,405	19,773
660,060	647,933	4,747,428	3,295,330
227,493	(52,229)	(1,850,280)	(849,845)
-	50,000	465,000	465,000
(160,152)	-	(160,152)	(276,032)
-	-	1,205,000	-
-	-	66,087	-
-	-	4,556	109,170
-	-	215,434	685,567
(160,152)	50,000	1,795,925	983,705
67,341	(2,229)	(54,355)	133,860
443,063	207,974	(1,082,958)	(1,216,818)
\$ 510,404	\$ 205,745	\$ (1,137,313)	\$ (1,082,958)

**CITY OF BUFFALO, MINNESOTA
FIRE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance with Budget	Actual
REVENUES					
Fire Contracts and Charges	\$ 682,430	\$ 682,430	\$ 689,430	\$ 7,000	\$ 660,906
Intergovernmental:					
State Aid and Grants	122,688	137,688	146,311	8,623	129,268
Grants and Contributions	-	-	-	-	10
Investment Earnings	1,000	1,000	794	(206)	1,947
Refunds and Reimbursements	-	-	-	-	30,965
Miscellaneous	-	-	1,500	1,500	-
Total Revenues	<u>806,118</u>	<u>821,118</u>	<u>838,035</u>	<u>16,917</u>	<u>823,096</u>
EXPENDITURES					
Public Safety:					
Fire Relief	120,000	135,000	134,061	939	123,268
Wages and Benefits	113,058	176,935	186,774	(9,839)	111,944
Truck Expense	10,000	10,000	2,231	7,769	2,576
Supplies	41,875	41,875	41,309	566	15,682
Repairs and Maintenance	46,750	54,250	42,326	11,924	94,051
Radio and Telephone	12,500	12,500	11,690	810	12,988
Utilities	20,000	20,000	17,503	2,497	17,222
Insurance	55,000	66,000	64,558	1,442	48,955
Training	10,000	10,000	13,339	(3,339)	16,076
Other	41,133	41,133	42,594	(1,461)	26,408
Capital Outlay	241,656	275,000	274,485	515	702,530
Capital Lease					
Principal	156,000	156,000	156,002	(2)	165,403
Interest	20,398	20,398	20,398	-	22,259
Total Expenditures	<u>888,370</u>	<u>1,019,091</u>	<u>1,007,270</u>	<u>11,821</u>	<u>1,359,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,252)	(197,973)	(169,235)	5,096	(536,266)
OTHER FINANCING SOURCES (USES)					
Transfer Out	(48,404)	-	-	-	-
Capital Lease Proceeds	241,646	241,646	215,434	(26,212)	685,567
Proceeds on Sale of Capital Assets	-	-	4,556	4,556	-
Total Other Financing Sources	<u>193,242</u>	<u>241,646</u>	<u>219,990</u>	<u>(21,656)</u>	<u>685,567</u>
NET CHANGE IN FUND BALANCE	<u>\$ 110,990</u>	<u>\$ 43,673</u>	50,755	<u>\$ (16,560)</u>	149,301
Fund Balance - Beginning of Year			459,449		310,148
FUND BALANCE - END OF YEAR			<u>\$ 510,204</u>		<u>\$ 459,449</u>

**CITY OF BUFFALO, MINNESOTA
LIBRARY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
REVENUES					
General Property Taxes	\$ 80,628	\$ 80,628	\$ 80,957	\$ 329	\$ 80,770
Investment Earnings	500	500	244	(256)	666
Refunds and Reimbursements	-	-	-	-	3,376
Total Revenues	81,128	81,128	81,201	73	84,812
EXPENDITURES					
Culture and Recreation:					
Wages and Benefits	3,219	3,219	556	2,663	1,916
Supplies and Maintenance	42,300	42,300	42,156	144	44,360
Insurance	1,350	1,350	1,282	68	1,173
Telephone	750	750	638	112	561
Utilities	30,000	30,000	22,399	7,601	26,875
Other	9,237	9,237	9,629	(392)	3,265
Capital Outlay - Equipment	53,770	53,770	67,100	(13,330)	58,690
Total Expenditures	140,626	140,626	143,760	(3,134)	136,840
DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	(59,498)	(59,498)	(62,559)	(3,061)	(52,028)
OTHER FINANCING SOURCES					
Transfers In	15,000	15,000	15,000	-	15,000
NET CHANGE IN FUND BALANCE	<u><u>\$ (44,498)</u></u>	<u><u>\$ (44,498)</u></u>	<u><u>(47,559)</u></u>	<u><u>\$ (3,061)</u></u>	<u><u>(37,028)</u></u>
Fund Balance - Beginning of Year			123,070		160,098
FUND BALANCE - END OF YEAR			<u><u>\$ 75,511</u></u>		<u><u>\$ 123,070</u></u>

CITY OF BUFFALO, MINNESOTA
CIVIC CENTER SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

	2020			2019	
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
REVENUES					
Charges for Services:					
Ice Time	\$ 460,000	\$ 460,000	\$ 358,380	\$ (101,620)	\$ 453,515
Building Rent	25,000	25,000	9,905	(15,095)	22,737
Lease Payment	40,000	40,000	40,000	-	40,000
Gate Receipts and Concessions	12,000	12,000	3,550	(8,450)	8,829
Other	10,000	10,000	6,683	(3,317)	8,772
Grants and Contributions	50,000	50,000	50,000	-	51,988
Investment Earnings (Loss)	(12,000)	(12,000)	(5,788)	6,212	(12,311)
Refunds and Reimbursements	-	-	31,145	31,145	1,076
Miscellaneous	1,200	1,200	780	(420)	1,300
Total Revenues	<u>586,200</u>	<u>586,200</u>	<u>494,655</u>	<u>(91,545)</u>	<u>575,906</u>
EXPENDITURES					
Culture and Recreation:					
Wages and Benefits	254,425	254,425	238,129	16,296	257,306
Maintenance and Repair	60,000	60,000	114,081	(54,081)	142,848
Utilities	195,000	195,000	169,924	25,076	178,684
Other	54,314	73,423	75,738	(2,315)	42,881
Insurance	14,000	14,000	15,758	(1,758)	13,159
Interest Expense	-	6,978	-	6,978	-
Lease Rent Payments	233,575	252,557	252,557	-	234,483
Capital Outlay	38,000	1,420,000	1,420,000	-	77,511
Debt Service:					
Principal	3,639	3,639	2,211	1,428	6,335
Interest	18	18	7	11	85
Total Expenditures	<u>852,971</u>	<u>2,280,040</u>	<u>2,288,405</u>	<u>(8,365)</u>	<u>953,292</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(266,771)	(1,693,840)	(1,793,750)	(99,910)	(377,386)
OTHER FINANCING SOURCES					
Transfer In	400,000	400,000	400,000	-	400,000
Bond Proceeds	-	1,205,000	1,205,000	-	-
Bond Premium	-	66,087	66,087	-	-
Total Other Financing Sources	<u>400,000</u>	<u>1,671,087</u>	<u>1,671,087</u>	<u>-</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 133,229</u>	<u>\$ (22,753)</u>	<u>(122,663)</u>	<u>\$ (99,910)</u>	<u>22,614</u>
Fund Deficit - Beginning of Year			(2,316,514)		(2,339,128)
FUND DEFICIT - END OF YEAR			<u>\$ (2,439,177)</u>		<u>\$ (2,316,514)</u>

**CITY OF BUFFALO, MINNESOTA
AIRPORT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	2020				2019
	Original Budget	Final Budget	Actual	Variance from Final Budget	Actual
REVENUES					
Intergovernmental:					
Federal Grants	\$ 231,028	\$ 231,028	\$ 241,445	\$ 10,417	\$ 276,116
State Aid and Grants	104,217	104,217	23,863	(80,354)	49,048
Total Intergovernmental	335,245	335,245	265,308	(69,937)	325,164
Charges for Services	300,240	300,240	330,182	29,942	285,914
Investment Earnings (Loss)	250	250	214	(36)	824
Total Revenues	635,735	635,735	595,704	(40,031)	611,902
EXPENDITURES					
Culture and Recreation:					
Wages and Benefits	34,014	34,014	41,676	(7,662)	45,430
Other	274,654	274,654	284,570	(9,916)	256,232
Capital Outlay	356,698	356,698	321,687	35,011	370,300
Total Expenditures	665,366	665,366	647,933	17,433	671,962
DEFICIENCY OF REVENUES OVER EXPENDITURES	(29,631)	(29,631)	(52,229)	(22,598)	(60,060)
OTHER FINANCING SOURCES (USES)					
Transfer In	50,000	50,000	50,000	-	50,000
Transfer Out	-	-	-	-	(13,845)
Total Other Financing Sources (Uses)	50,000	50,000	50,000	-	36,155
NET CHANGE IN FUND BALANCE	<u>\$ 20,369</u>	<u>\$ 20,369</u>	(2,229)	<u>\$ (22,598)</u>	(23,905)
Fund Balance - Beginning of Year			207,974		231,879
FUND BALANCE - END OF YEAR			<u>\$ 205,745</u>		<u>\$ 207,974</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Financial Trends – Pages 116-121

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 122-126

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 127-131

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 132-134

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 135-137

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 32,568,977	\$ 31,123,667	\$ 33,072,698	\$ 33,343,229	\$ 35,513,483	\$ 28,396,065	\$ 27,743,024	\$ 30,006,342	\$ 26,852,763	\$ 28,720,904
Restricted	3,908,905	9,741,330	7,455,318	7,348,168	9,540,087	9,583,475	7,152,683	7,156,148	3,969,324	6,415,845
Unrestricted	(646,037)	(2,514,521)	(3,330,214)	(3,908,301)	(7,724,971)	(3,652,914)	(1,602,550)	(3,996,045)	3,251,794	1,130,170
Total Governmental Activities Net Position	<u>\$ 35,831,845</u>	<u>\$ 38,350,476</u>	<u>\$ 37,197,802</u>	<u>\$ 36,783,096</u>	<u>\$ 37,328,599</u>	<u>\$ 34,326,626</u>	<u>\$ 33,293,157</u>	<u>\$ 33,166,445</u>	<u>\$ 34,073,881</u>	<u>\$ 36,266,919</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 21,333,289	\$ 16,240,283	\$ 13,928,354	\$ 12,651,454	\$ 13,257,732	\$ 14,764,051	\$ 17,179,822	\$ 13,849,617	\$ 18,443,346	\$ 21,274,431
Unrestricted	2,366,682	1,874,019	1,181,712	1,285,988	(1,669,718)	(1,555,450)	(3,638,477)	2,052,970	1,500,117	3,642,422
Total Business-Type Activities Net Position	<u>\$ 23,699,971</u>	<u>\$ 18,114,302</u>	<u>\$ 15,110,066</u>	<u>\$ 13,937,442</u>	<u>\$ 11,588,014</u>	<u>\$ 13,208,601</u>	<u>\$ 13,541,345</u>	<u>\$ 15,902,587</u>	<u>\$ 19,943,463</u>	<u>\$ 24,916,853</u>
Primary Government										
Net Investment in Capital Assets	\$ 53,902,266	\$ 47,363,950	\$ 47,001,052	\$ 45,994,683	\$ 48,771,215	\$ 43,160,116	\$ 44,922,846	\$ 43,855,959	\$ 45,296,109	\$ 49,995,335
Restricted	3,908,905	9,741,330	7,455,318	7,348,168	9,540,087	9,583,475	7,152,683	7,156,148	3,969,324	6,415,845
Unrestricted	1,720,645	(640,502)	(2,148,502)	(2,622,313)	(9,394,689)	(5,208,364)	(5,241,027)	(1,943,075)	4,751,911	4,772,592
Total Primary Government Net Position	<u>\$ 59,531,816</u>	<u>\$ 56,464,778</u>	<u>\$ 52,307,868</u>	<u>\$ 50,720,538</u>	<u>\$ 48,916,613</u>	<u>\$ 47,535,227</u>	<u>\$ 46,834,502</u>	<u>\$ 49,069,032</u>	<u>\$ 54,017,344</u>	<u>\$ 61,183,772</u>

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
General Government	\$ 1,213,389	\$ 1,267,036	\$ 1,222,696	\$ 1,533,487	\$ 1,125,873	\$ 1,151,021	\$ 1,291,084	\$ 1,534,471	\$ 2,062,016	\$ 1,849,830
Public Safety	2,757,448	2,698,791	2,944,725	2,952,940	3,123,618	2,961,898	3,698,554	3,681,813	3,799,258	5,691,705
Highways and Streets	4,639,387	4,069,928	4,205,373	4,676,084	6,139,374	6,514,018	4,142,942	4,133,639	4,292,886	4,249,987
Sanitation	739,634	760,232	731,827	758,092	781,798	761,236	882,131	912,767	930,813	945,299
Culture and Recreation	2,700,295	2,632,565	2,553,652	2,604,422	2,961,901	2,848,075	3,038,166	2,993,193	3,097,006	3,277,492
Community Development	316,556	455,445	183,456	161,506	198,414	146,380	605,787	291,164	173,874	661,033
Interest on Long-Term Debt	1,341,013	983,301	872,144	675,889	737,836	488,283	756,520	701,076	1,061,980	928,355
Total Governmental Activities Expenses	13,707,722	12,867,298	12,713,873	13,362,420	15,068,814	14,870,911	14,415,184	14,248,123	15,417,833	17,603,701
Business-Type Activities:										
Electric	10,659,603	10,767,968	11,015,306	11,371,393	11,525,954	12,130,203	12,387,553	13,379,943	13,340,725	13,493,745
Water & Sewer	6,974,107	-	-	-	-	-	-	-	-	-
Water	-	2,475,678	2,275,587	2,864,191	2,718,563	2,717,375	2,742,449	2,858,491	2,704,783	3,330,399
Sewer	-	4,321,610	4,555,992	4,472,785	4,090,073	3,776,268	4,300,615	4,381,615	4,266,795	4,402,631
Liquor	3,655,975	3,822,198	4,012,702	4,137,544	4,493,031	4,595,069	4,694,375	4,830,726	4,992,017	6,216,700
Golf Course	1,258,715	1,159,274	1,225,553	1,139,642	1,203,375	858,249	983,798	970,695	1,980,357	1,477,938
Total Business-Type Activities Expenses	22,548,400	22,546,728	23,085,140	23,985,555	24,030,996	24,077,164	25,108,790	26,421,470	27,284,677	28,921,413
Total Primary Government Expenses	\$ 36,256,122	\$ 35,414,026	\$ 35,799,013	\$ 37,347,975	\$ 39,099,810	\$ 38,948,075	\$ 39,523,974	\$ 40,669,593	\$ 42,702,510	\$ 46,525,114
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 732,163	\$ 776,935	\$ 807,146	\$ 897,932	\$ 1,160,401	\$ 981,992	\$ 987,760	\$ 1,042,374	\$ 1,560,261	\$ 1,047,702
Public Safety	566,283	568,994	667,141	691,320	689,598	701,239	726,723	708,271	752,111	1,533,403
Highways and Streets	2,308	2,545	3,025	2,722	5,815	27,954	122,239	5,534	34,002	8,741
Sanitation	847,159	854,197	863,975	876,341	895,712	912,988	939,105	952,871	962,600	978,536
Culture and Recreation	826,591	986,699	991,944	905,078	924,473	867,766	919,619	1,114,543	1,000,931	891,895
Community Development	89,666	33,102	84,728	45,237	58,158	26,720	160,000	178,211	155,587	164,727
Interest on Long-Term Debt	-	-	-	-	-	60,403	79,919	78,050	63,683	-
Operating Grants and Contributions	616,348	466,781	489,657	526,392	536,123	633,031	645,969	654,612	1,043,447	1,914,315
Capital Grants and Contributions	1,257,947	397,335	627,005	2,074,658	6,660,393	1,019,331	57,615	74,189	370,556	2,323,299
Total Governmental Activities	4,938,465	4,086,588	4,534,621	6,019,680	10,930,673	5,231,424	4,638,949	4,808,655	5,943,178	8,862,618
Business-Type Activities:										
Charges for Services:										
Electric	12,048,929	12,336,078	12,573,027	12,791,402	12,668,784	13,859,778	14,165,721	15,145,456	14,864,350	15,407,792
Water & Sewer	4,017,213	-	-	-	-	-	-	-	-	-
Water	-	1,796,758	1,734,307	1,545,453	1,837,305	1,604,724	1,910,056	2,765,158	2,628,150	3,063,967
Sewer	-	2,472,666	2,634,741	2,763,124	3,057,605	2,991,350	3,063,963	4,490,531	4,764,352	4,886,053
Liquor	4,113,498	4,298,307	4,457,401	4,705,843	4,931,536	4,982,675	5,194,104	5,371,883	5,632,510	6,579,097
Golf Course	709,435	624,966	636,754	594,905	626,816	666,501	660,347	671,680	1,167,972	1,285,592
Operating Grants and Contributions	126,928	-	-	163,549	144,008	149,866	142,689	173,751	164,240	178,237
Capital Grants and Contributions	-	403,715	290,019	356,776	369,510	363,838	488,511	541,562	1,901,846	1,381,239
Total Business-Type Activities	21,016,003	21,932,490	22,326,249	22,921,052	23,635,564	24,618,732	25,625,391	29,160,021	31,123,420	32,781,977
Total Primary Government	\$ 25,954,468	\$ 26,019,078	\$ 26,860,870	\$ 28,940,732	\$ 34,566,237	\$ 29,850,156	\$ 30,264,340	\$ 33,968,676	\$ 37,066,598	\$ 41,644,595

* Water and Sewer activity combined in FY2011

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

	Fiscal Year				Fiscal Year					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue:										
Governmental Activities	\$ (8,769,257)	\$ (8,780,710)	\$ (8,179,252)	\$ (7,342,740)	\$ (4,138,141)	\$ (9,639,487)	\$ (9,776,235)	\$ (9,439,468)	\$ (9,474,655)	\$ (8,741,083)
Business-Type Activities	(1,532,397)	(614,238)	(758,891)	(1,064,503)	(395,432)	541,568	516,601	2,738,551	3,838,743	3,860,564
Total Government Net Expense	\$ (10,301,654)	\$ (9,394,948)	\$ (8,938,143)	\$ (8,407,243)	\$ (4,533,573)	\$ (9,097,919)	\$ (9,259,634)	\$ (6,700,917)	\$ (5,635,912)	\$ (4,880,519)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 4,641,342	\$ 5,434,924	\$ 5,441,603	\$ 5,145,350	\$ 5,306,826	\$ 5,907,924	\$ 6,752,256	\$ 7,034,938	\$ 7,505,911	\$ 8,000,386
Tax Increments	288,463	297,202	245,253	137,744	264,026	263,658	62,216	96,045	97,572	104,846
Other Taxes	1,615	1,483	1,830	2,095	2,144	2,199	2,372	4,633	395	1,931
Unrestricted Grants and Contributions	463,552	265,144	166,577	760,241	834,909	868,995	756,383	918,242	879,883	1,005,846
Investment Earnings (Loss)	252,164	8,622	80,915	3,416	9,366	12,076	88,024	95,191	191,538	126,533
Insurance Proceeds	24,775	-	-	16,315	-	-	-	-	30,552	-
Gain on Disposal of Capital Assets	-	-	360	-	26,276	5,770	8,298	15,623	-	14,803
Miscellaneous	71,830	25,772	29,104	67,087	27,748	12,638	20,606	13,508	201,240	105,263
Transfer	1,514,645	5,266,194	1,656,507	795,786	476,931	(435,746)	1,052,611	1,395,000	1,475,000	1,475,000
Total Governmental Activities	7,258,386	11,299,341	7,622,149	6,928,034	6,948,226	6,637,514	8,742,766	9,573,180	10,382,091	10,834,608
Business-Type Activities:										
Taxes:										
Property Taxes	172,908	153,037	289,099	639,400	572,899	611,370	849,075	1,147,728	789,657	738,533
Unrestricted Grants and Contributions	26,083	824	-	-	-	-	-	-	-	-
Investment Earnings	(144)	14,864	6,434	31,264	20,188	25,766	18,721	32,732	48,885	26,617
Insurance Proceeds	-	-	-	-	5,501	-	-	-	308,964	39,343
Gain on Disposal of Capital Assets	-	-	-	-	-	-	-	9,457	3,943	12,763
Miscellaneous	79,382	126,038	87,849	17,001	10,846	6,137	958	2,208	216,314	239,518
Transfer	(1,514,645)	(5,266,194)	(1,656,507)	(795,786)	(476,931)	435,746	(1,052,611)	(1,395,000)	(1,475,000)	(1,475,000)
Total Business-Type Activities	(1,236,416)	(4,971,431)	(1,273,125)	(108,121)	132,503	1,079,019	(183,857)	(202,875)	(107,237)	(418,226)
Total Government	\$ 6,021,970	\$ 6,327,910	\$ 6,349,024	\$ 6,819,913	\$ 7,080,729	\$ 7,716,533	\$ 8,558,909	\$ 9,370,305	\$ 10,274,854	\$ 10,416,382
Change in Net Position:										
Governmental Activities	\$ (1,510,871)	\$ 2,518,631	\$ (557,103)	\$ (414,706)	\$ 2,810,085	\$ (3,001,973)	\$ (1,033,469)	\$ 133,712	\$ 907,436	\$ 2,093,525
Business-Type Activities	(2,768,813)	(5,585,669)	(2,032,016)	(1,172,624)	(262,929)	1,620,587	332,744	2,535,676	3,731,506	3,442,338
Total Primary Government	\$ (4,279,684)	\$ (3,067,038)	\$ (2,589,119)	\$ (1,587,330)	\$ 2,547,156	\$ (1,381,386)	\$ (700,725)	\$ 2,669,388	\$ 4,638,942	\$ 5,535,863

Source: City Records

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 44,105	\$ 7,800	\$ 18,128	\$ 7,925	\$ 43,206	\$ 18,363	\$ 78,615	\$ 77,158	\$ 2,485,638	\$ 2,506,536
Unassigned	1,712,679	2,547,558	3,195,058	3,537,997	4,015,641	4,531,376	4,461,031	4,968,422	2,762,173	3,061,504
Total General Fund	<u>\$ 1,756,784</u>	<u>\$ 2,555,358</u>	<u>\$ 3,213,186</u>	<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>
All Other Governmental Funds:										
Nonspendable	\$ 215,670	\$ 1,997,409	\$ 72,062	\$ 63,471	\$ 56,561	\$ 26,817	\$ 323,419	\$ 246,630	\$ 230,884	\$ 21,236
Restricted	3,580,016	5,454,721	6,362,979	4,712,291	7,654,003	7,602,851	5,728,671	5,482,821	10,202,887	11,659,583
Committed	563,661	1,213,756	563,833	600,217	404,907	1,781,344	2,911,900	2,768,189	2,829,397	2,839,486
Assigned	752,776	628,921	797,268	932,318	1,084,590	-	-	-	-	-
Unassigned	(3,541,430)	(5,346,747)	(4,936,897)	(5,053,676)	(4,867,060)	(4,853,354)	(4,560,592)	(4,195,512)	(4,059,789)	(4,086,659)
Total All Other Government Funds	<u>\$ 1,570,693</u>	<u>\$ 3,948,060</u>	<u>\$ 2,859,245</u>	<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>
Total Government Funds:										
Nonspendable	\$ 259,775	\$ 2,005,209	\$ 90,190	\$ 71,396	\$ 99,767	\$ 45,180	\$ 402,034	\$ 323,788	\$ 2,716,522	\$ 2,527,772
Restricted	3,580,016	5,454,721	6,362,979	4,712,291	7,654,003	7,602,851	5,728,671	5,482,821	10,202,887	11,659,583
Committed	563,661	1,213,756	563,833	600,217	404,907	1,781,344	2,911,900	2,768,189	2,829,397	2,839,486
Assigned	752,776	628,921	797,268	932,318	1,084,590	-	-	-	-	-
Unassigned	(1,828,751)	(2,799,189)	(1,741,839)	(1,515,679)	(851,419)	(321,978)	(99,561)	772,910	(1,297,616)	(1,025,155)
Total Government Funds	<u>\$ 3,327,477</u>	<u>\$ 6,503,418</u>	<u>\$ 6,072,431</u>	<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>

Source: City Records

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
General Property Taxes	\$ 4,857,444	\$ 5,620,704	\$ 5,558,456	\$ 5,241,212	\$ 5,505,941	\$ 6,118,726	\$ 6,776,326	\$ 7,040,998	\$ 7,486,269	\$ 7,999,526
Tax Increments	101,991	103,775	134,319	69,958	69,085	58,002	62,216	96,045	97,572	104,846
Other Taxes	1,615	1,483	1,830	2,095	2,144	2,199	2,372	4,633	395	1,931
Licenses and Permits	148,618	200,906	261,664	260,329	382,675	361,151	357,042	432,679	579,621	458,071
Intergovernmental	1,660,663	940,837	1,076,642	3,266,440	7,793,225	1,674,098	1,326,692	1,521,358	1,800,118	3,349,981
Special Assessments	282,959	143,131	130,330	256,816	90,361	47,390	63,217	54,388	28,230	130,253
Charges for Services	2,766,351	2,907,239	2,998,636	2,994,174	3,177,048	3,188,484	3,339,483	3,425,524	6,311,416	3,062,814
Fines and Forfeits	39,971	30,756	32,703	32,468	31,465	37,156	38,814	33,563	35,529	39,538
Investment Earnings (Loss)	211,832	274,895	308,158	268,083	261,440	141,173	90,074	96,125	188,263	124,973
Refunds and Reimbursements	675,857	343,406	352,663	437,252	558,919	3,885,370	371,179	353,692	381,614	1,739,379
Grants and Contributions	90,219	147,006	101,668	98,809	99,144	141,763	123,900	124,316	93,114	135,344
Miscellaneous	46,687	47,900	29,605	67,357	27,768	12,789	20,615	20,218	24,575	54,040
Total Revenues	10,884,207	10,762,038	10,986,674	12,994,993	17,999,215	15,668,301	12,571,930	13,203,539	17,026,716	17,200,696
Expenditures:										
Current:										
General Government	971,502	923,680	954,809	1,133,287	1,090,367	1,285,726	1,356,240	1,675,908	1,667,713	1,562,710
Public Safety	2,447,847	2,478,793	2,700,785	2,733,043	2,801,127	2,760,454	2,906,096	3,052,548	3,554,221	4,381,063
Public Works	1,191,432	1,245,384	1,213,829	1,436,046	1,365,774	1,297,438	1,385,884	1,375,594	1,448,039	1,425,410
Sanitation	739,634	760,232	731,827	758,092	781,798	761,236	882,131	912,767	930,813	945,738
Culture and Recreation	1,633,623	2,036,670	1,970,210	1,991,920	2,103,394	2,096,187	2,151,808	2,169,945	2,271,920	2,411,196
Community Development	258,561	372,926	220,628	119,790	174,510	132,333	108,271	190,395	173,874	660,560
Capital Outlay:										
General Government	23,763	20,798	142,697	56,813	16,120	-	-	6,831	260,250	85,709
Public Safety	59,816	912,565	95,333	159,373	186,584	266,509	98,441	56,092	823,770	340,192
Public Works	1,309,630	512,307	3,206,783	4,299,679	11,602,490	6,189,454	329,177	1,073,639	3,778,127	5,261,890
Sanitation	-	-	6,665	-	-	-	-	-	-	-
Culture and Recreation	889,661	217,647	140,286	243,888	153,382	461,189	192,102	258,081	650,512	1,814,012
Community Development	33,798	1,333,745	529,447	43,569	133,242	9,981	58,574	80,472	-	-
Debt Service:										
Capital Leases:										
Principal	264,488	220,893	312,945	261,868	288,728	399,108	408,830	329,402	378,783	346,539
Interest and Fiscal Charges	16,981	14,511	19,329	17,543	14,872	15,962	17,560	12,187	27,608	40,054
Bonds and Loans:										
Principal	1,420,611	1,176,651	1,099,295	878,455	1,116,163	929,133	847,277	747,499	962,214	1,008,326
Interest	4,579,815	2,250,301	2,151,033	1,973,895	2,446,615	5,729,189	4,536,855	2,332,678	5,528,847	3,949,980
Total Expenditures	15,841,162	14,477,103	15,495,901	16,107,261	24,275,166	22,333,899	15,279,246	14,274,038	22,456,691	24,233,379
Excess of Revenues Over (Under)										
Expenditures	(4,956,955)	(3,715,065)	(4,509,227)	(3,112,268)	(6,275,951)	(6,665,598)	(2,707,316)	(1,070,499)	(5,429,975)	(7,032,683)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses):										
Transfers In	\$ 2,853,921	\$ 4,161,362	\$ 1,994,648	\$ 1,835,210	\$ 2,747,381	\$ 2,353,260	\$ 3,978,894	\$ 3,889,195	\$ 3,220,778	\$ 3,148,464
Transfers Out	(914,718)	(2,411,362)	(494,648)	(335,210)	(709,851)	(656,554)	(1,892,393)	(2,494,195)	(1,745,778)	(1,673,464)
Bond Proceeds	8,790,000	3,510,000	4,160,000	-	7,445,000	4,640,000	330,000	-	9,559,700	6,278,400
Proceeds from the Sale of Capital Assets	-	-	360	4,500	35,651	194,779	8,298	15,623	531,490	112,003
Insurance Proceeds	24,775	-	-	16,315	-	-	-	-	-	-
Capital Lease Proceeds	-	916,981	178,894	319,565	149,624	768,958	118,164	64,540	1,108,750	305,585
Proceeds from Refunding Bonds	-	-	-	-	-	-	-	-	-	1,340,000
Payment of Refunded Bonds	(8,310,000)	(1,295,000)	-	-	-	-	-	-	(3,092,990)	(1,340,000)
Bond Premium	-	60,266	187,745	-	199,451	80,704	-	-	951,507	312,678
Total Other Financing Sources (Uses)	2,443,978	4,942,247	6,026,999	1,840,380	9,867,256	7,381,147	2,542,963	1,475,163	10,533,457	8,483,666
Net Change in Fund Balances	<u>\$ (2,512,977)</u>	<u>\$ 1,227,182</u>	<u>\$ 1,517,772</u>	<u>\$ (1,271,888)</u>	<u>\$ 3,591,305</u>	<u>\$ 715,549</u>	<u>\$ (164,353)</u>	<u>\$ 404,664</u>	<u>\$ 5,103,482</u>	<u>\$ 1,450,983</u>
Debt Service as % of Noncapital Expenditures	46.45%	31.90%	31.50%	27.71%	31.73%	45.91%	39.80%	26.73%	40.71%	28.78%

Source: City Records

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Tax Increment</u>	<u>Lodging</u>	<u>Total</u>
2011	\$ 4,814,250	\$ 288,463	\$ 1,615	\$ 5,104,328
2012	5,587,961	297,202	1,483	5,886,646
2013	5,730,702	245,253	1,830	5,977,785
2014	5,784,750	137,744	2,095	5,924,589
2015	5,879,725	264,026	2,144	6,145,895
2016	6,519,294	263,658	2,199	6,785,151
2017	7,601,331	62,216	2,372	7,665,919
2018	8,182,666	96,045	4,633	8,283,344
2019	8,295,568	97,572	395	8,393,535
2020	8,738,919	104,846	1,931	8,845,696
Change 2011-2020	81.52%	-63.65%	19.57%	73.30%

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
2011	\$ 8,771,293	\$ 3,523,260	\$ 182,975	\$ 98,207	\$ 12,379,321	38.48 %	\$ 1,068,816,300	1.16 %
2012	7,530,411	3,452,490	192,770	99,975	11,075,696	47.11	942,687,600	1.17
2013	6,729,589	3,460,752	196,911	106,585	10,280,667	51.84	864,150,100	1.19
2014	7,022,806	3,463,161	199,723	61,488	10,624,202	49.93	896,116,600	1.19
2015	7,727,254	3,402,015	211,746	60,742	11,280,273	51.77	963,485,500	1.17
2016	8,305,304	3,403,192	226,261	53,625	11,881,132	54.84	1,021,642,300	1.16
2017	8,672,714	3,460,246	251,152	76,197	12,307,915	59.61	1,061,985,800	1.16
2018	9,527,347	3,503,345	210,327	80,380	13,160,639	60.08	1,146,889,600	1.15
2019	10,295,112	3,599,286	221,700	81,651	14,034,447	57.70	1,230,115,300	1.14
2020	11,245,826	3,727,270	235,485	87,471	15,121,110	55.81	1,331,989,000	1.14

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
2020 AND 2011**

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of of Total Net Tax Capacity
TKG Wright County Center, LLC	\$ 272,214	1	1.79 %	\$ 309,684	1	2.48 %
Pfeifer Property Management, LLC	226,250	2	1.49	70,126	8	0.56
Menards, Inc	156,828	3	1.03	178,592	2	1.43
Buffalo Clinic Building Partnership	151,628	4	1.00	132,492	3	1.06
Target Corporation	106,930	5	0.70	-	0	-
Ryan Buffalo Land Company, LLC	97,556	6	0.64	92,360	6	0.74
Marohn Family, LLC	95,108	7	0.63	-	-	-
CenterPoint Energy	87,346	8	0.57	68,462	9	0.55
Hidden Cove Apartments, LLC	76,985	9	0.51	-	-	-
E2 Investments Evergreen Square	66,215	10	0.44	-	-	-
Individual	-	-	-	122,668	4	0.98
Dayton Hudson Corp	-	-	-	118,590	5	0.95
Monticello Athletic Club, Inc	-	-	-	70,244	7	0.56
WJW Properties LLC	-	-	-	59,963	10	0.48
Total	<u>\$ 1,337,060</u>		<u>8.80 %</u>	<u>\$ 1,223,181</u>		<u>9.79 %</u>
Total Net Tax Capacity	<u>\$ 15,208,581</u>			<u>\$ 12,477,528</u>		

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
2011	\$ 5,087,437	\$ 4,729,804	92.97	\$ 356,688	\$ 5,086,492	99.98
2012	5,541,021	5,408,695	97.61	121,905	5,530,600	99.81
2013	5,651,814	5,590,392	98.91	61,422	5,651,814	100.00
2014	5,629,374	5,586,594	99.24	42,780	5,629,374	100.00
2015	5,839,678	5,808,279	99.46	31,399	5,839,678	100.00
2016	6,515,502	6,476,198	99.40	39,304	6,515,502	100.00
2017	7,336,615	7,318,294	99.75	17,148	7,335,442	99.98
2018	7,906,723	7,898,084	99.89	5,876	7,903,960	99.97
2019	8,027,464	7,998,613	99.64	14,711	8,013,324	99.82
2020	8,439,165	8,395,716	99.49	-	8,395,716	99.49

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 & Overlapping Rates
	Operating	Debt Service	Referendum Mkt. Value	Total	Wright County	Operating	School District		
							Referendum Mkt. Value	Special Districts	
2011	23.726	14.722	0.031	38.479	39.306	31.952	0.138	4.515	114.390
2012	28.555	18.521	0.032	47.108	43.452	35.165	0.13125	5.284	131.141
2013	31.842	19.966	0.035	51.843	44.288	36.927	0.1356	9.819	143.012
2014	27.174	22.719	0.034	49.927	43.45	33.882	0.13645	5.823	133.219
2015	26.924	24.845	-	51.769	40.593	35.375	0.12505	5.642	133.504
2016	25.561	29.277	-	54.838	39.970	34.489	0.12599	10.816	140.239
2017	30.271	29.338	-	59.609	39.599	32.887	0.1231	13.688	145.906
2018	31.210	28.869	-	60.079	39.946	32.471	0.12929	11.255	143.880
2019	33.56	24.143	-	57.703	44.273	30.953	0.12807	10.061	143.118
2020	31.105	24.706	-	55.811	44.421	29.184	0.24315	11.085	140.744

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							
	General Obligation	General Obligation Revenue	Special Assessment	General Obligation Tax Abatement	Premiums	Discounts	Capital Lease Purchase	Notes Payable
2011	\$ 18,300,000	\$ 7,357,793	\$ 1,425,000	\$ -	\$ 95,025	\$ (265,903)	\$ 246,912	\$ 273,671
2012	17,840,000	7,074,780	230,000	1,955,000	134,795	(247,787)	943,000	221,383
2013	20,295,000	6,775,767	135,000	1,955,000	320,136	-	808,949	169,363
2014	18,820,000	6,426,754	90,000	1,885,000	280,761	-	866,646	134,481
2015	21,010,000	6,016,540	15,000	5,215,000	429,827	-	727,542	98,080
2016	23,785,000	2,275,326	-	5,145,000	443,777	-	1,082,971	60,105
2017	19,690,000	2,083,112	-	5,265,000	389,165	-	792,305	20,464
2018	17,790,000	1,890,898	-	5,045,000	341,684	-	527,443	-
2019	22,170,000	1,686,751	-	1,855,000	1,159,399	-	1,257,410	-
2020	25,323,400	61,771	-	2,655,000	1,335,851	-	1,209,478	-

* 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	Revenue Bonds	General Obligation Tax Abatement	Premiums	Discounts	Loans Payable	Capital Lease Purchase	Total Government	Percentage of Personal Income*	Per Capita*
\$ 4,240,000	\$ 55,509,724	\$ 5,525,000	\$ -	\$ 56,355	\$ (1,102,858)	\$ -	\$ 723,337	\$ 92,384,056	21.91	5,897.11
4,060,000	60,905,860	4,650,000	-	51,492	(1,028,327)	-	667,462	97,457,658	23.79	6,163.53
8,110,000	57,760,553	3,740,000	-	284,888	-	-	761,793	101,116,449	24.58	6,355.13
6,975,000	56,978,724	4,530,000	-	1,488,248	-	-	942,608	99,418,222	23.28	6,200.85
5,895,000	56,175,836	4,170,000	-	1,362,895	-	-	985,100	102,100,820	23.45	6,334.19
4,890,000	55,256,256	4,855,000	3,250,000	1,255,634	-	-	1,455,633	103,754,702	22.36	6,386.08
3,705,000	57,565,606	4,425,000	3,135,000	1,288,743	-	-	1,592,125	99,951,520	18.88	6,065.39
3,040,000	56,414,541	8,060,000	2,990,000	1,198,469	-	-	1,211,804	98,509,839	16.80	5,949.38
2,220,000	54,304,246	7,450,000	2,845,000	1,792,560	-	-	744,773	97,485,139	15.79	5,847.94
3,361,600	51,193,226	6,645,000	2,695,000	1,604,627	-	534,658	625,017	97,244,628	^	^

^ Information not available for the 2020 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 ³	General Obligation Bonds & Notes	Percentage Actual Taxable Value of Property ¹	Per Capita ²
2011	\$ 85,928,100	\$ (1,217,381)	\$ 8,063,468	\$ 76,647,251	7.2 %	4,919.59
2012	93,000,023	(1,089,827)	9,624,149	82,286,047	8.7	5,252.52
2013	95,874,632	605,024	7,334,754	89,144,902	10.3	5,637.80
2014	92,086,605	1,769,009	7,259,775	86,595,839	9.7	5,442.51
2015	95,137,998	1,792,722	9,233,387	87,697,333	9.1	5,469.80
2016	95,744,658	1,699,411	9,259,032	88,185,037	8.6	5,470.88
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	87,124,492	2,940,478	4,805,868	85,259,102	6.4	5,114.52

Source: City Records

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

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

² Calculated using population figure from Demographics and Economic Statistics Table.

³ 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, 2020**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
City Direct Debt	\$ 30,585,500	100.00%	\$ 30,585,500
Overlapping Debt			
Wright County	91,645,000	7.4%	6,825,628
Independent School District No 877	51,295,000	33.6%	17,233,889
Total Overlapping Debt			<u>24,059,517</u>
Total Direct and Overlapping Debt			<u><u>\$ 54,645,017</u></u>

Source: Wright County and School District #877

¹ 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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 32,100,072	\$ 32,064,489	\$ 28,866,198	\$ 30,872,248	\$ 29,752,980	\$ 31,640,628	\$ 34,529,199	\$ 34,529,199	\$ 39,433,062	\$ 42,473,052
Total Net Debt Applicable to Limit	26,114,998	21,900,000	28,405,000	25,795,000	26,905,000	28,675,000	23,395,000	20,830,000	24,390,000	28,685,000
Legal Debt Margin	<u>\$ 5,985,074</u>	<u>\$ 10,164,489</u>	<u>\$ 461,198</u>	<u>\$ 5,077,248</u>	<u>\$ 2,847,980</u>	<u>\$ 2,965,628</u>	<u>\$ 11,134,199</u>	<u>\$ 13,699,199</u>	<u>\$ 15,043,062</u>	<u>\$ 13,788,052</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	81.35%	68.30%	98.40%	83.55%	90.43%	90.63%	67.75%	60.33%	61.85%	67.54%

Source: City Records

Legal Debt Margin Calculation for Fiscal Year 2020

Market Value	\$ 1,415,768,400
Debt Limit (3% of Market Valuation)	<u>42,473,052</u>
Debt Applicable to Limit:	
General Obligation Bonds	91,934,997
Amount Available for Repayment of Debt	<u>(63,249,997)</u>
Total Net Applicable to Limit	<u>28,685,000</u>
Legal Debt Margin	<u><u>\$ 13,788,052</u></u>

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

Fiscal Year	Revenue Bonds ¹					
	Operating Revenues ²	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 16,066,142	\$ 11,537,124	4,529,018	\$ 2,117,990	\$ 2,819,385	0.92
2012	16,605,502	11,603,465	5,002,037	2,182,987	2,778,207	1.01
2013	16,942,075	11,802,365	5,139,710	5,582,987	2,931,574	0.60
2014	17,065,141	12,410,091	4,655,050	2,677,987	2,416,262	0.91
2015	17,486,011	12,564,631	4,921,380	2,551,786	2,656,866	0.94
2016	18,368,850	12,866,450	5,502,400	2,676,786	2,315,902	1.10
2017	19,060,483	13,302,661	5,757,822	2,131,786	2,274,288	1.31
2018	22,237,272	14,728,165	7,509,107	2,571,786	2,217,115	1.57
2019	22,256,852	14,412,443	7,844,409	4,306,053	2,219,531	1.20
2020	23,162,369	15,537,161	7,625,208	4,271,020	2,213,614	1.18

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.

¹ Includes Electric, Water and Wastewater Revenue Bonds

² Operating revenue excludes interest income, connection fees, and miscellaneous revenues

³ Expenses exclude depreciation, interest on bonds and miscellaneous expenses

⁴ Does not include refunded portion of bonds paid.

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

Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2011	15,580	\$ 421,735,020	\$ 27,069	33.7	5,760	7.1
2012	15,666	409,712,898	26,153	34.0	5,739	7.6
2013	15,812	411,301,744	26,012	34.4	5,739	7.1
2014	15,911	427,003,507	26,837	34.2	5,719	5.6
2015	16,033	435,311,983	27,151	34.6	5,664	7.0
2016	16,119	463,985,415	28,785	33.9	5,694	5.9
2017	16,247	529,294,766	32,578	33.9	5,672	4.6
2018	16,479	586,487,610	35,590	35.0	5,695	5.1
2019	16,558	617,365,030	37,285	36.5	5,653	5.0
2020	16,670	*	*	36.5	5,327	5.1

* Information not available for the 2020 year.

¹ **Source:** State Demographer

² **Source:** United States Census Bureau, American Community Survey

³ **Source:** Independent School District No. 877

⁴ **Source:** Minnesota Department of Employment and Economic Development

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

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
I.S.D. No. 877 (Buffalo-Hanover-Montrose)	900	1	1.21 %	873	1	1.24 %
Wright County	765	2	1.03	769	3	1.09
Buffalo Hospital	530	3	0.71	498	2	0.71
Walmart Supercenter	350	4	0.47	328	5	0.47
Functional Industries, Inc.	285	5	0.38	461	4	0.66
Park View Care Center	200	6	0.27	200	7	0.28
Cub Foods	195	7	0.26	195	8	0.28
Menards	150	8	0.20	140	9	0.19
Centrasota Cooperative	150	9	0.20	-	-	-
Stellis Health - Buffalo Clinic	130	10	0.17	240	-	0.32
Target	-	-	-	130	10	0.18
Total	<u>3,655</u>			<u>3,834</u>		
Total Employees in Black Hawk County	<u>74,606</u>			<u>70,299</u>		

Sources: ReferenceUSA, written and telephone survey (March 2020), and the Minnesota Department of Employment and Economic Development

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

FUNCTION/PROGRAM	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	12.31	11.69	12.27	12.47	10.88	11.83	11.67	10.38	10.12	15.18
Public Safety:										
Police:										
Officers	17.39	17.19	17.41	17.24	18.00	17.81	17.73	17.19	17.51	17.79
Civilians	3.51	3.53	2.93	2.50	2.47	2.50	2.52	3.01	3.02	3.30
Fire:										
Fire Administration	0.11	0.13	0.12	0.15	0.14	0.13	0.13	0.14	0.14	0.86
Paid On-call volunteers	2.25	2.69	2.43	2.65	2.40	2.45	2.84	2.69	2.75	2.87
Public Works:										
Engineering	1.99	1.98	1.98	2.00	2.00	1.09	1.01	1.00	1.01	1.04
Maintenance	15.53	15.44	14.97	15.11	13.50	14.71	16.51	15.65	16.22	16.76
Culture and Recreation	20.95	18.50	17.70	17.43	18.83	18.04	17.60	18.20	27.24	24.58
Municipal Liquor	9.75	10.98	11.18	11.16	11.76	11.88	11.66	11.61	11.19	14.25
Electric	11.70	11.45	11.28	11.91	12.07	11.16	12.03	12.14	14.70	15.77
Sewer	7.62	7.62	7.54	7.36	5.87	6.11	7.68	7.61	7.83	8.76
Water	6.42	5.63	5.97	7.09	6.61	6.48	6.40	5.44	5.57	6.32
Total	<u>109.52</u>	<u>106.83</u>	<u>105.76</u>	<u>107.06</u>	<u>104.52</u>	<u>104.21</u>	<u>107.78</u>	<u>105.07</u>	<u>117.30</u>	<u>127.47</u>

Source: City of Buffalo Finance Department

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

FUNCTION/PROGRAM	Fiscal Year				Fiscal Year					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Planning:										
# of land use applications	12	14	21	15	31	29	24	27	22	25
Building/environmental:										
# of Permits issued	1,066	739	679	658	761	775	607	693	774	1,245
Valuation of permits (thousands of dollars)	\$ 15,160,661	\$ 13,746,428	\$ 22,621,810	\$ 17,724,085	\$ 43,837,011	\$ 35,938,117	\$ 29,568,469	\$ 65,620,220	\$ 95,659,701	\$ 54,587,171
Public Safety										
Police:										
# of police calls	10,695	10,803	10,305	11,217	10,993	11,744	12,055	10,707	12,248	11,953
# of traffic citations	722	567	539	657	843	387	474	422	299	412
Fire:										
# of fire calls	236	234	214	234	180	244	221	225	270	251
Public Works										
Snowplowing (hours)	2,444	1,843	3,337	3,752	1,389	1,376	1,374	2,383	4,764	2,231
Culture and Recreation:										
Golf Course (rounds)	24,278	21,966	21,828	20,504	22,021	21,729	22,104	20,321	20,462	28,986
Park Shelter Rentals	55	96	80	79	80	75	69	63	60	35
Ice arena usage (hours)	*	*	*	*	*	3,043	2,887	3,150	2,876	2,262
Electric										
Number of Customers	5,646	5,667	5,701	5,746	5,902	5,953	5,980	6,046	6,111	6,287
Annual Wholesale Energy (thousands of KWh's)	116,753	117,065	116,722	116,196	117,856	119,170	115,949	118,992	117,313	123,563
Annual Peak Demand (KW)	28,404	28,014	28,787	26,697	26,178	27,971	27,799	28,065	28,225	29,194
Sewer										
Number of Customers	5,041	5,063	5,093	5,120	5,180	5,221	5,270	5,331	5,391	5,447
Water										
Number of Customers	5,041	5,063	5,093	5,120	5,180	5,221	5,270	5,331	5,391	5,447
Average daily consumption (thousands of gallons)	1,454	1,486	1,559	1,613	1,728	1,982	1,976	1,892	1,850	1,940

Source: City records, various departments

* Data not available prior to 2016

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

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police:										
# of Stations	1	1	1	1	1	1	1	1	1	1
# of Patrol Cars/Vehicles	7	7	8	10	11	10	9	9	11	12
Fire:										
# of Stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Streets										
# of Miles	69	69	70	70	70	71	71	72	73	75
Storm Sewer										
# of Miles	63	64	65	65	65	65	65	65	65	66
Culture and Recreation										
Parks										
# of Parks	29	29	29	29	29	29	30	30	30	30
# of Acres Managed	164	164	164	164	164	164	165	165	165	165
Golf Course										
# of Acres Managed	174	174	174	174	174	174	174	174	174	174
Utilities										
Electric:										
# of distribution stations	1	1	1	1	1	1	1	1	1	1
# of miles electric distribution	118	122	122	123	129	129	133	134	136	146
Fiber Optic:										
# of miles fiber optic	24	29	29	29	29	30	31	34	37	45
Sewer:										
# of miles (sanitary sewer)	77	77	77	78	78	78	78	78	78	79
# of miles (forcemain)	18	18	18	18	18	18	18	18	18	18
# of lift stations	27	27	27	27	27	27	27	27	27	27
Maximum daily treatment capacity (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)	96	96	98	98	98	99	99	99	99	100
# of wells	5	5	5	5	5	5	5	5	5	5
# of towers	5	5	5	5	5	5	5	5	5	5
Maximum daily capacity (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.